Platform Specialty Products Corp
Form 10-K
March 13, 2017

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

FORM 10-K

ý ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 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)

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| Delaware | 37-1744899 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| 1450 Centrepark Boulevard, Suite 210<br>West Palm Beach, Florida<br>(Address of principal executive offices) | 33401<br>(Zip Code) |

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

Securities registered pursuant to Section 12(b) of the Act:

| Title of Each Class | Name of Each Exchange on Which Registered |
|---|---|
| Common Stock, par value $0.01 per share | The New York Stock Exchange |

Securities registered pursuant to Section 12(g) of the Act:
None
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ý No ¨
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ¨ No ý
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 ý 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 ý No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant’s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ý

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.

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

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

The number of shares of common stock outstanding as of February 24, 2017 was 284,247,248. The aggregate market value of the common stock held by non-affiliates as of June 30, 2016 was approximately $1.32 billion, based upon the last reported sales price for such date on the NYSE. All (i) executive officers and directors of the registrant and (ii) all persons who hold 10% or more of the registrant’s outstanding common stock have been deemed, solely for the purpose of the foregoing calculation, to be “affiliates” of the registrant.

Documents Incorporated By Reference

Portions of the registrant’s definitive proxy statement for its 2017 annual meeting of stockholders, which 2017 Proxy Statement will be filed no later than 120 days after the close of the registrant’s fiscal year ended December 31, 2016, are hereby incorporated by reference in Part III of this 2016 Annual Report on Form 10-K.

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GLOSSARY OF DEFINED TERMS

| Terms | Definitions |
|---|---|
| Platform; Successor; We; Us; Our; the Company | Platform Specialty Products Corporation, a Delaware corporation, and its subsidiaries, collectively, for all periods subsequent to the MacDermid Acquisition. |
| 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 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, as amended on August 6, 2014 (Amendment No. 2), October 1, 2014 (Incremental Amendment No. 1), February 13, 2015 (Amendment No. 3), December 3, 2015 (Amendment No. 4), October 14, 2016 (Amendment No. 5) and December 6, 2016 (Amendment No. 6). |
| 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 Nalozo S.à.r.l., who became the seller in the Arysta Acquisition pursuant to an amendment to the share purchase agreement dated February 11, 2015. |
| ASC | Accounting Standard Codification. |
| 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. |
| Bribery Act | The United Kingdom Bribery Act 2010. |
| CAS | 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. |
| Dodd-Frank Act | Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. |
| 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, |

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| | 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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| Terms | Definitions |
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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. |
| 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. |
| $H^3$ Priority Segments | Agricultural Solutions' five priority segments selected for their high growth and value potential, namely Crop Establishment, Plant Stress and Stimulation, Resistant Weed Management, Specialty Protection Niches and Crop Residue Management. |
| HSRA Act | Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. |
| IFRS | International Financial Reporting Standards, as issued by the International Accounting Standards Board. |
| Initial Public Offering | Initial public offering of Platform (formerly named “Platform Acquisition Holdings Limited”) completed on the London Stock Exchange on May 22, 2013, raising net proceeds of approximately $881 million. |
| June 2015 Equity Offering | Platform's 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 Holdings | MacDermid Holdings, LLC. |
| May 2014 Private Placement | Platform's private placement of an aggregate of 15,800,000 shares of its common stock completed on May 20, 2014 at a purchase price of $19.00 per share, raising gross proceeds of approximately $300 million. |
| May Resale Registration Statement | Registration Statement filed on May 23, 2014 to register the resale of all of the shares sold in the May 2014 Private Placement and declared effective on June 19, 2014. |
| 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. |
| November 2014 Public Offering | Platform's public offering of 16,445,000 shares of its common stock completed on November 17, 2014 at a public offering price of $24.50 per share, raising gross proceeds of approximately $403 million. |
| 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. |
| November Resale Registration Statement | Registration statement filed on November 3, 2014 to register the resale of all of the shares sold in the October/November 2014 Private Placement and declared effective on November |

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| | 10, 2014. |
| NYSE | New York Stock Exchange. |
| October/November 2014 Private Placement | Platform's private placement of an aggregate of 16,060,960 shares and 9,404,064 shares of its common stock completed on October 8, 2014 and November 6, 2014, respectively, at a price of $25.59 per share, raising aggregate gross proceeds of approximately $652 million. |
| OEM | Original Equipment Manufacturer. |
| OMG | OM Group, Inc. (NYSE:OMG), a Delaware corporation. |
| OMG Businesses | OMG's Electronic Chemicals and Photomasks businesses, collectively, other than their Malaysian subsidiary acquired separately. |

GLOSSARY OF DEFINED TERMS

| Terms | Definitions |
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| OMG Acquisition | Platform's acquisition of the OMG Businesses completed on October 28, 2015. |
| 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 Malaysia Acquisition | Platform's acquisition of 100% interest in OMG Malaysia completed on January 31, 2016. |
| PCAOB | Public Company Accounting Oversight Board. |
| 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. |
| Pershing Square | Pershing Square Capital Management, L.P. |
| Predecessor | MacDermid and its subsidiaries, collectively, for all periods prior to the MacDermid Acquisition. |
| Predecessor 2012 Period | MacDermid’s fiscal year ended December 31, 2012. |
| Predecessor 2013 Period | Ten-month period from January 1, 2013 through October 31, 2013. |
| PSP 401(k) Plan | Platform Specialty Products Corporation Employee Savings & 401(k) Plan, effective January 1, 2014. |
| REACH | Regulation (EC) No 1907/2006 of the European Parliament and the Council dated December 18, 2006 relating to the Registration, Evaluation, Authorization and Restriction of Chemicals, effective June 1, 2007. |
| 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 relating to the exchange of their respective equity interests in MacDermid Holdings for shares of PDH Common Stock. |
| ROIC | Return on invested capital. |
| ROA | Return on assets. |
| RSUs | Restricted stock units issued by Platform from time to time under the 2013 Plan. |
| Sarbanes-Oxley | Sarbanes-Oxley Act of 2002. |
| SEC | Securities and Exchange Commission. |
| Security Agreement | Platform's Amended and Restated Pledge and Security Agreement, amended and restated as of October 31, 2013, as amended, supplemented and modified from time to time. |
| Securities Act | Securities Act of 1933, as amended. |
| Senior Notes | Platform's 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 public 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 | Platform's 2,000,000 shares of Series A convertible preferred stock automatically converted from ordinary shares held by the Founder Entities upon the Domestication and convertible into shares of Platform’s common stock, on a one-for-one basis, at any time at the option of the Founder Entities. |

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| Series B Convertible Preferred Stock | Platform's 600,000 shares of Series B convertible preferred stock issued to the Arysta Seller in connection with the Arysta Acquisition on February 13, 2015. As of December 31, 2016, none of the Series B Convertible Preferred Stock remain outstanding. |
| SERP | Supplemental Executive Retirement Plan for executive officers of Platform. |
| Successor | Platform and its subsidiaries, collectively, for all periods subsequent to the MacDermid Acquisition. |
| Successor 2013 Period | Period from April 23, 2013 (inception) through December 31, 2013. |
| Tartan | Tartan Holdings, LLC, a Delaware limited liability company, formed at the time of the MacDermid Acquisition to hold the PDH Common Stock in exchange of the MacDermid Holdings equity interests. |

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GLOSSARY OF DEFINED TERMS

| Terms | Definitions |
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| TSR | Total stockholder return. |
| U.K. Pension Plan | Retirement and death benefit plans covering employees in the United Kingdom. |
| USD Incremental Term Loan | Incremental term loan under the Incremental Amendment to the Amended and Restated Credit Agreement in an aggregate principal amount of $300 million used to finance the Agriphar Acquisition. |
| 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 on June 12, 2014. |
| 2015 Annual Report | Platform's annual report on Form 10-K for the fiscal year ended December 31, 2015, as filed with the SEC on March 11, 2016. |
| 2015 Q3 Form 10-Q | Platform's quarterly report on Form 10-Q for the fiscal quarter ended September 30, 2015, as filed with the SEC on November 16, 2015. |
| 2016 Annual Report | This annual report on Form 10-K for the fiscal year ended December 31, 2016. |
| 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 Q3 Form 10-Q | Platform's quarterly report on Form 10-Q for the fiscal quarter ended September 30, 2016, as filed with the SEC on November 7, 2016. |
| 2017 Proxy Statement | Platform’s definitive proxy statement for its 2017 annual meeting of stockholders expected to be filed no later than 120 days after December 31, 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

## Item 1. Business

Unless the context otherwise indicates or requires, all product names and trade names used in this 2016 Annual Report are our trademarks, some of which may be registered in certain jurisdictions. Although we have omitted the “®” and “TM” trademark designations for some of these marks, all rights to such trademarks are nevertheless reserved. This 2016 Annual Report contains additional trade names of other companies. We do not intend our use or display of such other companies’ trade names to imply a relationship with, or endorsement or sponsorship of us by, these other companies.
Unless otherwise specified in this 2016 Annual Report, all references to currency, monetary values and dollars set forth herein shall mean U.S. Dollars.

### Business Overview

Platform, incorporated in Delaware in January 2014, is a global diversified producer of high-technology specialty chemical products. Our chemistry combines a number of ingredients to produce proprietary formulations. Utilizing our strong industry insight, process know-how and creative research and development, we partner with our customers to provide innovative and differentiated solutions that are integral to their finished products. We are present in a wide variety of attractive niche markets across multiple industries, including automotive, agriculture, animal health, electronics, graphic arts, and offshore oil and gas production and drilling, and we believe that the majority of our operations hold strong positions in the product markets they serve. Our product innovations and product extensions are expected to continue to drive sales growth in both new and existing markets while also expanding margins by continuing to offer high customer value propositions.

As our name implies, Platform is also an acquisition vehicle with a strategy of acquiring and maintaining leading positions in niche segments of high-growth markets. As such, we continually seek opportunities to act as an acquirer and consolidator of specialty chemical businesses on a global basis, particularly those meeting our “Asset-Lite, High-Touch” philosophy, which involves the following core elements:

- prioritizing resources to research and development;
- offering highly technical sales and customer service; and
- managing conservatively our investments in fixed assets and capital expenditures.

We regularly review acquisition opportunities and may acquire businesses that meet our acquisition criteria when we deem it to be financially prudent.

In 2016, we achieved sales of $3.59 billion. We manage our business in two business segments: Performance Solutions and Agricultural Solutions, which are each described below under "Business Segments." Both segments share a common focus on attractive niche markets, which we believe will grow faster than the diverse end-markets we serve. In 2016, our Performance Solutions business represented 49.4% of our net sales, while our Agricultural Solutions business represented 50.6%. Our long-term goal is to expand into other adjacent markets which fit our "Asset-Lite, High-Touch" business model and complement our existing portfolio.

For financial information about our operating segments and the geographic areas in which we do business, please see Note 22, Segment Information, to the Consolidated Financial Statements included in this 2016 Annual Report.

### Acquisitions

#### 2016 Activity

OMG Malaysia Acquisition - On January 31, 2016, we completed the OMG Malaysia Acquisition for approximately $124 million, net of acquired cash and closing working capital adjustments. This acquisition is included in our Performance Solutions business segment, which is expected to pool the experience and resources of each legacy company and unify sales strategies in order to improve processes, drive innovation, and deliver high-quality products and services at every stage of our customers' supply chains.

2015 Activity

Alent Acquisition - On December 1, 2015, we completed the Alent Acquisition for approximately $1.74 billion in cash, net of acquired cash, and 18,419,738 shares of our common stock issued to Alent shareholders, including Cevian Capital II Master Fund LP, the then largest shareholder of Alent. Legacy Alent was a global supplier of specialty chemicals and engineered materials used primarily in electronics, automotive and industrial applications, and a supplier of high performance consumable products and services. Alent's business is included in our Performance Solutions business segment which combines the legacy MacDermid operations, Alent's Enthone Surface Chemistries and Alpha Assembly Materials businesses, the OMG Businesses and OMG Malaysia.

OMG Acquisition - On October 28, 2015, we completed the OMG Acquisition for a total purchase price of approximately $239 million in cash, net of acquired cash and purchase price adjustments. The acquired OMG Businesses are included in our Performance Solutions business segment. We believe the legacy OMG Businesses are in line with our business strategy of growing into niche markets. OMG’s Electronic Chemicals business is similar to the legacy MacDermid electronic chemical and surface treatment businesses, as it develops, produces and supplies chemicals for electronic and industrial applications. OMG’s Photomasks products are used by customers to produce semiconductors and related products.

Arysta Acquisition - On February 13, 2015, we completed the Arysta Acquisition for approximately $3.50 billion, consisting of $2.86 billion in cash, net of acquired cash and closing working capital and other adjustments, and the issuance of $600 million of Platform’s Series B Convertible Preferred Stock. On December 13, 2016, we settled all of our Series B Convertible Preferred Stock obligations under a certain settlement agreement entered into with the Arysta Seller in September 2016. See Note 12, Stockholders' Equity, to the Consolidated Financial Statements included in this 2016 Annual Report under the heading "Series B Convertible Preferred Stock." The legacy Arysta business is included in our Agricultural Solutions business segment. Arysta has a solutions-oriented business model which focuses on product innovation to address grower needs, complementing the legacy Agriphar and CAS businesses acquired in 2014. We acquired Arysta to expand our presence in the agrochemical business and our offering of products and solutions utilizing globally managed patented and proprietary off-patent agrochemical AIs and BioSolutions, as well as off-patent agrochemical products.

2014 Activity

CAS Acquisition - On November 3, 2014, we completed the CAS Acquisition for $1.04 billion, consisting of $983 million in cash, net of acquired cash, after certain post-closing working capital and other adjustments, and 2,000,000 shares of our common stock. Legacy CAS was a niche provider of seed treatments and agrochemical products for a wide variety of crop protection applications in numerous geographies and is included in our Agricultural Solutions business segment.

Agriphar Acquisition - On October 1, 2014, we completed the Agriphar Acquisition for a purchase price of approximately €300 million ($370 million), consisting of $350 million in cash, net of acquired cash and certain post-closing working capital and other adjustments, and 711,551 restricted shares of our common stock, which will become unrestricted beginning January 2, 2018 (unless agreed otherwise in accordance with the terms of the acquisition agreement). Legacy Agriphar was a European crop protection group supported by a team of researchers and regulatory experts which provided a wide range of fungicides, herbicides and insecticides with end markets primarily across Europe. The legacy Agriphar business is included in our Agricultural Solutions business segment.

Business Segments

We generate revenue through the formulation and sale of our dynamic chemistry solutions. In addition, our personnel follow-up with our customers on a regular basis to ensure that the intricate chemical composition and function of our products are maintained as intended and that these products are applied safely and effectively. For example, a customer in our Performance Solutions segment will engage us to provide a multi-step technological process solution for circuit boards that they are producing for end use in the automotive supply chain. Another example from our Agricultural Solutions segment is our “Aplique Bem” stewardship program which focuses on teaching growers to apply agrochemicals safely and cost-efficiently. This program started in Brazil in partnership with the Institute of Agriculture, Campinas (IC) and rapidly expanded into Latin America, Africa and Asia. This high quality customer service and stewardship program is also supported by our local technical teams and our local infrastructure, such as our field research stations, enabling the development of unique solutions to unmet grower needs. Our specialty chemicals and processes, together with our field technical and sales staff, are seen as integral to our customer’s product performance.

We manage our business in two reportable segments: Performance Solutions and Agricultural Solutions.

Performance Solutions

Overview

Our Performance Solutions segment formulates and markets dynamic chemistry solutions that are used in electronics, automotive production, oil and gas production, drilling, commercial packaging and printing. Our products include surface and coating materials, functional conversion coatings, electronic assembly materials, water-based hydraulic control fluids and photopolymers. In conjunction with the sale of our products, extensive technical service and support is provided to ensure superior performance. We leverage our close customer relationships to execute our growth strategy by working directly with our customers to identify opportunities for new products. These new products are developed and created by drawing upon our significant intellectual property portfolio and technical expertise. We also have strong collaborative relationships with OEMs who specify to us which specialty materials, chemistries and technologies they need in their products. We also leverage these relationships to increase OEM qualification of our products. We believe that our customers place significant value on our brands, which we capitalize on through innovation, product leadership and customer service. The regional sales mix in this segment has shifted over the past several years from more industrialized nations towards emerging markets, such as Asia and South America. The combination of MacDermid, Alent, the OMG Businesses and OMG Malaysia has not only immediately expanded our product offerings, geographic footprint and market share position but also enhanced our innovative capability as a technology-driven business which serves as a catalyst to drive specification change and to capitalize on adjacent market opportunities in our industry. Our Performance Solutions segment employs approximately 4,350 personnel which operate mainly in the Americas, Asia/Pacific region and Europe.

Our Performance Solutions segment provides specialty chemicals to five industries:

Assembly Solutions - representing approximately 31% of the segment's 2016 net sales. As a global leader and large supplier of solder and solder pastes for electronics assembly based on 2016 net sales, we develop, manufacture and sell innovative interconnect materials, primarily in the electronics market, used to assemble printed circuit boards and advanced semiconductor packaging. Within this business, we also offer a small water treatment product line, Fernox, used for the treatment of water in residential boiler systems, and metal reclaim products, primarily for tin used in electronic assembly.

Electronics Solutions - representing approximately 30% of the segment's 2016 net sales. As a leading global supplier of chemical compounds to the printed circuit board fabrication industry based on 2016 net sales, we design and formulate in this industry a complete line of proprietary “wet” dynamic chemistries that our customers use to process the surface of the printed circuit boards and other electronic components they manufacture. Our product portfolio in this business is focused on niches, such as final finishes, through hole metalization and circuit formation, in which we are a small cost to the overall finished product, but a critical component for maintaining the products’ performance. We believe our growth in this industry will be driven by demand in telecommunication, wireless devices and computers, and the increasing use of electronics in automobiles. Our customer base includes customers in the following end markets: audio visual; automotive; computers; office equipment; telecommunications; and wireless devices. The combination of MacDermid, Alent, the OMG Businesses and OMG Malaysia has not only immediately expanded our product offerings, geographic footprint and market share position, but has also enhanced our innovative capability as a technology-driven business serving as a catalyst to drive specification change and to capitalize on adjacent market opportunities in our industry.

Industrial Solutions - representing approximately 25% of the segment's 2016 net sales. As a leader in industrial metal and plastic finishing chemistries based on 2016 net sales, our dynamic chemistries in this industry are used for finishing, cleaning and providing surface coatings for a broad range of metal and non-metal surfaces. These coatings may have functional uses, including improving wear and tear, such as hard chrome plating of shock absorbers for cars and special rotors used for oil and gas exploration, or providing corrosion resistance for appliance parts, or decorative uses, such as gloss finishes to components used in automotive interiors. Our chemical compounds are manufactured for these surface coating applications, including cleaning, activating, polishing, electro and electroless plating, phosphatizing, stripping and coating, anti-tarnishing and rust inhibiting for metal and plastic surfaces. Electroless plating is a method of plating metals onto a variety of base materials using chemical reduction without the application of electrical power. Electro plating, in contrast, involves plating metals with the use of an electrical current. Phosphatizing is the application of phosphates, such as iron and zinc, to prevent corrosion of steel surfaces. Our industrial customer base is highly fragmented and includes customers in the following end markets: appliances and electronics equipment; automotive parts; industrial parts; plumbing goods; and transportation equipment. We believe our growth in this industry will be primarily driven by increased worldwide automobile production with elevated fashion elements and content per vehicle.

Graphic Solutions - representing approximately 10% of the segment's 2016 net sales. We produce and market photopolymers through an extensive line of flexographic plates that are used in the commercial packaging and printing industries. We manufacture photopolymers used to produce printing plates for transferring images onto commercial packaging, including packaging for consumer food products, pet food bags, corrugated boxes, labels and beverage containers. In addition, we also produce photopolymer printing plates for the flexographic and letterpress newspaper and publications markets. Our products are used to improve print quality and printing productivity. Flexography is a printing process that utilizes flexible printing plates made of rubber or other flexible plastics. Photopolymers are molecules that change properties upon exposure to light. Our business mix in this industry is focused on high innovation, higher cash flow businesses by offering new products. We believe growth in this business will be driven by consumer demand and advertising of our packaging products.

Offshore Solutions - representing approximately 4% of the segment's 2016 net sales. We produce and market water-based hydraulic control fluids for major oil and gas companies, and drilling contractors for offshore deep water production and drilling applications. Production fluids are used in the control systems that open and close critical valves for the deep water oil extraction and transportation process. Drilling fluids are used in control systems to operate valves on the ocean floor. Our current customer base is primarily in the production area of this business, as opposed to drilling and exploration. Although the recent sharp decline in oil prices has slowed the short-term growth expectations of the oil and gas industry, we believe there is significant long-term growth potential for this business as the industry stabilizes, and as oil is produced from new offshore, sub-sea wells.

Products

We review our portfolio of products regularly to identify and replace low margin products with higher margin products. Accordingly, our product mix may frequently change depending upon customer demand, and the cost and selling prices related to any given product. Our Performance Solutions segment offers a wide range of specialty chemicals comprised of surface and coating materials, functional conversion coatings, electronic assembly materials, water-based hydraulic control fluids and photopolymers:

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| Plating Products: | Plating products are used to plate holes drilled through printed circuit boards to connect opposite sides of the board and the different layers of multi-layer printed circuit boards. Our key products include the CuMac range of products for applications such as plating on aluminum wheels, plastic substrates and zinc-based die castings, and the ChromKlad and ANKOR range of hard chromium plating processes that can be utilized in various applications. |
| Electroless Nickel: | Electroless nickel is applied to a variety of metal and plastic surfaces to enhance corrosion resistance, wear resistance, solderability and to repair worn or over-machined surfaces in a variety of applications. Legacy MacDermid was among the earliest developers of electroless nickel products, which are safer and more environmentally friendly than the products they replace. |

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| Electronic Assembly Materials: | Our assembly material business is a leader in the development, manufacturing and sales of interconnect materials, primarily in the electronic market. Within this business, we also offer a small water treatment product line, Fernox, used for the treatment of water in residential boiler systems, and metal reclaim products, primarily for tin used in electronic assembly. |
| Final Finishes: | Final finishes are used on printed circuit boards to preserve the solderability of the finished boards. |
| Circuit Formation Products: | Circuit formation products represent an assortment of products for surface preparation to promote adhesion and form circuit patterns. |
| Oxides: | Oxides are conversion coatings used in the fabrication of multilayer circuit boards. |

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| Semiconductor Materials & Packaging: | Our Viaform product family of copper damascene chemistry used in semiconductor plating applications is used for applications down to 14 nm. Our Microfab family of plating chemistry is used in wafer level packaging applications, including copper pillar, RDL nickel, tin bump, gold bump and thru-silicon via (TSV) applications. |
| Pre-treatment and Cleaning Solutions: | Pre-treatment and cleaning solutions are applied to prepare the surfaces of a wide variety of industrial products for additional treatment. We have a complete line of aqueous and semi-aqueous pre-treatment and cleaning products, which are more environmentally friendly than the solvents they replace. |
| Functional Conversion Coatings: | Functional conversion coatings are applied to metals to enhance corrosion resistance and paint adhesion in a wide spectrum of industrial applications where heavy duty usage and exposure to unfavorable environments are anticipated. Our products plate various parts that are used in automotive and aerospace equipment, appliances, computer hard disks and other electronic products. |
| Hard-coated Films: | Hard-coated films are used for the membrane switch in the touch screen markets. |
| Offshore Fluids: | We offer production fluids used to operate valves for the deep water oil extraction and transportation process, and drilling fluids used to operate valves for drilling rigs on the ocean floor. Production and drilling fluids are water-based hydraulic control fluids used in subsea control systems. |
| Solid Sheet Printing Elements: | Solid sheet printing elements are digital and analog printing sheets, used in the flexographic printing and platemaking processes. Our extensive line of flexographic plates are used in the commercial packaging and letterpress newspaper and publication industries. |
| Liquid Products: | Liquid products are liquid photopolymers used to produce printing plates for transferring images onto commercial packaging. Our key products are MWH photopolymer, MWB 50 photopolymer, and M Stamp 40 photopolymer. We also offer products that are used in the production of liquid photopolymer plates such as substrate, coverfilms and detergents. |
| Printing Equipment: | We supply letterpress and flexo plates to the newspaper industry. Printing equipment are thermal plate processing systems that allow press-ready printing plates to be created without solvents. Our key products include Accent Plates and DLF dryer for coating plates, and MacDermid NAPPflex plates for newspaper plates. |

Seasonality

The Performance Solutions segment is not subject to significant seasonality.

Agricultural Solutions

Overview

Our Agricultural Solutions segment is based on a solutions-oriented business model that focuses on product innovation to address an ever-increasing need for higher crop yield and quality. We offer to growers diverse crop protection solutions from weeds (herbicides), insects (insecticides) and diseases (fungicides), in foliar and seed treatment applications. We also offer a wide variety of proven BioSolutions, including biostimulants, which stimulate plant growth and reproductive development, innovative nutrition, which optimizes the nutrition of plants, and biocontrol products, such as bioinsecticides and biofungicides, which perform the same task as conventional crop protection products without chemical residues. We emphasize farmer economics and food safety by combining, when possible, BioSolutions with crop protection and seed treatment agrochemicals. Our Agricultural Solutions segment employs approximately 3,300 personnel with a significant presence in high-growth regions such as Africa, South Asia, Latin America and Central and Eastern Europe.

With products to address every stage of the plant life-cycle, Agricultural Solutions aims to outperform the crop protection chemistry market by focusing on high-growth, high-value and high-differentiation ($H^3$). In line with these objectives, in 2016, our Agricultural Solutions segment launched a "$H^3$ Priority Segments" program, which focuses on five priority segments selected for their potential to deliver accelerated growth and sustained profitability due to their strong solutions orientation. We believe that each of these $H^3$ Priority Segments, which are listed below, is a high growth and high value segment that demonstrates a high potential for differentiation:

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| Crop Establishment: | Focuses on seed treatment and in-furrow applications to protect the crop in its early stages. |
| Plant Stress and Stimulation: | Helps the metabolism of the plant deal with abiotic stresses such as drought and cold, while stimulating it to enhance yields through the use of biostimulants and other solutions. |
| Resistant Weed Management: | Develops solutions to manage weed resistance of widely used herbicides such as glyphosate. |
| Specialty Protection Niches: | Creates solutions to fight against niche pests in underserved segments such as mites or bacteria. |
| Crop Residue Management: | Develops standalone biocontrol solutions or combinations of biocontrol with conventional crop protection to help growers to effectively manage residue levels in fruits & vegetables and address evolving food chain requirements. |

Additionally, we manage key, strategic products globally. Our global portfolio includes our Global Value Added Portfolio, or GVAP, and our Global BioSolutions Portfolio, or GBP. Our GVAP consists of agrochemicals in the herbicides, insecticides, fungicides and seed treatment categories, based on patented or proprietary off-patent AIs, including products derived from AIs for which we have a strong market position due to differentiated product offerings or supply relationships. Our GBP includes biostimulants, innovative nutrition and biocontrol products.
We consider our GVAP and GBP to be key pillars for our sustainable growth in the $H^3$ Priority Segments. In addition, the segment offers certain non-crop products, including animal health products, such as honey bee protective miticides and certain veterinary vaccines.
Our dedicated sales force works with growers and distributors to promote the use of our solutions throughout a crop's growth cycle, focusing on the $H^3$ Priority Segments and also addressing selective local opportunities through tailored solutions to complete our offering and cover underserved needs in those markets.
We remain focused on expanding our presence in worldwide targeted markets by developing or acquiring crop protection products and obtaining registrations for new products, new uses for existing products and uses of existing products in new countries.
Products
Our Agricultural Solutions segment offers a wide variety of proven crop solutions to growers comprising five major global product lines: fungicides and biofungicides; herbicides; insecticides, bioinsecticides and acaricides; biostimulants and innovative nutrition; and seed treatments:

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| Fungicides and Biofungicides: | Fungicides prevent the spread of fungi and other diseases in crops. Biofungicides perform the same task as conventional fungicides, without chemical residues. Our fungicides and biofungicides products include Evito, Fortix, Proplant and Vacciplant. |
| Herbicides: | Herbicides are used to control unwanted plants while leaving the targeted crops to grow unharmed. We produce total and selective herbicides with a variety of formulations for many temperate and tropical crops such as tomatoes, potatoes, soybeans and onions. Our main herbicide products are Dinamic, Everest, Pantera and Select. |
| Insecticides, Bioinsecticides and Acaricides: | Our insecticides, such as Cythrin Max, Orthene and Talisma, are products used against insect pests at different stages of the pest life cycle, from egg and larvae to nymph and adult. These products can have both crop and public health applications. Bioinsecticides, such as Carpovirosine, perform the same task as conventional insecticides, without chemical residues. Acaricides or miticides control a variety of mite pests on crops. These products are primarily targeted at tree fruit and nut, vine, ornamental and selected row crop applications for effective mite control programs. Our main miticide products, such as Acramite, Floramite and Omite, are sold globally. |
| Biostimulants and Innovative Nutrition: | As a leader in the high-growth and high-value biostimulants and innovative nutrition segment, our biostimulants and innovative nutrition portfolio includes a wide range of products, which are often tailored to meet different needs of growers. Our biostimulants stimulate plant growth and reproductive development. Our innovative nutrition products optimize the nutrition of plants. This portfolio is highly differentiated and primarily protected by trade secrets. Our biostimulant |

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| | products include Biozyme, BM Start and Appetizer. Our innovative nutrition products include Foltron and Poliquel. |
| Seed Treatments: | As a leader in the high-growth and high-value seed treatment industry, our diverse portfolio encompasses pioneer products, such as Rancona and Vitavax. Our seed treatments are applied before planting by coating the seed in order to protect it during germination and protect the plant during its initial growth phases. We anticipate growth in seed treatments as a result of the increasing use of higher-value genetically-modified seeds. |

Our product offering also includes regional off-patent AIs that complement our global portfolio. In addition, we offer certain non-crop products, including animal health products, such as honey bee protective miticides and certain veterinary vaccines. Apivar, a global miticide for the protection of bees against the Varroa mite, is one of our main honey bee health products.

Seasonality

The agrochemical business is seasonal in nature and corresponds to agricultural cycles within each region in which we operate. The geographic spread of our products can result in significant variations in earnings and cash flow during such cycles. Agrochemical and BioSolutions sales typically begin ahead of the growing season and peak in the middle of the season. In the northern hemisphere, farmers purchase the majority of their agrochemical inputs during the first half of the year from distributors which we start to supply during the latter part of the fourth quarter. Growers in the southern hemisphere purchase the majority of their products in the second half of the year. As a result, we have historically experienced significant fluctuations in quarterly sales. For example, due to the size of our market in Latin America, we typically generate greater net sales in the second half of the calendar year and our net sales tend to be lower during the first half of each calendar year.

Weather conditions and natural disasters such as heavy rains, hurricanes, hail, floods, tornadoes, freezing conditions, drought, or fire also affect decisions by our customers and end-users about the types and amounts of agrochemical and BioSolutions products to purchase and the timing of use of such products. For example, an early spring in Europe can bring forward sales from the second quarter into the first quarter. The high degree of correlation between sales patterns and unpredictable weather conditions makes drawing conclusions from quarterly sales difficult.

Competitive Strengths

We believe the following competitive strengths differentiate us from our competitors and contribute to our ongoing success:

- "Asset-Lite, High-Touch" Business Model. We are building our business through the acquisition and integration of "Asset-Lite, High-Touch" businesses. These are businesses evidenced by high margins and low capital expenditures which translates into high cash flow returns on capital. Over 40% of our employees are in either technological innovation or sales and services areas; hence "high-touch." Our commitment to technological innovation and our extensive intellectual property portfolio enables us to develop our cutting-edge products. In order to continue to provide innovative products and highly specialized technical service to our customers, we place a premium on maintaining an expert and qualified employee base. Our business involves the formulation of a broad range of specialty chemicals, created by blending raw materials or developing new uses for existing AIs. This model allows us to conservatively manage our investments in fixed assets to both maintain and grow the business. Our existing fixed asset base is modern and well-maintained and, accordingly, requires low capital expenditures for maintenance.
- Industry Leading Positions. Our businesses strategically focus on acquiring and maintaining leading positions in niche sectors of high-growth markets by offering high value-added services that are indispensable to our customers. We believe our scale and global reach in product development, marketing and formulation provides us with advantages over many of our competitors, allowing us to maintain strong market share positions and drive profitable growth. Our leadership positions contribute to our ability to attract new customers and successfully enter new end-markets.
- Broad Diversified Business. We offer a broad range of products and services to diverse and often unrelated end-markets, ranging from agricultural, electronics, industrial, and offshore oil and gas production and drilling to consumer packaging and printing. Our proprietary technology, service-oriented business model, high barriers to entry and significant customer switching costs have allowed us to achieve stable and compelling margins while protecting our market share. We believe the diversity of the niche end-markets we serve will enable us to continue our growth and maintain strong cash flow generation throughout economic cycles. The diversification will also help mitigate the impact of a downturn in any single industry, end-market or region.
- Strong Expertise in Registration and Distribution. Product registration is complex and crucial, particularly in the agrochemical space. Our Agricultural Solutions segment has a large team of specialists dedicated to the regulatory process across various jurisdictions, and we believe we are well experienced in obtaining and defending the required

registrations for our products in each country in which they are sold and for each crop on which they are applied. Once obtained, these registrations provide a right to use a product for a specified crop in that country or region for a number of years. In addition, our Agricultural Solutions segment has a strong network of distributors, which currently reaches over 100 countries and jurisdictions.  Our large distribution network enables us to focus on profitable niche applications, which we believe are less sensitive to competitive pricing pressures.  This distribution network, together with our geographical footprint, also allows us to attract licensing and resale opportunities from partner companies for new products, technologies and applications.

- Comprehensive Product Offering. We provide our customers with a comprehensive offering of products that meet many of their specialty chemical needs. In many cases we offer a full suite of products with complementary capabilities that provide a complete functional solution to the customer. We believe the ability to provide a “top-to-bottom” product offering is a significant competitive advantage over many of our smaller and regional competitors. Our existing product offerings also offer many opportunities for growth in adjacent end-markets.
- Performance-Driven Culture and Board with Proven Track Record. We believe we have outstanding people who can deliver superior performance under the tutelage and oversight of proven and experienced leadership. Our culture is performance focused and driven by empowering team members and then holding them accountable for their outcomes. We measure people on financial results, safety, customer satisfaction and commitments, legal compliance and environmental stewardship. We measure our performance against benchmarks and drive operational excellence through continuous improvement. Our experienced management team is complemented by an experienced Board, which includes individuals with a proven track record of successfully acquiring and managing businesses. Our business segments are also led by executives that have extensive experience in their respective fields.

Business Strategies

Our primary goal is to create value by driving cash flow per share through profitable organic sales growth while continuing to improve our cost structure. We seek to develop and engineer new products and processes, leverage our global scale to enter new markets and optimally manage our existing portfolio of specialty chemical businesses. Our efforts are directed by the following key business strategies:

- Build a Best-in-Class Specialty Chemical Company. Our goal is to build a best-in-class, global formulator, marketer and distributor of specialty chemical products. We anticipate that the fragmented nature of the specialty chemical market will continue to provide opportunities for growth through strategic acquisitions of complementary businesses. We believe that our combined company provides a strong platform on which to grow our business and expand our market shares in key geographic markets.
- Expand our Core Businesses. We believe that we can capitalize on our previous Acquisitions to further enhance our technical capabilities, sophisticated process know-how, solutions orientation, strong customer relationships and deep industry knowledge. We expect that the Acquisitions will enhance our growth by extending our products breadth and expanding the international reach. We intend to extend many of our product offerings through the development of new applications for our existing products or through synergistic combinations, and to target those geographies with attractive market fundamentals where our strengths in marketing, portfolio development, regulation and customer education can add value for our customers.
- Enhancing Product Innovation. We place a strong emphasis on innovation. New products are developed and created by drawing upon our significant intellectual property portfolio and technical expertise. Building on our core competencies in product innovation, applications development and technical services, we intend to drive organic growth by reaching new high-growth markets and expanding upon our existing technologies to develop new products for adjacent markets.
- Leverage Customer Relationships. We intend to continue to leverage our close customer relationships to execute our growth strategy by working directly with our customers to identify opportunities for new products. We also have strong collaborative relationships with OEMs who specify which specialty materials, chemistries and technologies they need in their products. Working directly with our customers allows us to increase OEM qualification of our products and identify opportunities to grow with our customers. Such close customer relationships also provide a solid barrier to entry for competition.
- Pursue Strategic Acquisitions. Our founder, Martin E. Franklin, and our Chief Executive Officer, Rakesh Sachdev, have significant experience and expertise, and have been highly successful, in acquiring, integrating and growing value-added businesses. We intend to pursue further acquisitions as a way to enhance our growth and strategic position. We intend to focus primarily on businesses that share our “Asset-Lite, High-Touch” philosophy, with product offerings that provide geographic or product diversification. We expect to achieve commercial and distribution efficiencies by expanding into related categories that can be marketed through our existing distribution channels or provide us with new distribution channels for our existing products. We plan to only pursue acquisition opportunities

that we believe meet our acquisition criteria and when we deem it to be financially prudent.

- Focus on Human Capital.  The success of our business depends on our ability to continue to capitalize on our technical capabilities, unique process know-how, strong customer relationships and industry knowledge.  Our technical expertise and history of innovation demonstrated by the employees we acquired in the Acquisitions reflect the specialized and highly skilled nature of our research and development personnel.  As such we intend to focus on attracting, retaining and developing the best human capital across all levels of our organization, which is key to our ability to successfully operate and grow our business.

Customers

We have a diverse customer base, as we sell our products either directly to end-user customers or through intermediaries, such as independent, third-party distributors (national, regional, or local), agricultural cooperatives, retailers, and government agencies. We also have collaborative relationships with many OEMs, who specify to us which specialty materials, chemistries and technologies are used in their products. The majority of our sales are through such intermediaries.

Within each segment, we rely on independent distributors to distribute our products and to assist us with the marketing and sale of certain of our products. We believe that we are able to attract new customers successfully through our international reach, coupled with our local knowledge and presence, which enables us to meet the needs of our customers through a global network of 59 manufacturing sites, 12 sites that include manufacturing and research facilities, 16 stand-alone research centers, and a direct sales force in nearly 70 countries. Our flexible manufacturing base allows for "just in time" supply chain management. We operate a relatively large number of small and medium-sized facilities located close to our customers throughout the world's major economic regions. This close proximity to our global customers' local sites enables access to all key growth markets.

We believe that our business is not materially dependent upon a single customer. Although no customer or distributor constitutes 10% or more of our consolidated net sales, we do have some customers and distributors, the loss of which may impair our results of operations, for certain business lines, for the affected earnings periods.

Selling & Marketing

We employ a large customer-centric sales and marketing force of professionals worldwide. These professionals have strong technical expertise, local market knowledge and intimate customer relationships. Our local sales and marketing teams closely monitor their market trends and maintain active dialogue with our customers to assess and understand their constantly evolving challenges. We use this feedback from our local sales teams to anticipate future needs, respond rapidly to changing market conditions, and deliver customized, value-added solutions for our customers. This feedback loop is an important source of new product ideas and helps guide our capital allocation decisions. We leverage local market intelligence to develop new and innovative products that are then marketed by our local sales and marketing teams throughout the markets we serve.

Performance Solutions

In our Performance Solutions segment, methods for selling and marketing our proprietary products vary slightly by geographic region. In total, we generate business through the efforts of sales, technical and service personnel and regional distributors. In the Americas, we employ sales, administrative and service personnel to market our entire line of proprietary products. In certain areas of the Americas, distributors also sell and service many of our products. In Europe, sales, administrative and service representatives, who are employed by our subsidiaries located in Belgium, Czech Republic, France, Germany, Great Britain, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and Turkey, market our proprietary products. In the Asia-Pacific region, our local subsidiaries employ sales, administrative and service representatives to market our proprietary products through either subsidiaries or branches in Australia, mainland China, Hong Kong, India, Japan, Malaysia, Singapore, South Korea, Taiwan and Thailand. In addition to the countries where we have wholly owned subsidiaries, some of our proprietary chemistries are sold in other countries throughout Asia, Europe and South America through distributors.

Agricultural Solutions

In our Agricultural Solutions segment, our products are sold in over 100 countries globally and reach our grower-customers and the ultimate end-users through a wide variety of market channels. Our sales, marketing, and go-to-market strategies vary significantly by region and depend to a large extent on the existing distribution infrastructure and market practices in each particular region. Depending upon the customer's location, we work with national and regional distributors, retailers, co-ops, government entities, and growers to promote our solutions. We also have loyalty programs in place for distributors and engage in active grower education to promote our products and brands. Because of our global presence and local capabilities, other agrochemical and crop protection companies enter into exclusive distribution rights agreements with us. Such agreements give us the exclusive right to distribute their products in, or with respect to, specified territories, crops, applications, channels, and formulations.

In the larger and more mature North American market, we rely more heavily on an extensive existing distribution network. The North American distributor landscape is one of the most consolidated. In Asia, Europe and Latin America, sales and marketing are conducted through a mix of national and regional distributors, retailers, co-ops, and growers (primarily large farmers).

Africa and Middle East represent our most unique region from a sales and marketing perspective due to relatively lower levels of existing distribution infrastructure. In many cases, growers in this region require additional customer outreach and education as our products and the agronomic techniques to apply them are relatively new to this market. In order to address these challenges, we have developed an extensive regional distribution network to enable us to efficiently deliver our products, and products of our distribution partners, to the growers.

Employees

In order to ensure that we are able to continue to provide innovative products and highly technical service to our customers, we place a premium on maintaining a highly specialized and qualified employee base. As of December 31, 2016, we employed approximately 7,750 full-time employees in approximately 70 countries, including approximately 3,200 research and development chemists, experienced technical service, and sales personnel.

In addition, many of our full-time employees are employed outside the United States. In certain countries where we operate, our employees are also members of unions or are represented by works councils as required by law. We are required to consult and seek the consent or advice of these unions and/or works councils for any changes to our activities or employee benefits, which may impact our flexibility in managing costs and responding to market changes.

Our management believes that our relationships with our employees and collective bargaining unions are satisfactory.

Research and Development

Continued investment in research and development ensures that we remain ahead of emerging trends, delivering solutions to strengthen our leadership positions in terms of innovation and product development in our market niches. Our research and development activities are also focused on developing products, and improving formulations and processes that will drive growth or otherwise add value to our core business operations. We accelerate market introductions and increase the impact of our product offerings through collaboration with partners in the commercial sector (customers and value chain partners) and by working with distributors, OEMs, governments and local communities around the world. We plan to continue to make significant investments in a broad range of research and development efforts.

Performance Solutions

With respect to our Performance Solutions segment, research in connection with proprietary products is performed principally in Germany, Great Britain, India, Japan and the United States. During 2016, the segment's research and development expenses totaled $45.0 million. Substantially all research and development activity was performed internally.

Agricultural Solutions

Within our Agricultural Solutions segment, our global and regional marketing teams conduct a rigorous process for identifying key AIs with proven technical efficacy, which can be brought to market through our formulation, marketing, and distribution capabilities, in order to address strategic gaps in our portfolio. During 2016, the segment invested $36.4 million in product registrations and incurred $39.4 million of research and development costs.

Competitive Environment

Our markets are consolidating, highly competitive, and subject to rapid changes in technology. Broadly speaking, we compete in the specialty chemicals market. On a more narrow scale, we compete in markets for specialty chemicals for agrochemicals, electronic applications, general metal and plastic finishing, oil and gas exploration and production, and printing. Some of our competitors may have greater financial, technical and marketing resources than we do and may be able to devote greater resources to promoting and selling certain products.

The competitive environment of each of our segments is described below:

Performance Solutions

Our Performance Solutions segment provides a broad line of proprietary chemical compounds and supporting services, and broadly competes within the specialty chemicals industry. Although competition varies by end-market and geography, our most significant competitors are Atotech Inc., The Dow Chemical Company, across its industrial and electronics chemicals businesses, as well as Asahi, Senju, Tamura, E.I. du Pont de Nemours and Company, and Flint Group. We compete primarily on the basis of quality,

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technology, performance, reliability, brand, reputation, range of products and services, and service and support. We maintain extensive support, technical and testing services for our customers, and are continuously developing new products. Further consolidation within our industry or other changes in the competitive environment, such as the merger of E.I. du Pont de Nemours and Company and The Dow Chemical Company, could result in larger competitors that compete with us on several levels. However, we believe that our combined abilities to manufacture, sell, service and develop new products and applications, enable us to compete successfully both locally and internationally. Some large competitors operate globally, as we do, but most operate only locally or regionally. We also face competition from many smaller companies that specialize in particular segments of the markets in which we compete.

Agricultural Solutions

The agrochemical sector is a highly developed and competitive industry with a wide range of established competitors that offer a broad variety of competing products. Our main competitors include major multinational agrochemical companies which engage in basic research for AI discovery, such as BASF, Bayer CropScience AG, and Syngenta AG, as well as a number of Japanese participants. We also face competition from a variety of off-patent agrochemical companies worldwide, including FMC Corporation, ADAMA Agricultural Solutions Ltd., United Phosphorus Ltd., and Nufarm Limited, among others.

The BioSolutions sector is a newer and less mature industry than agrochemicals. There is significantly less direct competition among providers given the highly differentiated, proprietary nature of BioSolutions products. However, we do compete with BioSolutions providers that have similar product claims and offer potential functional substitutes for our products. Customer education and corresponding demand creation is a critical element of competing in the BioSolutions sector. Customer acceptance and adoption levels may vary widely. It is a very fragmented market, with the participation of companies that do not necessarily compete in the agrochemical space. Our current competitors include Stoller S.A., Novozymes Biopharma A/S, Verdesian LifeSciences, LLC, Bayer CropScience AG (AgraQuest, Inc.), Valagro SpA, BASF SE (Becker Underwood Inc.), Plant Health Care plc and various others.

Order Backlog

Due to the relatively short cycle times in our business, our order backlog levels are minimal. In general, we do not formulate our products against a backlog of orders and do not consider backlog to be a significant indicator of the level of future sales activity. Production and inventory levels are based on the level of incoming orders as well as projections of future demand. Therefore, we believe that backlog information is not material to understanding our overall business and should not be considered a reliable indicator of our ability to achieve any particular level of revenue or financial performance.

Raw Materials and Sourcing of Products

In our Performance Solutions segment, we use a variety of specialty and commodity chemicals in our manufacturing processes. Our manufacturing operations depend upon obtaining adequate supplies of raw materials on a timely basis. We typically purchase our major raw materials on an as-needed basis from outside sources.

In our Agricultural Solutions segment, we rely on external contract manufacturers, both domestically and internationally, to produce certain products or key components for our products. There is limited available manufacturing capacity that meets our quality standards and regulatory requirements. With one minor exception, we engage in no direct agrochemical AI manufacturing. We source virtually all of our AIs from third-party manufacturers, which represent a limited number of key suppliers for AIs. We strive to maintain multiple supply sources for each AI; however, in certain instances, there is only a single registered source of AIs for important products where there is currently no viable alternative source. Our goal is to maximize our sourcing of raw materials, especially AIs, from quality suppliers in countries with generally low manufacturing costs, such as China, Eastern Europe, and India, or markets with good raw material positions.

We formulate and package our products in-house or through tolling and other third-party manufacturing and formulation arrangements. We balance our in-house formulation with third-party arrangements to limit our exposure to utilization drop-offs, facility closures, and certain manufacturing-related environmental risks which helps us to optimize our cost structure.

Within certain portions of our BioSolutions portfolio, we manage an end-to-end supply chain. We purchase natural raw materials, such as plant extracts and seaweed, to extract AIs for our BioSolutions products.

Patents, Trademarks and Proprietary Products

Our intellectual property and other proprietary rights are important to our business and are protected by a combination of patents, trade secrets, trademarks, data exclusivity, and other marketing exclusivity rights, exclusive or semi-exclusive manufacturing arrangements, and other non-patent strategies. We seek intellectual property and other proprietary rights in major markets and other commercially-relevant jurisdictions worldwide. We implement confidentiality procedures and contractual exclusivity and seek other rights necessary to protect our intellectual property, proprietary formulations, processes, and other product-related rights. We rely on trade secrets and know-how confidentiality agreements to protect our processes, natural product composition/origin, and formulations. We also enter into invention or patent assignment agreements, when applicable, with our employees, consultants, contractors, and other third-parties who may be engaged in discovery or development of intellectual property and other proprietary rights. Finally, we seek to include provisions in our material transfer agreements, license and development agreements, and other agreements that provide for the transfer of intellectual property rights back to us to the greatest extent possible under the circumstances of any specific transaction and development project.

Performance Solutions

In our Performance Solutions segment, as of December 31, 2016, we owned, had applications pending, or licensed the rights to approximately 1,800 domestic and foreign patents. The patents we hold are important to our business and have remaining lives of varying duration. Although certain of these patents are becoming increasingly more important, we believe that our ability to provide technical and testing services to our customers and meet their rapid delivery requirements is equally, if not more, important to our business. No specific group or groups of intellectual property rights are material to our business. However, we have many proprietary products which are not covered by patents and which are responsible for a large component of our total sales. Further, we hold a number of domestic and foreign trade names and trademark registrations and applications for registration, which we consider to be of value in identifying our products. We do not hold nor have we granted any franchises or concessions.

Agricultural Solutions

In our Agricultural Solutions segment, as of December 31, 2016, we owned, had applications pending, licensed or had freedom-to-operate rights under, approximately 200 domestic and foreign patents, and approximately 7,000 product registrations. As part of our intellectual property strategy, we in-license patents from other agrochemical and BioSolutions companies and pursue other patents not related to composition of matter, such as use extensions, formulations, mixtures and manufacturing processes. We also differentiate our AIs with value-added mixtures and novel formulations, with launches prior to the expiration of the AIs' patent protection, in order to avoid a potential price erosion and loss of share. A significant portion of our patent portfolio consists of patents relating to amicarbazone, flucarbazone and fluoxastrobin, three of our key GVAP AIs. Our patents covering manufacturing processes, methods of use, and combinations with other AIs, safeners, or other adjuvants of these three GVAP AIs are scheduled to expire in commercially relevant markets at various times before the end of 2020 for amicarbazone; 2022 for flucarbazone; and 2024 for fluoxastrobin. With respect to fluoxastrobin, we have a pending application in the United States covering a manufacturing process which we intend to file in other countries as well, which, if granted, will expire no sooner than 2036. We believe this new process will contribute to lower costs for the manufacture of fluoxastrobin, which would represent a significant competitive advantage over potential generic entrants.

Other proprietary rights protection

Some products that have already lost patent protection but have originally been registered by a company are often referred to as proprietary off-patent products, especially if the company holds a significant share of the AI. These are often characterized by a substantial degree of differentiation through formulation and product package offerings responsive to grower needs. Proprietary off-patent products enable providers to maintain a stronger market position and a differentiated margin profile, which may be further enhanced by specialized market access, a strong brand, or a competitive cost position. In addition, while they are not protected by patents, proprietary off-patent products require registrations in every country for every crop and AI that will be sold. Our strong registration capabilities provide us with the ability to effectively maintain and defend our existing registrations as well as to acquire new registrations in a cost effective and timely manner.

Proprietary off-patent products can benefit from other barriers to entry designed to reward the company which first registers an AI in a certain geography, following significant investments in regulatory data to support that initial registration, with an exclusive period of sales (“exclusive use”) and, after the exclusive use period has expired, an additional period of financial compensation from other companies which request access to the data developed by the original company (“data compensation”) to obtain a registration of that same AI in that geography. These barriers to entry are established in multiple jurisdictions, including Brazil, Canada, the E.U. and the United States.

Our global portfolio is composed of multiple proprietary off-patent products including: acephate; amitraz; ipconazole; diflubenzuron; bifenazate; clethodim; and propargite and cypermethrin for the E.U. Many of our proprietary off-patent AIs are currently benefiting from exclusive use and data compensation provisions.

Government and Environmental Regulation

We develop, produce and market our chemical products in a number of jurisdictions throughout the world and are subject to numerous federal, regional and local laws and regulations in the countries in which we operate. These regulations govern the Company's manufacture, use, labeling, packaging, storage and distribution of chemicals and hazardous substances, which are subject to strict quality and regulatory standards. We are required to meet these strict standards which, in recent years, have become increasingly stringent. However, no portion of our business is subject to re-negotiation of profits or termination of material contracts or subcontracts at the election of the governments in the countries in which we operate.

We are subject to the FCPA, which prohibits companies and their intermediaries from making payments in violation of law to non-U.S. government officials for the purpose of obtaining or retaining business or securing any other improper advantage. Our reliance on independent distributors to sell some of our proprietary chemicals internationally demands a high degree of vigilance in maintaining our policy against participation in corrupt activity, because these distributors could be deemed to be our agents, and we could be held responsible for their actions. We are also subject to similar anti-bribery laws in the jurisdictions in which we operate, including the 2011 Bribery Act, which also prohibits commercial bribery and makes it a crime for companies to fail to prevent bribery. These laws are complex and far-reaching in nature and, as a result, we may be required in the future to alter one or more of our practices to be in compliance with these laws or any changes in these laws or the interpretation thereof. We maintain a Business Conduct and Ethics Policy, applicable to all our directors and employees. In addition, our CEO, CFO and CAO are bound by the provisions of a Code of Ethics for Senior Financial Officers. The Policy and Code of Ethics were both approved by our Board and cover compliance with the FCPA and similar anti-corruption laws, as well as other legal areas applicable to our operations.

As a manufacturer and distributor of specialty chemicals and systems, we are subject to extensive U.S. and foreign laws and regulations relating to environmental protection and worker health and safety, including those governing discharges of pollutants into the air and water, the management and disposal of hazardous substances and wastes, the cleanup of contaminated properties and occupational safety and health matters. In recent years, there has been a significant increase in the stringency of environmental regulation and enforcement of environmental standards, and the costs of compliance have risen significantly. We expect that the trend of increased regulation will continue in the future. We have and may in the future incur significant costs, including cleanup costs, fines and sanctions and third-party claims for property or natural resource damage or personal injuries as a result of past or future violations of, or liabilities under, such laws and regulations. As of December 31, 2016, we believe we had appropriate liabilities recorded for our various environmental matters.

Our business and our customers also may be subject to significant requirements under the European Community Regulation for the Registration, Evaluation and Authorization of Chemicals (or REACH). REACH, adopted in December 2006, imposes obligations on E.U. manufacturers and importers of chemicals and other products into the E.U. to compile and file comprehensive reports, including testing data, on each chemical substance, and perform chemical safety assessments.

Active substances and co-formulants used in plant protection products (pesticides) are generally exempt from REACH as they are considered as already registered under the Plant Protection Products Directive 91/414/EEC. However, certain exceptions may apply that would require the active substance or co-formulant to be registered, particularly if the substance has a non-plant protection use. While we have registered and continue to register substances as required, the registration process is lengthy and registration of certain of our substances may not be immediately effective. The cost estimates could vary based on the number of substances requiring registration, data availability and cost. The implementation of the REACH registration process may affect our ability to manufacture and sell certain products in the future.

In response to increased government attention to environmental matters worldwide, we continue to develop proprietary products designed to reduce the discharge of pollutant materials into the environment and eliminate the use of certain targeted raw materials while enhancing the efficiency of customer chemical processes.

Available Information

Our internet website address is www.platformspecialtyproducts.com. We make available free of charge, through our website, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act, and proxy statements for our annual meeting of stockholders, as soon as reasonably practicable after each such material is electronically filed with or furnished to the SEC. In addition, information concerning purchases and sales of our equity securities by our executive officers and directors is posted on our website by the end of the business day after filing with the SEC.

You may also read and copy any document that we file, including this 2016 Annual Report, at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Call the SEC at 1-800-SEC-0330 for information on the operation of the Public Reference Room. In addition, the SEC maintains an Internet site at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers, including Platform, that are electronically filed with the SEC.

Our website includes the following corporate governance materials under the tab "Investor Relations—Corporate Governance:" Board of Directors Governance Principles and Code of Conduct; Insider Trading Policy; Stock Ownership Guidelines; Business Conduct and Ethics Policy; Code of Ethics for Senior Financial Officers; Foreign Corrupt Practices Act/Anti-Corruption Policy; Incident Response & Whistleblower Policy; Conflict Minerals Policy and the related Form SD; Platform Data Protection and Privacy Policy; Management, Board of Directors and Committee Composition; and the charters of each committee of our Board of Directors. These corporate governance materials are also available in print upon request by any stockholder to our Investor Relations department.

The information included on our website does not constitute part of this 2016 Annual Report.

In addition to the information included in this Item 1, see Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, and Item 8, Note 1, Basis of Presentation and Summary of Significant Accounting Policies, and Note 22, Segment Information to the Consolidated Financial Statements included in this 2016 Annual Report, for financial and other information concerning our operating segments and the geographic areas in which we do business.

Corporate Information

Our principal executive offices are located at 1450 Centrepark Boulevard, Suite 210, West Palm Beach, Florida 33401 and our telephone number is (561) 207-9600.

Senior Management of Platform

Set forth below is certain information concerning our senior management:

| Name | Title |
|---|---|
| Rakesh Sachdev | Chief Executive Officer |
| Sanjiv Khattri | Executive Vice President and Chief Financial Officer |
| Benjamin Gliklich | Executive Vice President - Operations and Strategy |
| John E. Capps | Executive Vice President, General Counsel and Secretary |
| John P. Connolly | Vice President, Corporate Controller and Chief Accounting Officer |
| Scot R. Benson | President - Performance Solutions |
| Diego Lopez Casanello | President - Agricultural Solutions |

Rakesh Sachdev, age 61, is Chief Executive Officer of Platform. Mr. Sachdev joined Platform in January 2016. Prior to joining Platform, Mr. Sachdev served as President and Chief Executive Officer of Sigma-Aldrich Corporation, or Sigma-Aldrich, beginning in 2010. Mr. Sachdev joined Sigma-Aldrich in 2008 as Chief Financial Officer and took on the additional role of Chief Administrative Officer with direct oversight of Sigma-Aldrich's international business in 2009. He was Senior Vice President and President Asia Pacific of ArvinMeritor, Inc., or ArvinMeritor, a global supplier of engineered systems to the automotive industry, from 2007 to 2008. At ArvinMeritor, Mr. Sachdev also served in other leadership roles, including Interim Chief Financial Officer, Senior Vice President Strategy and Corporate Development and Vice President and General Manager of several of ArvinMeritor's global businesses from 1999 to 2007. Prior to joining ArvinMeritor, he worked for Cummins Inc., a global manufacturer of engines and other industrial products in various leadership roles, including Chief Financial Officer for one of its largest business units, and as Managing Director of its Mexican operations. Mr. Sachdev is also a director of Regal-Beloit Corporation and Edgewell Personal Care Company and serves on the Board of Trustees of Washington University in St. Louis. Mr. Sachdev holds an M.B.A. from Indiana University, a Masters in Mechanical Engineering from the University of Illinois and a Bachelor's degree in Mechanical Engineering from the Indian Institute of Technology in New Delhi.

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Sanjiv Khattri, age 52, is Executive Vice President and Chief Financial Officer of Platform. Mr. Khattri joined Platform in September 2015. Prior to joining Platform, Mr. Khattri served as the Chief Financial Officer and Executive Vice President at Covanta Holding Corporation ("Covanta") from August 2010 to November 2013. Prior to joining Covanta, Mr. Khattri had a lengthy career with General Motors ("GM") and GMAC Financial Services (“GMAC”), aka Ally Financial, from 1989 until 2008, where he had significant leadership assignments in treasury, business development, controller, and special project functions, both in the United States and overseas. He was appointed Chief Financial Officer of GMAC in February 2004, and was instrumental in guiding GMAC to its evolution from a wholly-owned subsidiary of GM to a standalone diversified global financial services company, controlled by a consortium of investors led by Cerberus Capital Management, L.P. Mr. Khattri also serves as an Advisory Director of Silver Lane Advisors LLC since 2009. Mr. Khattri is also active in philanthropic activities and most recently, he retired after nine years from the board of The Global Fund for Children, a DC-based global charity focused on creating awareness and providing support to address the needs of vulnerable children and youth. Mr. Khattri has an M.B.A. from the University of Michigan and Bachelor of Engineering from Punjab University in India.

Benjamin Gliklich, age 32, is Executive Vice President - Operations and Strategy of Platform. Mr. Gliklich was appointed in this role in April 2016, after having served as Chief Operating Officer from October 2015 to April 2016; Vice President – Corporate Development, Finance and Investor Relations of Platform from January 2015 to October 2015 and as Director of Corporate Development from May 2014 to January 2015. Prior to joining Platform, Mr. Gliklich was a senior associate at General Atlantic, a global growth-oriented private equity firm. Earlier in his career, Mr. Gliklich was an associate in the investment banking division of Goldman Sachs & Co. Mr. Gliklich holds an A.B. Cum Laude from Princeton University and an M.B.A with distinction from Columbia Business School.

John E. Capps, age 52, is Executive Vice President, General Counsel and Secretary of Platform. Mr. Capps joined Platform in May 2016. Prior to joining Platform, Mr. Capps was with Jarden Corporation, a Fortune 500 broad-based consumer products company, where he most recently served as Executive Vice President - Administration, General Counsel and Secretary until April 2016 when Jarden Corporation merged with Newell Brands Inc. From 2003 to 2005, Mr. Capps was with American Household, Inc. which was acquired by Jarden Corporation in January 2005. Previously, Mr. Capps worked as a private lawyer with the firm Sullivan & Cromwell LLP. Mr. Capps holds a J.D. from the University of Texas and a B.A. and M.B.A. from Vanderbilt University.

John P. Connolly, age 51, is Vice President, Corporate Controller and Chief Accounting Officer of Platform. Mr. Connolly joined Platform in August 2016. Prior to joining Platform, Mr. Connolly served as Vice President, Controller and Chief Accounting Officer at Xylem Inc., a spun off water technology company from ITT Corporation, or ITT, from October 2011 to August 2016. Prior to joining Xylem Inc., Mr. Connolly spent five years at ITT during which time he held key roles as Director, Financial Planning & Analysis, and Director of Accounting. Previously, Mr. Connolly spent 10 years at IBM in roles of increasing responsibility including Manager of Financial Planning & Analysis, Controller of a software division, and Head of Pricing & Licensing Strategy across IBM’s software business, as well as seven years at PricewaterhouseCoopers LLP reaching the level of Manager. Mr. Connolly is a Certified Public Accountant and holds an M.B.A. in Finance from the Lubin School of Business at Pace University.

Scot R. Benson, age 55, is President of the Performance Solutions segment of Platform. Mr. Benson joined MacDermid in 1999. His previous positions at MacDermid included President of MacDermid Advanced Surface Finishes and Graphics Solutions from January 2013 until February 2015. Mr. Benson also served as President of MacDermid Graphics Solutions from 2010 to 2013. Mr. Benson attended the University of Wisconsin - Stevens Point.

Diego Lopez Casanello, age 43, is President of the Agricultural Solutions segment of Platform. Prior to joining Platform, Mr. Lopez Casanello served as Senior Vice President and head of the Agricultural Products Division, Asia Pacific at BASF from February 2015 to January 2016. His previous positions at BASF included Senior Vice President of the Performance Chemicals Division, North America from April 2012 to January 2015 as well as CEO and Managing Director of BASF Argentina from November 2008 to March 2012. Mr. Lopez Casanello has held numerous other roles within the Agricultural Products Division of BASF, including Head of Global Marketing for Seed Treatment, Global Manager of New Business Development and Business Director for South Europe. Mr. Lopez Casanello holds a Bachelor's degree in Business Administration from the University of Hagen, Hagen, Germany.

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Item 1A. Risk Factors

The ownership of our securities involves a number of risks and uncertainties. Potential investors should carefully consider the risks and uncertainties described below and the other information in this 2016 Annual Report before deciding whether to invest in our Company. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. The risks described below are not the only ones facing us. Additional risks that are currently unknown to us or that we currently consider to be immaterial may also impair our business or adversely affect our financial condition or results of operations.

Risks Relating to our Business

Acquisitions are an important part of our growth strategy.

Part of our key strategy is to grow through acquisitions. We have completed several acquisitions in the past and routinely review additional opportunities. This strategy presents certain risks including, without limitation, the potential for:

- increasing debt levels to fund sizable acquisitions, resulting in additional liabilities, constraints and requirements on our business and financial performance;
- the acquired businesses failing to provide, or delays in realizing, the benefits originally anticipated by management;
- potential disruption of our businesses, tax costs or inefficiencies, inconsistencies or deficiencies in standards, controls (including internal control over financial reporting, environmental compliance and health and safety compliance), information technology systems, procedures and policies;
- difficulties in integrating the operations and systems of the acquired businesses and in realizing operating synergies by identifying and eliminating redundant operations and assets;
- difficulties managing tax costs or inefficiencies associated with integrating our operations following completion of the acquisitions;
- difficulties in assimilating and retaining key employees, customers, suppliers and other partners of the acquired companies;
- challenges related to the lack of experience in operating in the geographical or product markets of the acquired business;
- management's attention being diverted to the integration of the acquired businesses or acceptance of the acquired technology;
- rising interest rates on debt needed or dilution resulting from equity issuances to provide cash to fund the purchase price of acquisitions; and
- unanticipated contract or regulatory issues and the assumption of, and exposure to, unknown or contingent liabilities of the acquired businesses.

If an acquisition is not successfully completed or integrated into our existing operations or does not result in the benefits we expect, as a result of the factors mentioned above or otherwise, our business, financial condition or results of operations may be adversely affected. In addition, failure to integrate successfully or realize the anticipated business opportunities and growth prospects from our acquisitions, including the Acquisitions, could result in unanticipated expenses and losses and may require significant financial resources that would otherwise be available for the ongoing development or expansion of our existing operations. Accordingly, in connection with any acquisition, there can be no assurance as to whether or when any benefits or cost synergies we hope to achieve will occur, or the extent to which they actually will be achieved.

Our substantial indebtedness may adversely affect our cash flow and our ability to operate our business and fulfill our obligations under our outstanding debt.

Our substantial indebtedness could have important consequences. As of December 31, 2016, our total indebtedness was approximately $5.24 billion. Such substantial indebtedness could:

- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund acquisitions, working capital, capital expenditures, dividends, research and development efforts and other general corporate purposes;
-

increase the amount of our interest expense, because our borrowings include instruments with variable rates of interest, which, if interest rates increase, would result in higher interest expense;

- increase our vulnerability to general adverse economic and industry conditions;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- limit our ability to make strategic acquisitions, introduce new technologies or exploit business opportunities;

- place us at a competitive disadvantage compared to our competitors that have less indebtedness; and
- limit, among other things, our ability to borrow additional funds.

In addition, our Credit Facilities and other agreements governing our outstanding debt contain covenants that restrict, among other things, our ability to incur additional debt, grant liens, pay cash dividends, enter new lines of business, repurchase our shares of common stock, make certain investments and engage in certain merger, consolidation or asset sale transactions. These restrictions could limit our ability to plan for or react to market conditions, meet extraordinary capital needs or otherwise take actions that we believe are in the best interest of our business. In addition, the terms of our Credit Facilities and these agreements allow us to issue and incur additional debt but only upon satisfaction of certain conditions. We anticipate that any future acquisitions we pursue as part of our growth strategy may be financed through a combination of cash on hand, operating cash flow, availability under our Credit Facilities and new capital markets offerings. If new debt is added to current debt levels, the related risks described above could increase.

Our ability to satisfy our debt obligations and to fund any planned capital expenditures, dividends and other cash needs also depends in part upon the future financial and operating performance of our subsidiaries and upon our ability to renew or refinance borrowings. Prevailing economic conditions and financial, business, competitive, legislative, regulatory and other factors, many of which beyond our control, will affect our ability to make these payments. If we are unable to make payments or refinance our debt, obtain waivers or new financing, or if holders of indebtedness elect to declare all borrowed funds due and/or to terminate their commitments for future funding, those holders could exercise their rights, including assuming control over our deposit accounts and/or commencing foreclosure proceedings against our assets, and we could be forced into bankruptcy or liquidation.

We may need to record a significant charge to earnings if our goodwill or other intangible assets arising from acquisitions become impaired, which could materially adversely affect our net income.

In accordance with GAAP, we account for our acquisitions using the purchase method of accounting and, historically, the Acquisitions have resulted in significant goodwill and other intangible assets being recognized in our Consolidated Financial Statements. In the future, these assets may become impaired, which could have a material adverse effect on our results of operations. We are required under GAAP to review our amortizable intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill and other indefinite-lived intangible assets are required to be tested for impairment annually, or more frequently if facts and circumstances warrant a review. Factors that may be considered a change in circumstances, indicating that the carrying value of our amortizable intangible assets may not be recoverable, include a decline in stock price and market capitalization or slower or declining growth rates in our industry. Other than the goodwill impairment we recorded within our Offshore business in 2016, there was no impairment of goodwill or other intangible assets in 2016, 2015 or 2014. However, in 2016, 2015 and 2014, some of our reporting units and other indefinite-lived intangible assets had fair values that were not substantially in excess of their carrying values. Any requirement to record a charge to earnings in our financial statements during the period in which any impairment of our indefinite-lived or amortizable intangible assets occurs could have a material adverse effect on our financial condition or results of operations.

The failure to attract and retain key personnel, including our executive officers, or effectively manage succession, could have an adverse impact on our business, financial condition or results of operations.

Our business involves complex operations and therefore demands a leadership team and employee workforce that is knowledgeable and expert in many areas necessary for our operations. The failure to attract and retain key personnel, or effectively manage succession, could have an adverse material impact on our result of operations. In addition, we are highly dependent on the experience and track records of our management, particularly Martin E. Franklin and Rakesh Sachdev, in successfully acquiring and managing businesses. If one or more of our executive officers were to cease to be employed by us, or if we were unable to replace them in a timely manner, our business, financial condition or results of operations could be adversely affected.

In addition, as a company focused on manufacturing and highly technical customer service, we rely on our ability to attract and retain skilled employees, including our specialized research and development, and sales and service personnel, in order to maintain our efficient production processes, drive innovation in our product offerings and maintain our deep customer relationships. The departure of a significant number of our highly skilled employees, or of one or more employees who hold key management positions, could have an adverse impact on our operations, including customers choosing to follow an employee or manager to one of our competitors.

If we fail to establish and maintain adequate internal controls over financial reporting, we may not be able to report our financial results in a timely and reliable manner, which could harm our business and impact the value of our securities.

We are required by the SEC to establish and maintain adequate internal control over financial reporting that provides reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements in accordance with GAAP. We are likewise required, on a quarterly basis, to evaluate the effectiveness of our internal controls and to disclose any material changes and material weaknesses in those internal controls.

As discussed in this 2016 Annual Report in Part II, Item 9A, we have identified material weaknesses in our internal control over financial reporting, and as a result we have concluded, based on management's assessment, that our internal control and procedures were ineffective as of December 31, 2016. Effective internal controls are necessary for us to provide reliable and timely financial reports and to effectively prevent fraud. If we cannot provide reliable financial reports and effectively prevent fraud, our reputation and operating results could be harmed. Likewise, if our financial statements are not filed on a timely basis as required by the SEC and the NYSE, we could face severe consequences from those authorities. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could affect our stock price.

Even effective internal controls have inherent limitations including the possibility of human error, the circumvention or overriding of controls, or fraud. Therefore, even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. In addition, projections of any evaluation of effectiveness of internal control over financial reporting in future periods are subject to the risk that the control may become inadequate because of changes in conditions or a deterioration in the degree of compliance with the policies or procedures.

Finally, our business strategy contemplates the acquisition of businesses and the operation of subsidiaries whose financial results are consolidated into our financial statements and operating reporting. Effective internal control over financial reporting must be established and maintained in connection with these acquisitions, if any, in order for us to produce accurate and timely financial reports. Failure to do so could result in our inability to report our financial results accurately and on a timely basis, and possibly lead to other deficiencies, which would also likely have a negative impact on our stock price.

We have identified material weaknesses in our internal control over financial reporting which, if not remediated, could affect the accuracy and timeliness of our financial reporting and result in misstatements in our financial statements.

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting, as defined in Rule 13a-15(f) under the Exchange Act. In connection with this 2016 Annual Report, our management has performed an evaluation of our internal control over financial reporting, and concluded that our internal control and procedures were ineffective as of December 31, 2016 as a result of our lack of sufficient personnel with an appropriate level of accounting knowledge, experience and training commensurate with our financial reporting requirements, which resulted in material weaknesses relating to:

- the accounting for acquired businesses;
- the completeness, existence and accuracy related to the accounting of income taxes; and
- the financial close process for the Agricultural Solutions segment to ensure the timely and complete reconciliation of accounts for the CAS and Agriphar businesses, which are part of the Agricultural Solutions segment.

A material weakness is defined as a deficiency, or combination of deficiencies, in internal controls over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

As discussed in this 2016 Annual Report in Part II, Item 9A, we have taken, and continue to take, numerous steps to remediate these material weaknesses and improve our internal controls over financial reporting. However, there can be no assurance that the measures we have taken to date, and are continuing to take, will be sufficient to remediate these material weaknesses or avoid potential future material weaknesses. If our remedial measures are insufficient to address these material weaknesses, or if additional material weaknesses or significant deficiencies in our internal controls are discovered or occur in the future, or if we are not able to comply with the requirements of Section 404 of

Sarbanes-Oxley in a timely manner, our financial statements for one or more periods may contain material misstatements and we could be required to restate previously issued financial statements for past periods, which may have a material adverse effect on our stock price and our ability to access capital and lending markets.

Our substantial international operations subject us to risks not faced by domestic competitors.

Sales from international markets represent a significant portion of our net sales. Accordingly, our business is subject to increasing risks related to the different legal, political, social and regulatory requirements and economic conditions of many foreign jurisdictions. Risks inherent to our international operations include the following:

- increased credit risk and different financial conditions, which may necessitate longer payment cycles of accounts receivable or result in increased bad debt write-offs (including due to bankruptcy) or additions to reserves;
- additional withholding taxes or other taxes on foreign income, tariffs, duties, export controls, import restrictions or other restrictions on foreign trade or investment, including currency exchange controls;
- foreign exchange controls or other currency restrictions and limitation on the movement of funds, including the prohibition of the repatriation of funds into the United States, which may result in adverse tax consequences and tax inefficiencies;
- export licenses may be difficult to obtain, and the transportation of our products may be delayed or interrupted;
- general economic and political conditions in the countries in which we operate, including devaluation or fluctuations in the value of currencies, gross domestic product, interest rates, market demand, labor costs and other factors beyond our control;
- unexpected adverse changes in foreign laws or foreign regulatory requirements, including in laws or regulatory requirements pertaining to employee benefits, the environment and health and safety;
- protectionist policies, which may restrict or impair the manufacturing, sales or import and export of our products;
- new restrictions on access to markets, such as adverse trade policies or trade barriers;
- a lack of or inadequate infrastructure;
- natural disasters or other crises;
- reduced protection of intellectual property rights in some countries;
- expropriation of assets or forced relocations of operations;
- inflation and hyperinflationary economic conditions and adverse economic effects resulting from governmental attempts to control inflation, such as imposition of wage and price controls and higher interest rates;
- the requirement to comply with a wide variety of foreign and U.S. laws and regulations that apply to international operations, including, without limitation, economic sanctions regulations, labor laws, import and export regulations, anti-corruption and anti-bribery laws;
- challenges in maintaining an effective internal control environment with operations in multiple international locations, including language and cultural differences, varying levels of GAAP expertise in international locations and multiple financial information systems;
- difficulties managing and administering an internationally dispersed business, as the management of our personnel across many countries can present legal, logistical and managerial challenges; and
- labor disruptions, civil unrest, significant social, political or economic instability, wars or other armed conflict or acts of terrorism.

Should any of these risks occur, our ability to manufacture, source, sell or export our products or repatriate profits could be impaired. We could also experience a loss of sales and profitability from our international operations, and/or a substantial impairment or loss of assets, any of which could have a material adverse impact on our business, financial condition or results of operations.

Furthermore, some of our international operations are conducted in parts of the world that experience corruption to some degree. Although we have policies and procedures in place that are designed to promote legal and regulatory compliance (including with respect to the FCPA and the Bribery Act as further described below), our employees, distributors and wholesalers could take actions in contravention of our policies and procedures that violate applicable anti-corruption laws or regulations. Violations of these laws, or allegations of such violations, could have a material adverse affect on our reputation, or our business, financial condition, or results of operations.

The withdrawal of the United Kingdom from the E.U. may have a negative effect on global economic conditions, financial markets and our business.

We are a multinational company with worldwide operations, including significant business operations in Europe. In June 2016, a majority of voters in the United Kingdom elected to withdraw from the E.U. in a national referendum, commonly referred to as "Brexit." The referendum was advisory, and the terms of any withdrawal are subject to a negotiation period that could last at least two years after the government of the United Kingdom formally initiates a withdrawal process. Nevertheless, the referendum has created significant uncertainty about the future relationship between the United Kingdom and the E.U., and has given rise to calls for certain regions within the United Kingdom to preserve their place in the E.U. by separating from the United Kingdom as well as for the governments of other E.U. member states to consider withdrawal.

These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and could significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Asset valuations, currency exchange rates and credit ratings may be especially subject to increased market volatility. Lack of clarity about future United Kingdom laws and regulations as the United Kingdom determines which E.U. laws to replace or replicate in the event of a withdrawal, including financial laws and regulations, tax and free trade agreements, intellectual property rights, supply chain logistics, environmental, health and safety laws and regulations, immigration laws and employment laws, could decrease foreign direct investment in the United Kingdom, increase costs, depress economic activity and restrict our access to capital. If the United Kingdom and the E.U. are unable to negotiate acceptable withdrawal terms or if other E.U. member states pursue withdrawal, barrier-free access between the United Kingdom and other E.U. member states, or among the European economic area overall, could be diminished or eliminated. Any of these factors could have a material adverse effect on our business, financial condition or results of operations.

We are exposed to fluctuations in currency exchange rates, which may adversely affect our operating results and may significantly affect the comparability of our results between financial periods.

We have significant operations outside the United States, the financial results of which are maintained in the local currency and then translated in U.S. Dollars at applicable exchange rates for inclusion in our consolidated financial statements. The exchange rates between these currencies and the U.S. Dollar have fluctuated and will continue to do so in the future. Changes in exchange rates between these local currencies and the U.S. Dollar will affect the recorded levels of sales, profitability, assets or liabilities. In addition, translated U.S. Dollar amounts reflected in our financial statements may obscure underlying financial trends that would be apparent in financial statements prepared on a constant currency basis or affect the comparability of our results between financial periods. Although we employ a variety of techniques to mitigate the impact of exchange rate fluctuations, including a limited number of foreign currency hedging activities, we cannot guarantee that such risk management strategies will be effective, and our financial condition, or results of operations could be adversely impacted.

In addition, the announcement of Brexit caused further volatility in global stock markets and currency exchange rate fluctuations that resulted in the strengthening of the U.S. Dollar against foreign currencies. The strengthening of the U.S. Dollar may adversely affect our business, financial condition or results of operations, and expose us to gains and losses on non-U.S. currency transactions. Further, a potential devaluation of the local currencies of our customers relative to the U.S. Dollar could impair their purchasing power and cause them to decrease or cancel orders or default on payment. This volatility in foreign currencies is expected to continue as the United Kingdom negotiates and executes its exit from the E.U. but it is uncertain over what time period this will occur. Any of these effects of Brexit, among others, could adversely affect our business, financial condition, or results of operations.

We have made investments in, and are expanding our business into, emerging markets and BioSolutions, which exposes us to certain additional risks.

We have been taking steps to increase our presence in emerging markets. However, there is no guarantee that our efforts to expand sales in emerging markets will succeed. In these markets, we may be subject to a variety of risks including economies that may be dependent on only a few products (and therefore subject to significant fluctuations), consumers with limited or fluctuating discretionary spending on which the end users of our products depend, weak legal systems which may affect our ability to enforce our intellectual property and contractual rights, exchange controls, unstable governments and privatization, changes in customs or tax regimes, or other government actions affecting the flow of goods and currency. Accordingly, changes in any of those areas may have significant negative impacts on our business, financial condition, or results of operations.

In addition, our investments in BioSolutions are risky and may not be profitable. While certain BioSolutions products have been in the market for years, BioSolutions as a whole is a new and evolving area without a history against which to measure growth and without an established presence in most markets. BioSolutions products work most effectively when used in combination with agrochemicals and have been used as standalone applications in areas of low pest pressure. The demand for BioSolutions products is increasingly driven by the desire to increase agricultural yield and quality, coupled with heightened public concern relating to residue on crops for human consumption and feed for animals, as well as public demand for new and innovative ways to address crop risks. As with any growing, evolving industry, there is a risk that adoption will not be as robust as we expect. In such circumstances, we may not achieve the anticipated level of returns on our investment in BioSolutions, which could materially adversely affect our reputation, financial condition, or results of operations.

Volatility and increases in the price of raw materials, energy and transportation could harm our profits.

We use a variety of specialty and commodity chemicals in our formulation processes, and such formulation operations depend upon obtaining adequate supplies of raw materials on a timely basis. We typically purchase our major raw materials on a contract or as needed basis from outside sources. The availability and prices of raw materials may be subject to curtailment or change due to, among other things, the financial stability of our suppliers, suppliers' allocations to other purchasers, interruptions in production by suppliers, new laws or regulations, changes in exchange rates and worldwide price levels (especially for raw materials derived from petrochemical based feedstocks). In some cases, we are limited in our ability to purchase certain raw materials from other suppliers by our supply agreements which contain certain minimum purchase requirements.

Similarly, commodities and energy prices are subject to significant volatility caused by market fluctuations, supply and demand, currency fluctuations, production and transportation disruptions, and other world events. As we source many of our raw materials globally to help ensure quality control, if the cost of energy, shipping or transportation increases and we are unable to pass along those costs to our customers, our profit margins would be adversely impacted. Furthermore, increasing our prices to our customers could result in long-term sales declines or loss of market share if our customers find alternative suppliers or choose to reformulate their consumer products to use fewer ingredients, which could have an adverse long-term impact on our results of operations.

Our reliance on a limited base of key customers, contract manufacturers, suppliers or independent distributors could adversely affect our overall sales and profitability.

In our Performance Solutions segment, we have key customers, the loss of which may impair our results of operations for the affected earnings periods. The principal products purchased by such customers are surface finishing chemicals and solid sheet printing elements. In addition, in our Agricultural Solutions segment, we rely on unaffiliated contract manufacturers, both domestically and internationally, to produce certain products or key components of products. There is limited available manufacturing capacity that meets our quality standards and regulatory requirements. If we are unable to arrange for sufficient production capacity among our contract manufacturers or if our contract manufacturers encounter production, quality, financial, or other difficulties (including labor or geopolitical disturbances), we may encounter difficulty in meeting customer demands as the manufacture of our products may not be easily transferable to other sites. In addition, many of our products are developed or distributed through strategic partnerships. Some of our existing formulated products and others currently under development include combinations of proprietary AIs or combinations of AIs with proprietary safeners or adjuvants. Some of these proprietary AIs, safeners, and adjuvants are owned by third-parties, and the development and commercialization of such products are carried out through contractual strategic arrangements with such third-parties. We may also be dependent on a limited number of key suppliers for AIs. In addition, we generally do not have long-term supply contracts with AI suppliers for our regional portfolio. If our sources of AI supplies are terminated or affected by adverse prices or other concerns, we may not be able to identify alternate sources of AI supplies to sustain our sales volumes on commercially reasonable terms, or at all.

We also rely on independent distributors within each segment to distribute our products and to assist us with the marketing and sale of certain of our products. There can be no assurance that our distributors will focus adequate resources on selling our products to end users, or will be successful in selling our products, which could materially adversely affect our business.

If we are unable to protect our intellectual property rights, our business, financial condition or results of operations could be adversely affected.

Our success depends to a significant degree upon our ability to protect and preserve our intellectual property rights and the rights to our proprietary processes, methods, compounds and other technology. Failure to protect our existing intellectual property rights may result in the loss of valuable technologies and our competitors offering similar products, potentially resulting in the loss of one or more competitive advances and decreased sales. In addition, the laws of other countries may not protect our intellectual property rights to the same extent as the laws of the United States. In addition, a vigorous prosecution of an infringement claim is not always cost effective or practical.

In some cases, we rely upon unpatented proprietary manufacturing expertise, continuing technological innovation and other trade secrets to develop and maintain our competitive position. While we generally enter into confidentiality agreements with our employees and third-parties to protect our intellectual property, our confidentiality agreements could be breached and may not provide meaningful protection for or adequate remedies to protect our trade secrets or proprietary manufacturing expertise in the event of unauthorized use or disclosure of information.

Despite efforts to protect our proprietary rights, existing trade secret, copyright, patent and trademark laws afford us only limited protection. Others may attempt to copy or re-engineer aspects of our products or obtain and use information that we regard as proprietary. Accordingly, we may not be able to prevent misappropriation of our products or trade secrets, or deter others from developing similar products. Further, monitoring the unauthorized use of our products and other proprietary rights is difficult. Litigation may be necessary to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Litigation of this type could also result in substantial costs and diversion of resources and could significantly harm our results of operations and reputation.

We may experience claims that our products infringe the intellectual property rights of others, which may cause us to incur unexpected costs or prevent us from selling our products.

We seek to improve our business processes and develop new products and applications. Many of our competitors have a substantial amount of intellectual property that we must continually monitor to avoid infringement. We may experience claims that our processes and products infringe issued patents (whether present or future) or other intellectual property rights belonging to others. From time to time, we oppose patent applications that we consider overbroad or otherwise invalid in order to maintain the ability to operate freely in our various business lines without the risk of being sued for patent infringement. If, however, patents are subsequently issued on any such applications by other parties, or if patents belonging to others already exist that cover our products, processes or technologies, we could experience claims of infringement or have to take other remedial or curative actions to continue our production and sales activities with respect to one or more products. Further, intellectual property litigation is expensive and time-consuming, regardless of the merits of any claim, and could divert our management's attention from operating our business.

In addition, many of our products directly or indirectly are offered as presenting critical performance attributes, which expose us to a greater risk of product liability claims. If a person were to bring a product liability suit against one of our customers, that customer may in turn attempt to seek damage compensation from us. A person may also bring a product liability claim directly against us. A successful product liability claim or series of claims against us in excess of our insurance coverage for payments could have a material adverse effect on our financial condition or results of operations. While we endeavor to protect ourselves from such claims and exposures in our contractual negotiations (including through indemnification provisions), we cannot assure you that our efforts in this regard will ultimately protect us from any such claims.

If we experience a significant disruption in our information technology systems or if we fail to implement new systems and software successfully, our business operations could be adversely affected.

We depend on information systems throughout the Company to control our manufacturing processes, process orders, manage inventory, process and bill shipments to and collect cash from our customers, respond to customer inquiries, contribute to our overall internal control processes, maintain records of our property, plant and equipment and record and pay amounts due to vendors and other creditors. As a part of our ongoing effort to consolidate our businesses, we are implementing new enterprise resource planning software and other software applications to manage certain business operations. As we upgrade or change systems, we may suffer interruptions in service, loss of data or reduced functionality and other problems could arise that we have not foreseen. Such problems could adversely impact our ability to provide quotes, take customer orders and otherwise run our business in a timely manner. In addition, if our new systems fail to provide accurate and increased visibility into pricing and cost structures, it may be difficult to improve or maximize our profit margins. As a result, our results of operations could be adversely affected.

Our business operations could also be disrupted if our information technology systems fail to perform adequately. The efficient operation of our business depends on our information technology systems, some of which are managed by third-party service providers. The failure of our information technology systems to perform as we anticipate could disrupt our business and could result in transaction errors, processing inefficiencies, and the loss of sales and customers, causing our business, financial condition and results of operations to suffer.

Data privacy and data security considerations could impact our business operations.

The interpretation and application of data protection laws in the U.S., Europe and elsewhere are uncertain and evolving. It is possible that these laws may be interpreted and applied in a manner that is inconsistent with our data practices. Complying with these various laws is difficult and could cause us to incur substantial costs or require us to change our business practices in a manner adverse to our business.

Despite our efforts to protect sensitive information and confidential and personal data and to comply with and implement data security measures, our facilities and systems may be vulnerable to security breaches and other data loss, including cyber-attacks. In addition, it is not possible to predict the impact on our business of the future loss, alteration or misappropriation of information in our possession related to us, our employees, former employees, customers or suppliers. Depending on their nature and scope, these threats could potentially lead to improper use of our systems and networks, manipulation and destruction of proprietary or key data or product non-compliance. Breaches of our security measures or the accidental loss, inadvertent disclosure, or unapproved dissemination of proprietary information or sensitive or confidential information about the Company, our employees, former employees, customers or suppliers could result in legal claims or proceedings, damage to or inaccessibility of critical systems, manufacture of defective products, production downtimes, operational disruptions and other significant costs, which could adversely affect our reputation, financial condition and results of operations.

Our net sales and gross profit have varied depending on our product, customer and geographic mix for any given period, which makes it difficult to forecast future operating results.

Our net sales and gross profit vary among our products, customers and markets, and therefore may be different in future periods from historic or current periods. Overall gross profit margins in any given period are dependent in large part on the product, customer and geographic mix reflected in that period's net sales. Market trends, competitive pressures, commoditization of products, increased component or shipping costs, regulatory conditions, severe weather and other factors may also result in reductions in revenue or pressure on the gross profit margins of certain segments in a given period.

The varying nature of our product, customer and geographic mix between periods, including the historically seasonable nature of our agrochemical operations, has materially impacted our net sales and gross profit between periods during certain recessionary times and may lead to difficulties in measuring the potential impact of market, regulatory and other factors on our business. As a result, we may be challenged in our ability to forecast our future operating results.

Further, potential future business acquisitions can compound the difficulty in making comparisons between prior, current and future periods because acquisitions, which are not ordinary course events, also affect our gross profit margins and our overall operating results.

Adverse weather conditions, as well as seasonality, may cause fluctuations in the revenue and operating results of our Agricultural Solutions business.

Sales volumes for agrochemical products, like all agricultural products, are subject to the sector's dependency on weather and disease and pest infestation conditions. Adverse weather conditions and natural disasters such as storms, hurricanes, tsunamis, hail, tornadoes, freezing conditions, extreme heat, drought and floods in a particular region could have a material adverse effect on our Agricultural Solutions business. The agricultural industry, including our Agricultural Solutions business, may also be adversely affected by global climate change and its impact on weather conditions such as changes in precipitation patterns and the increased frequency of extreme weather events.

In addition, our agrochemical operations are seasonal, with a greater portion of total net revenue and operating income occurring in the second and fourth quarters. As a result of seasonality, any factors that would negatively affect our second and fourth quarter results in any year, including severe weather conditions and natural disasters that affect decisions by our customers and end-users about the types and amounts of agrochemicals and BioSolutions products to purchase and the timing of use of such products, could have an adverse impact on the results of operations, financial condition and results of operations of our Agricultural Solutions business for the entire year.

Global economic conditions may adversely affect our net sales, gross profit and financial condition and result in delays or reductions in our spending, which could have a material adverse effect on us.