

Celestica Achieves Strong Third Quarter Revenue Profitability Results

TORONTO, Canada - Celestica Inc. (NYSE, TSE, ME:CLS), a world leader in electronics manufacturing services, today announced financial results for the third quarter ended September 30, 1998.

Revenue for the three months ended September 30, 1998 increased by 98% to \$811.6 million from \$409.1 million in the same period of 1997. Net earnings increased 340% to \$6.3 million or \$0.10 per share, compared to \$1.4 million or \$0.04 per share, in the third quarter of 1997. Adjusted net earnings, which exclude the after-tax effect of integration costs related to acquisitions and amortization of intangible assets, increased 166% to \$16.2 million or \$0.24 per share, on a fully diluted basis, compared to \$6.1 million or \$0.16 per share, on a fully diluted basis, for the same period last year.

"Celestica's third quarter was a very important period in the Company's history. We completed a successful Initial Public Offering and used most of the proceeds to prepay debt. Furthermore, during the quarter, we had strong sequential and year over year revenue and profit growth," said Eugene Polistuk, President and CEO, Celestica Inc.

For the nine months ended September 30, 1998, revenue rose 76% to \$2.3 billion from \$1.3 billion, while the net loss increased to \$44.7 million from a net loss of \$8.9 million for the same period of 1997. Adjusted net earnings increased 144% to \$26.6 million or \$0.55 per share, on a fully diluted basis, compared to \$10.9 million or \$0.32 per share, on a fully diluted basis, for the same period in 1997.

Recent Developments

Celestica continued both to expand and refine its asset base in the third quarter through further acquisitions and greenfield expansions.

The Company acquired Accu-Tronics, based in Raleigh, North Carolina, marking the Company's fifth **Customer Gateway Centre** and the Company's eleventh acquisition in twenty-two months. Accu-Tronics, which has been renamed Celestica North Carolina, provides full service electronics manufacturing, specializing in quick-turn prototyping and high complexity, low to medium volume assembly. The Company has plans to expand to approximately ten **Customer Gateway Centres** worldwide over the next twelve to eighteen months in order to serve key OEMs globally.

Celestica broke ground on a new leased building site in Monterrey, Mexico which will almost triple its existing plant footprint in the same industrial park. Concurrently, the Company has also established a leased facility in Nashville, Tennessee.

"We are confident that our organic and acquisition growth plans reflect the overall increased trend in outsourcing, a trend which tends to be even more pervasive in an uncertain economy," said Mr. Polistuk. "Specifically, we are seeing a significant increase in new business opportunities that further support our business growth."

Celestica's public credit ratings were upgraded recently by Standard and Poors and Moody's Investor Service. In upgrading the company's credit ratings, and indicating a positive credit rating outlook, each agency cited Celestica's strengthened capitalization, improved liquidity, increased customer diversification and significant business scale.

"These positive credit rating developments reflect Celestica's strategy to maintain a strong balance sheet and significant financing flexibility. Dealing from a position of financial strength enhances our ability to serve our growing global customer base," said Mr. Polistuk.

	<u>Standard and Poors</u>	
	<u>Current</u>	<u>Previous</u>
Corporate credit rating	BB	BB-
Subordinated notes rating	B+	B
Bank loan rating	BB	
Outlook	Positive	Stable
	<u>Moody's Investor Service</u>	
	<u>Current</u>	<u>Previous</u>
Senior implied rating	Ba2	Ba3
Subordinated notes rating	B1	B2
Bank loan rating	Ba2	
Outlook	Positive	Stable

About Celestica

With over 10,000 employees worldwide, Celestica operates 19 manufacturing and design facilities in the United States, Canada, Mexico, the United Kingdom and Ireland. Celestica provides a broad range of services including design, prototyping, assembly, testing, product assurance, supply chain management, worldwide distribution and aftersales service. Its customers include industry leading original equipment manufacturers (OEMs) primarily in the computer and communications sectors.

For further information on Celestica, visit its website at <http://www.celestica.com>.

Statements contained in this press release which are not historical facts are forward-looking statements which involve risk and uncertainties which could cause actual results to differ materially from those expressed in the forward-looking statements. Among the key factors that could cause such differences are: the level of overall growth in the electronics manufacturing services (EMS) industry; variability of operating results among periods; dependence on the computer and communications industries; dependence on a limited number of customers; and the ability to manage expansion, consolidation and the integration of acquired businesses. These and other factors are discussed in the Company's initial public offering prospectus, the second quarter Management's Discussion and Analysis included in public filings and other public filings.

CELESTICA INC.

CONSOLIDATED STATEMENTS OF EARNINGS (LOSS) AND RETAINED EARNINGS (DEFICIT)

(in thousands of U.S. dollars, except per share amounts)

(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	1998	1997	1998	1997
Revenue	\$811,579	\$ 409,117	\$2,323,902	\$1,323,447
Gross profit	\$ 59,940	\$ 33,776	\$161,342	\$ 91,047
Selling, general and administrative expenses	34,986	16,150	93,881	50,008
Amortization of intangible assets	10,782	3,881	34,578	10,454
Integration costs related to acquisitions	1,340	2,092	5,652	2,892
Unusual charges	-	-	52,830	13,900
Interest expense, net	3,736	7,938	29,173	21,794
Earnings (loss) before income taxes	9,096	3,715	(54,772)	(8,001)
Provision for (recovery of) income taxes	2,757	2,275	(10,075)	873
Net earnings (loss) for the period	6,339	1,440	(44,697)	(8,874)
Retained earnings (deficit), beginning of period	(54,783)	(7,142)	(3,747)	3,172
Deficit, end of period	\$(48,444)	\$(5,702)	\$(48,444)	\$(5,702)
Basic earnings (loss) per share⁽¹⁾	\$ 0.10	\$ 0.04	\$ (0.97)	\$(0.26)
Weighted average number of shares outstanding (in 000's)	64,786	35,937	46,259	34,271

⁽¹⁾ Fully diluted earnings per share has not been disclosed as the effect of the potential conversion of dilutive securities is anti-dilutive.

ADJUSTED NET EARNINGS

(in thousands of U.S. dollars, except per share amounts)

(unaudited)

Adjusted net earnings ⁽²⁾	\$ 16,205	\$ 6,061	\$ 26,604	\$ 10,939
Adjusted net earnings per share - basic	\$ 0.25	\$ 0.17	\$ 0.58	\$ 0.32
Adjusted net earnings per share - fully diluted	\$ 0.24	\$ 0.16	\$ 0.55	\$ 0.32

⁽²⁾ Adjusted net earnings exclude the after-tax effect of unusual charges, integration costs related to acquisitions and amortization of intangible assets.

CELESTICA INC.

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

(in thousands of U.S. dollars)

(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	1998	1997	1998	1997
Cash provided by (used in)				
Operating activities				

Net earnings (loss) for the period	\$ 6,339	\$ 1,440	\$ (44,697)	\$ (8,874)
Items not affecting cash:				
Depreciation and amortization	21,406	10,127	63,281	28,819
Unusual charges	-	-	44,234	-
Other	(5,289)	(1,338)	(24,718)	(9,247)
	22,456	10,229	38,100	10,698
Changes in non-cash working capital items	16,874	10,277	31,322	(6,426)
	39,330	20,506	69,422	4,272
Investing activities				
Acquisitions, net of cash	(2,444)	(132,177)	(52,575)	(163,069)
Purchase of capital assets	(14,897)	(9,732)	(52,885)	(20,329)
Other	(441)	363	(4,740)	(643)
	(17,782)	(141,546)	(110,200)	(184,041)
Financing activities				
Increase (decrease) in long-term debt, net	(440,444)	129,481	(384,604)	126,937
Issuance of capital stock, net of issue costs	389,262	109	400,817	159,487
Other	(1,126)	87	(10,278)	545
	(52,308)	129,677	5,935	286,969
Increase (decrease) in cash	(30,760)	8,637	(34,843)	107,200
Cash, beginning of period	101,079	121,322	105,162	22,759
Cash, end of period	\$ 70,319	\$ 129,959	\$ 70,319	\$ 129,959

Cash is comprised of cash and short-term investments.

CELESTICA INC.

CONSOLIDATED BALANCE SHEETS (in thousands of U.S. dollars) (unaudited)

As at September 30	1998	1997
Assets		
Current assets		
Cash and short-term investments	\$ 70,319	\$ 129,959
Accounts receivable	371,315	227,659
Inventories	350,513	217,620
Other assets	63,634	22,986
	855,781	598,224
Capital assets	180,454	119,753
Intangible assets	300,106	340,282
Other assets	59,530	37,897
	\$ 1,395,871	\$ 1,096,156
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 519,109	\$ 282,155
Deferred income taxes	3,010	600
Current portion of long-term debt	1,906	12,184
	524,025	294,939
Long-term debt	134,427	439,754
Other liabilities	8,533	7,401
	666,985	742,094
Shareholders' Equity		
Capital stock	779,443	359,498

Deficit	(48,444)	(5,702)
Foreign currency translation adjustment	(2,113)	266
	728,886	354,062
	\$ 1,395,871	\$ 1,096,156

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The information that you are accessing on this website may include forward-looking statements related to our future growth, trends in our industry, our financial and operational results and performance that are based on current expectations, forecast and assumptions involving risk and uncertainties that could cause actual outcomes and results to differ materially.

[Read the full Safe Harbour Statement here](#)