



Celestica Announces First Quarter Financial Results

April 24, 2012 11:01 AM EDT

(All amounts in U.S. dollars.
Per share information based on diluted
shares outstanding unless noted otherwise).

TORONTO, April 24, 2012 /PRNewswire/ - Celestica Inc. (NYSE, TSX: CLS), a global leader in the delivery of end-to-end product lifecycle solutions, today announced financial results for the first quarter ended March 31, 2012.

"Celestica delivered a solid first quarter with strong operational execution and cash performance, despite an overall weak demand environment," said Craig Muhlhauser, President and CEO, Celestica. "Consistent with our strategy, we continued to invest to support the growth of existing and new customers and we made further progress on our revenue diversification. We also returned value to shareholders through our share repurchase program. Although visibility remains limited, customer demand is stabilizing. Our focus continues to be on delivering innovative supply chain solutions to our customers while delivering strong and consistent financial returns for our shareholders."

First Quarter Summary

	Three months ended March 31	
	2011	2012
Revenue (in millions).....	\$1,800.1	\$1,690.9
IFRS net earnings (in millions).....	\$30.0	\$43.2
IFRS EPS ⁽ⁱ⁾	\$0.14	\$0.20
Adjusted net earnings (non-IFRS) (in millions) ⁽ⁱⁱ⁾	\$54.7	\$53.6
Adjusted net EPS (non-IFRS) ⁽ⁱⁱ⁾	\$0.25	\$0.25
Non-IFRS return on invested capital ⁽ⁱⁱ⁾	27.0%	23.7%
Non-IFRS operating margin ⁽ⁱⁱ⁾	3.3%	3.4%

i. International Financial Reporting Standards (IFRS) net earnings for the first quarter of 2012 included an aggregate charge of \$0.05 (pre-tax) per share for the following recurring items: stock-based compensation and amortization of intangible assets (excluding computer software). This aggregate (pre-tax) charge was within the range provided on January 26, 2012 of between \$0.05 and \$0.07 per share.

ii. Non-IFRS measures do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other companies using IFRS or other generally accepted accounting principles (GAAP). See Schedule 1 for non-IFRS definitions and a reconciliation of non-IFRS to IFRS measures.

First Quarter 2012 Highlights

- Revenue: \$1.69 billion, at the high end of our guidance of \$1.60 to \$1.70 billion (announced January 26, 2012)
- IFRS EPS: \$0.20 per share, up 43% from the same period last year
- Adjusted net EPS (non-IFRS): \$0.25 per share, above the high end of our guidance of \$0.18 to \$0.24 per share (announced January 26, 2012)
- Free cash flow (non-IFRS): \$44.4 million, compared to a negative free cash flow of \$(51.8) million for the same period last year
- Diversified end markets: 19% of total revenue, up from 11% of total revenue for the same period last year
- Repurchased 6.0 million subordinate voting shares for cancellation as part of our Normal

Course Issuer Bid (NCIB)

End Markets by Quarter

The following table sets forth revenue by end market as a percentage of total revenue:

	2011					2012
	Q1	Q2	Q3	Q4	FY	Q1
Communications ⁽ⁱ⁾	36%	34%	34%	33%	35%	33%
Consumer.....	26%	25%	25%	26%	25%	23%
Diversified ⁽ⁱⁱ⁾	11%	13%	16%	18%	14%	19%
Servers.....	15%	17%	14%	13%	15%	15%
Storage.....	12%	11%	11%	10%	11%	10%
Revenue (in billions).....	\$1.80	\$1.83	\$1.83	\$1.75	\$7.21	\$1.69

- i. Our communications end market is comprised of enterprise communications and telecommunications, which we have combined for reporting purposes effective the first quarter of 2012. Prior period percentages were also combined.
- ii. Our diversified end market is comprised of industrial, aerospace and defense, healthcare, green technology, semiconductor equipment and other.

Celestica Share Repurchase Plan

During the first quarter of 2012, the company paid \$56.4 million to repurchase for cancellation 6.0 million subordinate voting shares. The share repurchases were part of the company's NCIB accepted by the Toronto Stock Exchange in February 2012. The NCIB allows us to repurchase, until the earlier of February 8, 2013 or the completion of purchases under the bid, up to approximately 16.2 million subordinate voting shares (representing approximately 7.5% of our total subordinate voting and multiple voting shares outstanding) in the open market or as otherwise permitted, subject to the normal terms and limitations of such bids. The maximum number of subordinate voting shares we are permitted to repurchase for cancellation under the NCIB is reduced by the number of subordinate voting shares we purchase for equity-based compensation plans. At March 31, 2012, we can repurchase up to an additional 9.9 million subordinate voting shares under the NCIB.

Second Quarter 2012 Outlook

For the second quarter ending June 30, 2012, the company anticipates revenue to be in the range of \$1.65 billion to \$1.75 billion, and adjusted net earnings per share to be in the range of \$0.20 to \$0.26. The company expects a negative \$0.04 to \$0.06 per share (pre-tax) aggregate impact on an IFRS basis for the following items: stock-based compensation and amortization of intangible assets (excluding computer software).

First Quarter Webcast and Annual Shareholders Meeting Webcast

Management will host its first quarter results conference call today at 8:00 a.m. Eastern Daylight Time. The company's Annual Meeting of Shareholders will be held today at 9:00 a.m. Eastern Daylight Time at the TMX Broadcast Centre, The Exchange Tower, 130 King St. West, Toronto, Ontario. Both webcasts can be accessed at www.celestica.com.

Supplementary Information

In addition to disclosing detailed results in accordance with IFRS, Celestica provides supplementary non-IFRS measures to consider in evaluating the company's operating performance. See Schedule 1.

Management uses adjusted net earnings and other non-IFRS measures to assess operating performance and the effective use and allocation of resources; to provide more meaningful period-to-period comparisons of operating results; to enhance investors' understanding of the core operating results of Celestica's business; and to set management incentive targets.

About Celestica

Celestica is dedicated to delivering end-to-end product lifecycle solutions to drive our customers' success. Through our simplified global operations network and information technology platform, we are solid partners who deliver informed, flexible solutions that enable our customers to succeed in the markets they serve. Committed to providing a truly differentiated customer experience, our agile and adaptive employees share a proud history of demonstrated expertise and creativity that provides our customers with the ability to overcome any challenge.

For further information on Celestica, visit its website at <http://www.celestica.com>. The company's security filings can also be accessed at <http://www.sedar.com> and <http://www.sec.gov>.

Safe Harbor and Fair Disclosure Statement

This news release contains forward-looking statements related to our future growth, trends in our industry, our financial or operational results including our quarterly earnings and revenue guidance, the impact of program wins or losses and acquisitions on our financial results and working capital requirements, anticipated expenses, capital expenditures, benefits or payments, our financial or operational performance, our expected tax outcomes, our cash flows and financial targets, our priorities, and the effect of the global economic environment on customer demand. Such forward-looking statements are predictive in nature and may be based on current expectations, forecasts or assumptions involving risks and uncertainties that could cause actual outcomes and results to differ materially from the forward-looking statements themselves. Such forward-looking statements may, without limitation, be preceded by, followed by, or include words such as "believes", "expects", "anticipates", "estimates", "intends", "plans", "continues", or similar expressions, or may employ such future or conditional verbs as "may", "will", "should" or "would", or may otherwise be indicated as forward-looking statements by grammatical construction, phrasing or context. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995, and in applicable Canadian securities legislation. Forward-looking statements are not guarantees of future performance. Readers should understand that the following important factors could affect our future results and could cause those results to differ materially from those expressed in such forward-looking statements: our dependence on a limited number of customers and on our customers' ability to compete and succeed in their marketplace for the products we manufacture; the effects of price competition and other business and competitive factors generally affecting the electronics manufacturing services (EMS) industry; the challenges of effectively managing our operations and our working capital performance during uncertain economic conditions, including responding to significant changes in demand from our customers; the challenges of managing changing commodity costs as well as labor costs and conditions; disruptions to our operations, or those of our customers, component suppliers, or our logistics partners, resulting from local events including natural disasters, political instability, local labor conditions and social unrest, criminal activity and other risks present in the jurisdictions in which we operate; our inability

to retain or expand our business due to execution problems relating to the ramping of new programs; the delays in the delivery and/or general availability of various components and materials used in our manufacturing process; the challenge of managing our financial exposure to foreign currency volatility; our dependence on industries affected by rapid technological change; variability of operating results among periods; our ability to successfully manage our international operations; increasing income taxes and our ability to successfully defend tax audits or meet the conditions of tax incentives; the completion of our restructuring activities or integration of our acquisitions; and the risk of potential non-performance by counterparties, including but not limited to financial institutions, customers and suppliers. These and other risks and uncertainties, as well as other information related to the company, are discussed in the company's various public filings at www.sedar.com and www.sec.gov, including our Annual Report on Form 20-F and subsequent reports on Form 6-K filed with the U.S. Securities and Exchange Commission and our Annual Information Form filed with the Canadian securities regulators. Forward-looking statements are provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for other purposes. Except as required by applicable law, we disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Our revenue and earnings guidance, as contained in this press release, is based on various assumptions which management believes are reasonable under the current circumstances, but may prove to be inaccurate, and many of which involve factors that are beyond the control of the company. The material assumptions may include the following: forecasts from our customers, which range from 30 to 90 days and can fluctuate significantly in terms of volume and mix of products or services; the timing and execution of, and investments associated with ramping new business; the success in the marketplace of our customers' products, general economic and market conditions; currency exchange rates; pricing and competition; anticipated customer demand; supplier performance and pricing; commodity, labor, energy and transportation costs; operational and financial matters; and technological developments. These assumptions and estimates are based on management's current views with respect to current plans and events, and are and will be subject to the risks and uncertainties referred to above. It is Celestica's policy that revenue and earnings guidance is effective on the date given, and will only be updated through a public announcement.

Supplementary Non-IFRS Measures

Our non-IFRS measures include gross profit, gross margin (gross profit as a percentage of revenue), selling, general and administrative expenses (SG&A), SG&A as a percentage of revenue, operating earnings (EBIAT), operating margin (EBIAT as a percentage of revenue), adjusted net earnings, adjusted net earnings per share, return on invested capital (ROIC), free cash flow, cash cycle days and inventory turns. In calculating these non-IFRS financial measures, management excludes the following items, as applicable: stock-based compensation, amortization of intangible assets (excluding computer software), restructuring and other charges or recoveries (most significantly restructuring charges or recoveries), the write-down of goodwill, intangible assets and property, plant and equipment, and gains or losses related to the repurchase of shares or debt, net of tax adjustments and significant deferred tax write-offs or recoveries.

These non-IFRS measures do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other companies using IFRS, or our North American competitors who report under U.S. GAAP and use non-U.S. GAAP measures to describe similar operating metrics. Non-IFRS measures are not measures of performance under IFRS and should not be considered in isolation or as a substitute for any standardized measure under IFRS. The most significant limitation to management's use of non-IFRS financial measures is that the charges or credits excluded from the non-IFRS measures are nonetheless charges or credits that are recognized under IFRS and that have an economic impact on the company. Management compensates for these limitations primarily by issuing IFRS results to show a complete picture of the company's performance, and reconciling non-IFRS results back to IFRS, unless there are no comparable IFRS measures.

The economic substance of these exclusions and management's rationale for excluding these from non-IFRS financial measures is provided below:

Stock-based compensation, which represents the estimated fair value of stock options, restricted share units and performance share units granted to employees, is excluded because grant activities vary significantly from quarter-to-quarter in both quantity and fair value. In addition, excluding this expense allows us to better compare core operating results with those of our competitors who also generally exclude stock-based compensation from their core operating results, who may have different granting patterns and types of equity awards, and who may use different option valuation assumptions than we do, including those competitors who use U.S. GAAP and non-U.S. GAAP measures to present similar metrics.

Amortization charges (excluding computer software) consist of non-cash charges against intangible assets that are impacted by the timing and magnitude of acquired businesses. Amortization of intangibles varies among competitors, and we believe that excluding these charges permits a better comparison of core operating results with those of our competitors who also generally exclude amortization charges.

Restructuring and other charges or recoveries, which consist primarily of employee severance, lease termination and facility exit costs associated with closing and consolidating manufacturing facilities, reductions in infrastructure and acquisition-related transaction costs, are excluded because such charges or recoveries are not directly related to ongoing operating results and do not reflect expected future operating expenses after completion of these activities. We believe that excluding these charges or recoveries permits a better comparison of our core operating results with those of our competitors who also generally exclude these charges or recoveries in assessing operating performance.

Impairment charges, which consist of non-cash charges against goodwill, intangible assets and property, plant and equipment, result primarily when the carrying value of these assets exceeds their fair value. Our competitors may record impairment charges at different times and excluding these charges permits a better comparison of our core operating results with those of our competitors who also generally exclude these charges in assessing operating performance.

Gains or losses related to the repurchase of shares or debt are excluded as these gains or losses do not impact core operating performance and vary significantly among our competitors who also generally exclude these charges or recoveries in assessing operating performance.

Significant deferred tax write-offs or recoveries are excluded as these write-offs or recoveries do not impact core operating performance and vary significantly among our competitors who also generally exclude these charges or recoveries in assessing operating performance.

The following table sets forth, for the periods indicated, a reconciliation of IFRS to non-IFRS measures (in millions, except per share amounts):

	Three months ended March 31	
	2011	2012
	% of revenue	% of revenue
Revenue	\$ 1,800.1	\$ 1,690.9

IFRS gross profit	\$ 116.9	6.5%	\$ 112.1	6.6%
Stock-based compensation	4.0		3.3	
Non-IFRS gross profit	\$ 120.9	6.7%	\$ 115.4	6.8%
IFRS SG&A	\$ 70.3	3.9%	\$ 60.0	3.5%
Stock-based compensation	(13.0)		(7.4)	
Non-IFRS SG&A	\$ 57.3	3.2%	\$ 52.6	3.1%
IFRS earnings before income taxes	\$ 33.3		\$ 46.7	
Finance costs	1.4		0.8	
Stock-based compensation	17.0		10.7	
Amortization of intangible assets (excluding computer software)	1.8		0.8	
Restructuring and other charges (recoveries)	5.9		(1.1)	
Non-IFRS operating earnings (EBIAT) (1)	\$ 59.4	3.3%	\$ 57.9	3.4%
IFRS net earnings	\$ 30.0	1.7%	\$ 43.2	2.6%
Stock-based compensation	17.0		10.7	
Amortization of intangible assets (excluding computer software)	1.8		0.8	
Restructuring and other charges (recoveries)	5.9		(1.1)	
Adjustments for taxes (2)	-		-	
Non-IFRS adjusted net earnings	\$ 54.7	3.0%	\$ 53.6	3.2%
Diluted EPS				
Weighted average # of shares (in millions)	219.2		217.9	
IFRS earnings per share	\$ 0.14		\$ 0.20	
Non-IFRS adjusted net earnings per share	\$ 0.25		\$ 0.25	
# of shares outstanding (in millions)	216.3		211.6	
IFRS cash provided by (used in) operations	\$ (30.2)		\$ 84.1	
Purchase of property, plant and equipment, net of sales proceeds	(18.2)		(38.7)	
Finance costs paid	(3.4)		(1.0)	
Non-IFRS free cash flow (3)	\$ (51.8)		\$ 44.4	
ROIC % (4)	27.0%		23.7%	

- (1) EBIAT is defined as earnings before interest, amortization of intangibles assets (excluding computer software) and income taxes. EBIAT also excludes stock-based compensation, restructuring and other charges or recoveries, gains or losses related to the repurchase of shares or debt, and impairment charges.
- (2) The adjustments for taxes, as applicable, represent the tax effects on the non-IFRS adjustments and significant deferred tax write-offs or recoveries that do not impact our core operating performance.
- (3) Management uses free cash flow as a measure, in addition to cash flow from operations, to assess operational cash flow performance. We believe free cash flow provides another level of transparency to our liquidity as it represents cash generated from or used in operating activities after the purchase of property, plant and equipment (net of proceeds from sale of certain surplus equipment and property) and finance costs paid.
- (4) Management uses ROIC as a measure to assess the effectiveness of the invested capital we use to build products or provide services to our customers. Our ROIC measure includes operating margin, working capital management and asset utilization. ROIC is calculated by dividing EBIAT by average net invested capital. Net invested capital consists of total assets less cash, accounts payable, accrued and other current liabilities and provisions, and income taxes payable. We use a two-point average to calculate average net invested capital for the quarter. There is no comparable measure under IFRS.

The following table sets forth, for the periods indicated, our calculation of ROIC % (in millions, except ROIC %):

	Three months ended	
	March 31	
	2011	2012
Non-IFRS operating earnings (EBIAT)	\$ 59.4	\$ 57.9
Multiplier	4	4
Annualized EBIAT	\$ 237.6	\$ 231.6
Average net invested capital for the period	\$ 879.4	\$ 977.5
ROIC %	27.0%	23.7%

	December 31 2011	March 31 2012
Net invested capital consists of:		
Total assets	\$ 2,969.6	\$ 2,955.4
Less: cash	658.9	646.7
Less: accounts payable, accrued and other current liabilities, provisions and income taxes payable	1,346.6	1,317.8
Net invested capital by quarter	\$ 964.1	\$ 990.9

	December 31 2010	March 31 2011
Net invested capital consists of:		
Total assets	\$ 3,013.9	\$ 2,997.3
Less: cash	632.8	584.0
Less: accounts payable, accrued and other current liabilities, provisions and income taxes payable	1,552.6	1,483.1
Net invested capital by quarter	\$ 828.5	\$ 930.2

GUIDANCE SUMMARY

	Q1 12 Guidance	Q1 12 Actual	Q2 12 Guidance ⁽⁵⁾
Revenue (in billions)	\$1.60 - \$1.70	\$1.69	\$1.65 - \$1.75
Adjusted net EPS (diluted)	\$0.18 - \$0.24	\$0.25	\$0.20 - \$0.26

- (5) We expect a negative \$0.04 to \$0.06 per share (diluted) pre-tax aggregate impact on an IFRS basis for the following recurring items: stock-based compensation and amortization of intangible assets (excluding computer software).

CELESTICA INC.

CONDENSED CONSOLIDATED BALANCE SHEET (in millions of U.S. dollars) (unaudited)

	December 31 2011	March 31 2012
Assets		
Current assets:		
Cash and cash equivalents (note 11).....	\$ 658.9	\$ 646.7
Accounts receivable (note 5).....	810.8	760.2
Inventories (note 6).....	880.7	913.1
Income taxes receivable.....	9.1	9.6
Assets classified as held-for-sale.....	32.1	30.6
Other current assets.....	71.0	69.2
Total current assets.....	2,462.6	2,429.4
Property, plant and equipment.....	322.7	338.9
Goodwill.....	48.0	48.4
Intangible assets.....	35.5	34.9
Deferred income taxes.....	41.4	40.7
Other non-current assets.....	59.4	63.1
Total assets.....	\$ 2,969.6	\$ 2,955.4
Liabilities and Equity		
Current liabilities:		
Accounts payable.....	\$ 1,002.6	\$ 1,031.2
Accrued and other current liabilities.....	268.7	221.7

Income taxes payable.....	39.0	39.1
Current portion of provisions.....	36.3	25.8
Total current liabilities.....	1,346.6	1,317.8
Retirement benefit obligations.....	120.5	122.9
Provisions and other non-current liabilities.....	11.1	12.5
Deferred income taxes.....	27.6	27.1
Total liabilities.....	1,505.8	1,480.3
Equity:		
Capital stock (note 8).....	3,348.0	3,259.6
Treasury stock (note 8).....	(37.9)	(2.5)
Contributed surplus.....	369.5	377.3
Deficit.....	(2,203.5)	(2,160.3)
Accumulated other comprehensive income (loss).....	(12.3)	1.0
Total equity.....	1,463.8	1,475.1
Total liabilities and equity.....	\$ 2,969.6	\$ 2,955.4

Contingencies (note 12)

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

CELESTICA INC.
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(in millions of U.S. dollars, except per share amounts)
(unaudited)

	Three months ended	
	March 31	
	2011	2012
Revenue.....	\$ 1,800.1	\$ 1,690.9
Cost of sales.....	1,683.2	1,578.8
Gross profit.....	116.9	112.1
Selling, general and administrative expenses (SG&A).....	70.3	60.0
Research and development.....	2.2	3.2
Amortization of intangible assets.....	3.8	2.5
Other charges (recoveries) (note 9).....	5.9	(1.1)
Earnings from operations.....	34.7	47.5
Finance costs.....	1.4	0.8
Earnings before income taxes.....	33.3	46.7
Income tax expense (recovery) (note 10):		
Current.....	4.8	3.5
Deferred.....	(1.5)	-
	3.3	3.5
Net earnings for the period.....	\$ 30.0	\$ 43.2
Basic earnings per share.....	\$ 0.14	\$ 0.20
Diluted earnings per share.....	\$ 0.14	\$ 0.20
Shares used in computing per share amounts (in millions):		
Basic.....	215.4	215.7
Diluted.....	219.2	217.9

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

CELESTICA INC.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(in millions of U.S. dollars)
(unaudited)

	Three months ended March 31	
	2011	2012
Net earnings for the period.....	\$ 30.0	\$ 43.2
Other comprehensive income (loss), net of tax:		
Currency translation differences for foreign operations.....	3.3	1.1
Change from derivatives designated as hedges.....	(0.2)	12.2
Total comprehensive income for the period.....	\$ 33.1	\$ 56.5

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

CELESTICA INC.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(in millions of U.S. dollars)
(unaudited)

	Capital stock (note 8)	Treasury stock (note 8)	Contributed surplus	Deficit	Accumulated other comprehensive income (loss) (a)	Total equity
Balance — January 1, 2011.....	\$ 3,329.4	\$ (15.9)	\$ 360.9	\$ (2,403.8)	\$ 12.3	\$ 1,282.9
Capital transactions (note 8):						
Issuance of capital stock.....	16.9	--	(6.2)	--	--	10.7
Purchase of treasury stock.....	--	(7.7)	--	--	--	(7.7)
Stock-based compensation and other.....	--	15.7	(1.4)	--	--	14.3
Total comprehensive income:						
Net earnings for the period.....	--	--	--	30.0	--	30.0
Other comprehensive income for the period, net of tax:						
Currency translation differences for foreign operations.....	--	--	--	--	3.3	3.3
Change from derivatives designated as hedges.....	--	--	--	--	(0.2)	(0.2)
Balance — March 31, 2011.....	\$ 3,346.3	\$ (7.9)	\$ 353.3	\$ (2,373.8)	\$ 15.4	\$ 1,333.3
Balance — January 1, 2012.....	\$ 3,348.0	\$ (37.9)	\$ 369.5	\$ (2,203.5)	\$ (12.3)	\$ 1,463.8
Capital transactions (note 8):						
Issuance of capital stock.....	11.1	--	(8.3)	--	--	2.8
Repurchase of capital stock for cancellation.....	(99.5)	--	43.1	--	--	(56.4)
Purchase of treasury stock.....	--	(3.0)	--	--	--	(3.0)
Stock-based compensation and other.....	--	38.4	(27.0)	--	--	11.4
Total comprehensive income:						
Net earnings for the period.....	--	--	--	43.2	--	43.2

Other comprehensive income for the period, net of tax:						
Currency translation differences for foreign operations.....	--	--	--	--	1.1	1.1
Change from derivatives designated as hedges.....	--	--	--	--	12.2	12.2
Balance — March 31, 2012.....	\$ 3,259.6	\$ (2.5)	\$ 377.3	\$ (2,160.3)	\$ 1.0	\$ 1,475.1

(a) Accumulated other comprehensive income (loss) is net of tax.

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

CELESTICA INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(in millions of U.S. dollars)
(unaudited)

	Three months ended March 31	
	2011	2012
Cash provided by (used in):		
Operating activities:		
Net earnings for the period.....	\$ 30.0	\$ 43.2
Adjustments for items not affecting cash:		
Depreciation and amortization.....	19.1	19.2
Equity-settled stock-based compensation.....	14.0	10.7
Other charges (recoveries).....	(0.1)	1.9
Finance costs.....	1.4	0.8
Income tax expense.....	3.3	3.5
Other.....	1.6	7.6
Changes in non-cash working capital items:		
Accounts receivable.....	103.5	50.6
Inventories.....	(135.6)	(32.4)
Other current assets.....	7.2	3.4
Accounts payable, accrued and other current liabilities and provisions.....	(69.9)	(20.0)
Non-cash working capital changes.....	(94.8)	1.6
Net income taxes paid.....	(4.7)	(4.4)
Net cash provided by (used in) operating activities.....	(30.2)	84.1
Investing activities:		
Purchase of computer software and property, plant and equipment.....	(18.6)	(38.8)
Proceeds from sale of assets.....	0.4	0.1
Net cash used in investing activities.....	(18.2)	(38.7)
Financing activities:		
Issuance of capital stock (note 8).....	10.7	2.8
Repurchase of capital stock for cancellation (note 8).....	—	(56.4)
Purchase of treasury stock (note 8).....	(7.7)	(3.0)
Finance costs paid.....	(3.4)	(1.0)
Net cash used in financing activities.....	(0.4)	(57.6)
Net decrease in cash and cash equivalents.....	(48.8)	(12.2)
Cash and cash equivalents, beginning of period.....	632.8	658.9
Cash and cash equivalents, end of period.....	\$ 584.0	\$ 646.7

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

CELESTICA INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (in millions of U.S. dollars, except per share amounts) (unaudited)

1. REPORTING ENTITY

Celestica Inc. (Celestica) is incorporated in Canada with its corporate headquarters located at 844 Don Mills Road, Toronto, Ontario, M3C 1V7. Celestica is a publicly listed company on the Toronto Stock Exchange (TSX) and the New York Stock Exchange (NYSE).

Celestica delivers innovative supply chain solutions globally to customers in the communications (comprised of enterprise communications and telecommunications), consumer, computing (comprised of servers and storage), and diversified (comprised of industrial, aerospace and defense, healthcare, green technology, semiconductor equipment and other) end markets. Our product lifecycle solutions include a full range of services to our customers including design, supply chain management, manufacturing, engineering, complex mechanical and systems integration, order fulfillment, logistics and after-market services.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance:

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB) and accounting policies we adopted in accordance with International Financial Reporting Standards (IFRS).

The unaudited interim condensed consolidated financial statements were authorized for issuance by our board of directors on April 23, 2012.

Functional and presentation currency:

These unaudited interim condensed consolidated financial statements are presented in U.S. dollars, which is also our functional currency. All financial information is presented in millions of U.S. dollars (except per share amounts).

Use of estimates and judgments:

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses and the related disclosures of contingent assets and liabilities. Actual results could differ materially from these estimates and assumptions. We review our estimates and underlying assumptions on an ongoing basis. Revisions are recognized in the period in which the estimates are revised and may impact future periods as well.

We have applied significant estimates and assumptions to our valuations against inventory and income taxes, to the amount and timing of restructuring charges or recoveries, to the measurement of the recoverable amount of our cash generating units, and to valuing our financial instruments, retirement benefit costs, stock-based compensation, provisions and contingencies. These unaudited interim condensed consolidated financial statements are based upon accounting policies and estimates consistent with those used and described in note 2 of our 2011 annual consolidated financial statements.

3. RECENT ACQUISITIONS

In June 2011, we acquired the semiconductor equipment contract manufacturing operations of Brooks Automation, Inc. These operations, located in Oregon, U.S.A. and Wuxi, China, specialize in manufacturing complex mechanical equipment and providing systems integration services to some of the world's largest semiconductor equipment manufacturers. The purchase price of \$80.5, net of cash acquired, was financed from cash on hand and \$45.0 from our revolving credit facility which we repaid in 2011. On the acquisition date, we recorded \$33.8 in goodwill and \$12.5 in intangible assets.

In August 2010, we completed the acquisition of Austrian-based *Allied Panels Entwicklungs-und Produktions GmbH (Allied Panels)*, a medical engineering and manufacturing service provider that offers concept-to-full-production solutions in medical devices with a core focus on the diagnostic and imaging market. The purchase price for Allied Panels is subject to adjustment for contingent consideration if specific pre-determined financial targets are achieved through 2012. At March 31, 2012, the fair value of the contingent consideration was \$3.2 (December 31, 2011 – \$3.2).

4. SEGMENT AND CUSTOMER REPORTING

End markets:

The following table indicates revenue by end market as a percentage of total revenue. Our revenue fluctuates from period-to-period depending on numerous factors, including but not limited to: seasonality of business, the mix and complexity of the products or services we provide, the extent, timing and rate of new program wins, follow-on business or losses from new, existing or disengaging customers, the phasing in or out of programs, and changes in customer demand. We expect that the pace of technological change, the frequency of customers transferring business among EMS competitors and the constantly changing dynamics of the global economy will also continue to impact our business from period-to-period.

Starting with the first quarter of 2012, we have combined our enterprise communications and telecommunications end markets as one communications end market for reporting purposes. Prior period percentages were also combined.

	Three months ended March 31	
	2011	2012
Communications.....	36%	33%
Consumer.....	26%	23%
Diversified.....	11%	19%
Servers.....	15%	15%
Storage.....	12%	10%

Customers:

For the first quarter of 2012, one customer represented more than 10% of total revenue (first quarter of 2011 -- two customers). Research In Motion Limited accounted for 19% of total revenue for the first quarter of 2012 (first quarter of 2011 -- 21%).

5. ACCOUNTS RECEIVABLE

We have an agreement to sell up to \$250.0 in accounts receivable (subject to pre-determined limits by customer) on a committed basis and up to an additional \$150.0 in accounts receivable on an uncommitted basis. The accounts receivable facility is with third-party banks which have a Standard and Poor's rating of A-1 at March 31, 2012. At March 31, 2012, we had sold \$60.0 of accounts receivable under this facility (December 31, 2011 — \$60.0). The accounts receivable sold are removed from our consolidated balance sheet and reflected as cash provided by operating activities in our consolidated statement of cash flows. Upon sale, we assign the rights to the accounts receivable to the banks. We continue to collect cash from our customers and remit the cash to the banks when collected. We pay interest and commitment fees which we record through finance costs in our consolidated statement of operations. This facility expires in November 2012.

6. INVENTORIES

We record our inventory provisions and valuation recoveries through cost of sales. We record inventory provisions to reflect changes in the value of our inventory to net realizable value, or valuation recoveries primarily to reflect realized gains on the disposition of inventory previously written down. During the first quarter of 2012, we recorded net inventory provisions of \$3.5 (first quarter of 2011 —\$3.7).

7. CREDIT FACILITIES

We have a \$400.0 revolving credit facility that matures in January 2015. We are required to comply with certain restrictive covenants including those relating to debt incurrence, the sale of assets, a change of control and certain financial covenants related to indebtedness, interest coverage and liquidity. We have pledged certain assets as security for borrowings under this facility.

Borrowings under this facility bear interest at LIBOR or Prime rate for the period of the draw plus a margin. The terms of these draws have historically been less than 90 days. At March 31, 2012, no amounts were drawn under this facility (December 31, 2011 — no amounts drawn), and we were in compliance with all covenants. Commitment fees paid in the first quarter of 2012 were \$0.5. At March 31, 2012, we had \$27.6 of letters of credit that were issued under our credit facility.

We also have uncommitted bank overdraft facilities available for intraday and overnight operating requirements which total \$70.0 at March 31, 2012. There were no amounts drawn under these overdraft facilities at March 31, 2012 (December 31, 2011— no amounts drawn).

The amounts we borrow and repay under these facilities can vary significantly from month-to-month depending upon our working capital and other cash requirements.

8. CAPITAL STOCK

On February 7, 2012, the TSX accepted our new Normal Course Issuer Bid (NCIB). The NCIB allows us to repurchase, at our discretion, until the earlier of February 8, 2013 or the completion of purchases under the bid, up to approximately 16.2 million subordinate voting shares (representing approximately 7.5% of our total subordinate voting and multiple voting shares outstanding) in the open market or as otherwise permitted, subject to the normal terms and limitations of such bids. The maximum number of subordinate voting shares we are permitted to repurchase for cancellation under the NCIB is reduced by the number of subordinate voting shares we purchase for equity-based compensation plans. During the first quarter of 2012, we paid \$56.4, including transaction fees, to repurchase for cancellation 6.0 million subordinate voting shares at a weighted average price of \$9.41 per share.

From time-to-time, we pay cash for the purchase of subordinate voting shares in the open market by a trustee to satisfy the delivery of subordinate voting shares upon vesting of share unit awards under our equity-based compensation plans. For accounting purposes, we classify these shares as treasury stock until they are delivered pursuant to the plans. During the first quarter of 2012, we paid \$3.0 for the trustee to purchase 0.3 million subordinate voting shares in the open market and we distributed 4.5 million subordinate voting shares to employees upon the vesting of restricted share units (RSUs) and performance share units (PSUs). At March 31, 2012, the trustee held 0.3 million subordinate voting shares, with a value of \$2.5, for delivery under these plans. During the first quarter of 2011, we paid \$7.7 for the trustee to purchase 0.7 million subordinate voting shares in the open market and we distributed 1.7 million subordinate voting shares to employees upon the vesting of share unit awards.

During the first quarter of 2011, we cash-settled certain RSUs and PSUs. Cash-settled awards are accounted for as liabilities and remeasured based on our share price at each reporting date until the settlement date, with a corresponding charge or credit to compensation expense. We recorded additional compensation expense to reflect the mark-to-market adjustment on these cash-settled awards of \$2.7 in the first quarter of 2011. Since management currently intends to settle all other share unit awards with shares purchased in the open market by a trustee, we expect to continue to account for share unit awards as equity-settled awards.

The following table outlines the activity for stock-based awards for the three months ended March 31, 2012:

Number of awards (in millions)	Options	RSUs	PSUs (i)
Outstanding at December 31, 2011.....	8.1	3.5	7.4
Granted (i).....	1.1	2.3	2.4
Exercised or settled (ii).....	(0.4)	(1.3)	(3.9)
Forfeited/expired.....	(0.5)	(0.1)	(0.1)
Outstanding at March 31, 2012.....	8.3	4.4	5.8
The weighted-average grant date fair value of options and share units awarded:	\$ 3.92	\$ 8.23	\$ 9.79

- (i) During the first quarter of 2012, we granted 2.4 million (first quarter of 2011 -- 2.1 million) PSUs that vest based on the achievement of a market performance condition based on Total Shareholder Return (TSR). See note 2(n) of our 2011 annual consolidated financial statements for a description of TSR. We estimated the grant date fair value of these PSUs using a Monte Carlo simulation model. We expect to settle these awards with subordinate voting shares purchased in the open market. The number of PSUs that will actually vest will vary from 0% to 200% depending on the achievement of pre-determined performance goals and financial targets. The number of PSUs in the above table represents the maximum payout of 200%.

- (ii) During the first quarter of 2012, we received cash proceeds of \$2.8 (first quarter of 2011 -- \$10.7) relating to the exercise of stock options.

Total stock-based compensation expense was \$10.7 for the first quarter of 2012 (first quarter of 2011 -- \$17.0). The amount of stock-based compensation expense varies each period, and includes mark-to-market adjustments for awards we settled in cash (see above) and plan adjustments. Our performance-based compensation expense generally varies depending on the level of achievement of pre-determined performance goals and financial targets. We amended the retirement eligibility clauses in our equity-based compensation plans in 2011 which accelerated our recognition of the related compensation expense of \$3.1 in the first quarter of 2012 (first quarter of 2011 -- \$4.8).

9. OTHER CHARGES (RECOVERIES)

We have recorded restructuring charges or recoveries related to consolidating facilities and reducing our workforce. During the first quarter of 2012, we recorded net restructuring recoveries of \$1.1 (first quarter of 2011 -- charges of \$5.9) and we paid employee termination costs and lease termination payments totaling \$7.7 (first quarter of 2011 -- \$4.9). Our ending restructuring liability was \$6.0 at March 31, 2012, comprised primarily of employee termination costs we expect to pay in 2012.

10. INCOME TAXES

Our effective income tax rate can vary significantly quarter-to-quarter for various reasons, including the mix and volume of business in lower tax jurisdictions within Europe and Asia, in jurisdictions with tax holidays and incentives, and in jurisdictions for which no deferred income tax assets have been recognized because management believed it was not probable that future taxable profit would be available against which tax losses and deductible temporary differences could be utilized. Our effective income tax rate can also vary due to the impact of foreign exchange fluctuations and changes in our provisions related to tax uncertainties.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Our financial assets are comprised primarily of cash and cash equivalents, accounts receivable and derivatives used for hedging purposes. Our financial liabilities are comprised primarily of accounts payable, certain accrued and other liabilities and provisions, and derivatives. The majority of our financial liabilities are recorded at amortized cost except for derivative liabilities, which are measured at fair value. Our term deposits are classified as held-to-maturity and our short-term investments in money market funds are recorded at fair value, with changes recognized through our consolidated statement of operations.

Cash and cash equivalents are comprised of the following:

	December 31 2011	March 31 2012
Cash.....	\$ 191.7	\$ 186.0
Cash equivalents.....	467.2	460.7
	\$ 658.9	\$ 646.7

Our current portfolio consists of bank deposits and certain money market funds that hold primarily U.S. government securities. The majority of our cash and cash equivalents are held with financial institutions each of which had at March 31, 2012 a Standard and Poor's rating of A-1 or above.

Currency risk:

Due to the global nature of our operations, we are exposed to exchange rate fluctuations on our financial instruments denominated in various currencies. The majority of our currency risk is driven by the operational costs incurred in local currencies by our subsidiaries. We manage our currency risk through our hedging program using forecasts of future cash flows and balance sheet exposures denominated in foreign currencies.

Our major currency exposures at March 31, 2012 are summarized in U.S. dollar equivalents in the following table. We have included in this table only those items that we classify as financial assets or liabilities and which were denominated in non-functional currencies. In accordance with the financial instruments standard, we have excluded items such as retirement benefits and income taxes. The local currency amounts have been converted to U.S. dollar equivalents using the spot rates at March 30, 2012.

	Chinese renminbi	Malaysian ringgit	Canadian dollar	Mexican peso
Cash and cash equivalents.....	\$ 23.0	\$ 1.8	\$ 2.9	\$ 0.1
Accounts receivable.....	18.2	--	2.9	--
Other financial assets.....	1.3	0.7	--	0.5
Accounts payable and certain accrued and other liabilities and provisions.....	(30.0)	(14.7)	(23.2)	(11.6)
Net financial assets (liabilities).....	\$ 12.5	\$ (12.2)	\$ (17.4)	\$ (11.0)

Foreign currency risk sensitivity analysis:

At March 31, 2012, a one-percentage point strengthening or weakening of the following currencies against the U.S. dollar for our financial instruments denominated in non-functional currencies is summarized in the following table. The financial instruments impacted by a change in exchange rates include our exposures to the above financial assets or liabilities denominated in non-functional currencies and our foreign exchange forward contracts.

	Chinese renminbi	Malaysian ringgit	Canadian dollar	Mexican peso
	Increase (decrease)			
1% Strengthening				
Net earnings.....	\$ 0.5	\$ (0.1)	\$ 1.7	\$ --

Other comprehensive income.....	--	0.8	0.9	0.4
1% Weakening				
Net earnings.....	(0.5)	0.1	(1.7)	--
Other comprehensive income.....	--	(0.8)	(0.9)	(0.4)

At March 31, 2012, we had forward exchange contracts to trade U.S. dollars in exchange for the following currencies:

Currency	Amount of U.S. dollars	Weighted average exchange rate of U.S. dollars	Maximum period in months	Fair value gain/(loss)
Canadian dollar.....	\$ 313.7	\$ 0.99	15	\$ 2.3
Thai baht.....	140.2	0.03	15	(0.2)
Malaysian ringgit.....	108.8	0.32	15	(0.6)
Mexican peso.....	57.0	0.08	12	0.4
British pound.....	55.0	1.56	4	(0.8)
Chinese renminbi.....	35.9	0.16	12	(0.1)
Euro.....	17.6	1.32	4	--
Singapore dollar.....	14.8	0.80	12	(0.1)
Other.....	28.3	--	12	(0.1)
Total.....	\$ 771.3			\$ 0.8

At March 31, 2012, the fair value of these contracts was a net unrealized gain of \$0.8 (December 31, 2011 -- net unrealized loss of \$13.9). Changes in the fair value of hedging derivatives to which we apply cash flow hedge accounting, to the extent effective, are deferred in other comprehensive income until the expenses or items being hedged are recognized in our consolidated statement of operations. Any hedge ineffectiveness, which at March 31, 2012 was not significant, is recognized immediately in our consolidated statement of operations. At March 31, 2012, we recorded \$5.9 of derivative assets primarily in other current assets and \$5.1 of derivative liabilities in accrued and other current and non-current liabilities. The unrealized gains and losses are a result of fluctuations in foreign exchange rates between the date the currency forward contracts were entered into and the valuation date at period end.

12. CONTINGENCIES

Litigation

In the normal course of our operations, we may be subject to lawsuits, investigations and other claims, including environmental, labor, product, customer disputes and other matters. Management believes that adequate provisions have been recorded in the accounts where required. Although it is not always possible to estimate the extent of potential costs, if any, management believes that the ultimate resolution of such matters will not have a material adverse impact on our results of operations, financial position or liquidity.

In 2007, securities class action lawsuits were commenced against us and our former Chief Executive and Chief Financial Officers, in the United States District Court of the Southern District of New York by certain individuals, on behalf of themselves and other unnamed purchasers of our stock, claiming that they were purchasers of our stock during the period January 27, 2005 through January 30, 2007. The plaintiffs allege violations of United States federal securities laws and seek unspecified damages. They allege that during the purported period we made statements concerning our actual and anticipated future financial results that failed to disclose certain purportedly material adverse information with respect to demand and inventory in our Mexican operations and our information technology and communications divisions. In an amended complaint, the plaintiffs added one of our directors and Onex Corporation as defendants. On October 14, 2010, the District Court granted the defendants' motions to dismiss the consolidated amended complaint in its entirety. The plaintiffs appealed to the United States Court of Appeals for the Second Circuit the dismissal of its claims against us, our former Chief Executive and Chief Financial Officers, but not as to the other defendants. In a summary order dated December 29, 2011, the Court of Appeals reversed the District Court's dismissal of the consolidated amended complaint and remanded the case to the District Court for further proceedings. The parties are currently engaged in the discovery process. Parallel class proceedings, including a claim issued in October 2011, remain against us and our former Chief Executive and Chief Financial Officers in the Ontario Superior Court of Justice, but neither leave nor certification of any actions has been granted by that court. We believe the allegations in the claims are without merit and we intend to defend against them vigorously. However, there can be no assurance that the outcome of the litigation will be favorable to us or that it will not have a material adverse impact on our financial position or liquidity. In addition, we may incur substantial litigation expenses in defending the claims. We have liability insurance coverage that may cover some of our litigation expenses, potential judgments or settlement costs.

Income taxes

We are subject to tax audits and reviews by various tax authorities of historical information which could result in additional tax expense in future periods relating to prior results. Reviews by tax authorities generally focus on, but are not limited to, the validity of our inter-company transactions, including financing and transfer pricing policies which generally involve subjective areas of taxation and a significant degree of judgment. If any of these tax authorities are successful with their challenges, our income tax expense may be adversely affected and we could also be subject to interest and penalty charges.

In connection with ongoing tax audits in Canada, tax authorities have taken the position that income reported by one of our Canadian subsidiaries in 2001 through 2004 should have been materially higher as a result of certain inter-company transactions.

In connection with a tax audit in Brazil, tax authorities have taken the position that income reported by our Brazilian subsidiary in 2004 should have been materially higher as a result of certain inter-company transactions. If Brazilian tax authorities ultimately prevail in their position, our Brazilian subsidiary's tax liability would increase by approximately 43.5 million Brazilian reais (approximately \$23.9 at current exchange rates). In addition, Brazilian tax authorities may make similar claims in future audits with respect to these types of transactions. In June 2011, we received a ruling from the Brazilian Lower Administrative Court that was largely consistent with our original filing position. As the ruling generally favored the taxpayer, the matter has been sent to a court of appeals. We have not accrued for any potential adverse tax impact for the 2004 tax audit as we believe our Brazilian subsidiary has reported the appropriate amount of income arising from inter-company transactions.

We have and expect to continue to recognize the future benefit of certain Brazilian tax losses on the basis that these tax losses can and will be fully utilized in the fiscal period ending on the date of dissolution of our Brazilian subsidiary. While our ability to do so is not certain, we believe that our

interpretation of applicable Brazilian law will be sustained upon full examination by the Brazilian tax authorities and, if necessary, upon consideration by the Brazilian judicial courts. Our position is supported by our Brazilian legal tax advisors. A change to the benefit realizable on these Brazilian losses could increase our net future tax liabilities by approximately 57.5 million Brazilian reais (approximately \$31.6 at current exchange rates).

The successful pursuit of the assertions made by any taxing authority related to the above noted tax audits or others could result in us owing significant amounts of tax, interest and possibly penalties. We believe we have substantial defenses to the asserted positions and have adequately accrued for any probable potential adverse tax impact. However, there can be no assurance as to the final resolution of these claims and any resulting proceedings and if these claims and any ensuing proceedings are determined adversely to us, the amounts we may be required to pay could be material.

Japan

Our manufacturing facility in Miyagi, Japan was damaged as a result of the major earthquake and tsunami in March 2011. In March 2012, we settled a related insurance claim for an amount that was consistent with our expectation.

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