Celestica Announces First Quarter 2016 Financial Results

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TORONTO, Canada - 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, 2016.

First Quarter 2016 Highlights

- Revenue: $1.353 billion, within our previously provided guidance range of $1.3 billion to $1.4 billion, increased 4% compared to the first quarter of 2015
- Revenue from our diversified end market grew 24% compared to the first quarter of 2015, and represented 34% of total revenue, up from 28% of total revenue for the first quarter of 2015
- Operating margin (non-IFRS): 3.3%, compared to 3.1% for the first quarter of 2015
- Adjusted EPS (non-IFRS): $0.26 per share, above our previously provided guidance range of $0.19 to $0.25 per share, compared to $0.19 per share for the first quarter of 2015; adjusted EPS for the first quarter of 2016 includes a $0.02 per share net income tax benefit primarily related to favorable taxable foreign exchange (whereas our Q1 2016 guidance range excluded any impact from taxable foreign exchange)
- IFRS EPS: $0.18 per share, compared to $0.11 per share for the first quarter of 2015
- ROIC (non-IFRS): 17.4%, compared to 16.8% for the first quarter of 2015
- Free cash flow (non-IFRS): negative $34.8 million, compared to positive $22.0 million for the first quarter of 2015
- Launched a new normal course issuer bid (NCIB) in February 2016, pursuant to which we repurchased and cancelled 0.4 million subordinate voting shares for $4.3 million; in addition, we pre-funded a $30.0 million program share repurchase under the NCIB in March 2016

“Celestica delivered a solid first quarter, led by strength in our Diversified business, which grew by 24% year-over year,” said Rob Mionis, Celestica’s President and Chief Executive Officer. “We also delivered year-over-year revenue growth and improvements in operating margin, return on invested capital and earnings per share, as a result of our focus on continuous improvement and disciplined cost management.”

“We are pleased with the momentum we are building, as we continue to win new business and ramp new programs, while remaining focused on strong operational performance and financial discipline to drive customer and shareholder value.”

First Quarter 2016 Summary

	Three months ended March 31	
	2015	**2016**
Revenue (in millions)........	$ 1,298.5	$ 1,353.3
IFRS net earnings (in millions) (i)........	$ 19.7	$ 25.6
IFRS earnings per share (i)........	$ 0.11	$ 0.18
Non-IFRS adjusted net earnings (in millions) (i) (ii)........	$ 33.0	$ 37.6
Non-IFRS adjusted EPS(i) (ii)........	$ 0.19	$ 0.26

Non-IFRS return on invested capital (ROIC) (ii)	16.8%	17.4%
Non-IFRS operating margin(ii)	3.1%	3.3%

i. International Financial Reporting Standards (IFRS) EPS for the first quarter of 2016 included an aggregate charge of $0.09 (pre-tax) per share for employee stock-based compensation expense, amortization of intangible assets (excluding computer software) and restructuring charges. This aggregate charge is within the range we provided on January 27, 2016 of an aggregate charge of between $0.05 to $0.10 per share for these items (see the tables in Schedule 1 attached hereto for per-item charges). IFRS EPS and adjusted EPS (non-IFRS) for the first quarter of 2016 included a $0.02 per share net income tax benefit primarily related to the favorable impact of taxable foreign exchange. Our guidance for adjusted EPS (non-IFRS) for the first quarter of 2016 excluded any impact from taxable foreign exchange.

In addition, IFRS EPS and non-IFRS adjusted EPS for the first quarter of 2016 were positively impacted by the reduction of our weighted average number of shares outstanding as a result of our share repurchases and cancellations in 2015 pursuant to our $350.0 million substantial issuer bid completed in June 2015, as well as our previous NCIB that expired in September 2015.

ii. Non-IFRS measures do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public companies that use IFRS or other generally accepted accounting principles (GAAP). See "Non-IFRS Supplementary Information" below for information on our rationale for the use of non-IFRS measures, and Schedule 1 for, among other items, non-IFRS measures included in this press release, as well as their definitions, uses, and a reconciliation of non-IFRS to IFRS measures (where a comparable IFRS measure exists).

End Markets by Quarter as a Percentage of Total Revenue

	2015					**2016**
	Q1	**Q2**	**Q3**	**Q4**	**FY**	**Q1**
Communications	40%	40%	41%	38%	40%	38%
Consumer	3%	3%	3%	3%	3%	3%
Diversified(i)	28%	28%	30%	30%	29%	34%
Servers	11%	10%	8%	10%	10%	9%
Storage	18%	19%	18%	19%	18%	16%
Revenue (in billions)	$1.30	$1.42	$1.41	$1.51	$5.64	$1.35

i. Our diversified end market is comprised of aerospace and defense, industrial, healthcare, energy, and semiconductor equipment.

Second Quarter 2016 Outlook

For the second quarter ending June 30, 2016, we anticipate revenue to be in the range of $1.4 billion to $1.5 billion, and non-IFRS adjusted earnings per share to be in the range of $0.25 to $0.31. We expect a negative $0.07 to $0.12 per share (pre-tax) aggregate impact on net earnings on an IFRS basis for employee stock-based compensation expense, amortization of intangible assets (excluding computer software) and restructuring charges.

First Quarter 2016 Webcast and Annual Shareholders Meeting Webcast
Management will host its first quarter 2016 results conference call today at 8:00 a.m. Eastern Daylight Time. The Company's Annual Meeting of Shareholders will be held today at 9:30 a.m. Eastern Daylight Time at the TMX Broadcast Centre, The Exchange Tower, 130 King Street West, Toronto, Ontario. Webcasts of each event can be accessed at www.celestica.com.

Non-IFRS Supplementary Information

In addition to disclosing detailed operating results in accordance with IFRS, Celestica provides supplementary non-IFRS measures to consider in evaluating the company's operating performance. 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. We believe investors use both IFRS and non-IFRS measures to assess management's past, current and future decisions associated with our priorities and our allocation of capital, as well as to analyze how our business operates in, or responds to, swings in economic cycles or to other events that impact our core operations. See Schedule 1 - Supplementary Non-IFRS Measures for, among other items, non-IFRS measures provided herein, non-IFRS definitions, and a reconciliation of non-IFRS to IFRS measures (where a comparable IFRS measure exists).

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 complex challenges. For further information about Celestica, visit our website at www.celestica.com. Our securities filings can also be accessed at www.sedar.com and www.sec.gov.

Cautionary Note Regarding Forward-looking Statement

This news release contains forward-looking statements related to our future growth; trends in the electronics manufacturing services (EMS) industry; our anticipated financial or operational results, including our quarterly revenue and earnings guidance; the impact of acquisitions and program wins or losses on our financial results and working capital requirements; anticipated expenses, restructuring actions and charges, capital expenditures and/or benefits; our expected tax and litigation outcomes; our cash flows, financial targets and priorities; changes in our mix of revenue by end market; our ability to diversify and grow our customer base and develop new capabilities; the effect of the global economic environment on customer demand; the possibility of future impairments of property, plant and equipment, goodwill or intangible assets; the expected timing of ramping our solar programs in

Asia, and the timing and extent of the expected recovery of cash advances made to a particular solar cell supplier; the impact of the Term Loan (as defined herein), on our liquidity, future operations and financial condition; the timing and terms of the sale of our real property in Toronto and related transactions, including the expected lease of our corporate head office (collectively, the "Toronto Real Property Transactions"); if the Toronto Real Property Transactions are completed, our ability to secure on commercially acceptable terms an alternate site for our existing Toronto manufacturing operations and the transition costs for such expected relocation; and the number of subordinate voting shares and price thereof we may repurchase under our current NCIB. Such forward-looking statements may, without limitation, be preceded by, followed by, or include words such as "believes", "expects", "anticipates", "estimates", "intends", "plans", "continues", "project", "potential", "possible", "contemplate", "seek", or similar expressions, or may employ such future or conditional verbs as "may", "might", "will", "could", "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 applicable Canadian securities laws.

Forward-looking statements are provided for the purpose of assisting readers in understanding management's current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for other purposes. Forward-looking statements are not guarantees of future performance and are subject to risks that could cause actual results to differ materially from conclusions, forecasts or projections expressed in such statements, including, among others, risks related to: our customers' ability to compete and succeed in the marketplace with the services we provide and the products we manufacture; price and other competitive factors generally affecting the EMS industry; managing our operations and our working capital performance during uncertain market and economic conditions; responding to changes in demand, rapidly evolving and changing technologies, and changes in our customers' business and outsourcing strategies, including the insourcing of programs; customer concentration and the challenges of diversifying our customer base and replacing revenue from completed or lost programs, or customer disengagements; changing commodity, material and component costs, as well as labor costs and conditions; disruptions to our operations, or those of our customers, component suppliers or logistics partners, including as a result of global or local events outside our control; retaining or expanding our business due to execution issues relating to the ramping of new or existing programs or new offerings; the incurrence of future impairment charges; recruiting or retaining skilled personnel; transitions associated with our new CEO, our Global Business Services initiative and other changes to our company's operating model; current or future litigation and/or governmental actions; successfully resolving commercial and operational challenges, and improving financial results, in our semiconductor and solar businesses; delays in the delivery and availability of components, services and materials, including from new suppliers upon which we are dependent for certain components; non-performance by counterparties; our financial exposure to foreign currency volatility; our dependence on industries affected by rapid technological change; the variability of revenue and operating results; managing our global operations and supply chain; increasing income taxes, tax audits, and challenges of defending our tax positions, and obtaining, renewing or meeting the conditions of tax incentives and credits; completing restructuring actions, including achieving the anticipated benefits therefrom, and integrating any acquisitions; defects or deficiencies in our products, services or designs; computer viruses, malware, hacking attempts or outages that may disrupt our operations; any failure to adequately protect our intellectual property or the intellectual property of others; compliance with applicable laws, regulations and social responsibility initiatives; our having sufficient financial resources and working capital to fund currently anticipated financial obligations and to pursue desirable business opportunities; the potential that conditions to closing the Toronto Real Property Transactions may not be satisfied on a timely basis or at all; and, if the Toronto Real Property Transactions are completed, our ability to secure on commercially acceptable terms an alternate site for our existing Toronto manufacturing operations, and the costs, timing and/or execution of such relocation proving to be other than anticipated. The foregoing and other material risks and uncertainties are discussed in our public filings at www.sedar.com and www.sec.gov, including in our MD&A, our most recent Annual Report on Form 20-F filed with, and subsequent reports on Form 6-K furnished to, the U.S. Securities and Exchange Commission, and our Annual Information Form filed with the Canadian Securities Administrators.

Our revenue, earnings and other financial guidance, as contained in this press release, are based on various assumptions, many of which involve factors that are beyond our control. Our material assumptions include those related to the following: production schedules from our customers, which generally range from 30 days 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; the stability of general economic and market conditions, currency exchange rates, and interest rates; our pricing, the competitive environment and contract terms and conditions; supplier performance, pricing and terms; compliance by third parties with their contractual obligations, the accuracy of their representations and warranties, and the performance of their covenants; the costs and availability of components, materials, services, plant and capital equipment, labor, energy and transportation; operational and financial matters including the extent, timing and costs of replacing revenue from completed or lost programs, or customer disengagements; technological developments; overall demand improvement in the semiconductor industry; revenue growth and improved financial results in our semiconductor and solar businesses; the timing, execution and effect of restructuring actions; our having sufficient financial resources and working capital to fund our currently anticipated financial obligations and to pursue desirable business opportunities; and our ability to diversify our customer base and develop new capabilities. While management believes these assumptions to be reasonable under the current circumstances, they may prove to be inaccurate. Forward-looking statements speak only as of the date on which they are made, and 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, except as required by applicable law.

All forward-looking statements attributable to us are expressly qualified by these cautionary statements.

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