

Wednesday, July 18, 2001

(All amounts in U.S. dollars.
Per share information based on diluted
shares outstanding unless noted otherwise.
Historical per share information reflects the impact
of the December 1999 two-for-one stock split and the
treasury stock method, retroactively applied)

CELESTICA ANNOUNCES SECOND QUARTER RESULTS
Revenue Increases 27 Per Cent to \$2.7 Billion, EPS Increases 37 Per Cent to \$0.41

TORONTO, Canada - Celestica Inc. (NYSE, TSE: CLS), a world leader in electronics manufacturing services (EMS), today announced financial results for the second quarter ended June 30, 2001.

Revenue for the three months ended June 30, 2001 was \$2,661 million, up 27 per cent from \$2,092 million in the second quarter of 2000. The year-over-year increase was driven by growth in multiple end-markets including servers, communications and storage.

Adjusted net earnings, which exclude the after-tax impact of amortization of intangible assets, integration costs related to acquisitions and one-time charges, increased 46 per cent to \$93.1 million compared to \$63.7 million in the second quarter of 2000. The year-over-year improvements resulted from higher revenue and improved operating margins.

Adjusted net earnings per share rose 37 per cent to \$0.41 per share compared to \$0.30 per share for the same period in 2000 and in line with the company's guidance of \$0.40-\$0.42.

During the quarter, the company recorded a pre-tax restructuring charge of \$53.2 million. Net earnings, excluding this charge, would have been \$60.0 million or \$0.27 per share compared to \$41.4 million or \$0.20 per share for the same period in 2000. Net earnings for the quarter including the restructuring charge was \$15.1 million or \$0.06 per share. The restructuring charge relates to facility consolidations and a reduction in workforce as previously announced in April.

For the six-month period ended June 30, 2001, revenue was \$5,353 million, up 45 per cent from \$3,704 million for the same period last year. Adjusted net earnings were \$180.4 million, up 75 per cent from \$103.3 million last year. Adjusted net earnings per share were \$0.81, up 62 per cent from \$0.50 for the same period last year. Net earnings were \$70.6 million or \$0.31 per share compared to \$67.5 million or \$0.33 per share last year.

"Despite the challenges that the current end-markets have presented Celestica and its customers, we are pleased with our second quarter results and with the organization's ability to adapt in this volatile environment," said Eugene Polistuk, chairman and CEO, Celestica. "Our focus continues to be on managing costs and working closely with our customers to manage the supply chain efficiently in today's economic turbulence.

"That said, we remain equally focused on the future and the significant opportunity that exists particularly as outsourcing continues to grow based on the strategic and economic benefits it offers OEMs. By leveraging the outsourcing model, our customers are able to concentrate on other critical aspects of their business without sacrificing any of the responsiveness, flexibility or quality of their manufacturing operations. It is this type of competitive advantage that continues to support our positive long-term outlook for the EMS industry."

For the third quarter, the company's guidance for revenue is approximately \$2.2-\$2.5 billion. The revenue guidance reflects the company's ongoing cautious outlook given the broad-based slow down in end-markets and the limited visibility being expressed by customers. Third quarter guidance for adjusted net earnings per share is approximately \$0.27-\$0.35, which reflects the impact of the lower revenue base.

The company also announced that it would incur additional restructuring charges of \$30-\$40 million in the third quarter as it continues to rationalize its cost structure. This will involve additional workforce reductions of approximately five per cent.

About Celestica

Celestica is a world leader in electronics manufacturing services (EMS) for industry leading original equipment manufacturers (OEMs), primarily in the computer and communications sectors. With facilities in North America, Europe, Asia and Latin America, Celestica provides a broad range of services including design, prototyping, assembly, testing, product assurance, supply chain management, worldwide distribution and after-sales service.

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

Safe Harbour and Fair Disclosure Statement

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; lower-than-expected customer demand; component constraints; 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 various public filings at www.sedar.com and <http://www.sec.gov>

As of its date, this press release contains any material information associated with the company's second quarter financial results, and revenue and adjusted earnings guidance for the second quarter ending September 30, 2001.

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CELESTICA INC.

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

	December 31 2000	June 30 2001
Assets		
Current assets:		
Cash and short-term investments	\$ 883,757	\$ 1,261,259
Accounts receivable	1,785,716	1,615,967
Inventories	1,664,304	1,517,089
Prepaid and other assets	138,830	117,563
Deferred income taxes	48,357	27,484
	<hr/> 4,520,964	<hr/> 4,539,362
Capital assets	633,438	752,667
Intangible assets	578,272	566,662
Other assets	205,311	142,889
	<hr/> \$ 5,937,985	<hr/> \$ 6,001,580
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,730,460	\$ 1,020,785
Accrued liabilities	\$ 466,310	\$ 486,406
Income taxes payable	\$ 52,572	\$ 35,289
Deferred income taxes	7,702	7,704
Current portion of long-term debt	1,364	413
	<hr/> 2,258,408	<hr/> 1,550,597
Accrued post-retirement benefits	38,086	42,675

Long-term debt	130,581	130,188
Other long-term liabilities	3,000	2,000
Deferred income taxes	38,641	12,993
	<hr/>	<hr/>
	2,468,716	1,738,453
Shareholders' Equity		
Convertible debt	860,547	873,344
Capital stock (note 4)	2,395,414	3,112,886
Retained earnings	217,512	281,114
Foreign currency translation adjustment	(4,204)	(4,217)
	<hr/>	<hr/>
	3,469,269	4,263,127
	<hr/>	<hr/>
	\$ 5,937,985	\$ 6,001,580
	<hr/>	<hr/>

*See accompanying notes to consolidated financial statements.
These interim financial statements should be read in conjunction with the annual consolidated financial statements.*

CELESTICA INC.

CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS (in thousands of U.S. dollars, except per share amounts) (unaudited)

	Three months ended June 30		Six months ended June 30	
	2000	2001	2000	2001
Revenue	\$2,091,883	\$ 2,660,706	\$3,704,206	\$5,353,281
Cost of sales	\$1,946,047	\$2,468,535	\$3,447,784	\$4,967,802
Gross profit	<hr/> \$ 145,836	<hr/> \$ 192,171	\$256,422	<hr/> \$385,479
Selling, general and administrative expenses	73,457	86,415	131,482	175,459
Amortization of intangible assets	19,248	28,130	34,571	57,708
Integration costs related to acquisitions	4,904	7,797	5,571	10,123
Other charges (note5)	-	53,198	-	56,998
Operating income	<hr/> 48,227	<hr/> 16,631	84,798	<hr/> 85,191
Interest on long-term debt	3,919	5,115	7,757	9,449
Interest income, net	(10,201)	(7,559)	(15,851)	(15,447)
Earnings before income taxes	<hr/> 54,509	<hr/> 19,075	92,892	<hr/> 91,189
Income taxes:				
Current	17,390	6,310	30,943	19,314
Deferred (recovery)	(4,308)	(3,067)	(5,578)	1,236
	<hr/> 13,082	<hr/> 3,243	25,365	<hr/> 20,550
Net earnings for the period	<hr/> 41,427	<hr/> 15,832	67,527	<hr/> 70,639
Retained Earnings, beginning of period	42,308	268,883	16,208	217,512
Convertible debt accretion, net of tax	-	(3,601)	-	(7,037)
Retained earnings, end of period	<hr/> \$ 83,735	<hr/> \$ 281,114	\$ 83,735	<hr/> \$ 281,114

Basic earnings per share	\$ 0.20	\$ 0.06	\$ 0.34	\$ 0.31
Diluted earnings per share (note 2)	\$ 0.20	\$ 0.06	\$ 0.33	\$ 0.31
Weighted average number of shares outstanding				
- basic(in thousands)	202,729	207,018	\$ 196,424	\$ 204,673
- diluted(in thousands) (note 2)	211,861	225,548	\$ 205,498	\$ 223,680

CONSOLIDATED STATEMENTS OF ADJUSTED NET EARNINGS
(in thousands of U.S. dollars, except per share amounts)
(unaudited)

	Three months ended June 30		Six months ended June 30	
	2000	2001	2000	2001
Adjusted net earnings ⁽¹⁾	\$ 63,715	\$ 93,052	\$ 103,264	\$ 180,385
Adjusted net earnings per share - basic	\$ 0.31	\$ 0.43	\$ 0.53	\$ 0.85
Adjusted net earnings per share - diluted (note 2)	\$ 0.30	\$ 0.41	\$ 0.50	\$ 0.81

⁽¹⁾ Adjusted net earnings exclude the after-tax effect of integration costs related to acquisitions, other charges and amortization of intangible assets.

See accompanying notes to consolidated financial statements.

These interim financial statements should be read in conjunction with the annual consolidated financial statements

CELESTICA INC. CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of U.S. dollars)
(unaudited)

	Three months ended June 30		Six months ended June 30	
	2000	2001	2000	2001
Cash provided by (used in):				
Operations:				
Net earnings for the period	\$ 41,427	\$ 15,832	\$ 67,527	\$ 70,639
Items not affecting cash:				
Depreciation and amortization	48,357	71,291	87,249	141,027
Deferred income taxes	(4,308)	(3,067)	(5,578)	1,236
Other Charges (note 5)	-	16,928	-	17,228
Other	(8,695)	(460)	(9,335)	1,291
Cash from earnings	76,781	100,524	139,863	231,421
Changes in non-cash working capital items:				
Accounts receivable	(227,931)	(128,110)	(324,822)	173,824
Inventories	(153,626)	208,040	(274,652)	176,686
Other assets	(23,850)	144,545	(41,024)	91,290
Accounts payable and accrued liabilities	157,895	(108,483)	367,623	(704,513)
Income taxes payable	4,636	(4,345)	(7,407)	(17,283)
Non-cash working capital changes	(242,876)	111,647	(280,282)	(279,996)

Cash provided by (used in) operations	(166,095)	212,171	(140,419)	(48,575)
Investing:				
Acquisitions, net of cash acquired	(461,622)	(82,397)	(596,733)	(148,117)
Purchase of capital assets	(29,311)	(59,252)	(97,903)	(136,085)
Other	21,088	1,308	21,647	922
Cash used in investing activities	(469,845)	(140,341)	(672,989)	(283,280)
Financing:				
Bank indebtedness	(8,880)	-	(8,880)	-
Decrease in long-term debt	(1,046)	(376)	(1,681)	(1,653)
Deferred financing costs	(63)	(4)	(104)	(19)
Issuance of share capital	631	717,949	764,674	722,029
Share issue costs, pre-tax	-	(10,000)	(26,788)	(10,000)
Other	(1,443)	(1,000)	(1,687)	(1,000)
Cash provided by (used in) financing activities	(10,801)	706,569	725,534	709,357
Increase (decrease) in cash	(646,741)	778,399	(87,874)	377,502
Cash, beginning of period	930,389	482,860	371,522	883,757
Cash, end of period	\$283,648	\$1,261,259	\$283,648	\$1,261,259
Supplemental information				
Paid during the period				
Interest	\$7,331	\$7,648	\$7,757	\$8,152
Taxes	\$8,617	\$12,627	\$32,374	\$32,059
Non-cash financing activities:				
Convertible debt accretion, net of tax	-	\$3,601	-	\$7,037
Shares issued for acquisitions	-	\$530	-	\$2,030

Cash is comprised of cash and short-term investments.

See accompanying notes to consolidated financial statements.

These interim financial statements should be read in conjunction with the annual consolidated financial statements

CELESTICA INC.

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

1. Nature of business:

The primary operations of the Company consist of providing a full range of electronics manufacturing services including design, prototyping, assembly, testing, product assurance, supply chain management, worldwide distribution and after-sales service to its customers primarily in the computer and communications industries. The Company has operations in the United States, Canada, Mexico, United Kingdom, Ireland, Italy, Thailand, China, Hong Kong, Czech Republic, Brazil, Singapore, Japan and Malaysia.

The Company prepares its financial statements in accordance with accounting principles generally accepted in Canada, with a reconciliation to accounting principles generally accepted in the United States, included in the annual consolidated financial statements.

The Company experiences seasonal variation in revenue, with revenue typically being highest in the fourth quarter and lowest in the first quarter.

2. Significant accounting policies:

The disclosures contained in these unaudited interim consolidated financial statements do not include all requirements of generally accepted accounting principles for annual financial statements. The unaudited interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2000.

The unaudited interim consolidated financial statements are based upon accounting principles consistent with those used and described in the annual consolidated financial statements, except that in the first quarter of 2001, the Company adopted retroactively the new Canadian Institute of Chartered Accountants Handbook Section 3500 "Earnings per share", which requires the use of the treasury stock method for calculating diluted earnings per share. This change results in an earnings per share calculation which is consistent with United States generally accepted accounting principles. Previously reported diluted earnings per share have been restated to reflect this change.

The unaudited interim consolidated financial statements reflect all adjustments, consisting only of normal recurring accruals, which are, in the opinion of management, necessary to present fairly the financial position of the Company as of June 30, 2001 and the results of operations and cash flows for the three and six months ended June 30, 2001 and 2000.

3. Acquisitions:

During the first half of 2001, the Company completed certain acquisitions which were accounted for as purchases. The results of operations of the net assets acquired are included in these financial statements from their respective dates of acquisition.

In January 2001, the Company acquired Excel Electronics, Inc. through a merger with Celestica (US) Inc., a subsidiary of the Company. In February 2001, the Company acquired certain assets located in Dublin, Ireland and Mt. Pleasant, Iowa from Motorola Inc. In March 2001, the Company acquired certain assets of a repair facility in Japan from N.K. Techno Co., Ltd. In May 2001, the Company acquired certain assets located in Little Rock, Arkansas and Denver, Colorado from Avaya Inc. and also entered into agreements to purchase additional assets in the United States and France, to be completed in phases during the third quarter of 2001. In June 2001, Celestica acquired Sagem CR s.r.o., in the Czech Republic, from Sagem SA, of France.

CELESTICA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of U.S. dollars, except per share amounts)
(unaudited)

Details of the net assets acquired in these acquisitions, at fair value, are as follows:

	Acquisition
Current assets	\$36,60
Capital assets	82,79
Goodwill and intellectual property	32,34
Other intangible assets	13,65
Liabilities assumed	(15,24)
Net assets acquired	150,14
Financed by:	
Cash	\$ 148,11
Issue of shares	2,03
	\$ 150,14

Other intangible assets represent the excess of purchase price over the fair value of tangible assets acquired in facility acquisitions.

In June 2001, the Company entered into an agreement to acquire Primetech Electronics Inc. (Primetech), an electronics manufacturer in Canada. The shareholders of Primetech are entitled to receive 0.22 subordinate voting shares of Celestica for each share of Primetech. The total purchase price is estimated to be approximately C\$265,000 (US\$175,000). This acquisition is subject to Primetech shareholder and court approvals and is expected to close in the third quarter of 2001.

In June 2001, the Company entered into an agreement to acquire Omni Industries Limited. (Omni), an electronics manufacturer headquartered in Singapore. The shareholders of Omni are entitled to receive 0.045 subordinate voting shares of Celestica or a cash payment of S\$4.25, for

each share of Omni. The total purchase price is estimated to be approximately US\$890,000, with the maximum cash outlay limited to S\$860,000 (US\$475,000). This acquisition is subject to Omni shareholder and court approvals and is expected to close in the fourth quarter of 2001.

4. Outstanding shares:

In May 2001, the Company issued 12,000,000 subordinate voting shares for gross cash proceeds of \$714,000 and incurred \$6,588 in share issue costs, net of tax of \$3,412.

As at June 22, 2001, Celestica had outstanding 39,065,950 multiple voting shares, 177,210,407 subordinate voting shares and 16,898,320 options to acquire subordinate voting shares under Celestica's employee incentive plans.

5. Other Charges:

In response to a slowing end market, the Company announced a restructuring plan that focused on facility consolidations and a workforce reduction. The Company recorded a pre-tax restructuring charge of \$53,198 for the quarter. The following table details the components of the restructuring charge and the related amounts included in accrued liabilities:

	Three months ended March31, 2000	Three months ended June 30, 2001	Amounts included in accrued liabilities at June30,2001
Employee termination costs	\$ 1,456	\$ 22,609	\$ 18,681
Lease and other contractual Obligations	\$ 470	\$ 11,469	\$ 11,939
Other facility exit costs	\$ 1,095	\$ 1,656	\$ 2,308
Other	\$ 479	\$ 536	\$ 526
Asset impairment	\$ 300	\$ 16,928	-
	\$ 3,800	\$ 53,198	\$ 33,454

Employee terminations were made across all geographic regions of the company with the majority pertaining to manufacturing and plant employees. A total of 2,953 employees have been identified to be terminated. As of June 30, 2001, 1,129 employees have been terminated. The remaining termination costs are expected to be paid out within one year.

The asset impairment reflects the write-down of certain long lived assets in Canada, US, Europe, and Mexico, that have become impaired as a result of the rationalization of facilities. The asset impairments relate to machinery and equipment, buildings and improvements. The assets were written down to their net realizable value based on their recoverable amounts using estimated cash flows.

The major components of the restructuring are estimated to be complete by the first quarter of 2002, except for certain long term lease contractual obligations.

6. Segmented information:

The Company's operations fall into one dominant industry segment, the electronics manufacturing services industry. The Company manages its operations, and accordingly determines its operating segments, on a geographic basis. The performance of geographic operating segments is monitored based on EBIAT (earnings before interest, income taxes, amortization of intangible assets, other charges and integration costs related to acquisitions). The Company monitors enterprise-wide performance based on adjusted net earnings, which is calculated as net earnings before amortization of intangible assets, other charges and integration costs related to acquisitions, net of related income taxes. Inter-segment transactions are reflected at market value.

The following is a breakdown of: revenue, EBIAT, adjusted net earnings (which is after income taxes) and total assets by operating segment. Certain comparative information has been restated to reflect changes in the management of operating segments.

	Three months ended June 30		Six months ended June 30	
	2000	2001	2000	2001
Revenue				
Americas	\$ 1,499,246	\$ 1,712,791	\$ 2,679,973	\$ 3,408,411
Europe	524,981	839,021	872,854	1,743,906
Asia	191,382	196,898	345,943	411,860
Elimination of inter-segment revenue	(123,726)	(88,004)	(194,564)	(210,896)
	<u>\$2,091,883</u>	<u>\$2,660,706</u>	<u>\$3,704,206</u>	<u>\$5,353,281</u>

%

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](#)

CELESTICA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

(unaudited)

	Three months ended June 30		Six months ended June 30	
	2000	2001	2000	2001
EBIAT				
North America	\$ 42,086	\$ 55,215	\$74,281	\$107,871
Europe	22,216	40,548	34,716	81,721
Asia	8,077	9,993	15,943	20,428
	<u>72,379</u>	<u>105,756</u>	<u>124,940</u>	<u>210,020</u>
Interest, net	6,282	2,444	8,094	5,998

Amortization of intangible assets	(19,248)	(28,130)	(34,571)	(57,708)
Intergration costs related to acquisitions	(4,904)	(7,797)	(5,571)	(10,123)
Other charges	-	(53,198)	-	(56,998)
Earnings before income taxes	\$ 54,509	\$ 19,075	\$ 92,892	\$ 91,189
Adjusted net earnings	\$ 63,715	\$ 93,052	\$103,264	\$180,385

	As at June 30,	
	2000	2001
Total assets		
Americas	2,382,171	3,773,205
Europe	1,190,986	1,793,240
Asia	424,147	435,135
	\$3,997,304	\$6,001,580

The Company's external revenue allocated by manufacturing location among foreign countries exceeding 10% are as follows:

	Three months ended June 30		Six months ended June 30	
	2000	2001	2000	2001
Revenue				
Canada	32%	22%	33%	24%
United States	31%	31%	30%	31%
Italy	6%	12%	3%	13%
United Kingdom	16%	14%	18%	15%

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