CELESTICA INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2014

The following Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) should be read in conjunction with our 2014 consolidated financial statements, which we prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Unless otherwise noted, all dollar amounts are expressed in U.S. dollars. The information in this discussion is provided as of February 11, 2015 unless we indicate otherwise.

Certain statements contained in this MD&A constitute forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended (U.S. Exchange Act), and contain forward-looking information within the meaning of Canadian securities laws. Such forward-looking information includes, without limitation: statements related to our future growth; trends in the electronics manufacturing services (EMS) industry; our financial or operational results; the impact of acquisitions and program wins or losses on our financial results and working capital requirements; anticipated expenses, 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; and the number of subordinate voting shares and price thereof we may repurchase under our normal course issuer bid (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 problems relating to the ramping of new programs or new offerings; the incurrence of future impairment charges; recruiting or retaining skilled personnel; current or future litigation and/or governmental actions; successfully resolving commercial and operational challenges, and improving financial results in our semiconductor business; delays in the delivery and availability of components, services and materials; non-performance by counterparties; our financial exposure to foreign currency volatility; our dependence on industries affected by rapid technological change; variability of revenue and operating results; managing our global operations and supply chain; increasing income taxes, tax audits, and defending our tax positions or meeting the conditions of tax incentives and credits; completing any restructuring actions and integrating any acquisitions; 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; any U.S. government shutdown or delay in the increase of the U.S. government debt ceiling; and compliance *with applicable laws, regulations and social responsibility initiatives. These and other material risks and uncertainties are discussed in our public filings at www.sedar.com and www.sec.gov, including in this MD&A, our Annual Report on Form 20-F and subsequent reports on Form 6-K filed with or furnished to (as applicable) the U.S. Securities and Exchange Commission, and our Annual Information Form filed with the Canadian Securities Administrators.*

Our forward-looking statements are based on various assumptions, many of which involve factors that are beyond our control. The 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; components, materials, services, plant and capital equipment, labor, energy and transportation costs and availability; 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 business; the timing and execution of any restructuring actions; 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. 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.

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

Overview

What Celestica does:

We deliver innovative supply chain solutions globally to customers in the Communications (comprised of enterprise communications and telecommunications), Consumer, Diversified (comprised of industrial, aerospace and defense, healthcare, solar, green technology, semiconductor equipment and other), Servers, and Storage end markets. We believe our services and solutions create value for our customers by accelerating their time-to-market, and by providing higher quality, lower cost and reduced cycle times in our customers' supply chains, resulting in lower total cost of ownership, greater flexibility, higher return on invested capital and improved competitive advantage for our customers in their respective markets.

Our global headquarters is located in Toronto, Canada. We operate a network of sites in various geographies with specialized end-to-end supply chain capabilities tailored to meet specific market and customer product lifecycle requirements. In an effort to drive speed, quality and flexibility for our customers, we execute our business in centers of excellence strategically located in North America, Europe and Asia. We strive to align our preferred suppliers in close proximity to these centers of excellence to increase the speed and flexibility of our supply chain, deliver higher quality products, and reduce time to market.

We offer a range of services to our customers, including design and development (such as our JDM) offering, which is focused on developing design solutions in collaboration with customers as well as managing aspects of the supply chain and manufacturing), engineering services, supply chain management, new product introduction, component sourcing, electronics manufacturing, assembly and test, complex mechanical assembly, systems integration, precision machining, order fulfillment, logistics and after-market repair and return services.

Although we supply products and services to over 100 customers, we depend upon a small number of customers for a significant portion of our revenue. In the aggregate, our top 10 customers represented 65% of revenue in 2014 (2013 — 65%).

The products and services we provide serve a wide variety of applications, including: servers; networking, wireless and telecommunications equipment; storage systems; optical equipment; aerospace and defense electronics, such as in-flight entertainment and guidance systems; healthcare products for diagnostic imaging; audiovisual equipment; set top boxes; printer supplies; semiconductor equipment; and a range of industrial and green technology products, including solar panels and inverters.

In order to increase the value we deliver to our customers, we continue to make investments in people, service offerings, new capabilities, capacity, technology, IT systems, software and tools. We intend to continuously work to improve our productivity, quality, delivery performance and flexibility in our efforts to be recognized as one of the leading companies in innovative supply chain solutions and services.

Our current priorities include (i) profitable growth in our end markets, including improving the operational and financial performance of our semiconductor business, (ii) continuous improvement in our financial results, including revenue growth, operating margins, and return on invested capital (ROIC), and continued positive free cash flow generation, (iii) developing and building long-term profitable relationships with our leading customers, and (iv) investing in and strengthening our capabilities in design, engineering, process technologies, software tools and various service offerings to expand beyond our traditional areas of electronics manufacturing services. We believe that continued investments in these areas support our long-term strategy and will strengthen our competitive position, enhance customer satisfaction, and increase long-term shareholder value. We will continue to focus on expanding our revenue base in our higher-value-added services, such as design and development, engineering, supply chain management and after-market services, and to grow our business with new and existing customers in our end markets. While we are focused on expanding our business in our diversified end market, we are still dependent on revenue from our traditional end markets for a significant portion of our revenue.

Operating margin, ROIC and free cash flow are non-IFRS measures without standardized meanings and may not be comparable to similar measures presented by other companies. See "Non-IFRS measures" below for a discussion of the non-IFRS measures included herein, and a reconciliation of our non-IFRS measures to comparable IFRS measures (where a comparable IFRS measure exists).

Our financial results vary from period to period, and are impacted by factors such as the changing demand for our customers' products in various end markets, our revenue mix, changes in our customers' supply chain strategies, the size and timing of customer program wins by end market, the costs, terms and timing of ramping new business, program completions, losses or customer disengagements, the margins achieved and capital deployed for the services we provide to customers, and other factors discussed below.

Overview of business environment:

The EMS industry is highly competitive, with multiple global EMS providers competing for the same customers and programs. Although the industry is characterized by a large revenue base and new business opportunities, revenue can be volatile from period to period, and aggressive pricing is a common business dynamic. Capacity utilization, customer mix and the types of products and services we provide are important factors affecting our margins. The number and location of qualified personnel, manufacturing capacity, and the mix of business through that capacity are vital considerations for EMS providers. The EMS industry is also working capital intensive. As a result, we believe that ROIC (discussed in "Non-IFRS measures" below), which is primarily affected by non-IFRS operating earnings and investments in working capital and equipment, is an important metric for measuring an EMS provider's financial performance.

EMS companies service a variety of customers and end markets. Demand remains volatile, making customer revenue and mix, and revenue by end market difficult to forecast. Short product lifecycles in the markets we serve, short production lead times expected by our customers, rapid shifts in technology, model obsolescence, commoditization of certain products, the emergence of new business models that de-emphasize the products and services offered through traditional original equipment manufacturer distribution channels, shifting patterns of demand, such as the shift from traditional network infrastructures to highly virtualized and cloud-based environments as well as the proliferation of software-defined networks and software-defined storage, increased competition and pricing pressure, and the general volatility of the economy, are all contributing factors. The global economy and financial markets continue to be uncertain and may continue to negatively impact end market demand and the operations of EMS providers, including Celestica. Continued uncertainty surrounding the extent and timing of a global economic recovery may impact future demand for our products and services. We continue to monitor the dynamics and impacts of the global economic environment and work to manage our priorities, costs and resources to address changes as they occur.

External factors that could impact the EMS industry and our business include natural disasters and related disruptions, political instability, terrorism, armed conflict, labor or social unrest, criminal activity, disease or illness that affects local, national or international economies, unusually adverse weather conditions, and other risks present in the jurisdictions in which we, our customers, our suppliers, and/or our logistics partners operate. These types of events could disrupt operations at one or more of our sites or those of our customers, component suppliers and/or our logistics partners. These events could lead to higher costs or supply shortages or may disrupt the delivery of components to us, or our ability to provide finished products or services to our customers, any of which could adversely affect our operating results. We carry insurance to cover damage to our sites and interruptions to our operations, including those that may occur as a result of natural disasters, such as flooding and earthquakes or other events. Our insurance policies, however, are subject to deductibles, coverage limitations and exclusions, and may not provide adequate coverage should such events occur.

Our business is also affected by customers who may shift production between EMS providers for a number of reasons, including pricing concessions, more favorable terms and conditions, their preference or need to consolidate their supply chain capacity or the number of supply chain partners, or consolidation among customers. Customers may also choose to accelerate the amount of business they outsource, insource previously outsourced business, or change the concentration or location of their EMS suppliers to better manage their supply continuity risk. These customer decisions may impact, among other items, our revenue and margins, the need for future restructuring, the level of capital expenditures and our cash flows.

Demand is volatile across our end markets. Our revenue and margins are impacted by overall end market demand, the timing, extent and pricing of new or follow-on business, including the costs, terms and timing of ramping new business, and program completions, losses, or customer disengagements. Despite the challenging demand environment, we remain committed to making the investments we believe are required to support our long-term objectives and create shareholder value. The costs of these investments and ramping activities may be significant and could continue to negatively impact our margins in the short and medium term. Simultaneously, we intend to continue to manage our costs and resources to maximize our efficiency and productivity. Our margin and ROIC performance for each quarter of 2014 improved compared to the corresponding quarter of 2013, despite the lower revenue in 2014, primarily due to our continued focus on cost containment, as well as a favorable program mix as we continue to de-emphasize the lower margin portion of our server and consumer businesses.

We acquired the semiconductor equipment contract manufacturing operations of Brooks Automation, Inc. (Brooks) in 2011 and D&H Manufacturing Company (D&H) in 2012 in order to expand our diversified end market offerings to include semiconductor capital equipment. Revenue from our semiconductor business for 2014 represented 5% (2013 — 4%) of our total revenue. We believe that semiconductor market demand continues to be difficult to predict due to, among other things, significant and often rapid changes in product demand, changes in customer requirements for new manufacturing capacity and technology transitions, significant expenditures for capital equipment and product development, and general economic conditions. Our semiconductor business has been, and continues to be, negatively impacted by overall demand weakness in the semiconductor industry in recent years, the cost of investments we have made, operational challenges, and the costs, terms and timing of ramping new programs. In addition, in 2014, we incurred higher than expected losses in our semiconductor business, primarily due to lower than expected revenue as a result of weaker than anticipated customer demand for the year, challenges associated with the ramping of new sites and programs, as well as operational inefficiencies and commercial challenges associated with a particular customer. We continue to work with this customer to resolve these issues. Primarily as a result of management's assessment of the negative impact of these factors on the timing and level of previously assumed future revenue growth of, and profitability improvements to, this business, we reduced our long-term cash flow projections for this business in the fourth quarter of 2014 and recorded a non-cash impairment charge of $40.8 million in such period against the goodwill of our semiconductor business. See "Other charges (recoveries)" below for further details. Despite the challenges facing our semiconductor business, we continued to win new business from the customer described above and our other customers in the semiconductor capital equipment market during 2014, as we continue our efforts to strengthen our existing relationships and develop new business opportunities with the leading customers in this market. However, these factors affecting our semiconductor business may lead to increased volatility in our revenue and profitability and may also adversely impact our financial position and cash flows.

Summary of 2014

Our consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB and accounting policies we adopted in accordance with IFRS. These consolidated financial statements reflect all adjustments that are, in the opinion of management, necessary to present fairly our financial position as at December 31, 2014 and the financial performance, comprehensive income and cash flows for the year ended December 31, 2014. See "Critical Accounting Policies and Estimates" below.

The following table shows certain key operating results and financial information for the years indicated (in millions, except per share amounts):

	Year ended December 31		
	2012	2013	2014
Revenue	$6,507.2	$5,796.1	$5,631.3
Gross profit	438.4	389.5	405.4
Selling, general and administrative expenses (SG&A)	237.0	222.3	210.3
Other charges (recoveries)	59.5	4.0	37.1
Net earnings	$ 117.7	$ 118.0	$ 108.2
Diluted earnings per share	$ 0.56	$ 0.64	$ 0.60

	December 31 2012	December 31 2013	December 31 2014
Cash and cash equivalents	$ 550.5	$ 544.3	$ 565.0
Total assets	2,658.8	2,638.9	2,583.6

Revenue of $5.6 billion for 2014 decreased 3% from 2013. Compared to 2013, revenue dollars in 2014 from our communications end market decreased 7%, primarily due to weaker demand from certain customers and program completions during 2014; revenue dollars from our server end market decreased 25%, primarily due to the insourcing of a lower margin server program by one of our existing customers in 2013 and overall demand weakness in this end market; and revenue dollars from our consumer end market decreased 29%, primarily due to program completions as we continued to de-emphasize the lower margin business in our consumer portfolio. These decreases were offset in part by a 7% increase in revenue from our diversified end market and a 26% increase in revenue from our storage end market in 2014 compared to 2013. Compared to 2013, the revenue increase in our diversified end market in 2014 was driven primarily by new program wins in our industrial and semiconductor businesses, offset in part by demand weakness in our solar business; and the revenue increase in our storage end market was primarily due to new programs we launched in 2014, in part driven by our JDM offering. Communications and diversified continued to be our largest end markets for 2014, representing 40% and 28%, respectively, of total revenue for the year.

Despite the revenue decrease in 2014, gross profit increased 4% to $405.4 million (7.2% of total revenue) for 2014 from $389.5 million (6.7% of total revenue) for 2013, primarily as a result of our continued focus on cost containment, as well as improved program mix as we de-emphasized the lower margin portion of our server and consumer businesses. SG&A for 2014 decreased 5% to $210.3 million from $222.3 million for 2013, primarily due to our overall spending reductions in 2014, mostly driven by savings in compensation and related expenses resulting from headcount reductions attributable to our previous restructuring actions. Net earnings for 2014 of $108.2 million were $9.8 million lower compared to $118.0 million for 2013, primarily due to a $40.8 million non-cash goodwill impairment charge and a $6.4 million non-cash settlement loss related to one of our pension plans (discussed below), which more than offset our gross profit improvement and our SG&A savings discussed above. In 2013, we also recorded higher restructuring charges and a higher amount of recoveries related to the settlement of certain class action lawsuits in which we were a plaintiff.

We believe that our balance sheet remains strong. Our cash and cash equivalents at December 31, 2014 were $565.0 million (December 31, 2013 — $544.3 million). Our non-IFRS free cash flow for 2014 was

$177.4 million and increased $79.3 million from $98.1 million for 2013, primarily due to improved working capital performance. At December 31, 2014, there were no amounts outstanding (December 31, 2013 — no amounts outstanding) under our revolving credit facility and we had sold $50.0 million of accounts receivable (A/R) under our A/R sales facility as of December 31, 2014 (December 31, 2013 — sold $50.0 million of A/R).

In August 2014, we liquidated the asset portfolio for the defined benefit component of a pension plan for certain Canadian employees, following which substantially all of the proceeds were used to purchase annuities from insurance companies for plan participants. The purchase of the annuities resulted in the insurance companies assuming responsibility for payment of the defined benefit pension benefits under the plan, and the employer eliminating significant financial risk in respect of these obligations. We re-measured the pension assets and liabilities relating to this pension plan immediately before the purchase of the annuities, and recorded a net re-measurement actuarial gain of $2.3 million in other comprehensive income that was subsequently reclassified to deficit in the same period. The purchase of the annuities also resulted in a non-cash settlement loss of $6.4 million which we recorded in other charges in our consolidated statement of operations. For accounting purposes, on a gross-basis, we reduced the value of our pension assets by $149.8 million, and the value of our pension liabilities by $143.4 million as of the date of the annuity purchase.

We have repurchased subordinate voting shares in the open market and otherwise for cancellation in recent years pursuant to normal course issuer bids (NCIBs), which allow us to repurchase a limited number of subordinate voting shares during a specified period, and pursuant to a substantial issuer bid (SIB). As part of the NCIB process, we have entered into Automatic Share Purchase Plans (ASPPs) with brokers, that allow such brokers to purchase our subordinate voting shares in the open market on our behalf for cancellation under our NCIBs (including during any applicable trading blackout periods). In addition, we have entered into program share repurchases (PSRs) as part of the NCIB process, pursuant to which we make a pre-payment to a broker in consideration for the right to receive a variable number of subordinate voting shares upon such PSR's completion. Under such PSRs, the price and number of subordinate voting shares to be repurchased by us is determined based on a discount to the volume weighted average market price of our subordinate voting shares during the term of the PSR, subject to certain terms and conditions. The subordinate voting shares repurchased under any PSR are cancelled upon completion of each PSR under the NCIB.

In August 2014, we completed an NCIB launched in August 2013 (the 2013 NCIB), which allowed us to repurchase, at our discretion, up to approximately 9.8 million subordinate voting shares in the open market, or as otherwise permitted. During 2014, we paid $59.6 million (including transaction fees) to repurchase and cancel 5.5 million subordinate voting shares at a weighted average price of $10.82 per share under the 2013 NCIB, including 4.0 million subordinate voting shares repurchased pursuant to two PSRs and 0.9 million subordinate voting shares repurchased pursuant to an ASPP completed during the term of the 2013 NCIB. The maximum number of subordinate voting shares we were permitted to repurchase for cancellation under the 2013 NCIB was reduced by 0.3 million subordinate voting shares we purchased in the open market during the term of the 2013 NCIB to satisfy obligations under our stock-based compensation plans.

On September 9, 2014, the TSX accepted our notice to launch a new NCIB (the 2014 NCIB), which allows us to repurchase, at our discretion, until the earlier of September 10, 2015 or the completion of purchases thereunder, up to approximately 10.3 million subordinate voting shares (representing approximately 5.8% of our total outstanding subordinate voting and multiple voting shares at the time of launch) in the open market or as otherwise permitted, subject to the normal terms and limitations of such bids. During 2014, we paid $31.0 million (including transaction fees) to repurchase and cancel 2.9 million subordinate voting shares under the 2014 NCIB at a weighted average price of $10.53 per share. In December 2014, the TSX accepted our notice to amend the 2014 NCIB to permit the repurchase of our subordinate voting shares thereunder through one or more PSRs. In connection therewith, we paid $50.0 million to a broker in December 2014 under a PSR for the right to receive a variable number of our subordinate voting shares upon such PSR's completion. We completed this PSR on January 28, 2015 pursuant to which we repurchased and cancelled 4.4 million subordinate voting shares at a weighted average price of $11.38 per share.

During 2014, we repurchased an aggregate of 8.5 million subordinate voting shares for cancellation pursuant to our 2013 and 2014 NCIBs.

Summary of 2013

Revenue of $5.8 billion for 2013 decreased 11% from $6.5 billion for 2012, primarily due to our disengagement from BlackBerry Limited (BlackBerry), formerly known as Research In Motion Limited, in 2012. Compared to 2012, revenue dollars from our consumer end market decreased 68% due to our disengagement from BlackBerry, and revenue dollars from our server end market decreased 27% primarily due to the insourcing of a server program by one of our customers and overall weaker demand. These decreases were offset in part by an 11% increase in revenue from our diversified end market, an 8% increase in revenue from our communications end market, and a 1% increase in revenue from our storage end market. The revenue increase in our diversified end market was primarily due to new program wins and our D&H acquisition. This acquisition contributed approximately one-third of the revenue increase in our diversified end market compared to 2012, with the balance driven primarily by revenue growth across our industrial and aerospace and defense businesses. The revenue increase in our communications end market was primarily driven by new program wins and, to a lesser extent, stronger customer demand compared to 2012. The modest revenue increase in our storage end market from 2012 was primarily due to new program wins, offset in part by weaker demand from one customer. Communications and diversified were our largest end markets for 2013, representing 42% and 25%, respectively, of total revenue.

Gross profit decreased 11% to $389.5 million for 2013 from $438.4 million for 2012, in line with the revenue decrease in 2013. Gross profit as a percentage of total revenue (gross margin) for 2013 of 6.7% was flat compared to 2012 despite the 11% revenue decrease due to improved program mix and our continued focus on cost containment in 2013. SG&A for 2013 decreased 6% to $222.3 million from $237.0 million for 2012, primarily due to our overall spending reductions, offset in part by higher variable compensation expenses in 2013. During 2013, we recorded lower restructuring charges, a $24.0 million recovery in connection with the settlement of certain class action lawsuits in which we were a plaintiff (see "Other charges (recoveries)" below), no impairment charges, and lower income tax recoveries compared to 2012. Net earnings for 2013 of $118.0 million were relatively flat compared to $117.7 million for 2012.

Due to our disengagement from BlackBerry in 2012 and in response to the challenging demand environment, we announced in 2012 restructuring actions throughout our global network intended to reduce our overall cost structure and improve our margin performance. We completed these restructuring actions by the end of 2013 (although payments with respect thereto continued throughout 2014). Compared to our previously announced range of $55 million to $65 million, we recorded aggregate restructuring charges of $72.0 million, comprised of $44.0 million in 2012 and $28.0 million in 2013. We exceeded our estimate as we decided to take additional restructuring actions in the fourth quarter of 2013 to further streamline and simplify our business and global operating network in response to the continuing challenging market environment. The restructuring charges we recorded in 2013 were primarily cash charges related to employee termination costs throughout our global network.

During 2013, we paid $43.6 million (including transaction fees) to repurchase and cancel 4.1 million subordinate voting shares under the 2013 NCIB at a weighted average price of $10.70 per share. At December 31, 2013, we also recorded a liability of $9.8 million, representing the estimated cash required to repurchase the remaining 0.9 million subordinate voting shares available for purchase under an ASPP that we entered into in December 2013.

Other performance indicators:

In addition to the key operating results and financial information described above, management reviews the following non-IFRS measures:

	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14
Cash cycle days:								
Days in A/R	46	42	41	42	45	43	46	44
Days in inventory	54	53	57	58	61	54	54	52
Days in A/P	(60)	(58)	(58)	(56)	(58)	(53)	(55)	(52)
Cash cycle days	40	37	40	44	48	44	45	44
Inventory turns	6.7x	6.9x	6.4x	6.3x	6.0x	6.8x	6.8x	7.1x

	2013				2014			
	March 31	June 30	September 30	December 31	March 31	June 30	September 30	December 31
Amount of A/R sold (in millions)	$60.0	$50.0	$50.0	$50.0	$60.0	$60.0	$50.0	$50.0

Days in A/R is calculated as the average A/R for the quarter divided by the average daily revenue. Days in inventory is calculated as the average inventory for the quarter divided by the average daily cost of sales. Days in accounts payable (A/P) is calculated as the average A/P for the quarter divided by average daily cost of sales. Cash cycle days is calculated as the sum of days in A/R and days in inventory, minus the days in A/P. Inventory turns is calculated as 365 divided by the number of days in inventory. A lower number of days in A/R, days in inventory, and cash cycle days, and a higher number of days in A/P and inventory turns generally reflect improved cash management performance. These non-IFRS measures do not have comparable measures under IFRS to which we can reconcile.

Cash cycle days for the fourth quarter of 2014 of 44 days was flat compared to the fourth quarter of 2013. Compared to the same period in 2013, there was a 6-day reduction in the days in inventory, reflecting improved inventory management and inventory turns in the fourth quarter of 2014, which was offset by a 2-day increase in the days in A/R, and a 4-day decrease in the days in A/P primarily due to the timing of purchases and payments in the respective quarters. The higher inventory days in the fourth quarter of 2013 was also impacted by increased inventory levels required primarily to support new customer programs.

Compared to the third quarter of 2014, cash cycle days decreased 1 day in the fourth quarter of 2014 as a result of a 2-day decrease in each of days in A/R and days in inventory, which were offset in part by a 3-day decrease in days in A/P.

We believe that cash cycle days (and the components thereof) and inventory turns are useful measures in providing investors with information regarding our cash management performance and are accepted measures of working capital management efficiency in our industry. These are not measures of performance under IFRS, and may not be defined and calculated in the same manner by other companies. These measures should not be considered in isolation or as an alternative to working capital as an indicator of performance.

Management reviews other non-IFRS measures including adjusted net earnings, operating margin, ROIC and free cash flow. See "Non-IFRS measures" below.

Critical Accounting Policies and Estimates

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 and make revisions as determined necessary by management. Revisions are recognized in the period in which the estimates are revised and may impact future periods as well. Significant accounting policies and methods used in the preparation of our consolidated financial statements are consistent with those described in note 2 to our 2014 audited consolidated financial statements.

Key sources of estimation uncertainty and judgment: We have applied significant estimates and assumptions in the following areas which we believe could have a significant impact on our reported results and financial position: our valuations of inventory, assets held for sale and income taxes; the amount of our restructuring charges or recoveries; the measurement of the recoverable amount of our cash generating units (CGUs) (we define a CGU as the smallest identifiable group of assets that cannot be tested individually and that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets), which includes estimating future growth, profitability and discount rates; our valuations of financial assets and liabilities, pension and non-pension post-employment benefit costs, employee stock-based compensation expense, provisions and contingencies; and the allocation of the purchase price and other valuations related to our business acquisitions. The near-term economic environment could also impact certain estimates necessary to prepare our consolidated financial statements, in particular, the recoverable amount used in our impairment testing of our non-financial assets (see note 15(b) to our 2014 audited consolidated financial statements), and the discount rates applied to our net pension and non-pension post-employment benefit assets or liabilities (see note 18 to our 2014 audited consolidated financial statements).

We have also applied significant judgment in the following areas: the determination of our CGUs and whether events or changes in circumstances during the year are indicators that a review for impairment should be conducted, and the timing of the recognition of charges and recoveries associated with our restructuring actions. Prior to our 2014 annual impairment assessment of goodwill, intangible assets and property, plant and equipment, we did not identify any triggering event during the course of 2014 that would indicate the carrying amount of our CGUs may not be recoverable (see "Other charges (recoveries)" below).

Inventory valuation:

We procure inventory and manufacture based on specific customer orders and forecasts and value our inventory on a first-in, first-out basis at the lower of cost and net realizable value. The cost of our finished goods and work-in-progress includes direct materials, labor and overhead. We may require valuation adjustments if actual market conditions or demand for our customers' products are less favorable than originally projected. The determination of net realizable value involves significant management judgment. We consider factors such as shrinkage, the aging of and future demand for the inventory, and contractual arrangements with customers. We attempt to utilize excess inventory in other products we manufacture or return inventory to the relevant suppliers or customers. We use future sales volume forecasts to estimate excess inventory on-hand. A change to these assumptions may impact our inventory valuation and our gross margins. Should circumstances change, we may adjust our previous write-downs in our consolidated statement of operations in the period a change in estimate occurs.

Income taxes:

We record an income tax expense or recovery based on the income earned or loss incurred in each tax jurisdiction at the enacted or substantively enacted tax rate applicable to that income or loss. In the ordinary course of business, there are many transactions for which the ultimate tax outcome is uncertain and estimates are required for exposures related to examinations by taxation authorities. We review these transactions and exposures and record tax liabilities for open years based on our assessment of many factors, including past experience and interpretations of tax law applied to the facts of each matter. The determination of tax liabilities is subjective and generally involves a significant amount of judgment. We believe that our income tax liability reflects the probable outcome of our income tax obligations based on the known facts and the circumstances; however, the final income tax outcome may be different from our estimates. A change to these estimates could impact our income tax provision.

We recognize deferred income tax assets to the extent we believe it is probable that the amount will be realized. We consider factors such as the reversal of taxable temporary differences, projected future taxable income, the character of the income tax asset, tax planning strategies, changes in tax laws and other factors. A change to these factors could impact the amount of deferred income tax assets we recognize.

Goodwill, intangible assets and property, plant and equipment:

We estimate the useful lives of intangible assets and property, plant and equipment based on the nature of the asset, historical experience, the projected period of future economic benefits to be provided by the assets, the terms of any related customer contract, and expected changes in technology. We review the carrying amounts of goodwill, intangible assets and property, plant and equipment for impairment on an annual basis and whenever events or changes in circumstances (triggering events) indicate that the carrying amount of an asset or CGU may not be recoverable. If any such indication exists, we test the carrying amount of an asset or a CGU for impairment. Absent triggering events during the year, we conduct our annual impairment assessment in the fourth quarter of each year to correspond with our annual planning cycle. Judgment is required in the determination of our CGUs and whether events or changes in circumstances during the year are indicators that a review for impairment should be conducted prior to the annual assessment.

We recognize an impairment loss when the carrying amount of an asset, CGU or group of CGUs exceeds its recoverable amount. The recoverable amount of an asset, CGU or group of CGUs is measured as the greater of its value-in-use and its fair value less costs to sell. The process of determining the recoverable amount is subjective and requires management to exercise significant judgment in estimating future growth and discount rates and projecting cash flows, among other factors. The process of determining fair value less costs to sell requires valuations and use of appraisals. Where applicable, we work with independent brokers to obtain market prices to estimate our real property values. We recognize impairment losses in our consolidated statement of operations. We first allocate impairment losses in respect of a CGU to reduce the carrying amount of goodwill and then to reduce the carrying amount of other assets in the CGU or group of CGUs on a pro rata basis.

We do not reverse impairment losses for goodwill in future periods. We reverse impairment losses other than for goodwill, if the losses we recognized in prior periods no longer exist or have decreased. At each reporting date, we review for indicators that could change the estimates we used to determine the recoverable amount. The amount of the reversal is limited to restoring the carrying amount to the amount that would have been determined, net of depreciation or amortization, had we recognized no impairment loss in prior periods.

Restructuring charges:

We incur restructuring charges relating to workforce reductions, site consolidations and costs associated with exiting businesses. Our restructuring charges include employee severance and benefit costs, gains, losses or impairments related to owned sites and equipment we no longer use and which are available for sale, impairment of related intangible assets, and costs related to leased sites and equipment we no longer use.

The recognition of these charges requires management to make certain judgments and estimates regarding the nature, timing and amounts associated with these restructuring plans. Our major assumptions include the timing and number of employees we will terminate, the measurement of termination costs, the timing and amount of lease obligations, and the timing of disposition and estimated fair values less costs to sell for assets we no longer use and which are available for sale. We recognize employee termination costs in the period the detailed plans are approved and the employees are informed of their termination. For owned sites and equipment that are no longer in use and are available for sale, we recognize an impairment loss based on the fair value less costs to sell, with fair value estimated based on market prices for similar assets. We may engage independent third parties to determine the fair value less costs to sell for these assets. For leased sites that we have vacated, we discount the lease obligation based on future lease payments net of estimated sublease income. We recognize the change in provisions due to the passage of time as finance costs. To estimate future sublease income, we work with independent brokers to determine the estimated tenant rents we can expect to realize. At the end of each reporting period, we evaluate the appropriateness of the remaining balances. We may require adjustments to the recorded amounts to reflect actual experience or changes in future estimates.

Pension and non-pension post-employment benefits:

We have pension and non-pension post-employment benefit costs and liabilities that are determined from actuarial valuations. Actuarial valuations require management to make certain judgments and estimates relating to salary escalation, compensation levels at the time of retirement, retirement ages, the discount rate used in measuring the net interest on the net defined benefit asset or liability, and expected healthcare costs (as applicable). These actuarial assumptions could change from period-to-period and actual results could differ materially from the estimates originally made by management. The fair values of our pension assets were based on a measurement date of December 31, 2014. We evaluate our assumptions on a regular basis, taking into consideration current market conditions and historical data. Market driven changes may affect the actual rate of return on plan assets compared to our assumptions, as well as our discount rates and other variables which could cause actual results to differ materially from our estimates. Changes in assumptions could impact our pension plan valuations and our future pension expense and funding. See notes 2(n) and 18 to our 2014 audited consolidated financial statements.

Stock-based compensation:

We recognize the grant date fair value of options granted to employees as compensation expense in our consolidated statement of operations, with a corresponding charge to contributed surplus in our consolidated balance sheet, over the vesting period. We adjust compensation expense to reflect the estimated number of options we expect to vest at the end of the vesting period. When options are exercised, we credit the proceeds to capital stock in our consolidated balance sheet. We measure the fair value of options using the Black-Scholes option pricing model. Measurement inputs include the price of our subordinate voting shares on the grant date, the exercise price of the option, and our estimates of the following: expected price volatility of our subordinate voting shares (based on weighted average historic volatility), weighted average expected life of the option (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate.

The cost we record for restricted share units (RSUs), for all performance share units (PSUs) granted prior to 2011, and for 40% of the PSUs granted in each of 2013 and 2014, is based on the market value of our subordinate voting shares at the time of grant. The cost we record for these PSUs, which vest based on a non-market performance condition related to the achievement by the company of pre-determined financial targets over a specified period, is based on our estimate of the outcome of the performance conditions. We adjust the cost of these PSUs as new facts and circumstances arise; the timing of these adjustments is subject to judgment. We generally record adjustments to the cost of these PSUs during the last year of the three-year term based on management's estimate of the level of achievement of such performance conditions. We amortize the cost of RSUs and these PSUs to compensation expense in our consolidated statement of operations, with a corresponding charge to contributed surplus in our consolidated balance sheet, over the vesting period. Historically, we have generally settled these awards with subordinate voting shares purchased in the open market by a trustee, or by issuing subordinate voting shares from treasury. However, under certain circumstances, we have also cash-settled certain awards which we account for as liabilities and re-measure them based on our share price at each reporting date and at the settlement date, with a corresponding charge or recovery in our consolidated statement of operations.

We determine the cost we record for all PSUs granted in 2011 and 2012, and 60% of the PSUs granted in each of 2013 and 2014, using a Monte Carlo simulation model. The number of awards expected to vest is factored into the grant date Monte Carlo valuation for the award. The number of these PSUs that will vest depends on the level of achievement of a market performance condition, over a three-year period, based on our total shareholder return (TSR) relative to the TSR of a pre-defined electronics manufacturing services (EMS) competitor group. We do not adjust the grant date fair value regardless of the eventual number of awards that vest based on the level of achievement of the market performance condition. We recognize compensation expense in our consolidated statement of operations on a straight-line basis over the requisite service period and we reduce this expense for the estimated PSU awards that are not expected to vest because the employment conditions are not expected to be satisfied.

We grant deferred share units (DSUs) to certain members of our Board of Directors as part of their compensation, which is comprised of an annual equity award, an annual retainer, and meeting fees. In the case of the annual equity award, which is granted in equal amounts each quarter, the number of DSUs we grant is determined by dividing the dollar value of the award by the closing price of our subordinate voting shares on the NYSE on the last business day of the quarter. In the case of the annual retainer and meeting fees, the number of DSUs we grant is determined by dividing either 50% or 100% (depending on the election made by each director), of the dollar value of the retainer and fees earned in the quarter by the closing price of our subordinate voting shares on the NYSE on the last business day of the quarter. Each DSU represents the right to receive one subordinate voting share or an equivalent value in cash after the individual ceases to serve as a director. For DSUs granted prior to January 1, 2007, we may settle these share units with subordinate voting shares issued from treasury or purchased in the open market, or with cash. For DSUs granted after January 1, 2007, we may only settle these share units with subordinate voting shares purchased in the open market or with cash. We expense the cost of DSUs through SG&A in our consolidated statement of operations in the period the services are rendered.

Operating Results

Our annual and quarterly operating results, including working capital performance, vary from period-to-period as a result of the level and timing of customer orders, mix of revenue, and fluctuations in materials and other costs and expenses. The level and timing of customer orders vary due to changes in demand for their products, general economic conditions, their attempts to balance their inventory, availability of components and materials, and changes in their supply chain strategies or suppliers. Our annual and quarterly operating results are specifically affected by, among other factors: our mix of customers and the types of products or services we provide; the rate at which, and the costs associated with, new program ramps; volumes and the seasonality of our business; price competition; the mix of manufacturing or service value-add; capacity utilization; manufacturing efficiency; the degree of automation used in the assembly process; the availability of components or labor; the timing of receiving components and materials; costs and inefficiencies of transferring programs between sites; program completions or losses, or customer disengagements and the timing and the margin of any replacement business; the impact of foreign exchange fluctuations; the performance of third-party providers; our ability to manage inventory, production location and equipment effectively; our ability to manage changing labor, component, energy and transportation costs effectively; fluctuations in variable compensation costs; the timing of our expenditures in anticipation of forecasted sales levels; and the timing of any acquisition and related integration costs. Our operations may also be affected by natural disasters or other local risks present in the jurisdictions in which we, our suppliers, logistics partners, and our customers operate. These events could lead to higher costs or supply shortages or may disrupt the delivery of components to us or our ability to provide finished products or services to our customers, any of which could adversely affect our operating results.

In the EMS industry, customers award new programs or shift programs to other EMS providers for a number of reasons, including changes in demand for the customers' products, pricing benefits offered by other EMS providers, execution or quality issues, preference for consolidation or a change in their supplier base, rebalancing the concentration or location of their EMS providers, consolidation among customers, and decisions to adjust the volume of business being outsourced. Customer or program transfers between EMS providers are part of the competitive nature of our industry. Some customers use more than one EMS provider to manufacture a product and/or may have the same EMS provider support them from more than one geographic location. Customers may choose to change the allocation of demand among their EMS providers and/or may shift programs from one region to another region within an EMS provider's global network. Customers may also decide to insource production they had previously outsourced to utilize their internal capacity or for other reasons. Our operating results for each period include the impacts associated with new program wins, follow-on business, program completions or losses, as well as acquisitions. The volume, profitability and the location of new business awards will vary from period-to-period and from program-to-program. Significant period-to-period variations can also result from the timing of new programs reaching full production or programs reaching end-of-life, the timing of follow-on or next generation programs and/or the timing of existing programs being fully or partially transferred internally or to a competitor.

Operating results expressed as a percentage of revenue:

	Year ended December 31		
	2012	**2013**	**2014**
Revenue	100.0%	100.0%	100.0%
Cost of sales	93.3	93.3	92.8
Gross profit	6.7	6.7	7.2
SG&A	3.6	3.8	3.7
Research and development costs	0.2	0.3	0.3
Amortization of intangible assets	0.2	0.2	0.2
Other charges	0.9	0.1	0.7
Finance costs	0.1	0.1	0.1
Earnings before income tax	1.7	2.2	2.2
Income tax expense (recovery)	(0.1)	0.2	0.3
Net earnings	1.8%	2.0%	1.9%

Revenue:

Revenue of $5.6 billion for 2014 decreased 3% from 2013. Compared to 2013, revenue dollars in 2014 from our communications end market decreased 7%, revenue dollars from our server end market decreased 25%, revenue dollars from our consumer end market decreased 29%, revenue dollars from our diversified end market increased 7%, and revenue dollars from our storage end market increased 26%, primarily due to the factors discussed in "Summary of 2014" above and the discussions below. Communications and diversified continued to be our largest end markets for 2014, representing 40% and 28%, respectively, of total revenue for the year.

Revenue of $5.8 billion for 2013 decreased 11% from $6.5 billion for 2012, primarily due to our disengagement from BlackBerry in 2012. Compared to 2012, revenue dollars from our consumer end market decreased 68%, revenue dollars from our server end market decreased 27%, revenue dollars from our diversified end market increased 11%, revenue dollars from our communications end market increased 8%, and revenue dollars from our storage end market increased 1%, primarily due to the factors discussed in "Summary of 2013" above and the discussions below. Communications and diversified were our largest end markets for 2013, representing 42% and 25%, respectively, of total revenue.

The following table shows revenue from the end markets we serve as a percentage of total revenue for the years indicated:

	2012	**2013**	**2014**
Communications	35%	42%	40%
Consumer	18%	6%	5%
Diversified	20%	25%	28%
Servers	15%	13%	9%
Storage	12%	14%	18%
Revenue (in billions)	$6.51	$5.80	$5.63

Our product and service volumes, revenue and operating results vary from period-to-period depending on various factors, including the success in the marketplace of our customers' products, changes in demand from our customers for the products we manufacture, the mix and complexity of the products or services we provide, the timing of receiving components and materials, the extent, timing and rate of new program wins, follow-on business, program completions or losses, the transfer of programs among our sites at our customers' request, the costs, terms, timing and rate at which new programs are ramped, and the impact of seasonality on various end markets. We are dependent on a limited number of customers for a substantial portion of our revenue. We also expect that the pace of technological change, the frequency of customers' transferring business among EMS competitors or customers changing the volumes they outsource, and the dynamics of the global economy will continue to impact our business from period to period. See "Overview" above.

In the past we have experienced, and may in the future experience, some level of seasonality in our quarterly revenue patterns across some of the end markets we serve. We expect that the numerous factors described above that affect our period-to-period results will continue to make it difficult for us to predict the extent and impact of seasonality and other external factors on our business.

The significant decrease in revenue from our consumer end market attributable to our disengagement from BlackBerry in 2012 resulted in proportionately higher percentages of total revenue for all of our other end markets (prior to the impact of other factors) in 2013 and 2014 compared to their respective revenue percentages in 2012.

Our communications end market represented 40% of total revenue for 2014 compared to 42% of total revenue for 2013 and 35% of total revenue for 2012. Revenue dollars from this end market in 2014 decreased 7% compared to 2013, primarily due to weaker demand from certain customers and program completions during 2014. Revenue dollars from this end market for 2013 increased 8% compared to 2012, primarily due to new program wins and, to a lesser extent, stronger demand from a number of our customers.

Our diversified end market represented 28% of total revenue for 2014, up from 25% of total revenue for 2013 and 20% of total revenue for 2012. Revenue dollars from our diversified end market increased 7% in 2014 compared to 2013, primarily driven by new program wins in our industrial and semiconductor businesses, offset in part by demand weakness in our solar business. Revenue dollars from our diversified end market for 2013 increased 11% compared to 2012, primarily due to new program wins and acquisitions. While our diversified end market experienced year-over-year growth, our results in this end market were below our expectations for the year, primarily due to the results of our semiconductor business, as discussed in the "Overview" above.

Our storage end market represented 18% of total revenue for 2014, up from 14% of total revenue for 2013 and 12% of total revenue for 2012. Revenue dollars from our storage end market increased 26% in 2014 compared to 2013, primarily due to new programs we launched in 2014, in part driven by our JDM offering. Revenue dollars from our storage end market for 2013 increased 1% compared to 2012, primarily driven by new program wins, partially offset by weaker demand from one customer.

Our server end market represented 9% of total revenue for 2014, compared to 13% of total revenue for 2013 and 15% of total revenue for 2012. In 2014, revenue dollars from our server end market decreased 25% and 45%, respectively, compared to 2013 and 2012, primarily as a result of the insourcing of a lower-margin server program by one of our existing customers and overall weaker demand in this end market. The customer's insourcing of this lower margin program was completed in the third quarter of 2013.

Our consumer end market represented 5% of total revenue for 2014, down from 6% of total revenue for 2013 and 18% of total revenue for 2012. Revenue dollars from our consumer end market decreased 29% in 2014 compared to 2013, primarily due to program completions in 2013 and 2014, as we continued to de-emphasize the lower margin business in our consumer portfolio. Revenue dollars from our consumer end market for 2013 decreased 68% compared to 2012, primarily as a result of our disengagement from BlackBerry in 2012. Our revenue from BlackBerry represented 12% of total revenue for 2012.

For 2014, we had three customers (Cisco Systems, IBM and Juniper Networks) that individually represented more than 10% of total revenue (2013 — two customers (Cisco Systems and Juniper Networks); 2012 — two customers (BlackBerry and Cisco Systems)).

Whether any of our customers individually accounts for more than 10% of our total revenue in any period depends on various factors affecting our business with that customer and with other customers, including overall changes in demand for our customers' products, the extent and timing of new program wins, follow-on business, program completions or losses, the phasing in or out of programs, the relative growth rate or decline of our business with our various customers, price competition and changes in our customers' supplier base or supply chain strategies, and the impact of seasonality on our business.

In the aggregate, our top 10 customers represented 65% of total revenue for 2014 (2013 — 65%; 2012 — 67%). We are dependent to a significant degree upon continued revenue from our largest customers. We generally enter into master supply agreements with our customers that provide the framework for our overall relationship. These agreements typically do not guarantee a particular level of business or fixed pricing. Instead, we bid on a program-by-program basis and typically receive customer purchase orders for specific quantities and timing of products. There can be no assurance that revenue from any of our major customers will continue at historical levels or will not decrease in absolute terms or as a percentage of total revenue. A significant revenue decrease or pricing pressures from these or other customers, or a loss of a major customer or program, could have a material adverse impact on our business, our operating results and our financial position.

In the EMS industry, customers may cancel contracts and volume levels can be changed or delayed. Customers may also shift business to a competitor or bring programs in-house to improve their own utilization or to adjust the concentration of their supplier base to manage supply continuity risk. We cannot assure the replacement of completed, delayed, cancelled or reduced orders with new business. In addition, we cannot assure that any of our current customers will continue to utilize our services. Order cancellations and changes or delays in production could have a material adverse impact on our results of operations and working capital performance, including requiring us to carry higher than expected levels of inventory. Order cancellations and delays could also lower our asset utilization, resulting in lower margins. Significant period-to-period changes in margins can also result if new program wins or follow-on business are more competitively priced than past programs.

We believe that delivering profitable revenue growth depends on increasing sales to existing customers for their current and future product generations and expanding the range of services we provide to these customers. We also continue to pursue new customers and acquisition opportunities to expand our end market penetration, diversify our end market mix, and to enhance and add new technologies and capabilities to our offerings.

Gross profit:

The following table is a breakdown of gross profit and gross margin (gross profit as a percentage of total revenue) for the years indicated:

	Year ended December 31		
	2012	2013	2014
Gross profit (in millions)	$438.4	$389.5	$405.4
Gross margin	6.7%	6.7%	7.2%

Despite the revenue decrease in 2014, gross profit for 2014 increased 4% compared to 2013. Gross margin for 2014 also increased to 7.2%, compared to 6.7% for 2013. These increases were primarily driven by our continued focus on cost containment, as well as a favorable program mix, resulting in part from our continued de-emphasis of the lower margin portion of our server and consumer businesses.

Gross profit for 2013 decreased 11% from 2012, in line with the revenue decrease in 2013. Gross margin was 6.7% for both 2012 and 2013 despite the 11% revenue decrease in 2013 due to improved program mix and our continued focus on cost containment in 2013.

In general, in addition to fluctuations in revenue, multiple factors cause gross margin to fluctuate including, among others: volume and mix of products or services; higher/lower revenue concentration in lower gross margin products and end markets; pricing pressure; contract terms and conditions; production efficiencies; utilization of manufacturing capacity; changing material and labor costs, including variable labor costs associated with direct manufacturing employees; manufacturing and transportation costs; start-up and ramp-up activities; new product introductions; disruption in production at individual sites; cost structures at individual sites; foreign exchange volatility; and the availability of components and materials.

Our gross profit and SG&A (discussed below) are also impacted by the level of variable compensation expense we record in each period. Variable compensation expense includes expense related to our team incentive plans available to eligible employees, sales incentive plans and stock-based compensation, such as stock options, PSUs and RSUs. See "Stock-based compensation" below. The amount of variable compensation expense related to performance-based compensation varies each period depending on the level of achievement of pre-determined performance goals and financial targets.

Selling, general and administrative expenses:

SG&A for 2014 decreased 5% to $210.3 million (3.7% of total revenue) compared to $222.3 million (3.8% of total revenue) for 2013, primarily reflecting overall spending reductions in 2014, mostly due to savings in compensation and related expenses as a result of headcount reductions attributable to our previous restructuring actions.

SG&A for 2013 of $222.3 million (3.8% of total revenue) decreased 6% compared to $237.0 million (3.6% of total revenue) for 2012. The decrease in SG&A dollars reflected our overall spending reductions, offset in part by higher variable compensation expenses in 2013. The increase in SG&A as a percentage of revenue in 2013 compared to 2012 reflected the lower revenue levels in 2013.

Stock-based compensation:

Our employee stock-based compensation expense, which excludes DSU expense, varies each period, and includes mark-to-market adjustments for any awards we settle in cash and any plan amendments. The portion of our expense that relates to performance-based compensation generally varies depending on our level of achievement of pre-determined performance goals and financial targets. See the table in the section captioned "Non-IFRS Measures" below for the respective amounts of employee stock-based compensation expense recorded in each of cost of sales and SG&A for 2014 and 2013. In 2012, we recorded $13.4 million and $22.2 million of employee stock-based compensation expense in cost of sales and SG&A, respectively.

	Year ended December 31		
	2012	2013	2014
Employee stock-based compensation (in millions)	$35.6	$29.2	$28.4

Our employee stock-based compensation expense for 2014 was relatively flat compared to 2013.

Our employee stock-based compensation expense for 2013 decreased $6.4 million compared to 2012, primarily due to an adjustment recorded in 2012 to reflect the estimated level of achievement related to our performance-based compensation.

We elected to cash-settle certain RSUs vesting in the fourth quarter of 2012 due to a prohibition on the purchase of subordinate voting shares in the open market during the SIB. We account for cash-settled awards as liabilities and we re-measure these based on the closing price of our subordinate voting shares at each reporting date and at the settlement date, with a corresponding charge or recovery to compensation expense. The mark-to-market adjustment on these cash-settled awards was $0.2 million for 2012. When we made the decision in the fourth quarter of 2012 to settle these awards with cash, we reclassified $3.4 million in 2012, representing the fair value of these awards, from contributed surplus to accrued liabilities. We did not cash-settle any vested share unit awards in 2013 or in 2014. As management currently intends to settle all outstanding share unit awards with subordinate voting shares purchased in the open market by a trustee or by issuing subordinate voting shares from treasury, we have accounted for these share unit awards as equity-settled awards. See "Cash requirements" below.

In 2014, we also recorded DSU expense of $1.9 million (2013 — $1.9 million; 2012 — $1.9 million).

Other charges (recoveries):

(i) We have recorded the following restructuring charges (recoveries) for the years indicated (in millions):

	Year ended December 31		
	2012	2013	2014
Restructuring charges (recoveries)	$44.0	$28.0	$(2.1)

Due to our disengagement from BlackBerry in 2012 and in response to a challenging demand environment, we implemented restructuring actions throughout our global network in 2012 and 2013 intended to streamline and simplify our business and to reduce our overall cost structure and improve margin performance. During 2012, we recorded cash restructuring charges primarily related to employee termination costs throughout our global network, including those related to our BlackBerry operations, and we recorded non-cash restructuring charges primarily to write down the BlackBerry-related equipment to recoverable amounts. The restructuring charges we recorded in 2013 were primarily cash charges related to employee termination costs throughout our global network. At December 31, 2014, our remaining restructuring provision was $1.9 million (December 31, 2013 — $18.0 million) comprised primarily of contractual lease obligations related to operations we intend to close. In 2014, we recorded a net reversal of $2.1 million primarily to adjust for lower than estimated payouts related to this lease. All cash outlays have been, and the balance is expected to be, funded from cash on hand.

We evaluate our operations from time-to-time and may propose future restructuring actions or divestitures as a result of changes in the marketplace and/or our exit from less profitable, non-core or non-strategic operations. An increase in the frequency of customers transferring business to our EMS competitors, changes in the volumes they outsource, or requests to transfer their programs among our sites, may also result in our taking future restructuring actions.

(ii) We have recorded the following impairment charges for the years indicated (in millions):

	Year ended December 31		
	2012	**2013**	**2014**
Asset impairment	$17.7	$—	$40.8

We conduct our annual impairment assessment of goodwill, intangible assets and property, plant and equipment in the fourth quarter of each year (which corresponds to our annual planning cycle), and whenever events or changes in circumstances indicate that the carrying amount of an asset, CGU or a group of CGUs may not be recoverable. We recognize an impairment loss when the carrying amount of an asset, CGU or a group of CGUs exceeds its recoverable amount, which is measured as the greater of its value-in-use and its fair value less costs to sell. Prior to our 2014 annual impairment assessment, we did not identify any triggering event during the course of 2014 that would indicate the carrying amount of our assets and CGUs may not be recoverable. For our 2014 annual impairment assessment of goodwill, intangible assets and property, plant and equipment, we used cash flow projections which were based primarily on our plan for the following year and, to a lesser extent, on our three-year strategic plan and other financial projections. Our plan for the following year is primarily based on financial projections submitted by our subsidiaries in the fourth quarter of each year, together with inputs from our customer teams, and is subjected to in-depth reviews performed by various levels of management as part of our annual planning cycle. The plan for the following year was approved by management and presented to our Board of Directors in December 2014. See note 15(b) to our 2014 audited consolidated financial statements.

Upon completion of our 2014 annual impairment assessment of goodwill, intangible assets and property, plant and equipment, we determined that the recoverable amount of our assets and CGUs, other than that of our semiconductor CGU, exceeded their respective carrying values and no impairment exists for such assets and CGUs as of December 31, 2014. Our semiconductor CGU, which arose from our 2011 Brooks acquisition and our 2012 D&H acquisition, has underperformed due to factors including: overall demand weakness in the semiconductor industry in recent years, the cost of investments we have made, operational challenges, and the cost, terms and timing of ramping new programs. In addition, in 2014, this CGU incurred higher than expected losses, primarily due to lower than anticipated customer demand for the year, challenges associated with the ramping of new sites and programs, as well as operational inefficiencies and commercial challenges associated with a particular customer. We continue to work with this customer to resolve these issues. Primarily as a result of management's assessment of the negative impact of these factors on the timing and level of previously assumed future revenue growth of, and profitability improvements to, this CGU, we reduced our long-term cash flow projections for this CGU in the fourth quarter of 2014, and recorded a non-cash impairment charge of $40.8 million against the goodwill of our semiconductor CGU in such period, reducing its balance from $60.3 million to $19.5 million.

In 2013, we recorded no impairment against goodwill, intangible assets or property, plant and equipment as the recoverable amounts exceeded their carrying amounts.

In the second quarter of 2012, we tested the carrying amounts of the CGUs that were impacted by the wind down of our manufacturing services for BlackBerry in Mexico, Romania and Malaysia. We recorded an impairment loss on the BlackBerry-related assets that were available for sale in restructuring charges (see paragraph (i) above). We then compared the remaining carrying amounts of these CGUs to their recoverable amounts and determined there was no impairment to these assets that had not been recorded to restructuring charges in 2012.

In the fourth quarter of 2012, we performed our annual impairment assessment of goodwill, intangible assets and property, plant and equipment. We recorded non-cash impairment charges totaling $17.7 million, comprised of $14.6 million against goodwill, $0.7 million against computer software assets and $2.4 million against property, plant and equipment. The majority of our impairment related to goodwill that arose from a prior acquisition in the healthcare industry, primarily because our overall progress and the ability to ramp our healthcare business were slower than we originally anticipated. As a result, we recorded a goodwill impairment loss of $11.9 million in 2012 related to that acquisition.

We determined the recoverable amount of our CGUs based on their expected value-in-use. The process of determining the recoverable amount of a CGU is subjective and requires management to exercise significant judgment in estimating future growth, profitability, and discount rates, among other factors. The assumptions used in our impairment assessment were determined based on past experiences adjusted for expected changes in future conditions. Where applicable, we worked with independent brokers to obtain market prices to estimate our real property values. For our 2014 annual impairment assessment, we used cash flow projections ranging from 2 years to 9 years (2013 — 3 to 10 years; 2012 — 2 to 7 years) for our CGUs, in line with the remaining useful lives of the CGUs' primary assets. We generally used our weighted-average cost of capital of approximately 10% (2013 — approximately 12%; 2012 — approximately 13%) to discount our cash flows. For our semiconductor CGU, which is subject to heightened risk and volatilities (as a result of the factors discussed above), we applied a discount rate of 17% to our cash flow projections for this CGU (2013 — 17%; 2012 — 20%) to reflect management's assessment of increased risk inherent in these cash flows. We had reduced the discount rate for our semiconductor cash flow projections for 2013 to 17% compared to 20% for 2012 to reflect a perceived reduction in risk inherent in our semiconductor cash flows as a result of new business awarded in 2013. Despite the 2% decrease in our overall weighted-average cost of capital in 2014 compared to 2013, and new business awarded to this CGU in 2014, we maintained its 17% discount rate for our 2014 annual analysis in recognition of the challenges faced by this CGU during the year.

For purposes of our 2014 impairment assessment, we assumed growth for our semiconductor CGU in 2015 and future years at an average compound annual growth rate of 10% over a 9-year period, representing the remaining life of the CGU's most significant customer contract. This growth rate is supported by the level of new business awarded in 2014 and 2013, the expectation of future new business awards, and anticipated overall demand improvement in the semiconductor market based on certain market trend analyses published by external sources. We also assumed that the average annual margins for this CGU over the projection period will be slightly lower than our overall margin performance in 2014, as we continue to ramp new business and leverage our capital investments. To account for the impact of the negative factors described above, compared with our 2013 annual impairment assessment, these assumptions represent a reduction in both our projected revenue growth and the level of financial improvements previously assumed for this CGU. In addition, for our 2014 assessment, we delayed the anticipated timing (within the 9-year projection term) of the achievement of such growth and improvements. The foregoing resulted in an overall reduction in the future cash flows projected for our semiconductor CGU, and the goodwill impairment we recorded in the fourth quarter of 2014 described above.

Impairment assessments inherently involve judgment as to assumptions about expected future cash flows and the impact of market conditions on those assumptions. Future events and changing market conditions may impact our assumptions as to prices, costs or other factors that may result in changes in our estimates of future cash flows. Failure to realize the assumed revenues at an appropriate profit margin or failure to improve the financial results of this CGU could result in additional impairment losses in this CGU in a future period.

As part of our annual impairment assessment, we perform sensitivity analyses to identify the impact of changes in key assumptions, including projected growth rates, profitability, and discount rates. Based on our sensitivity analyses, an additional impairment loss of approximately $10 million would arise for our semiconductor CGU if, over the 9-year projection period, we (i) reduced its assumed average compound annual growth rate by 120 basis points; (ii) reduced its projected profitability, as a percentage of revenue, by 50 basis points; or (iii) if we increased its discount rate to 22.8%, in each case considered separately. We did not identify any key assumptions where a reasonably possible change would result in material impairments to our other CGUs.

(iii) In August 2014, we liquidated the asset portfolio for the defined benefit component of a pension plan for certain Canadian employees, following which substantially all of the proceeds were used to purchase annuities from insurance companies for plan participants. The purchase of the annuities resulted in the insurance companies assuming responsibility for payment of the defined benefit pension benefits under the plan, and the employer eliminating significant financial risk in respect of these obligations. We re-measured the pension assets and liabilities immediately before the purchase of the annuities, and recorded a net re-measurement actuarial gain of $2.3 million in other comprehensive income that was subsequently reclassified to deficit. The purchase of the annuities also resulted in a non-cash settlement loss of $6.4 million which we recorded in other charges in the same period in our consolidated statement of operations. For accounting purposes, on a gross-basis, we reduced the value of our pension assets by $149.8 million, and the value of our pension liabilities by $143.4 million as of the date of the annuity purchase.

(iv) In 2014, we recorded net recoveries of $8.0 million, consisting primarily of the recoveries of damages we received in connection with the settlement of certain class action lawsuits in which we were a plaintiff, related to certain purchases we made in prior periods. In July 2013, we received similar recoveries of damages in the amount of $24.0 million. During 2012, we released a provision of $3.2 million representing the estimated fair value of contingent consideration related to a prior acquisition, as such consideration was not earned. In 2012, we also recorded transaction costs of $0.9 million related to our acquisition of D&H.

Income taxes:

We had a net income tax expense of $16.4 million on earnings before tax of $124.6 million for 2014, compared to an income tax expense of $12.7 million on earnings before tax of $130.7 million for 2013 and an income tax recovery of $5.8 million on earnings before tax of $111.9 million for 2012.

Current income taxes for 2014 consisted primarily of tax expense recorded in jurisdictions with current taxes payable, offset in part by an income tax benefit of $14.1 million relating to the recognition of previously unrecognized tax incentives in Malaysia (discussed below) in the first quarter of 2014. Deferred income taxes for 2014 consisted primarily of net deferred income tax expense for changes in temporary differences in various jurisdictions. In 2014, we completed an internal loan reorganization whereby certain inter-company loans were forgiven. There was no net impact to our consolidated deferred tax provisions related to this internal loan reorganization. There was no tax impact associated with the $40.8 million non-cash goodwill impairment charge we recorded in the fourth quarter of 2014 (discussed above).

Current income taxes for 2013 consisted primarily of tax expense recorded in jurisdictions with current taxes payable and changes to our net provisions related to tax uncertainties. Deferred income taxes for 2013 consisted primarily of net deferred income tax recoveries for changes in temporary differences in various jurisdictions.

Current income taxes for 2012 consisted primarily of the tax expense in jurisdictions with current taxes payable and tax benefits arising from changes to our provisions related to certain tax uncertainties. Deferred income taxes for 2012 were comprised primarily of the deferred income tax assets of $10.4 million we recognized in the United States as a result of our D&H acquisition, offset in part by net deferred income tax expense for changes in temporary differences in various jurisdictions. In addition, during the fourth quarter of 2012, we commenced a corporate tax reorganization involving certain of our European subsidiaries. As a result, we recognized $17.0 million of deferred income tax assets as it became probable that the temporary differences associated with our investment in these subsidiaries would reverse in the foreseeable future.

We conduct business operations in a number of countries, including countries where tax incentives have been extended to encourage foreign investment or where income tax rates are low. Our effective tax rate can vary significantly from period to period for various reasons, including the mix and volume of business in lower tax jurisdictions in Europe and Asia, and in jurisdictions with tax holidays and tax incentives that have been negotiated with the respective tax authorities which expire between 2015 and 2026 (see discussion below). Our effective tax rate can also vary as a result of restructuring charges, foreign exchange fluctuations, operating losses, certain tax exposures, the time period in which losses may be used under tax laws and whether management believes it is probable that future taxable profit will be available to allow us to recognize deferred income tax assets.

Certain countries in which we do business negotiate tax incentives to attract and retain our business. Our taxes could increase significantly if certain tax incentives from which we benefit are retracted. A retraction could occur if we fail to satisfy the conditions on which these tax incentives are based, or if they are not renewed or replaced upon expiration. Our tax expense could also increase if tax rates applicable to us in such jurisdictions are otherwise increased, or due to changes in legislation or administrative practices. Changes in our outlook in any particular country could impact our ability to meet the required conditions. Our Malaysian income tax incentives expired as of the end of 2014, including the incentive discussed below. If we are unable to obtain new Malaysian income tax incentives the periods effective as of January 1, 2015 (which are currently being negotiated), our Malaysian income tax expense may be significantly higher commencing January 1, 2015. Had we not been entitled to the Malaysian tax incentives in 2014, we estimate that our consolidated tax expense would have increased by approximately $5 million for such year.

During the first quarter of 2014, Malaysian investment authorities approved our request to revise certain required conditions related to income tax incentives for one of our Malaysian subsidiaries. The benefits of these tax incentives were not previously recognized, as prior to this revision we had not anticipated meeting the required conditions. As a result of this approval, we recognized an income tax benefit of $14.1 million in the first quarter of 2014 relating to years 2010 through 2013.

In certain jurisdictions, primarily in the Americas and Europe, we currently have significant net operating losses and other deductible temporary differences, which we expect will be used to reduce taxable income in these jurisdictions in future periods.

We develop our tax filing positions based upon the anticipated nature and structure of our business and the tax laws, administrative practices and judicial decisions currently in effect in the jurisdictions in which we have assets or conduct business, all of which are subject to change or differing interpretations, possibly with retroactive effect. We are subject to tax audits globally 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. Any such increase in our income tax expense and related interest and/or penalties could have a significant impact on our future earnings and future cash flows.

Certain of our subsidiaries provide financing or products and services to, and may from time-to-time undertake certain significant transactions with, other subsidiaries in different jurisdictions. Moreover, several jurisdictions in which we operate have tax laws with detailed transfer pricing rules which require that all transactions with non-resident related parties be priced using arm's-length pricing principles, and that contemporaneous documentation must exist to support such pricing.

Tax authorities in Canada have taken the position that income reported by one of our Canadian subsidiaries should have been materially higher in 2001 and 2002 and materially lower in 2003 and 2004 as a result of certain inter-company transactions, and have imposed limitations on benefits associated with favorable adjustments arising from inter-company transactions and other adjustments. We have appealed this decision with the Canadian tax authorities and have sought assistance from the relevant Competent Authorities in resolving the transfer pricing matter under relevant treaty principles. We could be required to provide security up to an estimated maximum range of $20 million to $25 million Canadian dollars (approximately $17 million to $22 million at year-end exchange rates) in the form of letters of credit to the tax authorities in connection with the transfer pricing appeal, however, we do not believe that such security will be required. If the tax authorities are successful with their challenge, we estimate that the maximum net impact for additional income taxes and interest charges associated with the proposed limitations of the favorable adjustments could be approximately $41 million Canadian dollars (approximately $35 million at year-end exchange rates).

Canadian tax authorities have taken the position that certain interest amounts deducted by one of our Canadian entities in 2002 through 2004 on historical debt instruments should be re-characterized as capital losses. If the tax authorities are successful with their challenge, we estimate that the maximum net impact for additional income taxes and interest charges could be approximately $32 million Canadian dollars (approximately $28 million at year-end exchange rates). We have appealed this decision with the Canadian tax authorities and have provided the requisite security to the tax authorities, including a letter of credit in January 2014 of $5 million Canadian dollars (approximately $5 million at year-end exchange rates), in addition to amounts previously on account, in order to proceed with the appeal. We believe that our asserted position is appropriate and would be sustained upon full examination by the tax authorities and, if necessary, upon consideration by the judicial courts. Our position is supported by our Canadian legal tax advisors.

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. An adverse change to the benefit realizable on these Brazilian losses could increase our net deferred tax liabilities by approximately 25 million Brazilian reais (approximately $10 million at year-end 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 our 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. If these claims and any ensuing proceedings are determined adversely to us, the amounts we may be required to pay could be material, and could be in excess of amounts currently accrued.

Acquisitions:

We may, at any time, be engaged in ongoing discussions with respect to possible acquisitions that could expand our service offerings, increase our penetration in various industries, establish strategic relationships with new or existing customers and/or enhance our global supply chain network. In order to enhance our competitiveness and expand our revenue base or the services we offer our customers, we may also look to grow our services or capabilities beyond our traditional areas of EMS expertise. There can be no assurance that any of these discussions will result in a definitive purchase agreement and, if they do, what the terms or timing of any such agreement would be. There can also be no assurance that an acquisition will be successfully integrated or will generate the returns we expect.

We did not complete any acquisitions in 2014 or 2013.

In September 2012, we completed the acquisition of D&H, a manufacturer of precision machined components and assemblies based in California, U.S.A. D&H provides manufacturing and engineering services, coupled with dedicated capacity and equipment for prototype and quick-turn support, to semiconductor capital equipment manufacturers. We financed the purchase price of $71.0 million, net of cash acquired, from cash on hand. The amount of goodwill arising from the acquisition was $26.4 million (none of which was deductible for tax purposes) and the amount of amortizable customer intangible assets was $24.0 million. We expensed acquisition-related transaction costs of $0.9 million in 2012 in other charges. This acquisition did not have a significant impact on our consolidated results of operations for 2012.

As a result of our 2014 annual impairment assessment conducted in the fourth quarter of 2014, we recorded a non-cash impairment charge of $40.8 million against the goodwill of our semiconductor CGU (which arose from the D&H acquisition described above and our 2011 Brooks acquisition). See "Other charges (recoveries)" above.

Liquidity and Capital Resources

Liquidity

The following tables show key liquidity metrics for the years indicated (in millions):

	December 31		
	2012	2013	2014
Cash and cash equivalents	$550.5	$544.3	$565.0

	Year ended December 31		
	2012	2013	2014
Cash provided by operating activities	$ 312.4	$ 149.4	$ 241.5
Cash used in investing activities	(168.0)	(48.6)	(59.9)
Cash used in financing activities	(252.8)	(107.0)	(160.9)
Changes in non-cash working capital items (included with operating activities above):			
A/R	$ 116.7	$ 46.4	$ (39.4)
Inventories	147.3	(71.5)	98.2
Other current assets	6.7	3.6	(18.9)
A/P, accrued and other current liabilities and provisions	(193.1)	(47.5)	(31.6)
Working capital changes	$ 77.6	$ (69.0)	$ 8.3

Cash provided by operating activities:

In 2014, we generated $241.5 million in cash from operating activities compared to $149.4 million in 2013. Compared to 2013, cash from operating activities for 2014 increased primarily due to favorable changes in working capital, reflecting reduced inventory levels in 2014, offset in part by an unfavorable change in A/R levels due to the timing of revenue later in the fourth quarter of 2014 and changes in customer mix.

Our non-IFRS free cash flow for 2014 increased $79.3 million compared to 2013. The increase was primarily due to the improvement in cash generated from operations (discussed above). See the section captioned "Non-IFRS Measures" below for a discussion of, among other items, the definition and components of non-IFRS free cash flow, as well as a reconciliation of this measure to cash provided by operating activities measured under IFRS.

Cash provided by operating activities for 2013 decreased $163.0 million to $149.4 million from $312.4 million for 2012. The decrease was primarily due to unfavorable changes to our working capital components in 2013 compared to 2012. Compared to 2012, the change in A/R reflected primarily changes in our customer mix with different payment terms, the change in A/P, accrued and other current liabilities and provisions was primarily driven by the timing of purchases and payments, and the change in inventories reflected increased inventory levels required primarily to support customer program transitions in 2013 and, to a lesser extent, increased customer forecast variability. Cash generated from operations for 2012 benefited in part, by our disengagement from BlackBerry in 2012, which contributed to lower A/R and inventory balances at the end of 2012. The change in A/R in 2012 also benefited from the shortened payment terms of one of our significant customers.

Cash used in investing activities:

Our capital expenditures for 2014 were $61.3 million (2013 — $52.8 million; 2012 — $105.9 million). The capital expenditures were incurred primarily to enhance our manufacturing capabilities in various geographies and to support new customer programs. We spent approximately $30 million in 2012 related to a building we acquired in Malaysia. We funded these capital expenditures from cash on hand. From time-to-time, we receive cash proceeds from the sale of surplus equipment and property.

In September 2012, we completed the D&H acquisition. The purchase price of $71.0 million, net of cash acquired, was financed from cash on hand.

Cash used in financing activities:

During 2014, pursuant to the 2013 NCIB and the 2014 NCIB, we paid an aggregate of $90.6 million (including transaction fees) to repurchase and cancel a total of 8.5 million subordinate voting shares at a weighted average price of $10.72 per share. Details of each such NCIB are described in note 12 to our 2014 audited consolidated financial statements. In December 2014, the TSX accepted our notice to amend the 2014 NCIB to permit the repurchase of our subordinate voting shares thereunder through one or more PSRs. In connection therewith, we paid $50.0 million to a broker in December 2014 under a PSR for the right to receive a variable number of our subordinate voting shares upon such PSR's completion. We completed this PSR on January 28, 2015 pursuant to which we repurchased and cancelled 4.4 million subordinate voting shares at a weighted average price of $11.38 per share.

During 2013, we paid $43.6 million (including transaction fees) to repurchase and cancel 4.1 million subordinate voting shares under the 2013 NCIB, at a weighted average price of $10.70 per share.

During 2012, we paid $113.8 million (including transaction fees) to repurchase and cancel 13.3 million subordinate voting shares under the 2012 NCIB, and we also paid $175.0 million to repurchase and cancel 22.4 million subordinate voting shares under the SIB.

During 2014, we paid $23.9 million (including transaction fees) for a trustee's purchase of 2.2 million subordinate voting shares in the open market (outside of any NCIB period) for our stock-based compensation plans. During 2013, we paid $12.8 million (2012 — $21.7 million), including transaction fees, for the trustee's purchase of 1.3 million (2012 — 2.6 million) subordinate voting shares in the open market for the same purpose.

At December 31, 2012, we had $55.0 million outstanding under our revolving credit facility that we had borrowed to fund a portion of the SIB (discussed above), which we repaid in full during the first half of 2013. At December 31, 2014, there were no amounts outstanding under our revolving credit facility (December 31, 2013 — no amounts outstanding).

Cash requirements:

We maintain a revolving credit facility, uncommitted bank overdraft facilities, and an A/R sales program to provide short-term liquidity and to have funds available for working capital and other investments to support our strategic priorities. Our working capital requirements can vary significantly from month-to-month due to a range of business factors, including the ramping of new programs, timing of purchases, higher levels of inventory for new programs and anticipated customer demand, timing of payments and A/R collections, and customer forecasting variations. The international scope of our operations may also create working capital requirements in certain countries while other countries generate cash in excess of working capital needs. Moving cash between countries on a short-term basis to fund working capital is not always expedient due to local currency regulations, tax considerations, and other factors. To meet our working capital requirements and to provide short-term liquidity, we may draw on our revolving credit facility or sell A/R through our A/R sales program. The timing and the amounts we borrow or repay under these facilities can vary significantly from month-to-month depending upon our cash requirements. In addition, since our accounts receivable sales program is on an uncommitted basis, there can be no assurance that any participant bank will purchase the accounts receivable we wish to sell to them under this program. See "Capital Resources" below.

We had $565.0 million in cash and cash equivalents at December 31, 2014 (December 31, 2013 — $544.3 million). We believe that cash flow from operating activities, together with cash on hand, borrowings available under our revolving credit facility and intraday and overnight bank overdraft facilities, and cash from the sale of A/R, will be sufficient to fund our currently anticipated working capital needs and planned capital spending. We may issue debt, convertible debt or equity securities in the future to fund operations or make acquisitions. Equity or convertible debt securities could dilute current shareholders' positions; debt or convertible debt securities could have rights and privileges senior to those of equity holders and the terms of these debt securities could impose restrictions on our operations. The pricing of any such securities would be subject to market conditions at the time of issuance.

As at December 31, 2014, a significant portion of our cash and cash equivalents was held by subsidiaries outside of Canada. Although substantially all of the cash and cash equivalents held outside of Canada can be repatriated, a significant portion may be subject to withholding taxes under current tax laws. While some of our subsidiaries are subject to local governmental restrictions on the flow of capital into and out of their jurisdictions (including in the form of cash dividends, loans or advances to us), these restrictions have not had a material impact on our ability to meet our cash obligations. We have not recognized deferred tax liabilities for cash and cash equivalents held by certain subsidiaries related to unremitted earnings that are considered indefinitely reinvested outside of Canada and that we do not intend to repatriate in the foreseeable future (December 31, 2014 and 2013 — approximately $310 million of cash and cash equivalents).

Tabular disclosure of contractual obligations:

As at December 31, 2014, we have known contractual obligations that require future payments as follows (in millions):

	Total(i)	2015	2016	2017	2018	2019	Thereafter
Operating leases	$ 69.7	$24.4	$15.5	$11.7	$ 8.3	$4.1	$ 5.7
Pension plan contributions(ii)	23.4	23.4	—	—	—	—	—
Non-pension post-employment plan payments	34.0	2.5	3.1	2.9	2.9	3.8	18.8
Program transfer purchase obligations(iii)	34.0	34.0	—	—	—	—	—
Total	$161.1	$84.3	$18.6	$14.6	$11.2	$7.9	$24.5

(i) The contractual obligations chart above does not include our agreement with a third party for the outsourcing of our IT support. Our costs under this IT support agreement have fluctuated in the range of $14 million to $17 million annually during the past three years based on our usage, and cannot be accurately estimated for future periods.

(ii) Based on our latest actuarial valuations, we estimate our minimum funding requirement for 2015 to be $23.4 million (2014 — $25.8 million; 2013 — $18.4 million). See further details in note 18 to our 2014 audited consolidated financial statements. A significant deterioration in the asset values or asset returns could lead to higher than expected future contributions. Risks and uncertainties associated with actuarial valuation measurements may also result in higher future cash contributions. We fund our pension contributions from cash on hand. Although we have defined benefit plans that are currently in a net unfunded position, we do not expect our pension obligations will have a material adverse impact on our future results of operations, cash flows or liquidity.

(iii) Represents the expected amount of inventory we have committed to purchase in relation to a program transfer scheduled for the first half of 2015 (see discussion below).

As at December 31, 2014, we have commitments that expire as follows (in millions):

	Total	2015	2016	2017	2018	2019	Thereafter
Foreign currency contracts(i)	$818.6	$781.3	$37.3	$ —	$ —	$ —	$ —
Letters of credit, letters of guarantee and surety bonds(ii)	38.5	34.2	2.0	0.2	0.1	—	2.0
Capital expenditures(iii)	25.6	25.6	—	—	—	—	—
Total	$882.7	$841.1	$39.3	$0.2	$ 0.1	$ —	$ 2.0

(i) Represents the aggregate notional amounts of the forward currency contracts.

(ii) Includes $28.5 million in letters of credit that we issued under our revolving credit facility.

(iii) Our capital spending varies each period based on the timing of new business wins and forecasted sales levels. Based on our current operating plans, we anticipate capital spending for 2015 to be approximately 1.0% to 1.5% of revenue, and expect to fund these expenditures from cash on hand. As at December 31, 2014, we had committed $25.6 million in capital expenditures, principally for machinery and equipment to support new customer programs. In addition, based on the tax incentives we have benefited from as at December 31, 2014, we have met the expenditure commitments as at that date and have other ongoing conditions for retaining these tax incentives which we currently expect to meet.

Cash outlays for our contractual obligations and commitments identified above are expected to be funded from cash on hand. We also have outstanding purchase orders with certain suppliers for the general purchase of inventory (which are excluded from the tables above). These purchase orders are generally short-term in nature. Orders for standard items can typically be cancelled with little or no financial penalty. Our policy regarding non-standard or customized orders dictates that such items are generally ordered specifically for customers who have contractually assumed liability for the inventory. In addition, a substantial portion of the standard items covered by our purchase orders were procured for specific customers based on their purchase orders or forecasts under which the customers have contractually assumed liability for such material. We cannot quantify with a reasonable degree of accuracy the amount of our liability from purchase obligations under these purchase orders. From time-to-time, we agree to purchase significant amounts of inventory as part of program wins transitioning from a customer or a competitor (as noted under "Program transfer purchase obligations" in the contractual obligations table above).

We have granted share unit awards to employees under our stock-based compensation plans. Although we have the option to satisfy the delivery of shares upon vesting of the awards by purchasing subordinate voting shares in the open market or by settling in cash, we expect to satisfy these awards with subordinate voting shares purchased in the open market. Under one of these plans, we also have the option to satisfy the delivery of shares by issuing new subordinate voting shares from treasury, subject to certain limits.

We have funded, and expect to continue to fund, our share repurchases under our NCIBs from cash on hand.

We provide routine indemnifications, the terms of which range in duration and often are not explicitly defined. These may include indemnifications against third-party intellectual property infringement claims and certain third-party negligence claims for property damage. We have also provided indemnifications in connection with the sale of certain businesses and real property. The maximum potential liability from these indemnifications cannot be reasonably estimated. In some cases, we have recourse against other parties to mitigate our risk of loss from these indemnifications. Historically, we have not made significant payments relating to these types of indemnifications.

Litigation and contingencies:

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 all such pending matters will not have a material adverse impact on our financial performance, 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 Mexico 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 their claims against us and 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 discovery phase of the case has been completed. Defendants moved for summary judgment dismissing the case in its entirety, and plaintiffs moved for class certification and for partial summary judgment on certain elements of their claims. In an order dated February 21, 2014, the District Court denied plaintiffs' motion for class certification because they sought to include in their proposed class persons who purchased Celestica stock in Canada. Plaintiffs renewed their motion for class certification on April 23, 2014, removing Canadian stock purchasers from their proposed class in accordance with the District Court's February 21 order. Defendants opposed plaintiffs' renewed motion on May 5, 2014 on the grounds that the plaintiffs are not adequate class representatives. On August 20, 2014, the District Court denied our motion for summary judgment. The District

Court also denied the majority of plaintiffs' motion for partial summary judgment, but granted plaintiffs' motion on market efficiency. The District Court also granted plaintiffs' renewed class certification motion and certified plaintiffs' revised class. A trial date has been set for April 20, 2015. On February 24, 2015, the parties reached an agreement in principle to settle the U.S. case. It is anticipated that the settlement amount will be covered by our liability insurance. However, as the settlement has not yet been finalized, and is in any event subject to approval by the District Court, there can be no assurance that the settlement will be entered into at all, that any actual settlement or other disposition of the lawsuit will not be in excess of amounts accrued or on terms less favorable to us than the agreement in principle, or that the actual settlement or other disposition of the lawsuit will not have a material adverse impact on our financial position or liquidity. If a settlement is not achieved on terms acceptable to us, we intend to continue to vigorously defend this lawsuit.

Parallel class proceedings remain against us and our former Chief Executive and Chief Financial Officers in the Ontario Superior Court of Justice. These proceedings are not affected by the agreement in principle discussed above. On October 15, 2012, the Ontario Superior Court of Justice granted limited aspects of the defendants' motion to strike, but dismissed the defendants' limitation period argument. The defendants' appeal of the limitation period issue was dismissed on February 3, 2014 when the Court of Appeal for Ontario overturned its own prior decision on the limitation period issue. On August 7, 2014, the defendants were granted leave to appeal the decision to the Supreme Court of Canada, together with two other cases that deal with the limitation period issue. The Supreme Court of Canada heard the appeal on February 9, 2015, and the decision is under reserve. A possible outcome of the Supreme Court appeal would be that the Canadian case is dismissed in its entirety. In a decision dated February 19, 2014, the Ontario Superior Court of Justice granted the plaintiffs leave to proceed with a statutory claim under the Ontario Securities Act and certified the action as a class proceeding on the claim that the defendants made misrepresentations regarding the 2005 restructuring. The court denied the plaintiffs leave and certification on the claims that the defendants did not properly report Celestica's inventory and revenue and that Celestica's financial statements did not comply with Canadian GAAP. The court also denied certification of the plaintiffs' common law claims. The action is at the discovery stage and, depending on the outcome of the Supreme Court appeal, the discoveries may resume. There have been some settlement discussions among the parties to the Canadian proceedings. However, there can be no assurance that such discussions will lead to a settlement, or that any settlements or other dispositions of the Canadian lawsuit will not be in excess of amounts covered by our liability insurance policies. If the Supreme Court appeal does not result in a dismissal of the Canadian action and/or settlement on terms acceptable to us is not reached, we intend to continue to vigorously defend the lawsuit. We believe the allegations in the claim are without merit. However, there can be no assurance that the outcome of the lawsuit 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 claim. As the matter is ongoing, we cannot predict its duration or the resources required.

See "Income Taxes" above for a description of various tax audits and positions, and contingencies associated therewith.

Capital Resources

Our main objectives in managing our capital resources are to ensure liquidity and to have funds available for working capital or other investments required to grow our business. Our capital resources consist of cash, short-term investments, access to a revolving credit facility, intraday and overnight bank overdraft facilities, an A/R sales program and capital stock. We regularly review our borrowing capacity and make adjustments, as available, for changes in economic conditions and changes in our requirements.

At December 31, 2014, we had cash and cash equivalents of $565.0 million (December 31, 2013 — $544.3 million), of which approximately 70% was cash and 30% consisted of cash equivalents. At December 31, 2014, more than 90% of our cash and cash equivalents was denominated in U.S. dollars, and the remainder was held primarily in Canadian dollars and Chinese renminbi. Our current portfolio consists of bank deposits and certain money market funds that primarily hold U.S. government securities. A default by the U.S. government on such securities could have a material adverse effect on our results of operations and financial condition.

The majority of our cash and cash equivalents is held with financial institutions each of which had at December 31, 2014 a Standard and Poor's short-term rating of A-1 or above. Our cash and cash equivalents are subject to intra-quarter swings, generally related to the timing of A/R collections, inventory purchases and payments, and other capital uses.

Our $400.0 million revolving credit facility was scheduled to mature in January 2015. This facility included an accordion feature that would have allowed us to increase the credit limit under this facility by an additional $50.0 million upon satisfaction of certain terms and conditions. In October 2014, we amended this facility under generally similar terms and conditions, extending its maturity to October 2018. Based on a review of our overall requirements, the credit limit of the amended facility was reduced to $300.0 million, with an accordion feature that allows us to increase this limit by an additional $150.0 million upon satisfaction of certain terms and conditions. The facility includes a $25.0 million swing line, subject to the overall credit limit, that provides for short-term borrowings up to a maximum of seven days. Borrowings under this facility bear interest for the period of the draw at LIBOR, Prime or Federal Funds rate plus a margin. The credit facility permits us and certain designated subsidiaries to borrow funds for general corporate purposes (including acquisitions). We are required to comply with certain restrictive covenants in respect of the facility, including those relating to the incurrence of senior ranking indebtedness, the sale of assets, a change of control, and certain financial covenants related to indebtedness and interest coverage. Certain of our assets are pledged as security for borrowings under this facility. At December 31, 2014, there were no amounts outstanding under this facility (December 31, 2013 — no amounts outstanding), and we were in compliance with all applicable restrictive and financial covenants thereunder.

At December 31, 2014, we had $28.5 million (December 31, 2013 — $29.7 million) outstanding in letters of credit under our revolving credit facility. We also arrange letters of credit and surety bonds outside of our revolving credit facility. At December 31, 2014, we had $10.0 million (December 31, 2013 — $10.8 million) of such letters of credit and surety bonds outstanding.

We also have a total of $70.0 million of uncommitted bank overdraft facilities available for intraday and overnight operating requirements. There were no amounts outstanding under these overdraft facilities at December 31, 2014 or December 31, 2013.

In November 2012, we amended our existing accounts receivable sales agreement to sell up to $375.0 million at any one time in accounts receivable on an uncommitted basis (subject to pre-determined limits by customer) to two third-party banks to, among other things, amend the obligor limits thereunder. In November 2013, we further amended the agreement to reduce its overall capacity to $250.0 million based upon our annual review of our requirements under this agreement. In November 2014, we again amended this agreement at the same capacity and added a third bank. Each of these banks had a Standard and Poor's short-term rating of A-1 and a long-term rating of A or above at December 31, 2014. The term of this agreement has been extended through the foregoing amendments for additional one-year periods (and is currently extendable to November 2016 under specified circumstances), but may be terminated earlier as provided in the agreement. At December 31, 2014, we had sold $50.0 million (December 31, 2013 — $50.0 million) of A/R under this facility. Since our A/R sales program is on an uncommitted basis, there can be no assurance that any of the banks will purchase the A/R we intend to sell to them under this program.

The timing and the amounts we borrow and repay under our revolving credit and overdraft facilities, or sell under our A/R sales program, can vary significantly from month-to-month depending upon our working capital and other cash requirements.

Standard and Poor's assigns a corporate credit rating to Celestica. This rating is not a recommendation to buy, sell or hold securities, inasmuch as it does not comment as to market price or suitability for a particular investor. This rating may be subject to revision or withdrawal at any time by the rating organization. At December 31, 2014, our Standard and Poor's corporate credit rating was BB, with a stable outlook. A reduction in our credit rating could adversely impact our future cost of borrowing.

Our strategy on capital risk management has not changed significantly since the end of 2013. Other than the restrictive and financial covenants associated with our revolving credit facility noted above, we are not subject to any contractual or regulatory capital requirements. While some of our international operations are subject to government restrictions on the flow of capital into and out of their jurisdictions, these restrictions have not had a material impact on our operations or cash flows.

Financial instruments:

Our short-term investment objectives are to preserve principal and to maximize yields without significantly increasing risk, while at the same time not materially restricting our short-term access to cash. To achieve these objectives, we maintain a portfolio consisting of a variety of securities, including bank deposits and certain money market funds that primarily hold U.S. government securities.

The majority of our cash balances are held in U.S. dollars. We price the majority of our products in U.S. dollars and the majority of our materials costs are also denominated in U.S. dollars. However, a significant portion of our non-materials costs (including payroll, pensions, site costs and costs of locally sourced supplies and inventory) are denominated in various other currencies. As a result, we may experience foreign exchange gains or losses on translation or transactions due to currency fluctuations.

We have a foreign exchange risk management policy in place to control our hedging activities. We do not enter into speculative trades. Our current hedging activity is designed to reduce the variability of our foreign currency costs where we have local manufacturing operations. We enter into forward exchange contracts to hedge against our cash flows and significant balance sheet exposures in certain foreign currencies. Balance sheet hedges are based on our forecasts of the future position of net monetary assets or liabilities denominated in foreign currencies and, therefore, may not mitigate the full impact of any translation impacts in the future. There can be no assurance that our hedging transactions will be successful in mitigating our foreign exchange risk.

At December 31, 2014, we had forward exchange contracts to trade U.S. dollars in exchange for the following currencies:

Currency	Amount of U.S. dollars (in millions)	Weighted average exchange rate of U.S. dollars	Maximum period in months	Fair value gain/(loss) (in millions)
Canadian dollar	$293.3	$0.88	14	$ (6.7)
Thai baht	129.5	0.03	15	(1.1)
Malaysian ringgit	84.4	0.30	15	(5.1)
Mexican peso	32.2	0.07	14	(2.2)
British pound	98.3	1.59	4	1.7
Chinese renminbi	98.9	0.16	12	(0.1)
Euro	34.9	1.24	4	0.6
Romanian leu	15.8	0.29	12	(1.1)
Singapore dollar	25.3	0.79	12	(1.0)
Other	6.0	—	4	—
Total	$818.6			$(15.0)

These contracts, which generally extend for periods of up to 15 months, will expire by the end of the first quarter of 2016. The fair value of the outstanding contracts at December 31, 2014 was a net unrealized loss of $15.0 million (December 31, 2013 — net unrealized loss of $17.3 million). The unrealized gains or 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.

Financial risks:

We are exposed to a variety of market risks associated with financial instruments and otherwise.

Currency risk: Due to the global nature of our operations, we are exposed to exchange rate fluctuations on our cash receipts, cash payments and balance sheet exposures 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. We do not use derivative financial instruments for speculative purposes.

Interest rate risk: Borrowings under our revolving credit facility bear interest at LIBOR, Prime or Federal Funds rate plus a margin. Our borrowings under this facility expose us to interest rate risk due to fluctuations in these rates.

Credit risk: Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss to us. We believe our credit risk of counterparty non-performance is low. To mitigate the risk of financial loss from defaults under our foreign currency forward exchange contracts, our contracts are held by counterparty financial institutions, each of which had at December 31, 2014 a Standard and Poor's rating of A-1 or above. Each financial institution with which we have our A/R sales program had a Standard and Poor's short-term rating of A-1 and a long-term rating of A or above at December 31, 2014. Each financial institution from which annuities have been purchased for the defined benefit component of a pension plan (discussed above) had a A.M. Best or Standard and Poor's long-term rating of A or above at December 31, 2014. We also provide unsecured credit to our customers in the normal course of business. We mitigate this credit risk by monitoring our customers' financial condition and performing ongoing credit evaluations as appropriate. We consider credit risk in determining our allowance for doubtful accounts and we believe our allowances are adequate.

Liquidity risk: Liquidity risk is the risk that we may not have cash available to satisfy our financial obligations as they come due. The majority of our financial liabilities recorded in accounts payable, accrued and other current liabilities and provisions are due within 90 days. We believe that cash flow from operations, together with cash on hand, cash from the sale of A/R, and borrowings available under our revolving credit facility and intraday and overnight bank overdraft facilities are sufficient to fund our currently anticipated financial obligations.

Related Party Transactions

Onex Corporation (Onex) owns, directly or indirectly, all of our outstanding multiple voting shares. Accordingly, Onex has the ability to exercise significant influence over our business and affairs and generally has the power to determine all matters submitted to a vote of our shareholders where the subordinate voting shares and multiple voting shares vote together as a single class. Gerald Schwartz, the Chairman of the Board, President and Chief Executive Officer of Onex, is also one of our directors, and holds, directly or indirectly, shares representing the majority of the voting rights of Onex.

We had manufacturing and services agreements with certain companies related to or under the control of Onex or Gerald Schwartz in 2012 and 2013. During 2013, we recorded revenue of $10.8 million from two such related companies. At December 31, 2013, we had no amounts due from either of these related companies. During 2012, we recorded revenue of $38.0 million from one such related company. At December 31, 2012, we had $6.5 million due from this related company (which was paid in accordance with the contractual terms). All transactions with these related companies were executed in the normal course of operations and were recorded at the exchange amounts as agreed to by the parties based on arm's length terms.

In January 2009, we entered into a Services Agreement with Onex for the services of Gerald Schwartz, as a director of Celestica. The initial term of this agreement was one year and it automatically renews for successive one-year terms unless either party provides a notice of intent not to renew. Onex receives compensation under the Services Agreement in an amount equal to $200,000 per year, payable in DSUs in equal quarterly installments in arrears.

Outstanding Share Data

As of February 11, 2015, we had 151,507,998 outstanding subordinate voting shares and 18,946,368 outstanding multiple voting shares. As of such date, we also had 3,094,408 outstanding stock options, 3,774,838 outstanding RSUs, 6,508,988 outstanding PSUs (based on a maximum potential payout), and 1,129,364 outstanding DSUs, each such option or unit entitling the holder thereof to receive one subordinate voting share (or in certain cases, cash at our option) pursuant to the terms thereof (subject to certain time or performance-based vesting conditions).

Controls and Procedures

Evaluation of disclosure controls and procedures:

Our management is responsible for establishing and maintaining a system of disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the U.S. Exchange Act) designed to ensure that information we are required to disclose in the reports that we file or submit under the U.S. Exchange Act is recorded, processed, summarized and reported within the time periods specified in the U.S. Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the U.S. Exchange Act is accumulated and communicated to the issuer's management, including its principal executive officer or officers and principal financial officer or officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision of and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2014. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2014, our disclosure controls and procedures are effective to meet the requirements of Rules 13a-15(e) and 15d-15(e) under the U.S. Exchange Act.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Due to inherent limitations in all such systems, no evaluation of controls can provide absolute assurance that all control issues within a company have been detected. Accordingly, our disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the objectives of our disclosure control system are met.

Changes in internal control over financial reporting:

We did not identify any change in our internal control over financial reporting in connection with our evaluation, as required by paragraph (d) of U.S. Exchange Act Rule 13a-15 or 15d-15, that occurred during the year ended December 31, 2014 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management's report on internal control over financial reporting:

Reference is made to our Management's Report on page F-1 of our Annual Report on Form 20-F for the year ended December 31, 2014. Our auditors, KPMG LLP, an independent registered public accounting firm, have issued an audit report on our internal control over financial reporting as of December 31, 2014. This report appears on page F-2 of such Annual Report.

Unaudited Quarterly Financial Highlights (in millions, except percentages and per share amounts):

	2013				2014			
	First Quarter	**Second Quarter**	**Third Quarter**	**Fourth Quarter**	**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
Revenue	$1,372.4	$1,495.1	$1,491.9	$1,436.7	$1,312.4	$1,471.5	$1,423.1	$1,424.3
Gross profit %	6.3%	6.4%	6.9%	7.2%	6.9%	7.1%	7.4%	7.3%
Net earnings (loss)	$ 10.5	$ 28.0	$ 57.4	$ 22.1	$ 37.3	$ 40.9	$ 34.4	$ (4.4)
Weighted average # of basic shares	183.4	184.2	184.0	182.0	180.8	179.6	177.5	175.6
Weighted average # of diluted shares	185.0	185.9	186.4	184.5	182.6	182.0	179.6	175.6
# of shares outstanding	184.0	184.3	182.9	181.0	180.5	178.8	176.7	174.6
Net earnings (loss) per share:								
basic	$ 0.06	$ 0.15	$ 0.31	$ 0.12	$ 0.21	$ 0.23	$ 0.19	$ (0.03)
diluted	$ 0.06	$ 0.15	$ 0.31	$ 0.12	$ 0.20	$ 0.22	$ 0.19	$ (0.03)

Comparability quarter-to-quarter:

The quarterly data reflects the following: the fourth quarters of 2013 and 2014 include the results of our annual impairment testing of goodwill, intangible assets and property, plant and equipment; and all quarters of 2013 were impacted by our restructuring actions. The amounts attributable to these items vary from quarter-to-quarter.

Fourth quarter 2014 compared to fourth quarter 2013:

Revenue for the fourth quarter of 2014 was relatively flat compared to the same period in 2013. Compared to revenue from our end markets in the fourth quarter of 2013, revenue dollars from our server and communications end markets decreased 9% and 5%, respectively, primarily due to overall demand weakness in these end markets; and revenue dollars from our consumer end market decreased 47% primarily due to program completions, as we continued to de-emphasize the lower margin portion of our consumer portfolio. These decreases were offset in part by a 33% increase in our storage end market as compared to the fourth quarter of 2013, which was primarily driven by new programs across a number of customers. Compared to the same period in 2013, revenue dollars from our diversified end market remained relatively flat in the fourth quarter of 2014. Gross profit and gross margin both remained relatively flat compared to the same period in 2013. We generated a net loss of $4.4 million in the fourth quarter of 2014 compared to net earnings of $22.1 million in the fourth quarter of 2013, primarily driven by a $19.9 million increase in other charges in the fourth quarter of 2014 (reflecting a $40.8 million non-cash goodwill impairment charge in the fourth quarter of 2014, partially offset by lower restructuring charges) compared to the same period in 2013, and income tax recoveries of $8.0 million we recorded in the fourth quarter of 2013 that arose from net changes to our provisions for certain tax uncertainties.

Fourth quarter 2014 compared to third quarter 2014:

Revenue for the fourth quarter of 2014 was relatively flat compared to the third quarter of 2014. Compared to the previous quarter, revenue dollars from our diversified end market decreased 9% sequentially, primarily due to demand softness in this end market; and revenue dollars from our consumer end market decreased 27% sequentially, primarily due to program completions as we continued to de-emphasize the lower margin business in our consumer portfolio. For the fourth quarter of 2014, revenue dollars from our storage and server end markets increased sequentially by 20% and 7%, respectively, primarily due to stronger than expected demand; and revenue dollars from our communications end market were relatively flat compared to the previous quarter. Gross margin for the fourth quarter of 2014 of 7.3% decreased from 7.4% for the third quarter of 2014, primarily driven by a net credit of $2.5 million we recorded in the previous quarter related to our warranty provisions. Net loss for the fourth quarter of 2014 of $4.4 million was $38.8 million lower compared to the net earnings of $34.4 million for the previous quarter, reflecting primarily the $40.8 million non-cash goodwill impairment charge we recorded in the fourth quarter of 2014 pursuant to our annual impairment assessment.

Fourth quarter 2014 actual compared to guidance:

IFRS net loss per share for the fourth quarter of 2014 was $0.03, and included a non-cash goodwill impairment charge of $0.23 per share related to our semiconductor business. IFRS net loss for the fourth quarter of 2014 also included an aggregate charge of $0.04 (pre-tax) per share comprised of employee stock-based compensation expense and amortization of intangible assets (excluding computer software), which is within the guidance we provided on October 21, 2014 of an aggregate charge of between $0.03 and $0.07 for these items.

On October 21, 2014, we provided the following guidance for the fourth quarter of 2014:

	Q4 2014	
	Guidance	**Actual**
IFRS revenue (in billions)	$1.375 to $1.475	$1.424
Non-IFRS adjusted net earnings per share (diluted)	$0.21 to $0.27	$ 0.23

For the fourth quarter of 2014, revenue of $1.42 billion and non-IFRS adjusted net earnings per share of $0.23 were both within the range of our published guidance. Our non-IFRS adjusted EPS of $0.23 for the fourth quarter of 2014 was negatively impacted by an income tax expense of $0.02 per share resulting from foreign exchange fluctuations in the quarter.

Our guidance includes a range for adjusted net earnings per share (which is a non-IFRS measure and is defined below). We believe non-IFRS adjusted net earnings per share is an important measure for investors to understand our core operating performance and to compare our operating results with those of our competitors. A reconciliation of non-IFRS adjusted net earnings to IFRS net earnings is set forth below.

Non-IFRS measures:

Management uses adjusted net earnings and the other non-IFRS measures described herein to (i) assess operating performance and the effective use and allocation of resources, (ii) provide more meaningful period-to-period comparisons of operating results, (iii) enhance investors' understanding of the core operating results of our business, and (iv) to set management incentive targets. We believe the non-IFRS measures we present herein are useful to investors, as they enable investors to evaluate and compare our results from operations and cash resources generated from our business in a more consistent manner (by excluding specific items that we do not consider to be reflective of our ongoing operating results) and provide an analysis of operating results using the same measures our chief operating decision makers use to measure performance. The non-IFRS financial measures that can be reconciled to IFRS measures result largely from management's determination that the facts and circumstances surrounding the excluded charges or recoveries are not indicative of the ordinary course of the ongoing operation of our business.

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.

In addition to cash cycle days (including the components thereof) and inventory turns (each described under the caption "Other Performance Indicators" above), our non-IFRS measures consist of: adjusted gross profit, adjusted gross margin (adjusted gross profit as a percentage of revenue), adjusted SG&A, adjusted SG&A as a percentage of revenue, operating earnings (adjusted EBIAT), operating margin (operating earnings as a percentage of revenue), adjusted net earnings, adjusted net earnings per share, net invested capital, ROIC, and free cash flow. Adjusted EBIAT, net invested capital, ROIC and free cash flow are further described in the tables below. In calculating these non-IFRS financial measures, management excludes the following items, as applicable: employee stock-based compensation expense, amortization of intangible assets (excluding computer software), restructuring and other charges, net of recoveries (most significantly restructuring charges), 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 associated with restructuring actions or restructured sites.

Non-IFRS measures do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. 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 us. Management compensates for these limitations primarily by issuing IFRS results to show a complete picture of our performance, and reconciling non-IFRS results back to IFRS results where a comparable IFRS measure exists.

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

Employee stock-based compensation expense, which represents the estimated fair value of stock options, RSUs and PSUs 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 employee stock-based compensation expense from their core operating results, who may have different granting patterns and types of equity awards, and who may use different valuation assumptions than we do.

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 intangible assets varies among our 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, net of recoveries, include costs relating to employee severance, lease terminations, site closings and consolidations, write-downs to owned property and equipment which are no longer used and are available for sale, reductions in infrastructure and acquisition-related transaction costs. We exclude restructuring and other charges, net of recoveries, because we believe that they are not directly related to ongoing operating results and do not reflect expected future operating expenses after completion of these activities. We believe these exclusions permit a better comparison of our core operating results with those of our competitors who also generally exclude these charges, net of 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 recoverable amount. Our competitors may record impairment charges at different times, and we believe that 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 those of our competitors who also generally exclude these charges or recoveries in assessing operating performance.

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

The following table sets forth, for the periods indicated, the various non-IFRS measures discussed above, and a reconciliation of IFRS to non-IFRS measures, where a comparable IFRS measure exists (in millions, except percentages and per share amounts):

	Three months ended December 31				Year ended December 31			
	2013		2014		2013		2014	
		% of revenue		% of revenue		% of revenue		% of revenue
IFRS Revenue	$1,436.7		$1,424.3		$5,796.1		$5,631.3	
IFRS gross profit	$ 103.6	7.2%	$ 104.5	7.3%	$ 389.5	6.7%	$ 405.4	7.2%
Employee stock-based compensation expense	3.1		3.0		12.5		13.4	
Non-IFRS adjusted gross profit	$ 106.7	7.4%	$ 107.5	7.5%	$ 402.0	6.9%	$ 418.8	7.4%
IFRS SG&A	$ 56.2	3.9%	$ 52.9	3.7%	$ 222.3	3.8%	$ 210.3	3.7%
Employee stock-based compensation expense	(3.5)		(2.9)		(16.7)		(15.0)	
Non-IFRS adjusted SG&A	$ 52.7	3.7%	$ 50.0	3.5%	$ 205.6	3.5%	$ 195.3	3.5%
IFRS earnings before income taxes	$ 20.8		$ 5.7		$ 130.7		$ 124.6	
Finance costs	0.8		1.0		2.9		3.1	
Employee stock-based compensation expense	6.6		5.9		29.2		28.4	
Amortization of intangible assets (excluding computer software)	1.6		1.5		6.5		6.3	
Impairment, restructuring and other charges	17.5		37.4		4.0		37.1	
Non-IFRS operating earnings (adjusted EBIAT)[(1)]	$ 47.3	3.3%	$ 51.5	3.6%	$ 173.3	3.0%	$ 199.5	3.5%
IFRS net earnings (loss)	$ 22.1	1.5%	$ (4.4)	(0.3)%	$ 118.0	2.0%	$ 108.2	1.9%
Employee stock-based compensation expense	6.6		5.9		29.2		28.4	
Amortization of intangible assets (excluding computer software)	1.6		1.5		6.5		6.3	
Impairment, restructuring and other charges	17.5		37.4		4.0		37.1	
Adjustments for taxes[(2)]	(3.4)		(0.1)		(3.2)		(0.5)	
Non-IFRS adjusted net earnings	$ 44.4		$ 40.3		$ 154.5		$ 179.5	
Diluted EPS								
Weighted average # of shares (in millions) used for IFRS earnings (loss) per share	184.5		175.6		185.4		180.4	
IFRS earnings (loss) per share	$ 0.12		$ (0.03)		$ 0.64		$ 0.60	
Weighted average # of shares (in millions) used for non-IFRS adjusted earnings per share*	184.5		177.6		185.4		180.4	
Non-IFRS adjusted net earnings per share	$ 0.24		$ 0.23		$ 0.83		$ 1.00	
# of shares outstanding at period end (in millions)	181.0		174.6		181.0		174.6	
IFRS cash provided by operations	$ 34.1		$ 78.0		$ 149.4		$ 241.5	
Purchase of property, plant and equipment, net of sales proceeds	(9.8)		(15.8)		(48.6)		(59.9)	
Finance costs paid	(0.6)		(2.2)		(2.7)		(4.2)	
Non-IFRS free cash flow[(3)]	$ 23.7		$ 60.0		$ 98.1		$ 177.4	
Non-IFRS ROIC %[(4)]	19.2%		20.8%		17.9%		19.5%	

* Non-IFRS adjusted net earnings per share is calculated by dividing non-IFRS adjusted net earnings by the number of diluted weighted average shares outstanding. Because we reported a net loss on an IFRS basis in the fourth quarter of 2014, the calculation of IFRS diluted weighted average shares outstanding for such period excludes 2.0 million shares underlying in-the-money stock-based awards, as the effect of these shares would be anti-dilutive. We included the dilutive effects of these shares in the calculation of the weighted average number of shares outstanding used to calculate non-IFRS adjusted net earnings (per diluted share) for the fourth quarter of 2014, because their effects are dilutive in relation to this measure.

(1) Management uses non-IFRS adjusted EBIAT as a measure to assess our operational performance related to our core operations. Non-IFRS adjusted EBIAT is defined as earnings before finance costs (consisting of interest and fees related to our credit facilities and accounts receivable sales program), amortization of intangible assets (excluding computer software) and income taxes. Non-IFRS adjusted EBIAT also excludes, in periods where such charges have been recorded, employee stock-based compensation expense, restructuring and other charges, net of 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 associated with restructuring actions or restructured sites that we believe do not impact our core operating performance.

(3) Management uses non-IFRS free cash flow as a measure, in addition to IFRS cash flow from operations, to assess our operational cash flow performance. We believe non-IFRS free cash flow provides another level of transparency to our liquidity. Non-IFRS free cash flow is defined as cash provided by 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 non-IFRS ROIC as a measure to assess the effectiveness of the invested capital we use to build products or provide services to our customers. Our non-IFRS ROIC measure includes non-IFRS operating earnings, working capital management and asset utilization. Non-IFRS ROIC is calculated by dividing non-IFRS adjusted EBIAT by average non-IFRS net invested capital. Net invested capital (calculated in the table below) is a non-IFRS measure and consists of the following IFRS measures: 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 non-IFRS net invested capital for the quarter and a five-point average to calculate average non-IFRS net invested capital for the year. There is no comparable measure under IFRS.

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

	Three months ended December 31		Year ended December 31	
	2013	2014	2013	2014
Non-IFRS operating earnings (adjusted EBIAT)	$ 47.3	$ 51.5	$173.3	$ 199.5
Multiplier	4	4	1	1
Annualized non-IFRS adjusted EBIAT	$189.2	$206.0	$173.3	$ 199.5
Average non-IFRS net invested capital for the period	$987.8	$990.4	$968.7	$1,021.8
Non-IFRS ROIC %[1]	19.2%	20.8%	17.9%	19.5%

	December 31 2013	March 31 2014	June 30 2014	September 30 2014	December 31 2014
Non-IFRS net invested capital consists of:					
Total assets	$2,638.9	$2,590.7	$2,673.3	$2,666.3	$2,583.6
Less: cash	544.3	489.2	519.1	578.2	565.0
Less: accounts payable, accrued and other current liabilities, provisions and income taxes payable	1,109.2	1,035.7	1,077.2	1,071.7	1,054.3
Non-IFRS net invested capital at period end[1]	$ 985.4	$1,065.8	$1,077.0	$1,016.4	$ 964.3

	December 31 2012	March 31 2013	June 30 2013	September 30 2013	December 31 2013
Non-IFRS net invested capital consists of:					
Total assets	$2,658.8	$2,643.4	$2,705.5	$2,714.4	$2,638.9
Less: cash	550.5	531.3	553.5	546.8	544.3
Less: accounts payable, accrued and other current liabilities, provisions and income taxes payable	1,143.9	1,145.7	1,214.8	1,177.5	1,109.2
Non-IFRS net invested capital at period end[1]	$ 964.4	$ 966.4	$ 937.2	$ 990.1	$ 985.4

(1) Management uses non-IFRS ROIC as a measure to assess the effectiveness of the invested capital we use to build products or provide services to our customers. Our non-IFRS ROIC measure includes non-IFRS operating earnings, working capital management and asset utilization. Non-IFRS ROIC is calculated by dividing non-IFRS adjusted EBIAT by average non-IFRS net invested capital. Net invested capital is a non-IFRS measure and consists of the following IFRS measures: 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 non-IFRS net invested capital for the quarter and a five-point average to calculate average non-IFRS net invested capital for the year. There is no comparable measure under IFRS.

Recent Accounting Developments:

IAS 32, Financial Instruments — Presentation (revised):

Effective January 1, 2014, we adopted this amendment issued by the IASB which clarifies the requirements for offsetting financial assets and liabilities. The adoption of this amendment did not have a material impact on our consolidated financial statements.

IFRIC Interpretation 21, Levies:

Effective January 1, 2014, we adopted this interpretation issued by the IASB which clarifies when the liability for certain levies should be recognized and requires retroactive adoption. The adoption of this interpretation did not have a material impact on our consolidated financial statements.

IFRS 15, Revenue from Contracts with Customers:

In May 2014, the IASB issued this standard which provides a single, principles-based five-step model for revenue recognition to be applied to all customer contracts, and requires enhanced disclosures. This standard is effective January 1, 2017 and allows early adoption. We do not intend to adopt this standard early and are currently evaluating the anticipated impact of adopting this standard on our consolidated financial statements.

IFRS 9, Financial Instruments:

In July 2014, the IASB issued this standard which replaces IAS 39, *Financial Instruments: Recognition and Measurement.* The standard is effective for annual periods beginning on or after January 1, 2018, and allows earlier adoption. The standard introduces a new model for the classification and measurement of financial assets, a single expected credit loss model for the measurement of the impairment of financial assets, and a new model for hedge accounting that is aligned with a company's risk management activities. We do not intend to adopt this standard early, and are currently evaluating the anticipated impact of adopting this standard on our consolidated financial statements.