

# First Quarter 2017 Financial Results

April 20, 2017



# Cautionary Note Regarding Forward-Looking Statements

*This presentation contains forward-looking statements, including, without limitation, those related to our future growth; trends in the electronics manufacturing services (EMS) industry; our anticipated financial and/or operational results, including our quarterly revenue, non-IFRS operating margin and earnings guidance; the impact of acquisitions and program wins or losses on our financial results and working capital requirements; anticipated expenses, restructuring actions and charges, and capital expenditures, including the anticipated timing thereof, and our ability to fund, and the method of funding these costs, capital expenditures and other anticipated working capital requirements; the impact of 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 timing and extent of the expected recovery of cash advances made to a former solar supplier, and recoveries from the sale of inventory and manufacturing equipment related to our exit from the solar panel manufacturing business; the anticipated termination and settlement of our solar equipment leases; our intention to settle outstanding equity awards with subordinate voting shares; and the potential impact of new accounting standards on our consolidated financial statements. 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, where applicable, 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 forward-looking 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; changes in our mix of customers and/or the types of products or services we provide; price and other competitive factors generally affecting, and the highly competitive nature of, 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; customer, competitor and/or supplier consolidation; changing commodity, material and component costs, as well as labor costs and conditions; disruptions to our operations, or those of our customers, component suppliers and/or logistics partners, including as a result of global or local events outside our control, including as a result of Britain's intention to leave the European Union (Brexit) and/or significant developments stemming from the new administration in the U.S.; retaining or expanding our business due to execution issues relating to the ramping of new or existing programs or new offerings; the incurrence of future impairment charges; recruiting or retaining skilled talent; transitions associated with our Global Business Services (GBS) initiative, our Organizational Design (OD) initiative, and/or other changes to our company's operating model; current or future litigation, governmental actions and/or changes in legislation; the timing and extent of recoveries from the sale of inventory and manufacturing equipment relating to our exit from the solar panel manufacturing business, and our ability to recover amounts outstanding from a former solar supplier; delays in the delivery and availability of components, services and materials, including from suppliers upon which we are dependent for certain components; non-performance by counterparties; our financial exposure to foreign currency volatility, including fluctuations that may result from Brexit and/or the new administration in the U.S.; our dependence on industries affected by rapid technological change; the variability of revenue and operating results; managing our global operations and supply chain; increasing income taxes, tax audits, and challenges of defending our tax positions, and obtaining, renewing or meeting the conditions of tax incentives and credits; completing restructuring actions, including achieving the anticipated benefits therefrom, and integrating any acquisitions; defects or deficiencies in our products, services or designs; computer viruses, malware, hacking attempts or outages that may disrupt our operations; any failure to adequately protect our intellectual property or the intellectual property of others; compliance with applicable laws, regulations and social responsibility initiatives; any U.S. government shutdown; our having sufficient financial resources and working capital to fund currently anticipated financial obligations and to pursue desirable business opportunities; the potential that conditions to closing the sale of our real property in Toronto and related transactions (collectively, the “Toronto Real Property Transactions”) may not be satisfied on a timely basis or at all; and if the Toronto Real Property Transactions are completed, our ability to secure on commercially acceptable terms an alternate site for our existing Toronto manufacturing operations, and the costs, timing and/or execution of such relocation proving to be other than anticipated. The foregoing and other material risks and uncertainties are discussed in our public filings at [www.sedar.com](http://www.sedar.com) and [www.sec.gov](http://www.sec.gov), including in our MD&A, our most recent Annual Report on Form 20-F filed with, and subsequent reports on Form 6-K furnished to, the U.S. Securities and Exchange Commission, and as applicable, the Canadian Securities Administrators.*

*Our revenue, earnings and other financial guidance, as contained in this press release, is based on various assumptions, many of which involve factors that are beyond our control. Our material assumptions include those related to the following: production schedules from our customers, which generally range from 30 days to 90 days and can fluctuate significantly in terms of volume and mix of products or services; the timing and execution of, and investments associated with, ramping new business; the success in the marketplace of our customers' products; the pace of change in our traditional end markets and our ability to retain programs and customers; the stability of general economic and market conditions, currency exchange rates, and interest rates; our pricing, the competitive environment and contract terms and conditions; supplier performance, pricing and terms; compliance by third parties with their contractual obligations, the accuracy of their representations and warranties, and the performance of their covenants; the costs and availability of components, materials, services, plant and capital equipment, labor, energy and transportation; operational and financial matters including the extent, timing and costs of replacing revenue from completed or lost programs, or customer disengagements; technological developments; the timing and extent of recoveries from the sale of inventory and manufacturing equipment related to our exit from the solar panel manufacturing business and our ability to recover amounts outstanding from a former solar supplier; the timing, execution and effect of restructuring actions; our having sufficient financial resources and working capital to fund our currently anticipated financial obligations and to pursue desirable business opportunities; and our ability to diversify our customer base and develop new capabilities. While management believes these assumptions to be reasonable under the current circumstances, they may prove to be inaccurate. Forward-looking statements speak only as of the date on which they are made, and we disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.*

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



Celestica™

# CEO Remarks



# Q1 2017 Financial Results

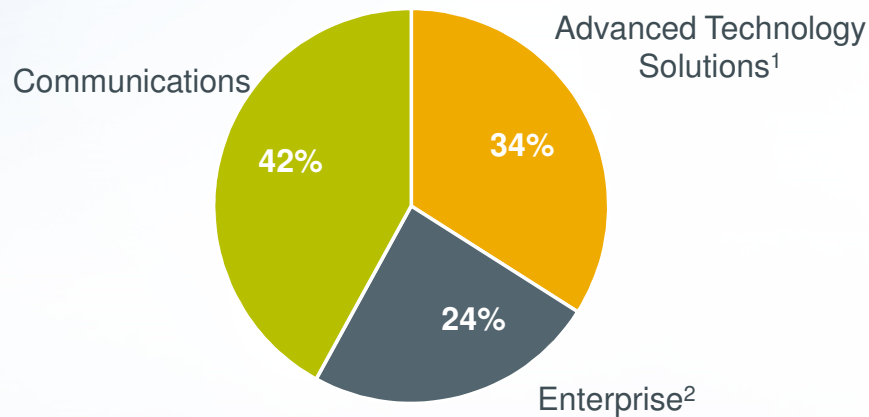
## Q1 2017 Highlights

\$US	Q1 2017	Comments
Revenue	\$1.47B	9% YTY Growth; 20% YTY Growth in Communications 6% YTY Growth in Enterprise
IFRS Net Earnings	\$22.8M	Down \$3M YTY
IFRS EPS - diluted	\$0.16	Down 2 cents YTY
Non-IFRS Operating Margin	3.6%	Up 30 bps YTY; Operating margin dollars up 22% YTY
Adjusted EPS – diluted (non-IFRS)	\$0.29	Up 3 cents YTY
Adjusted ROIC (non-IFRS)	19.8%	Up 2% YTY

Please refer to the appendix section of this presentation for current period reconciliation of Non-IFRS financial measures to the most comparable IFRS measures

# Q1 2017 Financial Results

End markets as % of Q1 2017 revenue



	Sequential Revenue \$	Year over Year Revenue \$
■ ATS <sup>1</sup>	Up 4%	Flat
■ Communications	Down 13%	Up 20%
■ Enterprise <sup>2</sup>	Down 19%	Up 6%

<sup>1</sup> ATS includes Aerospace & Defense, Industrial, Healthcare, Smart Energy, Semiconductor Equipment and Consumer

<sup>2</sup> Enterprise includes Server and Storage

# Q1 2017 Financial Results

## Q1 2017 Highlights

<b>\$US Millions</b> (Except for per share amounts)	<b>Q1 2017</b>	<b>B/(W) QTQ</b> (vs. 4Q 2016)	<b>B/(W) YTY</b> (vs. 1Q 2016)
Revenue	\$1,470	(\$154)	\$117
IFRS Net Earnings	\$22.8	\$1.9	(\$2.8)
IFRS EPS - diluted	\$0.16	\$0.01	(\$0.02)
Non-IFRS adjusted Gross Margin (adjusted for stock-based comp expense)	7.3%	0.1%	0.1%
Non-IFRS adjusted SG&A (adjusted for stock-based comp expense)	\$47.8	(\$0.4)	(\$0.7)
Non-IFRS Operating Earnings	\$53.6	(\$7.8)	\$9.6
Non-IFRS Operating Margin	3.6%	(0.2%)	0.3%
Adjusted Tax Rate (non-IFRS)	17%	(6%)	(7%)
Adjusted Net Earnings (non-IFRS)	\$42.1	(\$17.4)	\$4.5
Adjusted EPS – diluted (non-IFRS)	\$0.29	(\$0.12)	\$0.03
Adjusted ROIC (non-IFRS)	19.8%	(2.9%)	2.4%

# Q1 2017 Financial Results

## Working Capital / Capex / Cash Flow

**\$US**

**5.9 inventory turns\***



Inventory increased \$66 million from last quarter to \$956 million

**\$26 million Capex**



1.7% of revenue

**\$14 million Free Cash Flow\***



\$48 million higher than Q1 2016

\* Non-IFRS measure

# Q1 2017 Financial Results

## Balance Sheet

\$US

At March 31, 2017

Cash and cash equivalents

\$558 million

Term Loan

\$206 million drawn

**Net Cash: \$352 million**



# Q1 2017 Financial Results

## Q2 2017 Outlook

\$US

Revenue (billion)	\$1.5 - \$1.6
-------------------	---------------

Non-IFRS operating margin	3.7%
---------------------------	------

Adjusted earnings per share – diluted (non-IFRS)	\$0.29 - \$0.35
---	-----------------

Guidance provided Thursday April 20, 2017.

Guidance is effective on the date provided and will only be updated through a public announcement.

# Q2 2017 Forecast

	Year over Year Revenue Change
ATS <sup>1</sup>	Up low-single digits
Communications	Up low-double digits
Enterprise <sup>2</sup>	Down low-single digits

<sup>1</sup> ATS includes Aerospace & Defense, Industrial, Healthcare, Smart Energy, Semiconductor Equipment and Consumer

<sup>2</sup> Enterprise includes Server and Storage

## 2017 Priorities

- Evolve our customer & product portfolios to drive consistent revenue growth with strong operating margins
- Enhance margin within our ATS markets while continuing to invest in growth
- Generate strong free cash flow and adjusted ROIC
- Increase productivity & simplification throughout our organization

# First Quarter 2017 Financial Results

April 20, 2017





# Appendix



# IFRS to non IFRS Reconciliation

	Three months ended March 31	
	2016	2017
	\$	% of revenue
<b>IFRS revenue</b> .....	\$ 1,353.3	\$ 1,469.9
<b>IFRS gross profit</b> .....	\$ 92.8 6.9%	\$ 102.9 7.0%
Employee stock-based compensation expense .....	4.5	5.1
<b>Non-IFRS adjusted gross profit</b> .....	<u>\$ 97.3 7.2%</u>	<u>\$ 108.0 7.3%</u>
<b>IFRS SG&amp;A</b> .....	\$ 52.0 3.8%	\$ 53.7 3.7%
Employee stock-based compensation expense .....	(4.9)	(5.9)
<b>Non-IFRS adjusted SG&amp;A</b> .....	<u>\$ 47.1 3.5%</u>	<u>\$ 47.8 3.3%</u>
<b>IFRS earnings before income taxes</b> .....	\$ 29.2 2.2%	\$ 30.9 2.1%
Finance costs.....	2.2	2.6
Employee stock-based compensation expense .....	9.4	11.0
Amortization of intangible assets (excluding computer software) .....	1.5	1.5
Net restructuring, impairment and other charges .....	1.7	7.6
<b>Non-IFRS operating earnings (adjusted EBIAT) <sup>(1)</sup></b> .....	<u>\$ 44.0 3.3%</u>	<u>\$ 53.8 3.6%</u>
<b>IFRS net earnings</b> .....	\$ 25.6 1.9%	\$ 22.8 1.6%
Employee stock-based compensation expense .....	9.4	11.0
Amortization of intangible assets (excluding computer software) .....	1.5	1.5
Net restructuring, impairment and other charges .....	1.7	7.6
Adjustments for taxes <sup>(2)</sup> .....	(0.6)	(0.8)
<b>Non-IFRS adjusted net earnings</b> .....	<u>\$ 37.6</u>	<u>\$ 42.1</u>
<b>Diluted EPS</b>		
Weighted average # of shares (in millions).....	145.2	144.0
IFRS earnings per share .....	\$ 0.18	\$ 0.16
Non-IFRS adjusted earnings per share .....	\$ 0.28	\$ 0.29
# of shares outstanding at period end (in millions).....	143.3	143.2
<b>IFRS cash provided by (used in) operations</b> .....	\$ (18.3)	\$ 35.6
Purchase of property, plant and equipment, net of sales proceeds .....	(15.9)	(24.9)
Finance lease payments.....	(1.3)	(1.5)
Repayments from solar supplier .....	3.0	6.8
Finance costs paid.....	(2.3)	(2.5)
<b>Non-IFRS free cash flow <sup>(3)</sup></b> .....	<u>\$ (34.8)</u>	<u>\$ 13.5</u>
<b>IFRS ROIC % <sup>(4)</sup></b> .....	11.6%	11.4%
<b>Non-IFRS adjusted ROIC % <sup>(4)</sup></b> .....	17.4%	19.8%

# IFRS to non IFRS Reconciliation...continued

(1) Management uses non-IFRS operating earnings (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 facility, our accounts receivable sales program and a customer's supplier financing 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, including acquisition-related transaction costs (net of recoveries), impairment charges, and refund interest income with respect to amounts previously held on account with Canadian tax authorities.

(2) The adjustments for taxes, as applicable, represent the tax effects on our non-IFRS adjustments.

Our effective tax rate for the first quarter of 2017 was 26%. After excluding the tax effects of employee stock-based compensation expense of \$11.0 million, amortization of intangible assets (excluding computer software) of \$1.5 million, net restructuring, impairment and other charges of \$7.6 million, and other tax recoveries related to restructured sites of \$0.2 million, our non-IFRS adjusted effective tax rate for the first quarter of 2017 was 17%. Our effective tax rate for the first quarter of 2016 was 12%. After excluding the tax effects of employee stock-based compensation expense of \$9.4 million, amortization of intangible assets (excluding computer software) of \$1.5 million, and net restructuring, impairment and other charges of \$1.7 million, our non-IFRS adjusted effective tax rate for the first quarter of 2016 was 10%.

(3) Management uses non-IFRS free cash flow as a measure, in addition to IFRS cash flow provided by (used in) 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 (used in) operations after the purchase of property, plant and equipment (net of proceeds from the sale of certain surplus equipment and property), finance lease payments, repayments from a former solar supplier, and finance costs paid. In periods when it is relevant (third quarter of 2015), non-IFRS free cash flow also includes deposits received on the anticipated sale of real property (see note 18 to our 2016 annual audited consolidated financial statements). Note that non-IFRS free cash flow, however, does not represent residual cash flow available to Celestica for discretionary expenditures.

(4) Management uses non-IFRS adjusted ROIC as a measure to assess the effectiveness of the invested capital we use to build products or provide services to our customers, by quantifying how well we generate earnings relative to the capital we have invested in our business. Our non-IFRS adjusted ROIC measure reflects non-IFRS operating earnings, working capital management and asset utilization. Non-IFRS adjusted ROIC is calculated by dividing non-IFRS adjusted EBIAT by average net invested capital. Net invested capital (calculated in the table below) 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 net invested capital for the quarter. A comparable measure under IFRS would be determined by dividing IFRS earnings before income taxes by net invested capital (which we have set forth in the charts above and below), however, this measure (which we have called IFRS ROIC), is not a measure defined under IFRS.

# IFRS to non IFRS Reconciliation...continued

	Three Months Ended March 31	
	2016	2017
IFRS earnings before income taxes.....	\$ 29.2	\$ 30.9
Multiplier to annualize earnings.....	4	4
Annualized IFRS earnings before income taxes.....	\$ 116.8	\$ 123.6
Average net invested capital for the period.....	\$ 1,009.5	\$ 1,083.3
IFRS ROIC % <sup>(1)</sup> .....	11.6%	11.4%

	Three Months Ended March 31	
	2016	2017
Non-IFRS operating earnings (adjusted EBIAT).....	\$ 44.0	\$ 53.6
Multiplier to annualize earnings.....	4	4
Annualized non-IFRS adjusted EBIAT .....	\$ 176.0	\$ 214.4
Average net invested capital for the period.....	\$ 1,009.5	\$ 1,083.3
Non-IFRS adjusted ROIC % <sup>(1)</sup> .....	17.4%	19.8%

	December 31 2016	March 31 2017
	Net invested capital consists of:	
Total assets.....	\$ 2,822.3	\$ 2,814.6
Less: cash .....	557.2	558.0
Less: accounts payable, accrued and other current liabilities, provisions and income taxes payable .....	1,189.7	1,165.5
Net invested capital at period end <sup>(1)</sup> .....	\$ 1,075.4	\$ 1,091.1

	December 31 2015	March 31 2016
	Net invested capital consists of:	
Total assets.....	\$ 2,612.0	\$ 2,621.9
Less: cash .....	545.3	511.5
Less: accounts payable, accrued and other current liabilities, provisions and income taxes payable .....	1,104.3	1,053.8
Net invested capital at period end <sup>(1)</sup> .....	\$ 962.4	\$ 1,056.6

(1) See footnote 4 of the previous table.



# First Quarter 2017 Financial Results

April 20, 2017

