

FORM 6-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

**Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
under the Securities Exchange Act of 1934**

For the month of January, 2018

001-14832
(Commission File Number)

CELESTICA INC.
(Translation of registrant's name into English)

844 Don Mills Road
Toronto, Ontario
Canada M3C 1V7
(416) 448-5800
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F x

Form 40-F o

Indicate by check mark whether the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): o

Indicate by check mark whether the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): o

The information contained in Exhibit 99.1 of this Form 6-K is incorporated by reference into all effective registration statements (and into any prospectus that forms a part of any such registration statement) filed by Celestica Inc. with the Securities and Exchange Commission, and deemed to be a part thereof, from the date on which this report is furnished, to the extent not superseded by documents or reports subsequently filed or furnished by Celestica Inc. under the U.S. Securities Act of 1933, as amended, or the U.S. Securities Exchange Act of 1934, as amended. Celestica Inc. is voluntarily furnishing the certifications of its Chief Executive Officer and Chief Financial Officer pursuant to Sections 302 and 906 of the U.S. Sarbanes Oxley Act of 2002 as Exhibits 99.2, 99.3, and 99.4.

Furnished Herewith (and incorporated by reference herein)

<u>Exhibit No.</u>	<u>Description</u>
99.1	Celestica Inc.'s Unaudited Condensed Consolidated Financial Statements for the three and twelve months ended December 31, 2017 and accompanying notes thereto
99.2	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002
99.3	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002
99.4	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CELESTICA INC.

Date: January 24, 2018

BY: /s/ Elizabeth L. DelBianco
Elizabeth L. DelBianco
Chief Legal and Administrative Officer

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EXHIBIT INDEX

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CELESTICA INC.

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

	December 31 2016	December 31 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 557.2	\$ 515.2
Accounts receivable (note 6)	790.5	764.8
Inventories (note 7)	890.6	1,061.8
Income taxes receivable	5.4	1.6
Assets classified as held-for-sale (note 8)	28.9	30.1
Other current assets	73.9	82.0
Total current assets	2,346.5	2,455.5
Property, plant and equipment	302.7	323.9
Goodwill	23.2	23.2
Intangible assets	25.5	21.6
Deferred income taxes	36.4	39.2
Other non-current assets (note 9)	88.0	81.3
Total assets	\$ 2,822.3	\$ 2,944.7
Liabilities and Equity		
Current liabilities:		
Current portion of borrowings under credit facility and finance lease obligations (notes 5 & 10)	\$ 56.0	\$ 37.9
Accounts payable	876.9	931.1
Accrued and other current liabilities	261.7	233.5
Income taxes payable	32.4	37.7
Current portion of provisions	18.7	26.6
Total current liabilities	1,245.7	1,266.8
Long-term portion of borrowings under credit facility and finance lease obligations (notes 5 & 10)	188.7	166.5
Pension and non-pension post-employment benefit obligations	86.0	97.8
Provisions and other non-current liabilities	28.3	35.4
Deferred income taxes	34.8	27.5
Total liabilities	1,583.5	1,594.0
Equity:		
Capital stock (note 11)	2,048.2	2,048.3
Treasury stock (note 11)	(15.3)	(8.7)
Contributed surplus	862.6	863.0
Deficit	(1,632.0)	(1,545.2)
Accumulated other comprehensive loss	(24.7)	(6.7)
Total equity	1,238.8	1,350.7
Total liabilities and equity	\$ 2,822.3	\$ 2,944.7

Contingencies (note 15), Subsequent events (notes 5, 10 and 16)

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

CELESTICA INC.

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

	Three months ended December 31		Year ended December 31	
	2016	2017	2016	2017
Revenue	\$ 1,623.7	\$ 1,553.9	\$ 6,016.5	\$ 6,110.5
Cost of sales (note 7)	1,511.8	1,451.5	5,588.9	5,692.7
Gross profit	111.9	102.4	427.6	417.8
Selling, general and administrative expenses (SG&A)	53.2	51.1	211.1	203.2
Research and development	6.7	6.9	24.9	26.2
Amortization of intangible assets	2.5	2.2	9.4	8.9
Other charges (recoveries) (note 12)	25.8	17.5	25.5	37.0
Earnings from operations	23.7	24.7	156.7	142.5

Refund interest income (note 13)	(8.3)	—	(14.3)	—
Finance costs	2.7	2.6	10.0	10.1
Earnings before income taxes	29.3	22.1	161.0	132.4
Income tax expense (recovery) (note 13):				
Current	9.4	3.5	14.2	39.1
Deferred	(1.0)	4.2	10.5	(11.7)
	8.4	7.7	24.7	27.4
Net earnings for the period	\$ 20.9	\$ 14.4	\$ 136.3	\$ 105.0
Basic earnings per share	\$ 0.15	\$ 0.10	\$ 0.96	\$ 0.73
Diluted earnings per share	\$ 0.15	\$ 0.10	\$ 0.95	\$ 0.72
Shares used in computing per share amounts (in millions):				
Basic	140.9	143.3	141.8	143.1
Diluted	143.4	145.5	143.9	145.2

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

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CELESTICA INC.

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

	Three months ended December 31		Year ended December 31	
	2016	2017	2016	2017
Net earnings for the period	\$ 20.9	\$ 14.4	\$ 136.3	\$ 105.0
Other comprehensive income, net of tax:				
Items that will not be reclassified to net earnings:				
Gains (losses) on pension and non-pension post-employment benefit plans (note 9)	17.1	(1.2)	17.1	(18.2)
Items that may be reclassified to net earnings:				
Currency translation differences for foreign operations	(2.6)	—	—	0.7
Changes from derivatives designated as hedges	(10.6)	(3.3)	8.1	17.3
Total comprehensive income for the period	\$ 24.8	\$ 9.9	\$ 161.5	\$ 104.8

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

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CELESTICA INC.

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

	Capital stock (note 11)	Treasury Stock (note 11)	Contributed surplus	Deficit	Accumulated other comprehensive loss (a)	Total equity
Balance — January 1, 2016	\$ 2,093.9	\$ (31.4)	\$ 846.7	\$ (1,785.4)	\$ (32.8)	\$ 1,091.0
Capital transactions (note 11):						
Issuance of capital stock	6.4	—	(2.3)	—	—	4.1
Repurchase of capital stock for cancellation	(52.1)	—	17.8	—	—	(34.3)
Purchase of treasury stock for stock- based plans	—	(18.2)	—	—	—	(18.2)
Stock-based compensation and other	—	34.3	0.4	—	—	34.7
Total comprehensive income:						
Net earnings for the period	—	—	—	136.3	—	136.3
Other comprehensive income, net of tax:						
Gains on pension and non-pension post-employment benefit plans (note 9)	—	—	—	17.1	—	17.1
Changes from derivatives designated as hedges	—	—	—	—	8.1	8.1
Balance — December 31, 2016	\$ 2,048.2	\$ (15.3)	\$ 862.6	\$ (1,632.0)	\$ (24.7)	\$ 1,238.8

Capital transactions (note 11):						
Issuance of capital stock	30.4	—	(16.8)	—	—	13.6
Repurchase of capital stock for cancellation	(30.3)	—	10.4	—	—	(19.9)
Purchase of treasury stock for stock-based plans	—	(16.7)	—	—	—	(16.7)
Stock-based compensation and other	—	23.3	6.8	—	—	30.1
Total comprehensive income:						
Net earnings for the period	—	—	—	105.0	—	105.0
Other comprehensive income (loss), net of tax:						
Losses on pension and non-pension post-employment benefit plans (note 9)	—	—	—	(18.2)	—	(18.2)
Currency translation differences for foreign operations	—	—	—	—	0.7	0.7
Changes from derivatives designated as hedges	—	—	—	—	17.3	17.3
Balance — December 31, 2017	<u>\$ 2,048.3</u>	<u>\$ (8.7)</u>	<u>\$ 863.0</u>	<u>\$ (1,545.2)</u>	<u>\$ (6.7)</u>	<u>\$ 1,350.7</u>

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

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

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CELESTICA INC.

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

	Three months ended December 31		Year ended December 31	
	2016	2017	2016	2017
Cash provided by (used in):				
Operating activities:				
Net earnings for the period	\$ 20.9	\$ 14.4	\$ 136.3	\$ 105.0
Adjustments to net earnings for items not affecting cash:				
Depreciation and amortization	20.3	19.6	75.6	76.5
Equity-settled stock-based compensation	10.4	7.4	33.0	30.1
Other charges	19.0	(1.4)	21.2	5.7
Finance costs, net of refund interest income	(5.6)	2.6	(4.3)	10.1
Income tax expense	8.4	7.7	24.7	27.4
Other	(2.2)	2.3	(1.1)	(1.6)
Changes in non-cash working capital items:				
Accounts receivable	(69.7)	(32.5)	(104.6)	25.7
Inventories	45.5	(38.1)	(89.5)	(171.2)
Other current assets	7.5	(7.5)	(5.3)	(2.0)
Accounts payable, accrued and other current liabilities and provisions	(11.1)	75.6	75.4	52.1
Non-cash working capital changes	(27.8)	(2.5)	(124.0)	(95.4)
Net income tax refund (paid), including refund interest income (note 13)	44.1	(6.4)	11.9	(30.8)
Net cash provided by operating activities	87.5	43.7	173.3	127.0
Investing activities:				
Acquisition (note 4)	(14.9)	—	(14.9)	—
Purchase of computer software and property, plant and equipment ^(a)	(17.9)	(20.8)	(64.1)	(102.6)
Proceeds from sale of assets	0.1	0.2	1.0	0.8
Repayments from solar supplier (note 5)	3.0	—	14.0	12.5
Net cash used in investing activities	(29.7)	(20.6)	(64.0)	(89.3)
Financing activities:				
Borrowings under credit facility (note 10)	—	—	40.0	—
Repayments under credit facility (note 10)	(31.3)	(6.3)	(75.0)	(40.0)
Finance lease payments (note 10)	(1.0)	(1.7)	(4.5)	(6.5)
Issuance of capital stock (note 11)	0.8	0.1	4.1	13.6
Repurchase of capital stock for cancellation (note 11)	—	(19.9)	(34.3)	(19.9)
Purchase of treasury stock for stock-based plans (note 11)	(8.7)	(4.5)	(18.2)	(16.7)
Finance costs paid	(2.4)	(2.6)	(9.5)	(10.2)
Net cash used in financing activities	(42.6)	(34.9)	(97.4)	(79.7)

Net increase (decrease) in cash and cash equivalents	15.2	(11.8)	11.9	(42.0)
Cash and cash equivalents, beginning of period	542.0	527.0	545.3	557.2
Cash and cash equivalents, end of period	<u>\$ 557.2</u>	<u>\$ 515.2</u>	<u>\$ 557.2</u>	<u>\$ 515.2</u>

^(a) Additional equipment of nil and \$5.0 were acquired through a finance lease in the fourth quarter and FY 2017, respectively (fourth quarter and FY 2016 — \$3.1 and \$3.4, respectively).

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

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CELESTICA INC.

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

1. REPORTING ENTITY

Celestica Inc. (Celestica) is incorporated in Ontario with its corporate headquarters currently located at 844 Don Mills Road, Toronto, Ontario, M3C 1V7. Celestica's subordinate voting shares are listed on the Toronto Stock Exchange (TSX) and the New York Stock Exchange (NYSE).

Celestica delivers innovative supply chain solutions globally to customers in the following end markets: Advanced Technology Solutions (ATS) (consists of our former Diversified and Consumer end markets, and is comprised of our aerospace and defense, industrial, smart energy, healthcare, semiconductor equipment, and consumer businesses), Communications (consists of our enterprise communications and telecommunications businesses), and Enterprise (consists of our servers and storage businesses, which were combined into one end market as a result of their converging technologies). Our product lifecycle offerings include a range of services to our customers including design and development, 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.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance:

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (IASB) and the accounting policies we have adopted in accordance with International Financial Reporting Standards (IFRS). These unaudited interim condensed consolidated financial statements should be read in conjunction with our 2016 annual audited consolidated financial statements and reflect all adjustments that are, in the opinion of management, necessary to present fairly our financial position as at December 31, 2017 and our financial performance, comprehensive income and cash flows for the three months ended December 31, 2017 and the year ended December 31, 2017 (FY 2017). These unaudited interim condensed consolidated financial statements are presented in U.S. dollars, which is also our functional currency. Unless otherwise noted, all financial information is presented in millions of U.S. dollars (except percentages and per share amounts).

These unaudited interim condensed consolidated financial statements were authorized for issuance by our board of directors on January 24, 2018.

Use of estimates and judgments:

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses, and the related disclosures of contingent assets and liabilities. We base these estimates and assumptions on current facts, historical experience and various other factors that we believe are reasonable under the circumstances. The near-term economic environment could also impact certain estimates necessary to prepare our consolidated financial statements, including the estimates related to the recoverable amounts used in our impairment testing of our non-financial assets, and the discount rates applied to our net pension and non-pension post-employment benefit assets or liabilities. Our assessment of these factors forms the basis for our judgments on the carrying values of our assets and liabilities, and the accrual of our costs and expenses. 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. There have been no material changes to our significant accounting estimates and assumptions or the judgments affecting the application of such estimates and assumptions during FY 2017 from those described in the notes to our 2016 annual audited consolidated financial statements, except for changes in estimates and assumptions related to the recoverability of our remaining solar assets (see note 5). Revisions are recognized in the period in which the estimates are revised and may impact future periods as well.

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CELESTICA INC.

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

Accounting policies:

These unaudited interim condensed consolidated financial statements are based upon accounting policies consistent with those used and described in note 2 of our 2016 annual audited consolidated financial statements.

Recently issued accounting pronouncements:

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. The new standard is effective for annual periods beginning on or after January 1, 2018, and allows for early adoption. We adopted this standard on January 1, 2018, and have elected to use the retrospective approach, pursuant to which we will restate each relevant comparative reporting period presented and recognize the transitional adjustments through equity at the start of the first comparative reporting period to be presented in our quarterly and annual financial statements. The new standard will change the timing of our revenue recognition for a significant portion of our business, resulting in the recognition of revenue for certain customer contracts earlier than under the previous recognition rules (which was generally upon delivery). The new standard will materially impact our consolidated financial statements, primarily in relation to inventory and accounts receivable balances. We are currently analyzing the extent of the financial impacts on our consolidated statement of operations and on key performance indicators for our FY 2017 results. Transition activities have been completed, and the necessary changes have been made to our business processes, systems and controls to support the recognition and disclosures required by the new standard.

IFRS 9, Financial Instruments:

In July 2014, the IASB issued a final version of this standard, which replaces IAS 39, *Financial Instruments: Recognition and Measurement*, and is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. 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 adopted this standard effective January 1, 2018. The adoption of this standard will not have a material impact on our consolidated financial statements.

IFRS 16, Leases:

In January 2016, the IASB issued this standard, which brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. IFRS 16 supersedes IAS 17, *Leases*, and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted. We do not intend to adopt this standard early. We have established a project team to evaluate the anticipated impact of this standard on our consolidated financial statements, as well as any changes to our business processes, systems and controls that may be required to support the recognition and disclosures required by the new standard. Transition efforts are currently underway, and are anticipated to be complete by January 1, 2019.

3. SEGMENT AND CUSTOMER REPORTING

End markets:

The following table indicates revenue by end market as a percentage of total revenue for the periods indicated.

	Three months ended December 31		Year ended December 31	
	2016	2017	2016	2017
Advanced Technology Solutions (ATS)	29%	33%	32%	32%
Communications	44%	40%	42%	43%
Enterprise	27%	27%	26%	25%

CELESTICA INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in millions of U.S. dollars, except percentages and per share amounts)
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For reporting purposes, commencing in the first quarter of 2017, we combined our previously-reported Diversified and Consumer end markets to form our ATS end market, and combined our Servers and Storage end markets into a single “Enterprise” end market. All period percentages herein reflect these changes.

Customers:

For the fourth quarter and FY 2017, we had three and two customers, respectively, that individually represented more than 10% of total revenue (fourth quarter and full year ended December 31, 2016 (FY 2016) — two customers).

Seasonality:

From time to time, we experience some level of seasonality in our quarterly revenue patterns across some of our businesses. However, numerous factors affecting our period-to-period results make it difficult to isolate the impact of seasonality and other external factors on our business. In the past, revenue from the storage component of our Enterprise business has increased in the fourth quarter of the year compared to the third quarter, and then decreased in the first quarter of the following year, reflecting the increase in customer demand we typically experience in this business in the fourth quarter. In addition, we typically experience our lowest overall revenue levels during the first quarter of each year. There is no assurance that these patterns will continue.

4. 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. We incur consulting, transaction and integration costs (Acquisition Costs) relating to potential and completed acquisitions. During the fourth quarter and FY 2017, we recorded Acquisition Costs of \$2.7 and \$4.5, respectively (fourth quarter and FY 2016 — \$1.4) in other charges in our consolidated statement of operations.

In November 2016, we acquired the business assets of Lorenz, Inc. and Suntek Manufacturing Technologies, SA de CV, collectively known as Karel Manufacturing (Karel) for a cash purchase price of \$14.9, and incurred Acquisition Costs of \$1.4 in connection therewith. Karel is a manufacturing services company that specializes in complex wire harness assembly, systems integration, sheet metal fabrication, welding and machining, serving primarily aerospace and defense customers. Details of the purchase price allocation in the year of acquisition are as follows:

	<u>Karel</u>	
Current assets, net of cash acquired	\$	11.5
Property, plant and equipment and other long-term assets		1.2
Goodwill		3.7
Current liabilities		(1.0)
Deferred income taxes and other-long-term liabilities		(0.5)
	<u>\$</u>	<u>14.9</u>

As part of the acquisition, we acquired \$3.7 of goodwill, representing the specialized knowledge of the acquired workforce and expected synergies. Approximately two-thirds of the goodwill was tax deductible.

See Note 16 for a discussion of our entry into a definitive agreement to acquire Atrenne Integrated Solutions, Inc.

CELESTICA INC.

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

5. SOLAR PANEL MANUFACTURING BUSINESS

During the fourth quarter of 2016, due to anticipated prolonged volatility in the solar panel market, we made the decision to exit the solar panel manufacturing business, and terminated (prior to its scheduled expiration) a supply agreement pursuant to which we had made specific cash advances to an Asia-based solar cell supplier. All such cash advances were repaid in full by the end of the second quarter of 2017 (cash advances outstanding at December 31, 2016 — \$12.5). Under this supply agreement, we also manufactured and sold completed solar panels to this supplier as a customer (discussed below).

In connection with our exit from this business, we wrote down the carrying values of our inventories and our solar panel manufacturing equipment during 2016 to then-recoverable amounts (see notes 7 and 12, respectively), and completed production of the final solar panels during the first quarter of 2017. During the second quarter of 2017, we recorded: (i) additional provisions of \$0.9 in cost of sales, to further write down the carrying value of our remaining solar panel inventory to reflect lower prices obtained in then-current purchase orders, (ii) a provision of \$0.5 in SG&A, to write down the carrying value of solar accounts receivable, primarily as a result of a solar customer's bankruptcy, and (iii) impairment charges of \$5.2 in other charges (through restructuring) to further write down the carrying value of our solar panel manufacturing equipment to its estimated fair value less costs to sell, based on then-broker estimates (see note 12). During the third quarter of 2017, we shipped all of our remaining solar panel inventory to customers, including to the former solar supplier described above. As of December 31, 2017, we had \$6.7 (December 31, 2016 — \$13.1) of outstanding solar accounts receivable, all from such former solar supplier. We recorded impairment reversals of \$1.4 with respect to our solar panel manufacturing equipment during the fourth quarter of 2017 in other charges (through restructuring), to reflect its increased estimated fair value less costs to sell based on executed sale agreements. Such equipment was valued at \$2.6 as of December 31, 2017. We currently expect to consummate the sale of such equipment in February 2018. See note 8. A substantial portion of our solar panel manufacturing equipment was subject to finance lease agreements. As of December 31, 2017, our outstanding lease obligations for this equipment totaled \$11.1 (December 31, 2016 — \$15.3), which were recorded as current liabilities on our consolidated balance sheet. In anticipation of the sale, we terminated and settled these lease obligations in full in January 2018. See note 10.

6. ACCOUNTS RECEIVABLE

We have an agreement to sell accounts receivable on an uncommitted basis (subject to pre-determined limits by customer) to two third-party banks. In March 2017, based on a review of our requirements, we amended this agreement to reduce its overall capacity from \$250.0 to \$200.0. The term of this agreement has been annually extended in recent years (including in November 2017) for additional one-year periods (and is currently extendable to November 2019 under specified circumstances) but may be terminated earlier as provided in the agreement. At December 31, 2017, \$80.0 of accounts receivable had been sold under this program (December 31, 2016 — \$50.0). We continue to collect cash from our customers and remit the cash to the banks once it is collected.

At December 31, 2017, we also sold \$52.3 of accounts receivable under a customer's supplier financing program (December 31, 2016 — \$51.4), pursuant to which participating suppliers may sell accounts receivable from such customer to a third-party bank on an uncommitted basis in order to receive earlier payment. We utilized this program to substantially offset the effect of extended payment terms required by such customer on our working capital for the period. The third-party bank collects the relevant receivables directly from the customer.

The accounts receivable sold under both of these programs are de-recognized from our accounts receivable balance and removed from our consolidated balance sheet, and the proceeds are reflected as cash provided by operating activities in our consolidated statement of cash flows. Upon sale, we assign the rights to the accounts receivable to the banks. We pay interest which we record in finance costs in our consolidated statement of operations.

7. INVENTORIES

We record our inventory provisions, net of valuation recoveries, in cost of sales. We record inventory provisions to reflect write-downs in the value of our inventory to net realizable value, and valuation recoveries primarily to reflect realized gains on the disposition of inventory previously written-down to net realizable value. We recorded net inventory recoveries of \$0.6 and net inventory provisions of \$3.3, respectively, for the fourth quarter and FY 2017 (fourth quarter and FY 2016 — net inventory provisions of \$2.1, and \$12.0, respectively). We regularly review our estimates and assumptions used to value our inventory through analysis of historical performance. Our net inventory provisions for FY 2017 included inventory provisions of \$0.9 that we recorded

CELESTICA INC.

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

during the second quarter of 2017 to further write down the carrying amount of our remaining solar panel inventory to recoverable amounts. Our inventory provisions for FY 2016 consisted primarily of the write down of our solar panel inventory to then-lower net realizable values. Negative market factors at that time resulted in significant declines in the pricing for solar panels, which ultimately led to our decision to exit the solar panel manufacturing business. See note 5.

8. ASSETS CLASSIFIED AS HELD-FOR-SALE

As a result of previously announced restructuring actions, we have reclassified certain assets as held for sale. These assets were reclassified at the lower of their carrying value and estimated fair value less costs to sell at the time of reclassification. We have programs underway to sell these assets. As a result of then-recent broker estimates, we recorded impairment charges of \$5.2 in other charges (through restructuring) during the second quarter of 2017, to further write down the carrying value of our solar panel manufacturing equipment to its then-estimated fair value less costs to sell. During the fourth quarter of 2017, we recorded impairment reversals of \$1.4 with respect to such equipment in other charges (through restructuring), to reflect its increased estimated fair value less costs to sell based on executed sale agreements. We currently expect to consummate the sale of such equipment in February 2018. At December 31, 2017, we had \$30.1 (December 31, 2016 — \$28.9) of assets classified as held for sale, which consisted primarily of land and buildings in Europe and North America and \$2.6 of solar panel manufacturing equipment in Asia and North America.

9. PENSION AND NON-PENSION POST-EMPLOYMENT BENEFIT PLANS

We provide pension and non-pension post-employment defined benefit plans for our employees. Such plans include defined benefit pension plans for our employees in the United Kingdom (U.K.) that generally provide them with stated benefits on retirement based on their pensionable service, either in annuities and/or lump sum payments. The U.K. defined benefit pension plans are comprised of a Main pension plan and a Supplementary pension plan, both of which are closed to new members. The U.K. Main pension plan is our largest defined benefit pension plan. The Supplementary pension plan does not have any active members.

In March 2017, the Trustees of our U.K. Main pension plan entered into an agreement with a third party insurance company to purchase an annuity for participants in such plan who have retired. The cost of the annuity was £123.7 million (approximately \$154.3 at the exchange rate at the time of recording) and was funded with existing plan assets. The annuity is held as an asset of the Main plan. Although we retain ultimate responsibility for the payment of benefits to plan participants, the annuity substantially hedges the financial risk component of the associated pension obligations for such retired participants. The purchase of the annuity resulted in a non-cash loss of \$17.0 which we recorded in other comprehensive income and simultaneously re-classified to deficit during the first quarter of 2017. We also reduced the value of our pension assets by \$17.0 during the first quarter of 2017, which is recorded in other non-current assets on our consolidated balance sheet.

In April 2017, the Trustees of our U.K. Supplementary pension plan entered into an agreement with a third party insurance company to purchase an annuity for all participants of this plan. The cost of the annuity was £9.1 million (approximately \$11.7 at the exchange rate at the time of recording) and was funded with existing plan assets. The annuity is held as an asset of such plan. For the Supplementary pension plan, we anticipate transferring the pension annuity to individual plan members and winding up the plan in 2018. Although we will retain responsibility for the payment of benefits to plan participants until such wind-up is complete, the annuity substantially hedges the financial risk component of the associated pension obligations for such participants. The purchase of the annuity resulted in a non-cash loss of \$1.9 which we recorded during the second quarter of 2017 in other charges (see note 12) in our consolidated statement of operations, with a corresponding reduction in the value of our pension assets which we recorded in other non-current assets on our consolidated balance sheet.

Our pension and post-employment defined benefit plan obligations are determined based on actuarial valuations. We recognize actuarial gains or losses arising from pension and non-pension post-employment defined benefit plans in other comprehensive income (loss) and we subsequently reclassify the amounts to deficit. During the fourth quarter and FY 2017, we recognized \$1.2 of net actuarial losses, net of tax (fourth quarter and FY 2016 — \$17.1 of net actuarial gains, net of tax). We used a measurement date of December 31, 2017 for the accounting valuation of our pension and non-pension post-employment defined benefit plans.

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10. CREDIT FACILITIES AND LONG-TERM DEBT

Our credit facility consists of a \$250.0 term loan (Term Loan) and a \$300.0 revolving credit facility (Revolving Facility), each maturing in May 2020. See note 12 of our 2016 annual audited consolidated financial statements for further details regarding the terms of our credit facility.

Under the Term Loan, we made a scheduled quarterly principal repayment of \$6.25 during the fourth quarters of each of 2016 and 2017 (each of FY 2016 and FY 2017 — \$25.0). During the first quarter of 2016, we borrowed \$40.0 under the Revolving Facility to fund the repurchase of shares under our then-current NCIB. During the fourth quarter of 2016, we made a repayment of \$25.0 under the Revolving Facility (FY 2016 — \$50.0). We made a \$15.0 repayment under the Revolving Facility in the first quarter and FY 2017. As of December 31, 2017, there was \$187.5 outstanding under the Term Loan and there were no amounts outstanding under the Revolving Facility.

The following table sets forth our borrowings under the Revolving Facility and Term Loan, and our finance lease obligations as of the period-ends indicated:

	December 31 2016	December 31 2017
Borrowings under the Revolving Facility	\$ 15.0	\$ —
Term Loan	212.5	187.5
Total borrowings under credit facility	227.5	187.5
Less: unamortized debt issuance costs ⁽¹⁾	(1.2)	(0.8)
Finance lease obligations ⁽²⁾	18.4	17.7
	<u>\$ 244.7</u>	<u>\$ 204.4</u>
Comprised of:		
Current portion of borrowings under credit facility and finance lease obligations ⁽²⁾	\$ 56.0	\$ 37.9
Long-term portion of borrowings under credit facility and finance lease obligations	188.7	166.5
	<u>\$ 244.7</u>	<u>\$ 204.4</u>

⁽¹⁾ Debt issuance costs were incurred in connection with the amendment of our credit facility in 2015, which we amortize over the term of the Term Loan using the effective interest rate method.

⁽²⁾ At December 31, 2017, \$11.1 (December 31, 2016 — \$15.3) of our finance lease obligations related to our solar panel manufacturing equipment. Such solar equipment lease obligations were recorded as current liabilities on our consolidated balance sheet as at December 31, 2017. In connection with the anticipated disposition of such equipment, we terminated and settled these lease obligations in full in January 2018. See note 5.

The Term Loan requires quarterly principal repayments of \$6.25, and a lump sum repayment of the remainder outstanding at maturity. Prepayments under our credit facility are required under specified circumstances. See note 12 of our 2016 annual audited consolidated financial statements.

At December 31, 2017, we were in compliance with all restrictive and financial covenants under our credit facility. Commitment fees paid in the fourth quarter and FY 2017 were \$0.3 and \$1.3, respectively (fourth quarter and FY 2016 — \$0.4 and \$1.4, respectively). At December 31, 2017, we had \$23.2 (December 31, 2016 — \$25.8) outstanding in letters of credit under this facility.

We also have a total of \$73.5 (December 31, 2016 — \$70.0) in uncommitted bank overdraft facilities available for intraday and overnight operating requirements. There were no amounts outstanding under these overdraft facilities at December 31, 2017 or December 31, 2016.

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11. CAPITAL STOCK

Share repurchase plans:

We have repurchased subordinate voting shares in the open market and otherwise for cancellation in recent years pursuant to NCIBs and substantial issuer bids, which allow us to repurchase a limited number of subordinate voting shares during a specified period. The maximum number of subordinate voting shares we are permitted to repurchase for cancellation under each NCIB is reduced by the number of subordinate voting shares purchased in the open market during the term of such NCIB to satisfy obligations under our stock-based compensation plans. We enter into program share repurchases (PSRs) from time to time as part of the NCIB process (if permitted by the TSX), pursuant to which we make a prepayment to a broker 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 generally determined based on a discount to the volume weighted-average market price of such shares during the terms of the PSR, subject to certain terms and conditions. The subordinate voting shares repurchased under any PSR are cancelled upon such PSR's completion.

In February 2016, we launched an NCIB (2016 NCIB) which was completed in February 2017. The 2016 NCIB allowed us to repurchase, at our discretion, up to approximately 10.5 million subordinate voting shares in the open market, or as otherwise permitted. During the first quarter of 2016, we paid \$34.3 (including transaction fees) to repurchase and cancel 3.2 million subordinate voting shares under the 2016 NCIB at a weighted average price of \$10.69 per share, including 2.8 million subordinate voting shares repurchased under a \$30.0 PSR we funded in March 2016 (and completed in May 2016) at a weighted average price of \$10.69 per share. We did not repurchase any subordinate voting shares under the 2016 NCIB for cancellation during the remainder of 2016 or during 2017. However, prior to its expiry, we repurchased an aggregate of 1.6 million subordinate voting shares under the 2016 NCIB (FY 2016 — 1.6 million; FY 2017 — nil) to satisfy delivery obligations under our stock-based compensation plans (see below).

In November 2017, the TSX accepted our notice to launch a new NCIB (2017 NCIB), which allows us to repurchase, at our discretion, until the earlier of November 12, 2018 or the completion of the purchases thereunder, up to approximately 10.5 million subordinate voting shares (representing approximately 7.3% of our total outstanding subordinate voting and multiple voting shares at the time of launch) in the open market, or as otherwise permitted. Since the

commencement of this NCIB through December 31, 2017, we paid \$19.9 (including transaction fees) to repurchase and cancel 1.9 million subordinate voting shares at a weighted average price of \$10.58 per share. In addition, we repurchased 1.4 million subordinate voting shares during FY 2017 (0.3 million of which were repurchased under the 2017 NCIB) to satisfy delivery obligations under our stock-based compensation plans (see below).

Stock-based compensation:

We grant share unit awards to employees under our stock-based compensation plans. From time-to-time, we pay cash for the purchase by a broker of subordinate voting shares in the open market to satisfy the delivery of subordinate voting shares upon vesting of such awards. For accounting purposes, we classify these shares as treasury stock until they are delivered pursuant to the stock-based compensation plans. During the fourth quarter and FY 2017, we paid \$4.5 and \$16.7, respectively, (including transaction fees) for a broker to purchase 0.4 million and 1.4 million subordinate voting shares in the open market, respectively, to satisfy delivery requirements under our stock-based compensation plans. During the fourth quarter and FY 2016, we paid \$8.7 and \$18.2 (including transaction fees), respectively, for a broker to purchase 1.1 million and 1.6 million subordinate voting shares in the open market (under the 2016 NCIB), respectively, to satisfy delivery requirements under our stock-based compensation plans. At December 31, 2017, the broker held 0.8 million subordinate voting shares with a value of \$8.7 (December 31, 2016 — 1.4 million subordinate voting shares with a value of \$15.3).

During FY 2017, we granted 1.9 million (FY 2016 — 2.3 million) restricted share units (RSUs), primarily granted in the first quarter of each such year, which vest one-third per year over a three-year period. The cost we record for RSUs is based on the market value of our subordinate voting shares at the time of grant. With respect to performance share units (PSUs), employees are granted a target number of PSUs. The number of PSUs that will actually vest will vary from 0 to 200% of the target amount granted depending on the level of achievement of the relevant performance conditions. During FY 2017, we granted 0.9 million (FY 2016 — 1.25 million) PSUs (representing 100% of target), primarily granted in the first quarter of each such year, of which 60% vest based on

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achievement of a market performance condition tied to Total Shareholder Return (TSR), and the balance vest based on a non-market performance condition based on pre-determined financial targets. See note 2(n) of our 2016 annual audited consolidated financial statements for a description of TSR. We estimated the grant date fair value of the TSR-based PSUs using a Monte Carlo simulation model and a premium of 143% (2016 grants — premium of 109%). The grant date fair value of the non TSR-based PSUs is determined by the market value of our subordinate voting shares at the time of grant and may be adjusted in subsequent periods to reflect a change in the estimated level of achievement related to the applicable performance condition. We amortize the cost of our awards 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. We expect to settle these awards with subordinate voting shares purchased in the open market by a broker or issued from treasury.

During the fourth quarter and FY 2017, we received cash proceeds of \$0.1 and \$13.6, respectively (fourth quarter and FY 2016 — \$0.8 and \$4.1, respectively) relating to the exercise of vested employee stock options.

For the fourth quarter and FY 2017, we recorded aggregate employee stock-based compensation expense (excluding deferred share units (DSU) expense) through cost of sales and SG&A of \$7.4 and \$30.1, respectively (fourth quarter and FY 2016 — \$10.4 and \$33.0, respectively). Employee stock-based compensation expense varies from period-to-period.

During FY 2017, two of our directors resigned from the Board, and in connection therewith, we settled each of their outstanding DSUs in accordance with the provisions of the Directors' Share Compensation Plan. During the third quarter of 2017, we paid \$1.7 in cash to Joseph M. Natale to settle his outstanding DSUs. During the fourth quarter of 2017, we settled the outstanding DSUs of Thomas S. Gross with 14,098 subordinate voting shares that we purchased in the open market. As Celestica is permitted to, and currently intends to, settle all other DSUs with shares purchased in the open market, we have accounted for these awards as equity-settled awards. For the fourth quarter and FY 2017, we recorded DSU expense (recorded through SG&A) of \$0.5 and \$2.2, respectively (fourth quarter and FY 2016 — \$0.6 and \$2.1, respectively). At December 31, 2017, 1.5 million (December 31, 2016 — 1.5 million) DSUs were outstanding.

12. OTHER CHARGES (RECOVERIES)

	Three months ended December 31		Year ended December 31	
	2016	2017	2016	2017
Restructuring (a)	\$ 24.4	\$ 13.2	\$ 31.9	\$ 28.9
Loss on pension annuity purchase (see note 9)	—	—	—	1.9
Toronto transition costs (b)	—	1.6	—	1.6
Other (c)	1.4	2.7	(6.4)	4.6
	<u>\$ 25.8</u>	<u>\$ 17.5</u>	<u>\$ 25.5</u>	<u>\$ 37.0</u>

Annual impairment assessment:

During the fourth quarters of each of 2016 and 2017, we performed our annual impairment assessment of goodwill, intangible assets and property, plant and equipment and determined that, other than the write down of our solar panel manufacturing equipment discussed in notes 5 and 12 (a) below (recorded through restructuring charges), there was no impairment, as the recoverable amount of our assets and cash generating units (CGUs) exceeded their respective carrying values.

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(a) Restructuring:

Our restructuring charges are comprised of the following:

	<u>Three months ended December 31</u>		<u>Year ended December 31</u>	
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
Cash charges	\$ 5.4	\$ 14.6	\$ 10.7	\$ 25.1
Non-cash charges (recoveries)	19.0	(1.4)	21.2	3.8
	<u>\$ 24.4</u>	<u>\$ 13.2</u>	<u>\$ 31.9</u>	<u>\$ 28.9</u>

We perform ongoing evaluations of our business, operational efficiency and cost structure, and implement restructuring actions as we deem necessary. In response to challenging markets and continued margin pressures, we announced in October 2017 our intention to implement additional restructuring actions in the near term to further streamline our business and improve our margin performance, and our related engagement of an outside consultant to identify cost reduction opportunities throughout our network, including through increased operational efficiencies and productivity improvements. In connection therewith, we have commenced the implementation of additional restructuring actions under a new cost efficiency initiative. Such initiative will include reductions to our workforce, as well as potential consolidation of certain sites, to better align capacity and infrastructure with current and anticipated customer demand, related transfers of customer programs and production, re-alignment of business processes, management reorganizations, and other associated activities. We currently estimate that that we will incur aggregate restructuring charges of between \$50 and \$75 with respect to our cost efficiency initiative, including \$8.0 of the \$14.6 in restructuring charges that we recorded in the fourth quarter of 2017. We currently expect restructuring charges under this initiative to continue through mid-2019.

We recorded net restructuring charges of \$13.2 and \$28.9 during the fourth quarter and FY 2017, respectively, consisting of cash charges of \$14.6 and \$25.1, respectively, primarily for employee termination costs resulting from our OD and GBS initiatives, the rationalization of certain operations in the third quarter of 2017, and \$8.0 in connection with our new cost efficiency initiative in the fourth quarter of 2017, described in the preceding paragraph, and non-cash recoveries of \$1.4 and net non-cash charges of \$3.8, respectively, related to our solar panel manufacturing equipment (see note 5). We recorded restructuring charges of \$24.4 and \$31.9 during the fourth quarter and FY 2016, respectively, consisting of cash charges of \$5.4 and \$10.7, respectively, primarily for employee termination costs resulting from our OD and GBS initiatives, our solar panel manufacturing operations and other exited operations, and non-cash charges of \$19.0 and \$21.2, respectively, primarily to write down our solar panel manufacturing equipment at our two locations to recoverable amounts. Our restructuring provision at December 31, 2017 was \$12.7 (December 31, 2016 — \$6.6).

(b) Toronto transition costs:

In connection with the anticipated sale of our Toronto real property, we entered into a long-term lease in November 2017 (in the Greater Toronto area) for the relocation of our Toronto manufacturing operations, with occupancy commencing in the first quarter of 2018. We currently expect to complete the transition to this new manufacturing location by the end of first quarter of 2019. In addition, should the sale be consummated, we will enter into a long-term lease with the purchasers of our Toronto real property for our new corporate headquarters. In connection therewith, we intend to move such headquarters to a temporary location while space in a new office building (to be built by such purchasers on the site of our current location) is under construction. The temporary office relocation is currently expected to occur by the end of the first quarter of 2019. We will incur significant costs throughout the transition period (which commenced in the fourth quarter of 2017) to relocate our corporate headquarters and to transfer our Toronto manufacturing operations to its new location, and as we prepare and customize the new site to meet our manufacturing needs. These costs will consist of building improvements and new equipment which we will capitalize, as well as transition-related costs which we will record in other charges. Transition costs are comprised of direct relocation costs, duplicate costs (such as rent expense, utility costs, depreciation charges, and personnel costs) incurred during the transition period, as well as cease-use costs incurred in connection with idle or vacated portions of the relevant premises that we would not have incurred but for these relocations. Any amounts received from the purchasers of our Toronto real property or gains recorded in connection with its sale will be recorded as

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recoveries through other charges (recoveries). During the fourth quarter of 2017, we recorded \$1.6 of such transition costs, consisting of utility costs related to idle premises, depreciation charges, and personnel costs used in the operation of duplicate production lines in advance of the transition.

(c) Other:

During the fourth quarter and FY 2017, we recorded \$2.7 and \$4.5, respectively, for Acquisition Costs. During the fourth quarter and FY 2016, we recorded \$1.4 of Acquisition Costs. See note 4. Additionally during FY 2016, we received recoveries of damages of \$12.0 in connection with the settlement of class action lawsuits in which we were a plaintiff, related to certain purchases we made in prior periods. These recoveries were offset in part by the cost we recorded to settle an unrelated legal matter in the second quarter of 2016.

13. INCOME TAXES

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

Our net income tax expense of \$7.7 for the fourth quarter of 2017 was comprised of certain immaterial offsetting items, including a \$2.0 deferred tax expense related to recently enacted U.S. Tax Reform (discussed below), offset by taxable foreign exchange benefits resulting from the strengthening of the Malaysian ringgit and Chinese renminbi relative to the U.S. dollar (our functional currency) (Currency Benefits). Our net income tax expense of \$27.4 for FY 2017 was favorably impacted by the recognition of a \$4.3 deferred income tax benefit related to our solar assets (described below), as well as by Currency Benefits, which was largely offset by deferred tax expense related to taxable temporary differences associated with the anticipated repatriation of undistributed earnings from certain of our Chinese subsidiaries, and the \$2.0 deferred tax expense related to the recently enacted U.S. Tax Reform (see below).

In connection with our exit from the solar panel manufacturing business, we withdrew one of our tax incentives in Thailand (which related solely to such operations) during the second quarter of 2017. The withdrawal of this incentive allows us to apply future tax losses arising from the ultimate disposition of our solar assets against other fully taxable profits in Thailand, resulting in the recognition of the \$4.3 deferred income tax benefit described above. The amount of the income tax benefit was adjusted (from \$5.0) based on adjustments to the write-down and impairment charges we recorded for our solar assets during 2016 and 2017.

The United States of America's Tax Cuts and Jobs Act (U.S. Tax Reform) was enacted on December 22, 2017 and is effective commencing on January 1, 2018. The legislative changes contained in the U.S. Tax Reform are extensive and the interpretation of several aspects of such U.S. Tax Reform is still unclear, however, we have recorded an income tax expense for all significant known and determinable impacts during the fourth quarter of 2017. In connection with the reduction in U.S. federal corporate tax rates from 35% to 21%, we recorded a one-time, non-cash increase to our deferred income tax expense of \$2.0 million, or \$0.01 per diluted share, to re-value our recognized net deferred tax assets. We believe we have recorded all significant one-time impacts resulting from the Tax Reform in the fourth quarter of 2017, but will continue to assess additional impacts, if any, throughout 2018 as they become known due to changes in our interpretations and assumptions, as well as additional regulatory guidance that may be issued.

Our net income tax expense of \$8.4 for the fourth quarter of 2016 was favorably impacted by the reversal of provisions previously recorded for tax uncertainties related to the resolution of a transfer pricing matter for one of our Canadian subsidiaries. In connection therewith, we received the final reassessments in the fourth quarter of 2016, and recorded an income tax recovery of \$8 million Canadian dollars (approximately \$6 at the exchange rate at the time of recording), as well as additional refund interest income of approximately \$11 million Canadian dollars (approximately \$8 at the exchange rate at the time of recording).

We received \$70 million Canadian dollars (approximately \$52 at settlement date exchange rates) during the fourth quarter of 2016, representing the refund of cash previously deposited on account with the Canadian tax authorities and related refund interest. We received \$6 million Canadian dollars (approximately \$4 at settlement date exchange rates) in January 2017, representing the return

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of all remaining deposits and related refund interest with respect to such matters. See note 24 to our 2016 annual audited consolidated financial statements. Our net income tax expense for the fourth quarter of 2016 was also favorably impacted by a deferred tax recovery of \$3.8 related to a change in the recognition of the deferred tax assets in one of our U.S. subsidiaries. Our net income tax expense for the fourth quarter of 2016 was negatively affected by taxable foreign exchange impacts of \$8.6 resulting from the weakening of the Malaysian ringgit and the Chinese renminbi relative to the U.S. dollar, our functional currency (Currency Tax Expense).

Our net income tax expense of \$24.7 for FY 2016 was favorably impacted by the reversal of provisions previously recorded for tax uncertainties related to the resolution of a transfer pricing matter for one of our Canadian subsidiaries. In connection therewith, we recorded aggregate income tax recoveries of \$45 million Canadian dollars (approximately \$34 at the exchange rates at the time of recording), as well as aggregate refund interest income of approximately \$14.3. Our net income tax expense for FY 2016 was negatively impacted by withholding taxes of \$1.5 pertaining to the repatriation of \$50.0 from a U.S. subsidiary and deferred tax expense of \$8.0 related to taxable temporary differences associated with the anticipated repatriation of undistributed earnings from certain of our Chinese subsidiaries. Our net income tax expense for FY 2016 was also negatively impacted by a Currency Tax Expense of \$7.3. There was no tax impact recorded in 2016 associated with the \$21.2 in non-cash impairment charges (recorded through restructuring), however, a deferred income tax benefit of \$4.3 was recorded in 2017 pertaining to future tax losses arising from the ultimate disposition of our solar assets being applied against other fully taxable profits in Thailand, as discussed above.

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

The successful pursuit of assertions made by any taxing authority could result in our owing significant amounts of tax, interest and possibly penalties. We believe we adequately accrue for any probable potential adverse tax ruling. However, there can be no assurance as to the final resolution of any claims and any resulting proceedings. If any 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 accrued.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Our financial assets are comprised primarily of cash and cash equivalents, accounts receivable, and derivatives used for hedging purposes. Our financial liabilities are comprised primarily of accounts payable, certain accrued and other liabilities and provisions, the Term Loan, borrowings under the Revolving Facility (when applicable), and derivatives. There have been no significant changes to the classification or to the source of the inputs used to measure our financial assets or liabilities since December 31, 2016.

Currency risk:

The majority of our currency risk is driven by operational costs, including income tax expense, incurred in local currencies by our subsidiaries. As part of our risk management program, we attempt to mitigate currency risk through a hedging program using forecasts of our anticipated future cash flows and balance sheet exposures denominated in foreign currencies. We enter into foreign exchange forward contracts to lock in the exchange rates for future foreign currency transactions, which is intended to reduce the variability of our operating costs and future cash flows denominated in local currencies. While these contracts are intended to reduce the effects of fluctuations in foreign currency exchange rates, our hedging strategy does not mitigate the longer-term impacts of changes to foreign exchange rates. Our major currency exposures at December 31, 2017 are summarized in U.S. dollar equivalents in the following table. In the table below, in addition to our financial instruments, we have included certain monetary assets and liabilities, including pension and non-pension post-employment benefits and income taxes that were denominated in non-functional currencies, in order to better reflect our currency exposures. The local currency amounts have been converted to U.S. dollar equivalents using spot rates at December 31, 2017.

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	Canadian dollar	British pound sterling	Euro	Thai baht
Cash and cash equivalents	\$ 9.6	\$ 0.3	\$ 8.6	\$ 1.3
Accounts receivable	0.6	—	28.5	1.5
Pension and non-pension post-employment assets	—	55.0	—	—
Income taxes and value-added taxes receivable	16.3	—	18.5	6.3
Other financial assets	6.7	—	1.7	0.2
Pension and non-pension post-employment liabilities	(74.2)	—	(0.5)	(12.0)
Income taxes and value-added taxes payable	(2.6)	—	(1.2)	(0.8)
Accounts payable and certain accrued and other liabilities and provisions	(55.8)	(0.9)	(33.0)	(18.0)
Net financial assets (liabilities)	\$ (99.4)	\$ 54.4	\$ 22.6	\$ (21.5)

We enter into foreign exchange forward contracts to hedge our cash flow exposures and foreign currency swaps to hedge our balance sheet exposures. At December 31, 2017, we had foreign exchange forwards and swaps to trade U.S. dollars in exchange for the following currencies:

Currency	Contract amount in U.S. dollars	Weighted average exchange rate in U.S. dollars	Maximum period in months	Fair value gain (loss)
Canadian dollar	\$ 204.8	\$ 0.80	12	\$ 4.1
Thai baht	79.0	0.03	12	2.2
Malaysian ringgit	48.4	0.23	12	2.6
Mexican peso	29.3	0.05	12	(0.9)
British pound	56.4	1.34	3	(0.5)
Chinese renminbi	71.6	0.15	12	1.5
Euro	28.7	1.19	12	0.1
Romanian leu	28.4	0.25	12	0.6
Singapore dollar	25.0	0.73	12	0.6
Other	4.5			—
Total	\$ 576.1			\$ 10.3

At December 31, 2017, the fair value of our outstanding contracts was a net unrealized gain of \$10.3 (December 31, 2016 — net unrealized loss of \$9.6). At December 31, 2017, we recorded \$12.9 of derivative assets in other current assets and \$2.6 of derivative liabilities in accrued and other current liabilities (December 31, 2016 — \$5.9 of derivative assets in other current assets and \$15.5 of derivative liabilities in accrued and other current liabilities). The unrealized gains or losses are a result of fluctuations in foreign exchange rates between the date the currency forward or swap contracts were entered into and the valuation date at period end.

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15. CONTINGENCIES

Litigation:

In the normal course of our operations, we may be subject to lawsuits, investigations and other claims, including environmental, labor, product, customer disputes and other matters. Management believes that adequate provisions have been recorded 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 impact on our financial performance, financial position or liquidity.

In 2007, securities class action proceedings were initiated against us and our former Chief Executive and Chief Financial Officers in the Ontario Superior Court of Justice. The proceedings were dismissed on January 16, 2017 with no payments by the defendants.

Other Matters:

In the third quarter of 2017, the Brazilian Ministry of Science, Technology, Innovation and Communications (MCTIC) issued assessments seeking to disqualify certain amounts of research and development (R&D) expenses for the years 2006 to 2009, which entitled our Brazilian subsidiary (which ceased operations in 2009) to charge reduced sales tax levies to its customers. The assessments against our Brazilian subsidiary (including interest and penalties) total approximately 39 million Brazilian real (approximately \$12 at period-end exchange rates) for such years. Although we cannot predict the outcome of this matter, we believe that our R&D activities for the period are supportable, and it is probable that our position will be sustained upon full examination by the appropriate Brazilian authorities and, if necessary, upon consideration by the Brazilian judicial courts. Our position is supported by our Brazilian legal advisers.

16. SUBSEQUENT EVENT

On January 24, 2018, we announced that we entered into a definitive agreement to acquire U.S.-based Atrenne Integrated Solutions, Inc. (Atrenne), a designer and manufacturer of ruggedized electromechanical solutions, primarily for military and commercial aerospace applications. The purchase price is approximately \$139 (subject to specific adjustments as set forth in the definitive agreement), which we intend to finance using a combination of cash on hand and our Revolving Facility. The transaction is expected to close in the second quarter of 2018, subject to receipt of applicable regulatory approvals and satisfaction of other customary closing conditions. There can be no assurance that this transaction will be consummated in a timely manner, or at all.

CERTIFICATION

I, Robert A. Mionis, certify that:

1. I have reviewed this report on Form 6-K of Celestica Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: January 24, 2018

/s/ Robert A. Mionis

Robert A. Mionis

Chief Executive Officer

CERTIFICATION

I, Mandeep Chawla, certify that:

1. I have reviewed this report on Form 6-K of Celestica Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: January 24, 2018

/s/ Mandeep Chawla
Mandeep Chawla
Chief Financial Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the report of Celestica Inc. (the "Company") on Form 6-K for the quarter and year ended December 31, 2017, as furnished to the Securities and Exchange Commission on the date hereof (the "Report"), each of Robert A. Mionis, as Chief Executive Officer of the Company, and Mandeep Chawla, as Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

January 24, 2018

/s/ Robert A. Mionis
Robert A. Mionis
Chief Executive Officer

January 24, 2018

/s/ Mandeep Chawla
Mandeep Chawla
Chief Financial Officer

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.
