

FOR IMMEDIATE RELEASE

July 27, 1999

(All amounts in U.S. dollars.
Per share information based on fully diluted
shares outstanding unless noted otherwise.)

**CELESTICA ANNOUNCES RECORD SECOND QUARTER RESULTS;
REVENUES INCREASE 62% TO \$1.25 BILLION,
EARNINGS SHOW CONTINUED SIGNIFICANT GROWTH**

TORONTO - Celestica Inc. (NYSE, TSE, ME: CLS), a world leader in electronics manufacturing services (EMS), today announced its financial results for the second quarter ended June 30, 1999.

Revenue for the three months ended June 30, 1999 was \$1,249.7 million, up 62% from \$773.6 million in the same period of 1998, and up 16% from the first quarter this year. The revenue gains were achieved in all of the company's major geographies and across all end-market segments, with the communications segment showing strong year-over-year and quarterly sequential growth.

Adjusted net earnings, which excludes the after-tax impact of integration costs related to acquisitions and amortization of intangible assets and other charges, increased five fold to \$27.5 million compared to \$4.6 million in the second quarter of 1998. Adjusted net earnings per share rose 158% to \$0.31 per share compared to \$0.12 per share for the same period last year. On a sequential basis, adjusted net earnings were up 26% from the first quarter this year as a result of revenue growth and operating margin expansion.

Net earnings increased to \$13.2 million or \$0.15 per share compared to a loss of \$19.2 million in the second quarter of 1998. On a sequential basis, net earnings were up 39% from the first quarter this year.

For the six-month period ended June 30, 1999, revenue was \$2,331.5 million, up 54% from \$1,512.3 million for the same period last year. Adjusted net earnings were \$49.4 million, up 375% from \$10.4 million last year. Adjusted net earnings per share were \$0.58, up 115% from \$0.27 for the same period last year. Net earnings were \$22.7 million or \$0.28 per share compared to a loss of \$51.0 million last year.

"We are very pleased with our second quarter results as they reflect the benefits of the investments we've made in growing our global operations, and the success we've had in expanding our relationships with major customers," said Eugene Polistuk, president and CEO, Celestica. "We continue to be firmly committed to sustained revenue growth and ongoing improvement in operating margins."

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Geographic Expansion in Europe, Asia, South America

Celestica expanded its global operations during the quarter. In April, the company completed the acquisition of a facility in Rajecko, Czech Republic from Gossen-Metrawatt, a subsidiary of The Rochling Group in Germany. In June, Celestica also announced that it would be entering Brazil and Malaysia with two greenfield operations. The Brazil operation will commence production in the third quarter of this year, with Malaysia commencing operations by the fourth quarter.

Other Recent Developments

On July 6, Celestica announced that a shelf registration statement has become effective with the Securities and Exchange Commission which will allow Celestica to offer its debt securities, subordinate voting shares or preferred securities from time to time with an aggregate offering of up to U.S.\$750 million. During the quarter, Celestica also became eligible to use the Short Form Prospectus filing system under Canadian securities regulation. Both of these developments will give Celestica the flexibility to access the U.S. and Canadian capital markets on a timely basis to support its growth plans in 1999 and beyond.

About Celestica

With over 15,000 employees worldwide, Celestica operates 26 manufacturing and design facilities in the United States, Canada, Mexico, the United Kingdom, Ireland, the Czech Republic, Thailand, Hong Kong and China, and operations announced for Brazil and Malaysia. Celestica provides a broad range of services including design, prototyping, assembly, testing, product assurance, supply chain management, worldwide distribution and after-sales service. Its customers include industry-leading original equipment manufacturers (OEMs), primarily in the computer and communications sectors.

For further information on Celestica, visit its website at <http://www.celestica.com>

Statements contained in this press release which are not historical facts are forward-looking statements which involve risk and uncertainties which could cause actual results to differ materially from those expressed in the forward-looking statements. Among the key factors that could cause such differences are: the level of overall growth in the electronics manufacturing services (EMS) industry; variability of operating results among periods; dependence on the computer and communications industries; dependence on a limited number of customers; and the ability to manage expansion, consolidation and the integration of acquired businesses. These and other factors are discussed in the Company's various public filings including the 1998 Annual Report.

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

	Three months ended June 30,		Six months ended June 30,	
	1998	1999	1998	1999
Revenue	\$ 773,621	\$ 1,249,710	\$ 1,512,323	\$ 2,331,534
Gross profit	\$ 53,678	\$ 88,362	\$ 101,402	\$ 163,598
Selling, general and administrative expenses	32,479	47,107	58,895	89,298
Amortization of intangible assets	10,537	13,745	23,796	27,559
Integration costs related to acquisitions	1,593	3,523	4,312	3,968
Other charges	17,830	-	52,830	-
Interest expense, net	13,048	2,238	25,437	5,467
Earnings (loss) before income taxes	(21,809)	21,749	(63,868)	37,306
Provision for (recovery of) income taxes	(2,592)	8,498	(12,832)	14,565
Net earnings (loss) for the period	(19,217)	13,251	(51,036)	22,741
Deficit, beginning of period	(35,566)	(42,728)	(3,747)	(52,218)
Deficit, end of period	\$ (54,783)	\$ (29,477)	\$ (54,783)	\$ (29,477)
Earnings (loss) per share - basic	\$ (0.52)	\$ 0.16	\$ (1.39)	\$ 0.28
Earnings per share – fully diluted	N/A ⁽¹⁾	\$ 0.15	N/A ⁽¹⁾	\$ 0.28
Weighted average number of shares outstanding (in 000's)	37,082	84,084	36,842	80,727

⁽¹⁾ Fully diluted earnings per share has not been disclosed as the effect of the potential conversion of dilutive securities is anti-dilutive.

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

	Three months ended June 30,		Six months ended June 30,	
	1998	1999	1998	1999
Adjusted net earnings ⁽²⁾	\$ 4,595	\$ 27,499	\$ 10,399	\$ 49,382
Adjusted net earnings per share - basic	\$ 0.12	\$ 0.33	\$ 0.28	\$ 0.61
Adjusted net earnings per share - fully diluted	\$ 0.12	\$ 0.31	\$ 0.27	\$ 0.58

⁽²⁾ Adjusted net earnings exclude the after-tax effect of other charges, integration costs related to acquisitions and amortization of intangible assets.

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

	As at June 30,	
	1998	1999
Assets		
Current assets		
Cash and short-term investments	\$ 113,244	\$ 93,935
Accounts receivable	342,330	575,285
Inventories	378,703	642,789
Other assets	56,656	57,386
	<u>890,933</u>	<u>1,369,395</u>
Capital assets	175,405	267,270
Intangible assets	308,341	352,742
Other assets	46,162	83,212
	<u>\$ 1,420,841</u>	<u>\$ 2,072,619</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Bank indebtedness	\$ 12,165	\$ -
Accounts payable and accrued liabilities	494,073	772,966
Deferred income taxes	3,893	3,227
Current portion of long-term debt	15,630	2,553
	<u>525,761</u>	<u>778,746</u>
Long-term debt	559,445	133,248
Other liabilities	12,729	19,542
	<u>1,097,935</u>	<u>931,536</u>
Shareholders' equity		
Capital stock	378,672	1,171,563
Deficit	(54,783)	(29,477)
Foreign currency translation adjustment	(983)	(1,003)
	<u>322,906</u>	<u>1,141,083</u>
	<u>\$ 1,420,841</u>	<u>\$ 2,072,619</u>

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

	Three months ended June 30,		Six months ended June 30,	
	1998	1999	1998	1999
Cash provided by (used in)				
Operations				
Net earnings (loss) for the period	\$ (19,217)	\$ 13,251	\$ (51,036)	\$ 22,741
Items not affecting cash:				
Depreciation and amortization	20,432	29,542	41,875	57,705
Other charges	17,830	-	52,830	-
Other	(8,040)	(3,795)	(19,429)	(6,193)
Cash from earnings	11,005	38,998	24,240	74,253
Non-cash working capital changes	11,499	(109,853)	5,852	(177,367)
	22,504	(70,855)	30,092	(103,114)
Investing				
Acquisitions, net of cash acquired	(29,690)	(5,332)	(49,569)	(5,332)
Purchase of capital assets	(19,550)	(37,270)	(37,988)	(79,102)
Other	(3,057)	843	(4,299)	(1,445)
	(52,297)	(41,759)	(91,856)	(85,879)
Financing				
Bank indebtedness	9,384	-	11,275	-
Increase (decrease) in long-term debt, net	30,879	(2,494)	55,840	(2,345)
Issuance of share capital	9,142	1,144	9,155	266,542
Share issue costs	-	-	-	(12,736)
Deferred financing costs	(625)	(733)	(625)	(1,146)
Other	(6,894)	(103)	(6,689)	892
	41,886	(2,186)	68,956	251,207
Increase (decrease) in cash	12,093	(114,800)	7,192	62,214
Cash, beginning of period	101,151	208,735	106,052	31,721
Cash, end of period	\$ 113,244	\$ 93,935	\$ 113,244	\$ 93,935
Supplemental information				
Paid during the period				
Interest	\$ 21,573	\$ 7,337	\$ 28,671	\$ 8,264
Taxes	\$ 1,299	\$ 2,656	\$ 2,973	\$ 15,240

Cash is comprised of cash and short-term investments.

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CELESTICA INC.
NOTES TO CONSOLIDATED STATEMENTS
(in thousands of U.S. dollars)
(unaudited)

Segmented Information:

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

The following is a breakdown of: revenue, EBIAT, adjusted net earnings and total assets by operating segment:

	Three months ended		Six months ended	
	June 30,		June 30,	
	1998	1999	1998	1999
Revenue				
North America ⁽¹⁾	\$ 596,949	\$ 863,924	\$ 1,190,109	\$ 1,614,723
Europe	176,672	255,307	322,214	491,425
Asia	-	155,697	-	297,008
Elimination of inter-segment revenue	-	(25,218)	-	(71,622)
	<u>\$ 773,621</u>	<u>\$ 1,249,710</u>	<u>\$ 1,512,323</u>	<u>\$ 2,331,534</u>
EBIAT				
North America	\$ 16,285	\$ 28,169	\$ 34,049	\$ 51,442
Europe	4,914	8,646	8,458	14,824
Asia	-	4,440	-	8,034
EBIAT	21,199	41,255	42,507	74,300
Interest, net	(13,048)	(2,238)	(25,437)	(5,467)
Amortization of intangible assets	(10,537)	(13,745)	(23,796)	(27,559)
Integration costs related to acquisitions	(1,593)	(3,523)	(4,312)	(3,968)
Other charges	(17,830)	-	(52,830)	-
Earnings (loss) before income taxes	<u>\$ (21,809)</u>	<u>\$ 21,749</u>	<u>\$ (63,868)</u>	<u>\$ 37,306</u>
Adjusted net earnings	<u>\$ 4,595</u>	<u>\$ 27,499</u>	<u>\$ 10,399</u>	<u>\$ 49,382</u>
			As at June 30,	
			1998	1999
Total assets				
North America			\$ 974,479	\$ 949,375
Europe			446,362	819,166
Asia			-	304,078
			<u>\$ 1,420,841</u>	<u>\$ 2,072,619</u>

(1) Revenue from Canadian operations was \$373,284 and \$555,781 for the three months ended June 30, 1998 and 1999, respectively and \$680,230 and \$1,042,579 for the six months ended June 30, 1998 and 1999, respectively.