Celestica Announces First Quarter 2017 Financial Results

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TORONTO, Canada - Celestica Inc. (NYSE, TSX: CLS), a global leader in the delivery of end-to-end product lifecycle solutions, today announced financial results for the first quarter ended March 31, 2017.

First Quarter 2017 Highlights

- Revenue: $1.47 billion, above the mid-point of our previously provided guidance range of $1.4 to $1.5 billion, increased 9% compared to the first quarter of 2016
- Revenue dollars from our Advanced Technology Solutions* end market was relatively flat compared to the first quarter of 2016, and represented 34% of total revenue, compared to 37% of total revenue for the first quarter of 2016
- IFRS EPS: $0.16 per share, compared to $0.18 per share for the first quarter of 2016
- Adjusted EPS (non-IFRS): $0.29 per share, towards the high end of our previously provided guidance range of $0.24 to $0.30 per share, compared to $0.26 per share for the first quarter of 2016
- Operating margin (non-IFRS): 3.6%, above the mid-point of our expectations of 3.5%, compared to 3.3% for the first quarter of 2016
- Adjusted ROIC (non-IFRS): 19.8%, compared to 17.4% for the first quarter of 2016
- Free cash flow (non-IFRS): $13.5 million, compared to negative $34.8 million for the first quarter of 2016

"Celestica delivered a strong first quarter, with 9% year-over-year revenue growth, and 22% growth in operating earnings**, compared to the first quarter of 2016" said Rob Mionis, Celestica's President and Chief Executive Officer. "This marks our 6th consecutive quarter of year-over-year growth in revenue and operating earnings and our highest first quarter operating margin** performance in over 15 years as a result of our relentless focus on profitable growth."

"I am pleased with our strong start to the year. We are making great progress as we execute our strategy in this dynamic market environment. We are focused on driving long-term profitable growth and increasing value to our customers and shareholders."

* Our Advanced Technology Solutions (ATS) end market is comprised of our former Diversified and Consumer end markets (see below).

** Operating earnings and operating margin are non-IFRS financial measures. See “Non-IFRS Supplementary Information” and Schedule 1 below for a discussion of the definitions and uses of these non-IFRS financial measures, and a reconciliation of such measures to comparable IFRS measures.

First Quarter Summary

	Three months ended March 31	
	2016	2017
Revenue (in millions)	$ 1,353.3	$ 1,469.9
IFRS net earnings (in millions)(i)	$ 25.6	$ 22.8
IFRS EPS(i)	$ 0.18	$ 0.16
Non-IFRS adjusted net earnings (in millions) (ii)	$ 37.6	$ 42.1
Non-IFRS adjusted EPS (ii)	$ 0.26	$ 0.29
Non-IFRS adjusted return on invested capital (adjusted ROIC)(ii)	17.4%	19.8%
Non-IFRS operating margin(ii)	3.3%	3.6%

i. International Financial Reporting Standards (IFRS) earnings per share (EPS) for the first quarter of 2017 included an aggregate charge of $0.13 (pre-tax) per share for employee stock-based compensation expense, amortization of intangible assets (excluding computer software) and restructuring charges. This aggregate charge is within the range of between $0.11 to $0.17 per share that we provided on January 26, 2017 for these items (see the tables in Schedule 1 attached hereto for per-item charges).

ii. Non-IFRS measures do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public companies that use IFRS or other generally accepted accounting principles (GAAP). See “Non-IFRS Supplementary Information” below for information on our rationale for the use of non-IFRS measures, and Schedule 1 for, among other items, non-IFRS measures included in this press release, as well as their definitions, uses, and a reconciliation of non-IFRS to IFRS measures.

Renaming of our End Markets

As part of our recent organizational initiatives, we have aligned our end markets into two customer focused areas: Advanced Technology Solutions (ATS) and Connectivity & Cloud Solutions (CCS). ATS consists of our former Diversified and Consumer end markets, and CCS consists of our existing Communications end market and our new Enterprise end market (defined below). Due to the decreasing size of our Consumer end market, we combined it with our previously-reported Diversified end market to form our ATS end market commencing in the first quarter of 2017. As a result, this end market consists of aerospace and defense, industrial, smart energy, healthcare, semiconductor equipment and consumer. Also in the first quarter of 2017, due to the converging technologies of our Storage and Servers end markets, we combined them into a single “Enterprise” end market for reporting purposes. All period percentages herein reflect these changes. We believe these changes further align our organization with our customers and the markets we serve. Although we have regrouped and renamed our end markets to enhance customer focus, we continue to operate in one reportable segment, electronics manufacturing services.

End Markets by Quarter as a Percentage of Total Revenue

	2016					2017
	Q1	Q2	Q3	Q4	FY	Q1
Communications	38%	41%	43%	44%	42%	42%
Advanced Technology Solutions	37%	33%	32%	29%	32%	34%
Enterprise	25%	26%	25%	27%	26%	24%
Revenue (in billions)	$1.35	$1.49	$1.55	$1.62	$6.02	$1.47

Second Quarter 2017 Outlook

For the quarter ending June 30, 2017, we anticipate revenue to be in the range of $1.5 billion to $1.6 billion, non-IFRS operating margin to be 3.7% at the mid-point of our expectations, and non-IFRS adjusted earnings per share to be in the range of $0.29 to $0.35. We expect a negative $0.06 to $0.12 per share (pre-tax) aggregate impact on net earnings on an IFRS basis for employee stock-based compensation expense, amortization of intangible assets (excluding computer software) and restructuring charges. We cannot predict changes in currency exchange rates, the impact of such changes on our operating results, or the degree to which we will be able to manage such impacts.

We do not provide reconciliations for forward-looking non-IFRS financial measures, as we are unable to provide a meaningful or accurate calculation or estimation of reconciling items and the information is not available without unreasonable effort. This is due to the inherent difficulty of forecasting the timing or amount of various events that have not yet occurred, are out of our control and/or cannot be reasonably predicted, and that would impact the most directly comparable forward-looking IFRS financial measure. For these same reasons, we are unable to address the probable significance of the unavailable information. Forward-looking non-IFRS financial measures provided without the most directly comparable IFRS financial measures may vary materially from the corresponding IFRS financial measures.

First Quarter 2017 Webcast and Annual Shareholders Meeting Webcast

Management will host its first quarter 2017 results conference call today at 8:00 a.m. Eastern Daylight Time. The Company's Annual Meeting of Shareholders will be held today at 9:30 a.m. Eastern Daylight Time at the TMX Broadcast Centre, The Exchange Tower, 130 King Street West, Toronto, Ontario. Webcasts of each event can be accessed at www.celestica.com.

Non-IFRS Supplementary Information

In addition to disclosing detailed operating results in accordance with IFRS, Celestica provides supplementary non-IFRS measures to consider in evaluating the company's operating performance. Management uses adjusted net earnings and other non-IFRS measures to assess operating performance and the effective use and allocation of resources; to provide more meaningful period-to-period comparisons of operating results; to enhance investors' understanding of the core operating results of Celestica's business; and to set management incentive targets. We believe investors use both IFRS and non-IFRS measures to assess management's past, current and future decisions associated with our priorities and our allocation of capital, as well as to analyze how our business operates in, or responds to, swings in economic cycles or to other events that impact our core operations. See Schedule 1 - Supplementary Non-IFRS Measures for, among other items, non-IFRS measures provided herein, non-IFRS definitions, and a reconciliation of non-IFRS to IFRS measures.

About Celestica

Celestica is dedicated to delivering end-to-end product lifecycle solutions to drive our customers' success. Through our simplified global operations network and information technology platform, we are solid partners who deliver informed, flexible solutions that enable our customers to succeed in the markets they serve. Committed to providing a truly differentiated customer experience, our agile and adaptive employees share a proud history of demonstrated expertise and creativity that provides our customers with the ability to overcome complex challenges. For further information about Celestica, visit our website at www.celestica.com. Our securities filings can also be accessed at www.sedar.com and www.sec.gov.

Cautionary Note Regarding Forward-looking Statements

This news release 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 and 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 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.

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