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 April, 2019

001-14832
(Commission File Number)

CELESTICA INC.

(Translation of registrant's name into English)

5140 Yonge Street, Suite 1900
Toronto, Ontario
Canada M2N 6L7
(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

Furnished Herewith (and incorporated by reference herein)

Exhibit No.	Description
99.1	Press Release, dated April 25, 2019, with respect to Celestica Inc.'s financial results for the quarter ended March 31, 2019

The information contained in Exhibit 99.1 of this Form 6-K is not incorporated by reference into any registration statement (or into any prospectus that forms a part thereof) filed by Celestica Inc. with the Securities and Exchange Commission.

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: April 25, 2019

By: /s/ Elizabeth L. DelBianco

Elizabeth L. DelBianco

Chief Legal and Administrative Officer

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release, dated April 25, 2019, with respect to Celestica Inc.'s financial results for the quarter ended March 31, 2019

Exhibit 99.1

FOR IMMEDIATE RELEASE

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

April 25, 2019

CELESTICA ANNOUNCES FIRST QUARTER 2019 FINANCIAL RESULTS

TORONTO, Canada - Celestica Inc. (TSX: CLS)(NYSE: CLS), a leader in design, manufacturing and supply chain solutions for the world's most innovative companies, today announced financial results for the quarter ended March 31, 2019 (Q1 2019).

Q1 2019 Highlights

- Revenue: $1.43 billion, compared to our Q1 2019 guidance range of $1.45 to $1.55 billion, decreased 4% compared to $1.50 billion for the first quarter of 2018 (Q1 2018); Operating margin (non-IFRS)*: 2.4%, compared to our guidance range of 2.6% at the midpoint of our revenue and non-IFRS adjusted EPS guidance ranges, and 3.0% for Q1 2018

- Advanced Technology Solutions (ATS) segment revenue** increased 9% compared to Q1 2018, and represented 40% of total revenue as compared to 36% for Q1 2018; ATS segment margin** was 2.6% down from 5.2% for Q1 2018, driven primarily by losses in the current quarter within our capital equipment business (see segment updates below)

- Connectivity & Cloud Solutions (CCS) segment revenue** decreased 12% compared to Q1 2018, and represented 60% of total revenue as compared to 64% for Q1 2018; CCS segment margin** was 2.3% compared to 1.7% for Q1 2018

- IFRS EPS: $0.66 per share, compared to $0.10 per share for Q1 2018. IFRS EPS for Q1 2019 included a gain of $0.75 per share related to the sale of our Toronto real property (discussed below)
- Adjusted EPS (non-IFRS)*: $0.12 per share, compared to our Q1 2019 guidance range of $0.12 to $0.18 per share, and $0.24 per share for Q1 2018
- Adjusted ROIC (non-IFRS)*: 7.9%, compared to 14.4% for Q1 2018
- Free cash flow (non-IFRS)*: positive $144.7 million, compared to negative $34.1 million for Q1 2018. Non-IFRS free cash flow for Q1 2019 included $113 million in proceeds from the sale of our Toronto real property (see below)
- Repurchased and cancelled 5.1 million subordinate voting shares for $44.5 million under our normal course issuer bid

"Celestica's first quarter results reflect the near-term challenges we are seeing in some of our key end markets" said Rob Mionis, President and CEO. "Despite this, we improved cash generation and aggressively executed on our share repurchases. During this lower revenue period, we will continue to implement our productivity initiatives in order to more efficiently align cost to current volumes, and to improve the stability and profitability of our business."

"We remain committed to our transformation strategy which we believe will drive more consistent, diversified and sustainable results in the future. Our CCS portfolio review is mostly complete and we are encouraged by the related benefits. As we continue to drive improvement in both of our segments, we intend to maintain our balanced approach to capital allocation, supported by a strong balance sheet."

*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 measures to the most directly comparable IFRS measures. As described in footnotes (3) and (4) to the reconciliation table in Schedule 1, our calculation of each of non-IFRS free cash flow and non-IFRS adjusted ROIC has been modified commencing Q1 2019.

** Our ATS segment consists of our ATS end market, and is comprised of our aerospace and defense (A&D), industrial, smart energy, healthtech, and capital equipment businesses (consisting of semiconductor, display, and power & signal distribution equipment). Our CCS segment consists of our Communications and Enterprise end markets, and is comprised of our enterprise communications, telecommunications, servers and storage businesses. Segment performance is evaluated based on segment revenue, segment income and segment margin (segment income as a percentage of segment revenue). See note 25 to our 2018 audited consolidated financial statements for further detail.

Segment Updates

In the capital equipment component of our ATS segment, revenue from our semiconductor capital equipment customers has been adversely impacted by cyclical decreases in demand that started in the second half of 2018. As expected, our capital equipment business operated at a loss in Q1 2019, within our anticipated range. Additionally, within our display business, some programs that we had anticipated to ramp in the second half of 2019 have been delayed and are currently expected to ramp in 2020. We expect demand softness in our capital equipment business to continue throughout 2019. Our focus continues to be on aligning this business to the current demand environment and to improve its profitability. The industrial and healthtech businesses within our ATS segment were adversely impacted in Q1 2019 by costs associated with the ramping of multiple new programs. As the ramping of these programs progresses, we anticipate an increased level of profitability from these businesses. In addition, our A&D business was adversely impacted by materials shortages in Q1 2019, resulting in a backlog of orders and reduced profitability. We expect this backlog to gradually improve as we move through 2019.

In our CCS segment, we continue to progress with the comprehensive review of our CCS revenue portfolio (CCS Review). We commenced this review in the second half of 2018 to address under-performing programs that no longer align with our strategic objectives. The CCS Review is currently expected to result in a decline in our CCS segment revenue of approximately $500 million over the next 9 to 15 months (subject to change based on the growth or contraction of CCS programs not subject to the CCS Review). In Q1 2019, we completed planned program disengagements in our Enterprise end market, and expect to complete the majority of the remaining actions identified by the CCS Review in 2019, including intended restructuring actions (which have been built into our current cost efficiency initiative), and changes to our manufacturing network.

The decrease in CCS segment revenue in Q1 2019 as compared to the prior year period was primarily due to planned program disengagements in our Enterprise end market resulting from our CCS Review, as well as late quarter demand softness from certain Communications customers. We saw a reduction in orders from several Communications customers, as they consumed their inventory buffers previously built up to manage materials constraints. Additionally, reduced demand for some programs resulted from the impact of next generation program transitions. We expect these adverse market dynamics in our Communications end market to continue into the second quarter of 2019.

If demand softness in our Communications end market persists into the second half of 2019, total company revenue for 2019 could decrease year over year at the high end of the single digit percentage range previously anticipated to result from the CCS Review alone.

Restructuring Update

We have recorded approximately $51 million in restructuring charges from the commencement of our cost efficiency initiative through the end of Q1 2019, including $7.1 million of restructuring charges recorded in Q1 2019. Based on current plans, we estimate total restructuring charges for this initiative to be near the high end of our previously disclosed range of $50 - $75 million, and continue to expect the remainder of the charges to be recorded by the end of 2019.

Consummation of Toronto Real Property Sale

On March 7, 2019, we completed the sale of our Toronto real property and in connection therewith, received total proceeds of $113.0 million (in addition to an $11.2 million deposit we received in July 2015). These proceeds were included in our determination of non-IFRS free cash flow for Q1 2019. We used substantially all of the proceeds to repay a portion of our outstanding revolving loans. We recorded a gain of $102.0 million on the sale in other charges (recoveries). See note 10(b) to our March 31, 2019 unaudited interim condensed consolidated financial statements (Q1 2019 Interim Financial Statements) for further details.

Adoption of IFRS 16

Celestica adopted International Financial Reporting Standards (IFRS) 16 (Leases), effective January 1, 2019. A description of the impact of our transition to IFRS 16 is included in note 2 to our Q1 2019 Interim Financial Statements.

Guidance Summary and Q2 2019 Outlook

	Q1 2019 Guidance [1]	Q1 2019 Actual [1]	Q2 2019 Guidance [2]
IFRS revenue (in billions)	$1.45 to $1.55	$1.43	$1.4 to $1.5
Non-IFRS operating margin	2.6% at the mid-point of our revenue and non-IFRS adjusted EPS guidance ranges	2.4%	2.4% at the mid-point of our revenue and non-IFRS adjusted EPS guidance ranges
Non-IFRS adjusted SG&A (in millions)	$51.0 to $53.0	$50.9	$53.0 to $55.0
Non-IFRS adjusted EPS	$0.12 to $0.18	$0.12	$0.09 to $0.15

(1) For Q1 2019, our revenue was below our guidance range as a result of weaker than expected demand in our CCS segment, primarily late quarter demand softness from certain Communications customers. Non-IFRS operating margin for Q1 2019 was below the mid-point of our revenue and non-IFRS adjusted EPS guidance ranges as a result of the lower revenue, unfavorable changes in mix, and higher than expected costs associated with ramping multiple new programs, in particular within our ATS segment. Non-IFRS adjusted SG&A was just below our guidance range and non-IFRS adjusted EPS was at the low end of our guidance range. Our non-IFRS adjusted effective tax rate for Q1 2019 was 27%, higher than our annual estimated range of between 19% to 21%, driven primarily by unfavorable profit mix in different geographies, offset in part by taxable foreign exchange benefits.

IFRS earnings per share (EPS) of $0.66 for Q1 2019 included an aggregate charge of $0.21 (pre-tax) per share for employee stock-based compensation expense, amortization of intangible assets (excluding computer software), Toronto transition costs, and restructuring charges (see the tables in Schedule 1 and note 10 to the Q1 2019 Interim Financial Statements for per-item charges). This aggregate charge is within the range we provided on January 31, 2019 of between $0.18 to $0.24 per share for these items. This range did not address potential gains in connection with the then-anticipated consummation of our Toronto real property sale.

IFRS EPS for Q1 2019 included an aggregate $0.67 per share net benefit attributable to other charges (recoveries), resulting from a $0.75 per share gain on the sale of our Toronto property sale, offset in part by related Toronto transition costs ($0.02 per share negative impact) and restructuring charges ($0.05 per share negative impact). IFRS EPS for Q1 2018 included an aggregate $0.07 per share negative impact attributable to other charges (recoveries), primarily due to restructuring charges ($0.05 per share negative impact). See Schedule 1 for the exclusions used to determine non-IFRS adjusted EPS for each of Q1 2019 and Q1 2018.

(2) For the second quarter of 2019 (Q2 2019), we expect a negative $0.15 to $0.21 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), Toronto transition costs (described on Schedule 1 hereto), and restructuring charges. Based on the projected geographical mix of our profits, we anticipate that our non-IFRS adjusted effective tax rate for Q2 2019 will be similar to Q1 2019. As a result of the higher tax rate we are experiencing in the first half of 2019, we currently expect our full year non-IFRS adjusted effective tax rate to be in the mid-twenty percent range, excluding foreign exchange impacts and one-time tax settlements. As we exit the year, we are targeting to return to our previously guided annual range of 19% to 21%. 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.

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 measures to the most directly comparable IFRS measures.

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 may vary materially from the corresponding IFRS financial measures.

Q1 2019 Webcast and Annual Shareholders Meeting Webcast

Management will host its Q1 2019 results conference call today at 8:00 a.m. Eastern Daylight Time. The Company's Annual General Shareholders' Meeting 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. The 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 measures to the most directly comparable IFRS measures. As described in footnotes (3) and (4) to the reconciliation table in Schedule 1, our calculation of each of non-IFRS free cash flow and non-IFRS adjusted ROIC has been modified commencing Q1 2019.

About Celestica

Celestica enables the world's best brands. Through our recognized customer-centric approach, we partner with leading companies in aerospace and defense, communications, enterprise, healthtech, industrial, capital equipment, and smart energy to deliver solutions for their most complex challenges. As a leader in design, manufacturing, hardware platform and supply chain solutions, Celestica brings global expertise and insight at every stage of product development - from the drawing board to full-scale production and after-market services. With talented teams across North America, Europe and Asia, we imagine, develop and deliver a better future with our customers.

For more information, visit 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 priorities and goals; trends in the electronics manufacturing services (EMS) industry in general and in our segments, and their anticipated impact on our business; our anticipated financial and/or operational results, and our anticipated Q2 2019 and annual non-IFRS adjusted effective tax rates; the range and timing of our cost efficiency initiative; the anticipated impact of our CCS Review; the timing of our temporary corporate office relocation; the timing of the commencement of, and amount of payments under, a lease for our new corporate headquarters; anticipated costs and expenses; amortization of certain intangible assets (including anticipated increases as a result of recent acquisitions); the timing and amounts of restructuring actions and charges; and the impact of tax and litigation outcomes. 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 to assist 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 those expressed or implied in such forward-looking statements, including, among others, risks related to: our customers' ability to compete and succeed with our products and services; customer and segment concentration; challenges of replacing revenue from completed or lost programs or customer disengagements; changes in our mix of customers and/or the types of products or services we provide; the impact on gross profit of higher concentrations of lower margin programs; competitive factors affecting the EMS industry in general and our CCS segment in particular; the cyclical nature of our capital equipment business, in particular our semiconductor business; delays in the delivery and availability of components, services and materials; the expansion or consolidation of our operations; defects or deficiencies in our products, services or designs; integrating acquisitions and "operate-in-place" arrangements, and achieving the anticipated benefits therefrom; negative impacts on our business resulting from recent increases in third-party indebtedness; our response to changes in demand, and rapidly evolving and changing technologies; challenges associated with new customers or programs, or the provision of new services; the incurrence of future restructuring charges, impairment charges or other write-downs of assets; managing our operations, growth initiatives, and our working capital performance during uncertain market and economic 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/their control and the impact of significant tariffs on items imported into the U.S.; changes to our operating model; changing commodity, materials and component costs as well as labor costs and conditions; retaining or expanding our business due to execution or quality issues (including our ability to successfully resolve these challenges); maintaining sufficient financial resources and working capital to fund currently anticipated financial obligations and to *pursue desirable business opportunities; negative impacts on our business resulting from any significant uses of cash, securities issuances, and/or additional increases in third-party indebtedness for additional acquisitions or to otherwise fund our operations; our financial exposure to foreign currency volatility; our dependence on industries affected by rapid technological change; increasing taxes, tax audits, and challenges of defending our tax positions; obtaining, renewing or meeting the conditions of tax incentives and credits; computer viruses, malware, hacking attempts or outages that may disrupt our operations; the variability of revenue and operating results; compliance with applicable laws, regulations, and government grants; and current or future litigation, governmental actions, and/or changes in legislation. 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 most recent MD&A, our 2018 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 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: fluctuation of production schedules from our customers in terms of volume and mix of products or services; the timing and execution of, and investments associated with, ramping new business; the successful pursuit, completion and integration of acquisitions; the success of our customers' products; our ability to retain programs and customers; the stability of general economic and market conditions, currency exchange rates, and interest rates; supplier performance, pricing and terms; compliance by third parties with their contractual obligations and the accuracy of their representations and warranties; the costs and availability of components, materials, services, equipment, labor, energy and transportation; that our customers will retain liability for recently-imposed tariffs and countermeasures; our ability to keep pace with rapidly changing technological developments; the timing, execution and effect of restructuring actions; the successful resolution of quality issues that arise from time to time; our having sufficient financial resources and working capital to fund currently anticipated financial obligations and to pursue desirable business opportunities; our ability to successfully diversify our customer base and develop new capabilities; the availability of cash resources for repurchases of outstanding subordinate voting shares; that we achieve the expected benefits from our recent acquisitions; and the impact of the CCS Review on our business. Although management believes its assumptions to be reasonable under the current circumstances, they may prove to be inaccurate, which could cause actual results to differ materially (and adversely) from those that would have been achieved had such assumptions been accurate. 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.

Contacts:

Celestica Communications	Celestica Investor Relations
(416) 448-2200	(416) 448-2211
media@celestica.com	clsir@celestica.com

Supplementary Non-IFRS Measures

Our non-IFRS measures herein include adjusted gross profit, adjusted gross margin (adjusted gross profit as a percentage of revenue), adjusted selling, general and administrative expenses (SG&A), adjusted SG&A as a percentage of revenue, operating earnings (adjusted EBIAT), operating margin (adjusted EBIAT or operating earnings as a percentage of revenue), adjusted net earnings, adjusted earnings per share, adjusted return on invested capital (adjusted ROIC), free cash flow, adjusted tax expense and adjusted effective tax rate. Adjusted EBIAT, adjusted ROIC, free cash flow (including a description of modifications to our calculation of adjusted ROIC and free cash flow commencing in Q1 2019), adjusted tax expense and adjusted effective tax rate are further described in the tables below. In calculating these non-IFRS financial measures, management excludes the following items, where applicable: employee stock-based compensation expense, amortization of intangible assets (excluding computer software), restructuring and other charges, net of recoveries (as defined below), impairment charges, and acquisition inventory fair value adjustments, all net of the associated tax adjustments (which are set forth in the table below), and non-core tax impacts (tax adjustments related to acquisitions, and certain other tax costs or recoveries related to restructuring actions or restructured sites).

We believe the non-IFRS measures we present herein are useful to investors, as they enable investors to evaluate and compare our results from operations in a more consistent manner (by excluding specific items that we do not consider to be reflective of our ongoing operating results), to evaluate cash resources that we generate each period, and to provide an analysis of operating results using the same measures our chief operating decision makers use to measure performance. In addition, management believes that the use of a non-IFRS adjusted tax expense and a non-IFRS adjusted effective tax rate provides improved insight into the tax effects of our ongoing business operations, and is useful to management and investors for historical comparisons and forecasting. These non-IFRS financial measures result largely from management’s determination that the facts and circumstances surrounding the excluded charges or recoveries are not indicative of the ordinary course of the ongoing operation of our business.

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 who report under U.S. GAAP and use non-U.S. GAAP measures to describe similar operating metrics. Non-IFRS measures are not measures of performance under IFRS and should not be considered in isolation or as a substitute for any standardized measure under IFRS.

The most significant limitation to management’s use of non-IFRS financial measures is that the charges or credits excluded from the non-IFRS measures are nonetheless charges or credits that are recognized under IFRS and that have an economic impact on the company. Management compensates for these limitations primarily by issuing IFRS results to show a complete picture of the company’s performance, and reconciling non-IFRS financial measures back to the most directly comparable IFRS financial measures.

The economic substance of the exclusions described above and management’s rationale for excluding them from non-IFRS financial measures is provided below:

Employee stock-based compensation expense, which represents the estimated fair value of stock options, restricted share units and performance share units granted to employees, is excluded because grant activities vary significantly from quarter-to-quarter in both quantity and fair value. In addition, excluding this expense allows us to better compare core operating results with those of our competitors who also generally exclude employee stock-based compensation expense in assessing operating performance, who may have different granting patterns and types of equity awards, and who may use different valuation assumptions than we do, including those competitors who report under U.S. GAAP and use non-U.S. GAAP measures to present similar metrics.

Amortization charges (excluding computer software) consist of non-cash charges against intangible assets that are impacted by the timing and magnitude of acquired businesses. Amortization of intangible assets varies among our competitors, and we believe that excluding these charges permits a better comparison of core operating results with those of our competitors who also generally exclude amortization charges in assessing operating performance.

Restructuring and other charges, net of recoveries, consist of costs relating to employee severance, lease terminations, site closings and consolidations, write-downs of owned property and equipment which are no longer used and are available for sale, reductions in infrastructure, Toronto transition costs (recoveries) (defined below), acquisition-related consulting, transaction and integration costs (Acquisition Costs), legal settlements (recoveries), and the accelerated amortization of unamortized deferred financing costs recorded on the extinguishment of our prior credit facility during the second quarter of 2018. We exclude these restructuring and other charges, net of recoveries, because we believe that they are not directly related to ongoing operating results and do not reflect expected future operating expenses after completion of these activities. We believe these exclusions permit a better comparison of our core operating results with those of our competitors who also generally exclude these charges, net of recoveries, in assessing operating performance.

Toronto transition costs (recoveries) are costs (recoveries) recorded in connection with the sale of our Toronto real property, the relocation of our Toronto manufacturing operations, the move of our corporate headquarters to a temporary location while space in a new office building for such headquarters at our former location is under construction, as well as the move to such new office space upon its completion. Toronto transition costs consist 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. Toronto transition recoveries consist of the gain we recorded in March 2019 on the sale of our Toronto real property. We believe that excluding these costs and recoveries permits a better comparison of our core operating results from period-to-period, as these costs will not reflect our ongoing operations once these relocations are complete, and the recovery pertains only to Q1 2019.

Impairment charges, which consist of non-cash charges against goodwill, intangible assets and property, plant and equipment, result primarily when the carrying value of these assets exceeds their recoverable amount. Our competitors may record impairment charges at different times, and we believe that excluding these charges permits a better comparison of our core operating results with those of our competitors who also generally exclude these charges in assessing operating performance.

Acquisition inventory fair value adjustments relate to the write-up of the inventory acquired in connection with our acquisitions, representing the difference between the cost and fair value of such inventory. We exclude the impact of the recognition of these adjustments, when incurred, because we believe such exclusion permits a better comparison of our core operating results from period-to-period, as their impact is not indicative of our ongoing operating performance.

Non-core tax impacts are excluded, as we believe that these costs or recoveries do not reflect core operating performance and vary significantly among those of our competitors who also generally exclude these costs or recoveries in assessing operating performance.

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

more...

	Three months ended March 31			
	2018		2019	
		% of revenue		% of revenue
IFRS revenue	$ 1,499.7		$ 1,433.1	
IFRS gross profit	$ 93.5	6.2%	$ 87.4	6.1%
Employee stock-based compensation expense	5.1		6.6	
Non-IFRS adjusted gross profit	$ 98.6	6.6%	$ 94.0	6.6%
IFRS SG&A	$ 52.3	3.5%	$ 56.1	3.9%
Employee stock-based compensation expense	(5.3)		(5.2)	
Non-IFRS adjusted SG&A	$ 47.0	3.1%	$ 50.9	3.6%
IFRS earnings before income taxes	$ 19.4	1.3%	$ 94.8	6.6%
Finance costs	3.3		13.6	
Employee stock-based compensation expense	10.4		11.8	
Amortization of intangible assets (excluding computer software)	1.1		6.4	
Net restructuring, impairment and other charges (recoveries) (1)	10.5		(91.5)	
Non-IFRS operating earnings (adjusted EBIAT) (1)	$ 44.7	3.0%	$ 35.1	2.4%
IFRS net earnings	$ 14.1	0.9%	$ 90.3	6.3%
Employee stock-based compensation expense	10.4		11.8	
Amortization of intangible assets (excluding computer software)	1.1		6.4	
Net restructuring, impairment and other charges (recoveries) (1)	10.5		(91.5)	
Adjustments for taxes (2)	(2.2)		(1.2)	
Non-IFRS adjusted net earnings	$ 33.9		$ 15.8	
Diluted EPS				
Weighted average # of shares (in millions)	143.5		136.6	
IFRS earnings per share	$ 0.10		$ 0.66	
Non-IFRS adjusted earnings per share	$ 0.24		$ 0.12	
# of shares outstanding at period end (in millions)	139.6		131.6	
IFRS cash provided by (used in) operations	$ (5.4)		$ 71.3	
Purchase of property, plant and equipment, net of sales proceeds	(13.7)		93.3	
Lease payments (3)	(11.8)		(9.3)	
Finance costs paid (excluding debt issuance costs paid) (3)	(3.2)		(10.6)	
Non-IFRS free cash flow (3)	$ (34.1)		$ 144.7	
IFRS ROIC % (4)	6.3%		21.2%	
Non-IFRS adjusted ROIC % (4)	14.4%		7.9%	

(1) Management uses non-IFRS operating earnings (adjusted EBIAT) as a measure to assess performance related to our core operations. Non-IFRS adjusted EBIAT is defined as earnings before income taxes, finance costs (defined below), amortization of intangible assets (excluding computer software) and in applicable periods, employee stock-based compensation expense, net restructuring and other charges (recoveries) (defined above), impairment charges (recoveries), and acquisition inventory fair value adjustments. Finance costs consist of interest expense and fees related to our credit facility (including debt issuance costs and the amortization thereof), our interest rate swap agreements, our accounts receivable sales program and a customer's supplier financing program, and, beginning Q1 2019, interest expense on our lease obligations under IFRS 16. See note 10 to our Q1 2019 Interim Financial Statements for separate quantification and discussion of impairment charges, if any, and the components of net restructuring and other charges (recoveries).

(2) The adjustments for taxes, as applicable, represent the tax effects of our non-IFRS adjustments and non-core tax impacts (described in the table below).

(3) Management uses non-IFRS free cash flow as a measure, in addition to IFRS cash provided by (used in) operations, to assess our operational cash flow performance. We believe non-IFRS free cash flow provides another level of transparency to our liquidity. Non-IFRS free cash flow is defined as cash provided by (used in) operations after the purchase of property, plant and equipment (net of proceeds from the sale of certain surplus equipment and property), lease payments (including $8.3 million in Q1 2019 for lease payments under IFRS 16), and finance costs paid (excluding any debt issuance costs paid). As a measure of liquidity, and consistent with the inclusion of our Toronto relocation capital expenditures and transition costs in non-IFRS free cash flow in the periods incurred, we have included the $113.0 million in proceeds from the sale of our Toronto real property in non-IFRS free cash flow in Q1 2019 (the period of receipt). See note 10(b) to the Q1 2019 Interim Financial Statements. Because we have recently arranged a new credit facility, and incurred debt issuance costs which we do not consider to be part of our core operating expenses in connection therewith (upon initial arrangement and in connection with subsequent security arrangements), we have modified our non-IFRS free cash flow calculation, commencing in Q1 2019, to exclude debt issuance costs paid from total finance costs paid. As no such costs were paid in Q1 2018, prior period comparatives will be restated, when applicable, to conform to the current presentation. In addition, commencing as of January 1, 2019, as a result of our adoption of IFRS 16 (Leases), we have also modified our non-IFRS free cash flow calculation to subtract lease payments under IFRS 16, as such payments were previously (but are no longer) reported in cash provided by (used in) operations. IFRS 16 did not require the restatement of prior period financial statements. Accordingly, and in order to preserve comparability with prior calculations, commencing in Q1 2019, such lease payments are subtracted from cash provided by (used in) operations in our determination of non-IFRS free cash flow. See footnote (4) below. Note that non-IFRS free cash flow, however, does not represent residual cash flow available to Celestica for discretionary expenditures.

(4) Management uses non-IFRS adjusted ROIC as a measure to assess the effectiveness of the invested capital we use to build products or provide services to our customers, by quantifying how well we generate earnings relative to the capital we have invested in our business. Non-IFRS adjusted ROIC is calculated by dividing non-IFRS adjusted EBIAT by average net invested capital. Net invested capital (calculated in the table below) is defined as total assets less: cash, ROU assets (described below), accounts payable, accrued and other current liabilities and provisions, and income taxes payable. We use a two-point average to calculate average net invested capital for the quarter. A comparable measure under IFRS would be determined by dividing IFRS earnings before income taxes by net invested capital (which we have set forth in the charts above and below), however, this measure (which we have called IFRS ROIC), is not a measure defined under IFRS. In connection with our adoption of IFRS 16 as of January 1, 2019, we now recognize ROU assets and related lease obligations on the applicable lease commencement dates. See note 2 to the Q1 2019 Interim Financial Statements for further detail. As IFRS 16 did not require the restatement of prior period financial statements, we have not restated prior period calculations of non-IFRS adjusted ROIC to account for ROU assets. Accordingly, and in order to preserve comparability with prior calculations, commencing in Q1 2019, we exclude the impact of our ROU assets from our calculation of net invested capital.

The following table sets forth a reconciliation of our IFRS tax expense and IFRS effective tax rate to our non-IFRS adjusted tax expense and our non-IFRS adjusted effective tax rate for the periods indicated, in each case determined by excluding the tax benefits or costs associated with the listed items (in millions, except percentages) from our IFRS tax expense for such periods:

	Three months ended March 31			
	2018	Effective tax rate	**2019**	Effective tax rate
IFRS tax expense and IFRS effective tax rate	$ 5.3	27%	$ 4.5	5%
Tax costs (benefits) of the following items excluded from IFRS tax expense:				
Employee stock-based compensation expense	0.4		0.4	
Net restructuring, impairment and other charges	(0.1)		0.2	
Non-core tax impact related to acquisitions	—		0.6	
Non-core tax impacts related to restructured sites	1.9		—	
Non-IFRS adjusted tax expense and non-IFRS adjusted effective tax rate	$ 7.5	18%	$ 5.7	27%

more...

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

	Three months ended March 31	
	2018	**2019**
IFRS earnings before income taxes	$ 19.4	$ 94.8
Multiplier to annualize earnings	4	4
Annualized IFRS earnings before income taxes	$ 77.6	$ 379.2
Average net invested capital for the period	$ 1,241.3	$ 1,786.4
IFRS ROIC % (1)	6.3%	21.2%

	Three months ended March 31	
	2018	**2019**
Non-IFRS operating earnings (adjusted EBIAT)	$ 44.7	$ 35.1
Multiplier to annualize earnings	4	4
Annualized non-IFRS adjusted EBIAT	$ 178.8	$ 140.4
Average net invested capital for the period	$ 1,241.3	$ 1,786.4
Non-IFRS adjusted ROIC % (1)	14.4%	7.9%

	December 31 2018	**March 31 2019**
Net invested capital consists of:		
Total assets	$ 3,737.7	$ 3,688.1
Less: cash	422.0	457.8
Less: right-of-use assets	—	115.8
Less: accounts payable, accrued and other current liabilities, provisions and income taxes payable	1,512.6	1,344.8
Net invested capital at period end (1)	$ 1,803.1	$ 1,769.7

	December 31 2017	**March 31 2018**
Net invested capital consists of:		
Total assets	$ 2,964.2	$ 2,976.0
Less: cash	515.2	435.7
Less: accounts payable, accrued and other current liabilities, provisions and income taxes payable	1,228.6	1,278.1
Net invested capital at period end (1)	$ 1,220.4	$ 1,262.2

(1) See footnote 4 of the previous table.

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

	Note	December 31 2018	March 31 2019
Assets			
Current assets:			
Cash and cash equivalents		$ 422.0	$ 457.8
Accounts receivable	*5*	1,206.6	1,035.9
Inventories	*6*	1,089.9	1,078.2
Income taxes receivable		5.0	7.0
Assets classified as held for sale	*7*	27.4	12.9
Other current assets		72.6	83.6
Total current assets		2,823.5	2,675.4
Property, plant and equipment		365.3	357.5
Right-of-use assets	*2*	—	115.8
Goodwill	*4*	198.4	202.8
Intangible assets	*4*	283.6	273.1
Deferred income taxes		36.7	36.4
Other non-current assets		30.2	27.1
Total assets		$ 3,737.7	$ 3,688.1
Liabilities and Equity			
Current liabilities:			
Current portion of borrowings under credit facility and lease obligations	*8*	$ 107.7	$ 133.1
Accounts payable		1,126.7	943.2
Accrued and other current liabilities	*6*	320.4	335.3
Income taxes payable		42.3	45.9
Current portion of provisions		23.2	20.4
Total current liabilities		1,620.3	1,477.9
Long-term portion of borrowings under credit facility and lease obligations	*8*	650.2	679.8
Pension and non-pension post-employment benefit obligations		88.8	90.7
Provisions and other non-current liabilities		20.6	23.0
Deferred income taxes		25.5	24.5
Total liabilities		2,405.4	2,295.9
Equity:			
Capital stock	*9*	1,954.1	1,878.9
Treasury stock	*9*	(20.2)	(6.6)
Contributed surplus		906.6	935.9
Deficit		(1,481.7)	(1,391.4)
Accumulated other comprehensive loss		(26.5)	(24.6)
Total equity		1,332.3	1,392.2
Total liabilities and equity		$ 3,737.7	$ 3,688.1

Commitments and Contingencies (note 13), Transitional adjustment related to adoption of IFRS 16 (note 2).
The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

1more...

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

		Three months ended March 31	
	Note	**2018**	**2019**
Revenue	*3*	$ 1,499.7	$ 1,433.1
Cost of sales	*6*	1,406.2	1,345.7
Gross profit		93.5	87.4
Selling, general and administrative expenses (SG&A)		52.3	56.1
Research and development		6.0	6.6
Amortization of intangible assets		2.0	7.8
Other charges (recoveries)	*10*	10.5	(91.5)
Earnings from operations		22.7	108.4
Finance costs		3.3	13.6
Earnings before income taxes		19.4	94.8
Income tax expense (recovery)	*11*		
Current		13.8	5.7
Deferred		(8.5)	(1.2)
		5.3	4.5
Net earnings for the period		$ 14.1	$ 90.3
Basic earnings per share		$ 0.10	$ 0.67
Diluted earnings per share		$ 0.10	$ 0.66
Shares used in computing per share amounts (in millions):			
Basic		142.2	135.7
Diluted		143.5	136.6

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

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

		Three months ended March 31	
	Note	**2018**	**2019**
Net earnings for the period		$ 14.1	$ 90.3
Other comprehensive income, net of tax:			
Items that may be reclassified to net earnings:			
Currency translation differences for foreign operations		1.3	(0.2)
Changes from currency forward derivatives designated as hedges	*12*	(1.5)	5.6
Changes from interest rate swap derivatives designated as hedges	*12*	—	(3.5)
Total comprehensive income for the period		$ 13.9	$ 92.2

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

3more...

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

	Note	Capital stock (note 9)	Treasury stock (note 9)	Contributed surplus	Deficit	Accumulated other comprehensive loss [(a)]	Total equity
Balance -- January 1, 2018		$ 2,048.3	$ (8.7)	$ 863.0	$ (1,525.7)	$ (6.7)	$ 1,370.2
Capital transactions	*9*						
Issuance of capital stock		12.3	—	(12.1)	—	—	0.2
Repurchase of capital stock for cancellation		(52.9)	—	17.8	—	—	(35.1)
Purchase of treasury stock for stock-based plans		—	(4.3)	—	—	—	(4.3)
Stock-based compensation and other		—	6.3	4.5	—	—	10.8
Total comprehensive income (loss):							
Net earnings for the period		—	—	—	14.1	—	14.1
Other comprehensive income (loss), net of tax:							
Currency translation differences for foreign operations		—	—	—	—	1.3	1.3
Changes from currency forward derivatives designated as hedges		—	—	—	—	(1.5)	(1.5)
Balance -- March 31, 2018		$ 2,007.7	$ (6.7)	$ 873.2	$ (1,511.6)	$ (6.9)	$ 1,355.7
Balance -- January 1, 2019		$ 1,954.1	$ (20.2)	$ 906.6	$ (1,481.7)	$ (26.5)	$ 1,332.3
Capital transactions	*9*						
Issuance of capital stock		6.0	—	(6.0)	—	—	—
Repurchase of capital stock for cancellation		(81.2)	—	36.7	—	—	(44.5)
Stock-based compensation and other		—	13.6	(1.4)	—	—	12.2
Total comprehensive income (loss):							
Net earnings for the period		—	—	—	90.3	—	90.3
Other comprehensive income (loss), net of tax:							
Currency translation differences for foreign operations		—	—	—	—	(0.2)	(0.2)
Changes from currency forward derivatives designated as hedges		—	—	—	—	5.6	5.6
Changes from interest rate swap derivatives designated as hedges		—	—	—	—	(3.5)	(3.5)
Balance -- March 31, 2019		$ 1,878.9	$ (6.6)	$ 935.9	$ (1,391.4)	$ (24.6)	$ 1,392.2

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

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

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

		Three months ended March 31	
	Note	**2018**	**2019**
Cash provided by (used in):			
Operating activities:			
Net earnings for the period		$ 14.1	$ 90.3
Adjustments to net earnings for items not affecting cash:			
Depreciation and amortization		21.3	34.5
Equity-settled stock-based compensation	*9*	10.4	11.8
Other charges (recoveries)		0.3	(101.3)
Finance costs		3.3	13.6
Income tax expense		5.3	4.5
Other		(3.0)	9.9
Changes in non-cash working capital items:			
Accounts receivable		18.4	170.5
Inventories		(104.8)	11.7
Other current assets		(3.4)	(5.3)
Accounts payable, accrued and other current liabilities and provisions		45.2	(164.4)
Non-cash working capital changes		(44.6)	12.5
Net income tax paid		(12.5)	(4.5)
Net cash provided by (used in) operating activities		(5.4)	71.3
Investing activities:			
Purchase of computer software and property, plant and equipment[a]		(17.2)	(19.7)
Proceeds related to the sale of assets	*10*	3.5	113.0
Net cash provided by (used in) investing activities		(13.7)	93.3
Financing activities:			
Repayments under prior credit facility	*8*	(6.2)	—
Borrowings under new credit facility	*8*	—	48.0
Repayments under new credit facility	*8*	—	(111.5)
Payment of lease obligations		(11.8)	(9.3)
Issuance of capital stock		0.2	—
Repurchase of capital stock for cancellation	*9*	(35.1)	(44.5)
Purchase of treasury stock for stock-based plans	*9*	(4.3)	—
Finance costs paid [b]	*8*	(3.2)	(11.5)
Net cash used in financing activities		(60.4)	(128.8)
Net increase (decrease) in cash and cash equivalents		(79.5)	35.8
Cash and cash equivalents, beginning of period		515.2	422.0
Cash and cash equivalents, end of period		$ 435.7	$ 457.8

(a) Additional equipment of $1.7 was acquired through finance leases in the first quarter of 2019 (first quarter of 2018 — nil).

(b) Includes debt issuance costs paid of $0.9 in the first quarter of 2019 (first quarter of 2018 — nil).

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

1. REPORTING ENTITY

Celestica Inc. (Celestica) is incorporated in Ontario with its corporate headquarters located in Toronto, Ontario, Canada. Celestica's subordinate voting shares are listed on the Toronto Stock Exchange (TSX) and the New York Stock Exchange (NYSE).

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance:

These unaudited interim condensed consolidated financial statements for the quarter ended March 31, 2019 (Q1 2019 Interim 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). The Q1 2019 Interim Financial Statements should be read in conjunction with our 2018 annual audited consolidated financial statements (2018 AFS) and reflect all adjustments that are, in the opinion of management, necessary to present fairly our financial position as at March 31, 2019 and our financial performance, comprehensive income and cash flows for the three months ended March 31, 2019 (Q1 2019). The Q1 2019 Interim 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).

The Q1 2019 Interim Financial Statements were authorized for issuance by our board of directors on April 24, 2019.

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 our judgments, estimates and assumptions on current facts, historical experience and various other factors that we believe are reasonable under the circumstances. The economic environment could also impact certain estimates necessary to prepare our consolidated financial statements, including estimates related to the recoverable amounts used in our impairment testing of our non-financial assets, the discount rates applied to our net pension and non-pension post-employment benefit assets or liabilities, and the discount rates applied to our right-of-use (ROU) assets and related lease obligations. Our assessment of these factors forms the basis for our judgments on the carrying values of assets and liabilities and the accrual of our costs and expenses. Actual results could differ materially from our estimates and assumptions. We review our estimates and underlying assumptions on an ongoing basis and make revisions as determined necessary by management. Revisions are recognized in the period in which the estimates are revised and may impact future periods as well. There have been no significant changes to our assumptions or the judgments affecting the application of our estimates and assumptions during Q1 2019 from those described in the notes to our 2018 AFS. However, see "Accounting policies" below for a discussion of recently adopted accounting standards.

Accounting policies:

The Q1 2019 Interim Financial Statements are based upon accounting policies consistent with those used and described in note 2 of our 2018 AFS, except for the recently adopted accounting standard discussed below. As a result, the following should be read as a modification to notes 2(j) and (x) to our 2018 AFS.

(in millions of U.S. dollars, except percentages and per share amounts)

Recently adopted accounting standard:

IFRS 16, Leases:

We adopted IFRS 16 effective January 1, 2019, which brings most leases on-balance sheet for lessees under a single model. In connection therewith, commencing January 1, 2019, we now recognize right-of-use (ROU) assets and related lease obligations as of the applicable lease commencement dates. ROU assets represent our right to use such leased assets, and our lease obligations represent our related lease payment obligations. In adopting this standard, we applied the modified retrospective approach, permitting us to recognize the cumulative effect of such adoption as an adjustment to our opening balance sheet as of January 1, 2019, without restatement of prior period comparative information. In computing such adjustment, we elected to apply the practical expedients available under IFRS 16, and accordingly have not recognized ROU assets and related lease obligations for low-value leases, or for leases with terms of 12 months or less. We continue to expense the costs of these low-value and short-term leases in our consolidated statement of operations on a straight-line basis over the lease term. In addition, as IFRS 16 did not require us to reassess whether a contract is, or contains, a lease as of the date of initial application, we maintained the lease determinations used under previous accounting rules. Upon initial adoption of IFRS 16, we recognized ROU assets of $111.5 and related lease obligations of $112.0, and reduced our accrued liabilities by $0.5 on our consolidated balance sheet as of January 1, 2019. There was no net impact on our deficit as of January 1, 2019. When measuring our lease obligations, we discounted our lease payments using a weighted-average rate of 4.7% as of January 1, 2019 (representing our incremental borrowing rate as of such date). The amortization of the ROU assets is recognized as a depreciation charge, and the interest expense on the related lease obligations is recognized as finance costs in our consolidated statement of operations. Prior to the adoption of IFRS 16, we recognized operating lease expenses on a straight-line basis over the lease term generally in cost of sales or SG&A in our consolidated statement of operations. There were no changes to our existing finance leases required by the adoption of IFRS 16, which we continue to capitalize at their commencement (included in property, plant and equipment on our consolidated balance sheet), and include the corresponding liability, net of finance costs, on our consolidated balance sheet (see note 8). At March 31, 2019, our ROU assets were $115.8 and our related lease obligations were $118.1. During Q1 2019, we recognized lease depreciation charges of $7.9 and interest expense on our lease obligations of $1.5 in our consolidated statement of operations. We also made lease payments of $8.3 related to lease obligations under IFRS 16.

The following table sets forth the adjustments to our operating lease commitments at December 31, 2018, as disclosed in our 2018 AFS, used to derive the lease obligations recognized on our initial application of IFRS 16 at January 1, 2019:

Operating lease commitments at December 31, 2018	$	107.4
Discounted using our incremental borrowing rate at January 1, 2019		(13.2)
Recognition exemption for short-term and low-value leases		(1.9)
Extension options reasonably certain to be exercised		19.7
Lease obligations recognized at January 1, 2019 under IFRS 16		112.0
Lease obligations previously classified as finance leases under IAS 17		10.4
Total lease obligations at January 1, 2019	$	122.4

We are the lessee of property, plant and equipment, primarily buildings and machinery. At the inception of a contract, we assess whether the arrangement is, or contains, a lease in accordance with IFRS 16. If we determine that it does, we recognize an ROU asset and a related lease obligation on the applicable lease commencement date. An ROU asset is initially measured based on the initial amount of the lease obligation, subject to certain adjustments, if any, and then subsequently measured at such cost less accumulated depreciation and any accumulated impairment. Depreciation expense on an ROU asset is recorded using the straight-line method over the lease term in cost of sales or SG&A in our consolidated statement of operations, primarily based on the nature and use of the asset. The lease obligation is initially measured at the present value of the unpaid lease payments on the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, we use our incremental borrowing rate (taking country-specific risks into consideration), based on information available on the lease commencement date. We generally use our incremental borrowing rate as the discount rate. The interest expense on the lease obligations is recognized as finance costs in our consolidated statement of operations. The lease obligation is remeasured when there are adjustments to future lease payments arising from a change in applicable indices or rates, changes in the estimated amount expected to be payable under a residual value guarantee, or if we change our assessment of whether we will exercise an applicable purchase, extension or termination option. Upon any such remeasurement, a corresponding adjustment is made to the carrying amount of the related ROU asset, or is recorded in our consolidated statement of operations if the carrying amount of such ROU asset has been impaired.

(in millions of U.S. dollars, except percentages and per share amounts)

3. SEGMENT AND CUSTOMER REPORTING

Segments:

Celestica delivers innovative supply chain solutions globally to customers in two operating and reportable segments: Advanced Technology Solutions (ATS) and Connectivity & Cloud Solutions (CCS). Segment performance is evaluated based on segment revenue, segment income and segment margin (segment income as a percentage of segment revenue). See note 25 to our 2018 AFS for a description of the businesses that comprise our segments, and how segment revenue, segment income and segment margin are determined. There has been no change in either the determination of our segments, or how segment performance is measured, from that described in our 2018 AFS.

Information regarding the results of each reportable segment is set forth below:

Revenue by segment:	**Three months ended March 31**					
	2018			**2019**		
			% of total			% of total
ATS	$	532.8	36%	$	578.2	40%
CCS		966.9	64%		854.9	60%
Communications end market revenue as a % of total revenue			39%			39%
Enterprise end market revenue as a % of total revenue			25%			21%
Total	$	1,499.7		$	1,433.1	

Segment income, segment margin, and reconciliation of segment income to IFRS earnings before income taxes:		**Three months ended March 31**					
	Note	**2018**			**2019**		
				Segment Margin			Segment Margin
ATS segment income and margin		$	27.9	5.2%	$	15.1	2.6%
CCS segment income and margin			16.8	1.7%	20.0		2.3%
Total segment income			44.7			35.1	
Reconciling items:							
Finance costs			3.3			13.6	
Employee stock-based compensation expense			10.4			11.8	
Amortization of intangible assets (excluding computer software)			1.1			6.4	
Net restructuring, impairment and other charges (recoveries)	*10*		10.5			(91.5)	
IFRS earnings before income taxes		$	19.4		$	94.8	

Customers:

For Q1 2019, we had two customers (one from each of our segments) that individually represented more than 10% of total revenue (first quarter of 2018 (Q1 2018) — two customers from our CCS segment).

(in millions of U.S. dollars, except percentages and per share amounts)

Seasonality:

From time to time, we experience some level of seasonality in our quarterly revenue patterns across some of our businesses. In recent periods, revenue from the storage component of our CCS segment 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 of each year. 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. The addition of new customers may also introduce different demand cycles than our existing businesses, creating more volatility and unpredictability in our revenue patterns as we adjust to this shift. These and other factors make it difficult to isolate the impact of seasonality on our business.

4. ACQUISITIONS

In April 2018, we completed the acquisition of U.S.-based Atrenne Integrated Solutions, Inc. (Atrenne), a designer and manufacturer of ruggedized electromechanical solutions, primarily for military and commercial aerospace applications. The final purchase price for Atrenne was $140.3, net of cash acquired. The original purchase was reduced by $1.4 as we finalized a working capital adjustment. The purchase price was financed with borrowings under our prior credit facility. The goodwill from the acquisition (attributable to our ATS segment), arose primarily from the specific knowledge and capabilities of the acquired workforce and expected synergies from the combination of our operations.

Details of our final purchase price allocation for the Atrenne acquisition are as follows:

	Atrenne
Current assets, net of $1.1 of cash acquired	$ 31.5
Property, plant and equipment	7.8
Customer intangible assets and computer software assets	51.0
Goodwill	62.6
Current liabilities	(8.5)
Deferred income taxes and other long-term liabilities	(4.1)
	$ 140.3

In connection with our purchase of Atrenne, we recorded a $1.6 fair value adjustment to write up the value of the acquired inventory as of the acquisition date, representing the difference between the inventory's cost and its fair value. Annual amortization of intangible assets has increased by approximately $6 as a result of the Atrenne acquisition. The goodwill arising from this acquisition is not tax deductible.

In November 2018, we completed the acquisition of U.S.-based Impakt Holdings, LLC (Impakt), a highly-specialized, vertically integrated company providing manufacturing solutions for leading OEMs in the display and semiconductor industries, as well as other markets requiring complex fabrication services, with operations in California and South Korea. The purchase price for Impakt was $325.4, net of cash acquired, and was financed with borrowings under our new credit facility. The purchase price is subject to a net working capital adjustment, which has not yet been finalized. The goodwill from the acquisition (attributable to our ATS segment), arose primarily from the specific knowledge and capabilities of the acquired workforce and expected synergies from the combination of our operations.

(in millions of U.S. dollars, except percentages and per share amounts)

Details of our preliminary purchase price allocation for the Impakt acquisition are as follows:

	Impakt
Current assets, net of $5.9 of cash acquired	$ 46.3
Property, plant and equipment and other long-term assets	20.6
Customer intangible assets and computer software assets	220.0
Goodwill	117.0
Current liabilities	(25.9)
Deferred income taxes	(52.6)
	$ 325.4

During Q1 2019, we updated the fair value assessment for certain Impakt assets and liabilities, resulting in a $5.8 increase to goodwill as of the acquisition date, which is reflected in the preliminary purchase price allocation above. Our annual amortization of intangible assets will increase by approximately $15 as a result of the Impakt acquisition. The goodwill arising from this acquisition is not tax deductible.

We engaged third-party consultants to provide valuations of certain inventory, property, plant and equipment and intangible assets in connection with our purchases of Atrenne and Impakt. The fair value of the acquired tangible assets was measured based on their value in-use, by applying the market (sales comparison, brokers' quotes), cost or replacement cost, or the income (discounted cash flow) approach, as deemed appropriate. The valuation of the intangible assets by the third-party consultants was primarily based on the income approach using a discounted cash flow model and forecasts based on management's subjective estimates and assumptions. Various Level 2 and 3 data inputs of the fair value measurement hierarchy were used in the valuation of the above-mentioned assets.

We incur consulting, transaction and integration costs (Acquisition Costs) relating to potential and completed acquisitions, including for our Atrenne and Impakt acquisitions. During Q1 2019, we recorded Acquisition Costs of $1.3 (Q1 2018 — $1.7), in other charges in our consolidated statement of operations.

5. ACCOUNTS RECEIVABLE

Accounts receivable (A/R) sales program and supplier financing program (SFP):

We have an agreement to sell up to $250.0 in A/R on an uncommitted basis (subject to pre-determined limits by customer) to two third-party banks. We also participate in a customer's SFP, pursuant to which we sell A/R from such customer to a third-party bank on an uncommitted basis. At March 31, 2019, $130.0 of accounts receivable were sold under our A/R sales program (December 31, 2018 — $130.0) and we sold $24.9 of A/R under the SFP (December 31, 2018 — $50.0).

Contract assets:

At March 31, 2019, our A/R balance included $257.8 of contract assets (December 31, 2018 — $267.8) recognized as revenue under IFRS 15.

6. INVENTORIES

We record inventory provisions, net of valuation recoveries, in cost of sales. Inventory provisions reflect write-downs in the value of our inventory to net realizable value, and valuation recoveries primarily reflect realized gains on the disposition of previously written-down inventory. We recorded net inventory provisions of $4.7 for Q1 2019 (Q1 2018 — $1.0), reflecting an increase in aged inventory as compared to the prior year period, the majority of which related to our ATS segment customers. We regularly review our estimates and assumptions used to value our inventory through analysis of historical performance.

(in millions of U.S. dollars, except percentages and per share amounts)

Certain of our contracts provide for customer cash deposits to cover our risk of excess and obsolete inventory and/or for working capital requirements. Such deposits as of March 31, 2019 (primarily covering our aged inventory) totaled $120.4 (December 31, 2018 — $57.9), and were recorded in accrued and other current liabilities on our consolidated balance sheet.

7. ASSETS CLASSIFIED AS HELD FOR SALE

At March 31, 2019, we had $12.9 (December 31, 2018 — $27.4) of assets classified as held for sale, consisting of land and buildings in Europe. The decrease resulted from the sale of our Toronto real property in March 2019. See note 10 for details of such sale.

8. CREDIT FACILITIES AND LONG-TERM DEBT

In June 2018, we entered into an $800.0 credit agreement with Bank of America, N.A., as Administrative Agent, and the other lenders party thereto (New Credit Facility), which provides for a $350.0 term loan (June Term Loan) that matures in June 2025, and a $450.0 revolving credit facility (New Revolver) that matures in June 2023. In November 2018, we utilized the accordion feature under our New Credit Facility to add an incremental term loan of $250.0 (November Term Loan), maturing in June 2025. The June Term Loan and the November Term Loan are collectively referred to as the New Term Loans.

As of March 31, 2019, an aggregate of $596.8 was outstanding under the New Term Loans (December 31, 2018 — $598.3), and other than ordinary course letters of credit (described below), $97.0 was outstanding under the New Revolver (December 31, 2018 — $159.0).

During Q1 2019, we borrowed $48.0 under the New Revolver primarily to fund share repurchases during the quarter (see note 9). Thereafter, during Q1 2019, we repaid $110.0 of the outstanding amounts under the New Revolver using the proceeds we received from our Toronto real property sale. During Q1 2019, we also made aggregate scheduled quarterly principal repayments of $1.5 under the New Term Loans, comprised of $0.875 for the June Term Loan and $0.625 for the November Term Loan (Q1 2018 — principal repayment of $6.25 under the prior term loan).

At March 31, 2019, we were in compliance with all restrictive and financial covenants under the New Credit Facility (December 31, 2018 — in compliance).

The following table sets forth our borrowings under the New Credit Facility, and our lease obligations, at the dates shown:

	December 31 2018	March 31 2019
Borrowings under the New Revolver [1]	$ 159.0	$ 97.0
Borrowings under the New Term Loans [1]	598.3	596.8
Total borrowings under New Credit Facility	757.3	693.8
Less: unamortized debt issuance costs related to our New Term Loans[1]	(9.8)	(10.3)
Lease obligations (including lease obligations under IFRS 16 (note 2))	10.4	129.4
	$ 757.9	$ 812.9
Comprised of:		
Current portion of borrowings under New Credit Facility and lease obligations	$ 107.7	$ 133.1
Long-term portion of borrowings under New Credit Facility and lease obligations	650.2	679.8
	$ 757.9	$ 812.9

[1] Debt issuance costs incurred in connection with our New Revolver totaling $3.8 ($0.7 in Q1 2019) were deferred as other assets on our consolidated balance sheets and are amortized over its term. Debt issuance costs incurred in connection with our New Term Loans totaling $11.2

($0.9 in Q1 2019) were deferred as long-term debt on our consolidated balance sheets and are amortized over their term using the effective interest rate method.

Commitment fees paid under our relevant credit facilities in Q1 2019 were $0.3 (Q1 2018 — $0.3). At March 31, 2019, we had $21.7 outstanding in letters of credit under the New Revolver (December 31, 2018 — $21.3). At March 31, 2019, we also had $15.3 (December 31, 2018 — $14.4) of outstanding letters of credit and surety bonds issued outside of the New Revolver.

At March 31, 2019, we also had a total of $132.8 (December 31, 2018 — $132.8) in uncommitted bank overdraft facilities available for intraday and overnight operating requirements. There were no amounts outstanding under these overdraft facilities at March 31, 2019 or December 31, 2018.

9. CAPITAL STOCK

Share repurchase plans:

In December 2018, the TSX accepted our notice to launch a new normal course issuer bid (NCIB), which allows us to repurchase, at our discretion, until the earlier of December 17, 2019 or the completion of the purchases thereunder, up to approximately 9.5 million subordinate voting shares in the open market, or as otherwise permitted (2018 NCIB). In November 2017, we launched an NCIB (2017 NCIB) which was completed in November 2018, that 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 Q1 2019, we paid $44.5 (Q1 2018— $35.1) (including transaction fees) to repurchase and cancel 5.1 million (Q1 2018 — 3.3 million) subordinate voting shares at a weighted average price of $8.78 per share (Q1 2018 — $10.63 per share) under the 2018 NCIB and 2017 NCIB, respectively. As of March 31, 2019, up to 4.4 million subordinate voting shares remain available for repurchase under the 2018 NCIB for either cancellation, or for stock-based compensation purposes.

Stock-based compensation:

During Q1 2019, we did not purchase subordinate voting shares in the open market to satisfy delivery requirements under our stock-based compensation plans. During Q1 2018, we paid $4.3, including transaction fees, for a broker to purchase 0.4 million subordinate voting shares for this purpose. At March 31, 2019, the broker held 0.6 million subordinate voting shares with a value of $6.6 (December 31, 2018 — 1.9 million subordinate voting shares with a value of $20.2), which we report as treasury stock on our consolidated balance sheet.

During Q1 2019, we granted 2.5 million restricted share units (RSUs) (Q1 2018 — 1.7 million), the majority of which vest one-third per year over a three-year period. During Q1 2019, we granted 2.1 million performance share units (PSUs) (Q1 2018 — 1.5 million), representing 100% of target. The number of PSUs granted in 2019 and 2018 that will actually vest will vary from 0 to 200% of the target amount granted based on the level of achievement of a pre-determined non-market performance measurement in the final year of the three-year performance period, subject to modification by a separate pre-determined non-market financial target and our relative Total Shareholder Return (TSR) performance over the 3-year vesting period. The weighted average grant date fair value of RSUs and PSUs granted in Q1 2019 was $8.07 and $8.17 per unit, respectively (Q1 2018 — $10.51 and $11.10 per unit, respectively).

For Q1 2019, we recorded aggregate employee stock-based compensation expense (excluding deferred share unit (DSU) expense) through cost of sales and SG&A of $11.8 (Q1 2018 — $10.4), and DSU expense (through SG&A) of $0.6 (Q1 2018 — $0.5).

At March 31, 2019, 1.7 million (December 31, 2018 — 1.6 million) DSUs were outstanding.

(in millions of U.S. dollars, except percentages and per share amounts)

10. OTHER CHARGES (RECOVERIES)

	Three months ended March 31	
	2018	2019
Restructuring (a)	$ 6.9	$ 7.1
Toronto transition costs (recoveries) (b)	1.7	(98.8)
Acquisition costs and other (c)	1.9	0.2
	$ 10.5	$ (91.5)

(a) Restructuring:

We are currently implementing restructuring actions under a cost efficiency initiative (CEI), including actions related to our previously-disclosed CCS segment portfolio review and our capital equipment business. See note 16(a) of our 2018 AFS for further detail. During Q1 2019, we recorded cash charges of $6.4, primarily for employee and lease termination costs (Q1 2018 — $6.6, primarily for consultant costs and employee termination costs), and non-cash charges of $0.7 to write off certain equipment related to disengaged programs (Q1 2018 — $0.3 representing losses on the sale of surplus equipment). As of March 31, 2019, our restructuring provision was $8.6 (December 31, 2018 — $10.3), which we recorded in the current portion of provisions on our consolidated balance sheet.

(b) Toronto transition costs (recoveries):

In July 2015, we entered into an agreement to sell our Toronto real property, which included the site of our corporate headquarters and our Toronto manufacturing operations. Upon execution of such agreement, we received a cash deposit of $11.2. In September 2018, the agreement was assigned to a new purchaser. On March 7, 2019, we completed the sale of the real property and received total additional proceeds of $113.0, including a high density bonus and an early vacancy incentive related to the temporary relocation of our corporate headquarters. We recorded a gain of $102.0 on sale of this property in other charges (recoveries). No net tax impact was recorded on this sale as the gain was offset by the utilization of previously unrecognized tax losses.

In connection with the then-anticipated sale, we entered into a long-term lease in November 2017 for the relocation of our Toronto manufacturing operations (in the Greater Toronto area), and commenced occupancy in March 2018. We completed this relocation in February 2019. As part of the property sale, we entered into a 10-year lease in March 2019 with the purchaser of the property for our new corporate headquarters (see note 13). In connection therewith, we are in the process of relocating our corporate headquarters to a temporary location while space in a new office building (to be built by the purchaser of the property on the site of our former location) is under construction. In September 2018, we entered into a 3-year lease for such temporary offices, and such relocation is expected to be completed in the second quarter of 2019. In connection with such relocations, we have capitalized building improvements and equipment costs related to our new manufacturing site ($1.2 in Q1 2019; $17 from commencement in the fourth quarter of 2017 through completion), and our temporary corporate headquarters ($4.4 in Q1 2019; nil prior thereto), and have incurred transition-related costs ($3.2 in Q1 2019; $1.7 in Q1 2018; $18.0 since commencement) which we recorded in other charges, consisting of direct relocation costs, duplicate rent expense, utility costs, depreciation charges, and personnel costs incurred during the transition periods, and cease-use costs incurred in connection with idle or vacated portions of the relevant premises.

(c) Acquisition costs and other:

During Q1 2019, we recorded $1.3 in Acquisition Costs (Q1 2018 — $1.7) (see note 4). Acquisition Costs in Q1 2019 were offset in part by a legal recovery (for prior period freight charges) in connection with the settlement of a class action lawsuit in which we were a plaintiff.

(in millions of U.S. dollars, except percentages and per share amounts)

11. INCOME TAXES

Our effective income tax rate can vary significantly period-to-period 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.

No net tax impact was recorded on the gain from the sale of the Toronto real property in Q1 2019 as the gain was offset by the utilization of previously unrecognized tax losses.

12. 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 New Term Loans, borrowings under the New Revolver, lease obligations, and derivatives.

Currency risk:

The majority of our currency risk is driven by operational costs, including income tax expense, incurred in local currencies by our subsidiaries. Our major currency exposures at March 31, 2019 are summarized in U.S. dollar equivalents in the following table. The local currency amounts have been converted to U.S. dollar equivalents using spot rates at March 31, 2019.

	Canadian dollar	Romanian Leu	Euro	Thai baht	Chinese renminbi
Cash and cash equivalents	$ 5.3	$ 0.1	$ 9.9	$ 2.5	$ 18.7
Accounts receivable	1.7	0.6	53.4	1.0	18.1
Income taxes and value-added taxes receivable	22.9	1.3	16.3	1.3	14.5
Other financial assets	—	1.0	2.3	0.4	0.6
Pension and non-pension post-employment liabilities	(68.3)	(0.1)	(0.5)	(13.6)	(0.8)
Income taxes and value-added taxes payable	—	—	(0.4)	(2.3)	—
Accounts payable and certain accrued and other liabilities and provisions	(53.6)	(12.5)	(52.0)	(28.6)	(25.4)
Net financial assets (liabilities)	$ (92.0)	$ (9.6)	$ 29.0	$ (39.3)	$ 25.7

We enter into foreign exchange forward contracts to hedge our cash flow exposures and foreign currency swaps to hedge our balance sheet exposures, generally for periods of up to 12 months. 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. At March 31, 2019, we had foreign exchange forwards and swaps to trade U.S. dollars in exchange for the following currencies:

(in millions of U.S. dollars, except percentages and per share amounts)

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	$ 239.2	$ 0.76	13	$ (0.8)
Thai baht	92.2	0.03	12	0.8
Malaysian ringgit	49.8	0.24	12	0.2
Mexican peso	24.8	0.05	12	0.5
British pound	1.6	1.29	12	0.1
Chinese renminbi	63.7	0.15	12	0.1
Euro	17.9	1.15	12	0.3
Romanian leu	36.7	0.24	12	(1.5)
Singapore dollar	23.4	0.74	12	—
Other	6.0		2	—
Total	$ 555.3			$ (0.3)

At March 31, 2019, the fair value of our outstanding contracts was a net unrealized loss of $0.3 (December 31, 2018 — net unrealized loss of $14.2), resulting from fluctuations in foreign exchange rates between the contract execution and period-end date.

Interest rate risk:

Borrowings under the New Credit Facility expose us to interest rate risk due to the potential variability of market interest rates. In order to partially hedge against our exposure to interest rate variability on the New Term Loans, we entered into 5-year agreements with a syndicate of third-party banks in August and December 2018 to swap the variable interest rate (based on LIBOR plus a margin) with a fixed rate of interest for $350.0 of the total borrowings under the New Term Loans. See note 21 of our 2018 AFS for further detail regarding our interest rate swap agreements. Our unhedged borrowings under the New Credit Facility at March 31, 2019 were $343.8 (comprised of an aggregate of $246.8 under the New Term Loans and $97.0 under the New Revolver).

At March 31, 2019, the fair value of our interest rate swap agreements was a net unrealized loss of $7.9 (December 31, 2018 — $4.4) which we recorded in other non-current liabilities on our consolidated balance sheet. The unrealized portion of the hedge gain or loss of the swaps is recorded in accumulated other comprehensive income (OCI). The realized portion of the hedge gain or loss of the swaps is released from OCI and recognized under finance costs in our consolidated statement of operations in the respective interest payment periods.

13. COMMITMENTS AND 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 adverse impact on our financial performance, financial position or liquidity.

Other Matters:

In 2017, the Brazilian Ministry of Science, Technology, Innovation and Communications issued assessments seeking to disqualify certain amounts of research and development 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 remain under appeal and there have been no changes in the status of this matter during Q1 2019. See note 24 to the 2018 AFS for further details.

In March 2019, as part of the Toronto property sale (see note 10), we entered into a 10-year lease for our new corporate headquarters, to be built by the purchaser of the property on the site of our former location. The commencement date of the lease will be determined by such purchaser, and is currently targeted to be May 2022. Upon such commencement, our estimated annual basic rent will be approximately $2.5 million Canadian dollars for each of the first five years, and approximately $2.7 million Canadian dollars for each of the remaining five years. We may, at our option, extend the lease for two further consecutive five year periods.