Second Quarter 2018 Financial Results

July 31, 2018

Cautionary Note Regarding Forward- Looking Statements

This presentation contains forward-looking statements, including, without limitation, those related to our future growth; trends in the electronics manufacturing services (EMS) industry, including the continuation of adverse market conditions, and their anticipated impact on our business and results of operations; our anticipated financial and/or operational results (including our anticipated quarterly revenue, non-IFRS adjusted SG&A expenses, non-IFRS operating margin, and non-IFRS EPS, as well as our non-IFRS operating margin goal for the fourth quarter of 2018 and anticipated non-IFRS annual adjusted effective tax rate for 2018); the anticipated realization of cost efficiencies from our restructuring actions and anticipated increases in ATS segment revenue in the fourth quarter of 2018; our potential disengagement from certain CCS customer programs as a result of our comprehensive review of our CCS business, and potential declines in our CCS segment revenue, changes to our manufacturing network and/or additional restructuring actions as a result of such review and/or any disengagement from under-performing programs; the cash, working capital and other operational inefficiency or financial impacts associated with prolonged materials constraints; the ability of our diversification strategy and cost reduction initiatives to further improve our revenue mix and segment and overall margins as we progress into the second half of 2018; the impact of acquisitions and program wins or losses on our liquidity, financial results and working capital requirements; anticipated expenses, restructuring actions and charges, capital expenditures and other anticipated working capital requirements, including the anticipated amounts, timing and funding thereof; the impact of tax and litigation outcomes; our cash flows, financial targets, priorities and initiatives; intended investments in our business; changes in our mix of revenue; our ability to diversify and grow our customer base and develop new capabilities; the expected impact of the acquisition of Atrenne on our position in the aerospace and defense and industrial markets, the expected increase in annual intangible asset amortization charges resulting from the Atrenne acquisition, and the expected timing of the completion of our Atrenne asset valuations and purchase price allocation; our intention to settle outstanding equity awards with subordinate voting shares; the timing and terms of the sale of our real property in Toronto and related transactions, including the expected lease of our new corporate headquarters (collectively, the Toronto Real Property Transactions); the costs, timing and execution of relocating our existing Toronto manufacturing operations and the anticipated temporary relocation of our corporate headquarters while space in a new office building is under construction (including our expectation that the costs of such relocations will be more than offset by the cash proceeds from the property sale, if consummated); the timing of the adoption of, and transition activities related to, newly-issued accounting standards; the potential true-up premium on the annuity purchased for our U.K. Main pension plan; and our intentions with respect to our U.K. Supplementary pension plan and the potential true-up premium on the annuity purchased with respect thereto. 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; customer and segment concentration and the challenges of diversifying our customer base and replacing revenue from completed or lost programs or customer disengagements, which could be driven by a number of factors, including but not limited to operating performance, supply base consolidation, or our ability to achieve acceptable financial returns; changes in our mix of customers and/ or the types of products or services we provide; higher concentration of fulfillment services and/or other lower margin programs impacting gross profit; price, margin pressures, including from customer re-negotiations, and other competitive factors affecting, and the highly competitive nature of, the EMS industry in general and our CCS segment in particular; 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, competitor and/or supplier consolidation; integrating any acquisitions or strategic transactions (including "operate-in-place" arrangements and our recent acquisition of Atrenne), and achieving the anticipated benefits therefrom; retaining or expanding our business due to execution or quality issues (including our ability to successfully resolve these challenges); our having sufficient financial resources and working capital to fund currently anticipated financial obligations and to pursue desirable business opportunities, and potential negative impacts on our liquidity, financial condition and/or results of operations resulting from significant uses of cash and/or any future securities issuances or increased third-party indebtedness for acquisitions or to otherwise fund our operations; delays in the delivery and availability of components, services and materials, including from suppliers upon which we are dependent for certain components; our restructuring actions, including achieving the anticipated benefits therefrom, and the potential negative impact of transitions resulting from our restructuring actions on our operations; the incurrence of future 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 of our control (including as a result of Britain's intention to leave the European Union (Brexit), policies or legislation proposed or instituted by the current U.S. administration, including with respect to taxes and tariffs, and/or countermeasures implemented by other governments in response thereto); the expansion or consolidation of our operations; recruiting or retaining skilled talent; changes to our operating model; changing commodity, material and component costs as well as labor costs and conditions; defects or deficiencies in our products, services or designs; non-performance by counterparties; our financial exposure to foreign currency volatility, including fluctuations that may result from Brexit and/or the policies or legislation proposed or instituted by the current U.S. administration; managing our global operations and supply chain; our dependence on industries affected by rapid technological change; increasing income and other taxes, tax audits, and challenges of defending our tax positions, and obtaining, renewing or meeting the conditions of tax incentives and credits; the potential that conditions to closing the sale of our real property in Toronto may not be satisfied on a timely basis or at all; the costs, timing and/or execution of relocating our existing Toronto manufacturing operations and/or corporate headquarters proving to be other than anticipated; computer viruses, malware, hacking attempts or outages that may disrupt our operations; the variability of revenue and operating results; compliance with applicable laws, regulations, government grants and social responsibility initiatives; 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 2017 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 presentation 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 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 (including new business associated with acquisitions); the successful pursuit, completion and integration of acquisitions; the success in the marketplace of our customers' products; the pace of change in our traditional businesses (CCS segment) 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; the extent of the recently-imposed tariffs and countermeasures and our customers' liability for any such costs; operational and financial matters including the extent, timing and costs of replacing revenue from completed or lost programs, or customer disengagements; technological developments; that the impact of the recent U.S. tax reform on our operations will be as we currently anticipate; our ability to recover accounts receivable outstanding from a former solar supplier; 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 diversify our customer base and develop new capabilities; the availability of cash resources for repurchases of outstanding subordinate voting shares under our current normal course issuer bid (NCIB); compliance with applicable laws and regulations pertaining to NCIBs; that we are able to successfully integrate Atrenne and achieve the expected benefits from the acquisition; and that the sale of our Toronto real property will be consummated by early 2019. 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.

In addition, this presentation refers to non-International Financial Reporting Standards (IFRS) measures. Non-IFRS measures do not have any standardized meaning prescribed by IFRS and 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-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. 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. Forward-looking non-IFRS measures may vary materially from the corresponding IFRS financial measures.

CEO Remarks

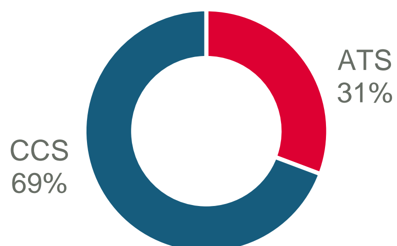
Q2 2018 Highlights

$US	Q2 2018	Comments
Revenue	$1.70B	9% YTY Increase; *16% YTY Growth in ATS* *6% YTY Growth in CCS*
IFRS Net Earnings	$16.1M	Down $18.5M YTY
IFRS EPS - diluted	$0.11	Down 13 cents YTY
Non-IFRS Operating Margin	3.1%	Down 0.6% YTY[1]
Adjusted EPS – diluted (non-IFRS)	$0.29	Down 3 cents YTY[1]
Adjusted ROIC (non-IFRS)	16.0%	Down 4.8% YTY[1]

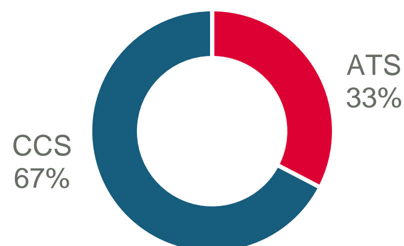
[1] Please refer to the appendix for a reconciliation of Non-IFRS financial measures to the most comparable IFRS measures.

ATS[1] and CCS[2] Segment Revenue and Profitability

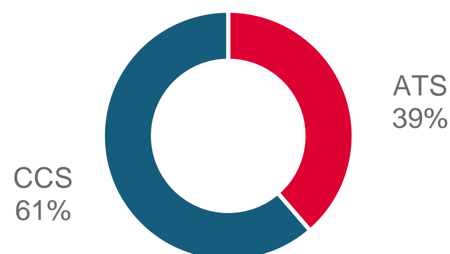
Q2 2017 Revenue [4]



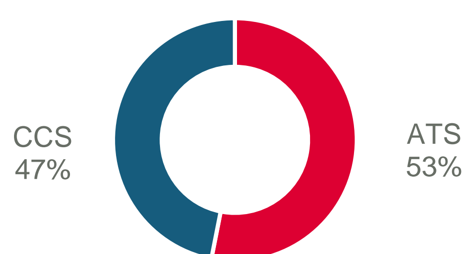
Q2 2018 Revenue [5]



Q2 2017 % of Total Segment Income



Q2 2018 % of Total Segment Income



2Q18 Revenue $	Sequential	Year over Year
ATS	Up 4%	Up 16%
CCS	Up 18%	Up 6%
Communications	*Up 21%*	*Up 2%*
Enterprise[3]	*Up 14%*	*Up 12%*

Segment Income[6]	2Q17	2Q18
ATS	22.5M	28.2M
CCS	35.7M	24.9M

Segment Margin[6]	2Q17	2Q18
ATS	4.7%	5.1%
CCS	3.3%	2.2%

[1] ATS consists of Aerospace & Defense, Industrial, Smart Energy, Healthtech, Semiconductor Capital Equipment and Consumer.

[2] CCS consists of Communications and Enterprise.

[3] Enterprise consists of Servers and Storage.

[4] In Q2 2017, Communications represented 44% of total revenue and Enterprise represented 25% of total revenue.

[5] In Q2 2018, Communications represented 42% of total revenue and Enterprise represented 25% of total revenue.

[6] Segment income is defined as a segment's net revenue less its cost of sales and its allocable portion of selling, general and administrative expenses and research and development expenses (collectively, Segment Costs). Identifiable Segment Costs are allocated directly to the applicable segment while other Segment Costs, including indirect costs and certain corporate charges, are allocated to our segments based on an analysis of the relative usage or benefit derived by each segment from such costs. Segment income excludes finance costs, amortization of intangible assets (excluding computer software), employee stock-based compensation expense, and a fair value adjustment for inventory acquired in connection with our purchase of Atrenne. Net restructuring, impairment and other charges (recoveries) include, in applicable periods, restructuring charges (recoveries), impairment charges (recoveries), acquisition-related costs, legal settlements (recoveries), Toronto transition costs, and the accelerated amortization of unamortized deferred financing costs. Segment margin is segment income as a percentage of segment revenue. See appendix for reconciliation of segment income to IFRS earnings before income tax.

Q2 2018 Highlights

$US Millions (Except for per share amounts and %)	Q2 2018	B/(W) QTQ (vs. Q1 2018)	B/(W) YTY (vs. Q2 2017)
Revenue	$1,695	$196	$138
IFRS Net Earnings	$16.1	$2.0	($18.5)
IFRS EPS - diluted	$0.11	$0.01	($0.13)
Non-IFRS Adjusted Gross Margin[1]	6.4%	(0.2%)	(0.9%)
Non-IFRS Adjusted SG&A[2]	$48.3	($1.3)	($0.7)
Non-IFRS Adjusted EBIAT	$53.1	$8.4	($5.1)
Non-IFRS Operating Margin	3.1%	0.1%	(0.6%)
Non-IFRS Adjusted Effective Tax Rate	17%	1%	0%
Non-IFRS Adjusted Net Earnings	$40.2	$6.3	($6.1)
Non-IFRS Adjusted EPS – diluted	$0.29	$0.05	($0.03)
Non-IFRS Adjusted ROIC	16.0%	1.6%	(4.8%)

Please refer to the appendix section for a reconciliation of Non-IFRS financial measures to the most comparable IFRS measures.

[1] Adjusted for employee stock-based compensation expense, other solar charges and Atrenne inventory fair value adjustment. See appendix.

[2] Adjusted for employee stock-based compensation expense and other solar charges.

Working Capital / Capex / Non-IFRS Free Cash Flow / NCIB

$US	
6.6 inventory turns[1]	Inventory increased $78M from last quarter to $1.0B
$25.1M Capex	1.5% of revenue
($53M) Non-IFRS Free Cash Flow	Impacted by lower non-IFRS operating earnings, higher inventory levels, and higher finance costs

Cash Cycle Days[1]

	2Q17[2]	1Q18	2Q18
Days in A/R	57	62	57
Days in Inventory	47	57	56
Days in A/P	(56)	(62)	(60)
Cash Cycle Days	**48**	**57**	**53**

[1] Not defined under IFRS

[2] Restated for IFRS 15, which we adopted effective January 1, 2018.

Celestica launched a normal course issuer bid (NCIB) in November 2017. Since the commencement of this program through June 30, 2018, we paid $58.2 million (including transaction fees) to repurchase and cancel 5.5 million subordinate voting shares.

Balance Sheet

$US	At June 30, 2018
Cash and cash equivalents	$401.4M
Term Loan	$350.0M

Net Cash: $51.4M

Q3 2018 Outlook

$US	
Revenue	$1.65B - $1.75B
Non-IFRS Operating Margin	3.3% at the mid-point of revenue and non-IFRS adjusted EPS guidance ranges
Non-IFRS Adjusted EPS – diluted	$0.26 - $0.32
Non-IFRS Adjusted SG&A	$49M - $51M
Non-IFRS Adjusted 2018 Annual Effective Tax Rate	17% - 19%

Non-IFRS Operating Margin Goal

Our goal is for non-IFRS operating margin to be 3.5% or higher for the fourth quarter of 2018, as we anticipate the realization of cost efficiencies from our restructuring actions, and benefits from anticipated increases in ATS segment revenue.

Guidance provided Tuesday, July 31, 2018.

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

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.

Q3 2018 End Market Revenue Outlook

	Year over Year Revenue % Change
ATS[1]	Increase low-twenties
Communications	Increase low-single digits
Enterprise[2]	Increase mid-single digits

[1] ATS consists of Aerospace & Defense, Industrial, Smart Energy, Healthtech, Semiconductor Capital Equipment and Consumer.

[2] Enterprise consists of Servers and Storage.

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Appendix

Historical Segment Income and Margin[1]

Revenue by segment:

	FY16	% of total	1Q17	% of total	2Q17	% of total	3Q17	% of total	4Q17	% of total	FY17	% of total	1Q18	% of total	2Q18	% of total
ATS	$1,954.2	32%	$491.4	33%	$478.5	31%	$475.7	31%	$513.0	33%	$1,958.6	32%	$532.8	36%	$553.2	33%
CCS	4,092.4	68%	990.7	67%	1,079.1	69%	1,057.1	69%	1,057.2	67%	4,184.1	68%	966.9	64%	1,142.0	67%
Total	**$6,046.6**		**$1,482.1**		**$1,557.6**		**$1,532.8**		**$1,570.2**		**$6,142.7**		**$1,499.7**		**$1,695.2**	

Segment income, segment margin, and reconciliation of segment income to IFRS earnings before income taxes:

	FY16	Segment Margin %	1Q17	Segment Margin %	2Q17	Segment Margin %	3Q17	Segment Margin %	4Q17	Segment Margin %	FY17	Segment Margin %	1Q18	Segment Margin %	2Q18	Segment Margin %
ATS segment income and margin	$73.9	3.8%	$23.3	4.7%	$22.5	4.7%	$24.3	5.1%	$26.7	5.2%	$96.8	4.9%	$27.9	5.2%	$28.2	5.1%
CCS segment income and margin	149.3	3.6%	29.9	3.0%	35.7	3.3%	31.6	3.0%	23.2	2.2%	120.4	2.9%	16.8	1.7%	24.9	2.2%
Total segment income	**223.2**		**53.2**		**58.2**		**55.9**		**49.9**		**217.2**		**44.7**		**53.1**	
Reconciling items:																
Finance costs	(4.3)		2.6		2.6		2.3		2.6		10.1		3.3		4.9	
Employee stock-based compensation expense	33.0		11.0		5.7		6.0		7.4		30.1		10.4		7.2	
Amortization of intangible assets (excluding computer software)	6.0		1.5		1.5		1.4		1.1		5.5		1.1		2.7	
Net restructuring, impairment and other charges	25.5		7.6		8.0		3.9		17.5		37.0		10.5		15.8	
Other solar charges (inventory and A/R write-down)	—		—		1.4		—		—		1.4		—		—	
Atrenne inventory fair value adjustment	—		—		—		—		—		—		—		1.6	
IFRS earnings before income taxes	**$163.0**		**$30.5**		**$39.0**		**$42.3**		**$21.3**		**$133.1**		**$19.4**		**$20.9**	

[1]Segment income is defined as a segment's net revenue less its cost of sales and its allocable portion of selling, general and administrative expenses and research and development expenses (collectively, Segment Costs). Identifiable Segment Costs are allocated directly to the applicable segment while other Segment Costs, including indirect costs and certain corporate charges, are allocated to our segments based on an analysis of the relative usage or benefit derived by each segment from such costs. Segment income excludes finance costs, amortization of intangible assets (excluding computer software), employee stock-based compensation expense, net restructuring, impairment and other charges (recoveries), other solar charges, and a fair value adjustment for inventory acquired in connection with our purchase of Atrenne. Net restructuring, impairment and other charges (recoveries) include, in applicable periods, restructuring charges (recoveries), impairment charges (recoveries), acquisition-related costs, legal settlements (recoveries), Toronto transition costs, and the accelerated amortization of unamortized deferred financing costs. Segment margin is segment income as a percentage of segment revenue. Although our segment reorganization commenced in the first quarter of 2018, we have now generated certain historical segment revenue, income and margin information in order to provide various prior period comparatives.

IFRS to non-IFRS Reconciliation

(in millions, except per share amounts and %)

	Three months ended June 30				Six months ended June 30			
	2017		2018		2017		2018	
		% of revenue		% of revenue		% of revenue		% of revenue
IFRS revenue	$ 1,557.6		$ 1,695.2		$ 3,039.7		$ 3,194.9	
IFRS gross profit	$ 108.8	7.0%	$ 104.8	6.2%	$ 211.3	7.0%	$ 198.3	6.2%
Employee stock-based compensation expense	3.4		2.8		8.5		7.9	
Other solar charges (inventory write-down)	0.9		—		0.9		—	
Atrenne inventory fair value adjustment	—		1.6		—		1.6	
Non-IFRS adjusted gross profit	$ 113.1	7.3%	$ 109.2	6.4%	$ 220.7	7.3%	$ 207.8	6.5%
IFRS SG&A	$ 50.4	3.2%	$ 52.7	3.1%	$ 104.1	3.4%	$ 105.0	3.3%
Employee stock-based compensation expense	(2.3)		(4.4)		(8.2)		(9.7)	
Other solar charges (A/R write-down)	(0.5)		—		(0.5)		—	
Non-IFRS adjusted SG&A	$ 47.6	3.1%	$ 48.3	2.8%	$ 95.4	3.1%	$ 95.3	3.0%
IFRS earnings before income taxes	$ 39.0	2.5%	$ 20.9	1.2%	$ 69.5	2.3%	$ 40.3	1.2%
Finance costs	2.6		4.9		5.2		8.2	
Employee stock-based compensation expense	5.7		7.2		16.7		17.6	
Amortization of intangible assets (excluding computer software)	1.5		2.7		3.0		3.8	
Net restructuring, impairment and other charges (recoveries) [1]	8.0		15.8		15.6		26.3	
Other solar charges (inventory and A/R write-down)	1.4		—		1.4		—	
Atrenne inventory fair value adjustment	—		1.6		—		1.6	
Non-IFRS operating earnings (adjusted EBIAT) [1]	$ 58.2	3.7%	$ 53.1	3.1%	$ 111.4	3.7%	$ 97.8	3.1%

	Three months ended June 30				Six months ended June 30			
	2017		2018		2017		2018	
		% of revenue		% of revenue		% of revenue		% of revenue
IFRS net earnings	$ 34.6	2.2%	$ 16.1	0.9%	$ 57.1	1.9%	$ 30.2	0.9%
Employee stock-based compensation expense	5.7		7.2		16.7		17.6	
Amortization of intangible assets (excluding computer software)	1.5		2.7		3.0		3.8	
Net restructuring, impairment and other charges (recoveries) [1]	8.0		15.8		15.6		26.3	
Other solar charges (inventory and A/R write-down)	1.4		—		1.4		—	
Atrenne inventory fair value adjustment	—		1.6		—		1.6	
Adjustments for taxes [2]	(4.9)		(3.2)		(5.7)		(5.4)	
Non-IFRS adjusted net earnings	$ 46.3		$ 40.2		$ 88.1		$ 74.1	
Diluted EPS								
Weighted average # of shares (in millions)	145.5		140.7		144.8		142.1	
IFRS earnings per share	$ 0.24		$ 0.11		$ 0.39		$ 0.21	
Non-IFRS adjusted earnings per share	$ 0.32		$ 0.29		$ 0.61		$ 0.52	
# of shares outstanding at period end (in millions)	143.6		139.3		143.6		139.3	
IFRS cash provided by (used in) operations	$ 55.2		$ (14.9)		$ 90.8		$ (20.3)	
Purchase of property, plant and equipment, net of sales proceeds	(24.1)		(25.1)		(49.0)		(38.8)	
Finance lease payments	(1.6)		(0.8)		(3.1)		(12.6)	
Repayments from former solar supplier	5.7		—		12.5		—	
Finance costs paid	(2.4)		(12.2)		(4.9)		(15.4)	
Non-IFRS free cash flow [3]	$ 32.8		$ (53.0)		$ 46.3		$ (87.1)	
IFRS ROIC % [4]	14.0%		6.3%		12.5%		6.2%	
Non-IFRS adjusted ROIC % [4]	20.8%		16.0%		20.1%		15.1%	

Footnotes related to reconciliation on following slide

See Celestica Second Quarter 2018 Financial Results Press Release for non-IFRS definitions and uses

IFRS to non-IFRS Reconciliation…continued

(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 finance costs (consisting of interest and fees related to our credit facility, our accounts receivable sales program and a customer's supplier financing program), amortization of intangible assets (excluding computer software) and income taxes. Non-IFRS adjusted EBIAT also excludes, in periods where such charges have been recorded, employee stock-based compensation expense, net restructuring and other charges (recoveries) (including acquisition-related consulting, transaction and integration costs (net of recoveries) (Acquisition Costs), legal settlements (recoveries), Toronto transition costs (recoveries), impairment charges (recoveries), and the accelerated amortization of unamortized deferred financing costs), other solar charges, and the Atrenne inventory fair value adjustment. During the second quarter and first half of 2018, we recorded $3.5 million and $5.2 million of Toronto transition costs, respectively, which are reported under other charges (no such costs were recorded during the second quarter or first half of 2017) and we expect these costs to continue into 2019. See note 13 to our Q2 2018 Interim Financial Statements for separate quantification and discussion of restructuring charges, Toronto transition costs, Acquisition Costs, the accelerated amortization of unamortized deferred financing costs, and legal settlements (recoveries).

(2) The adjustments for taxes, as applicable, represent the tax effects of our non-IFRS adjustments, non-core tax impacts, and tax write-offs/costs or recoveries related to restructured sites (described below).

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 June 30				Six months ended June 30			
	2017	Effective tax rate	2018	Effective tax rate	2017	Effective tax rate	2018	Effective tax rate
IFRS tax expense and IFRS effective tax rate	$ 4.4	11%	$ 4.8	23%	$ 12.4	18%	$ 10.1	25%
Tax costs (benefits) of the following items excluded from IFRS tax expense:								
Employee stock-based compensation	0.4		0.6		0.6		1.0	
Amortization of Intangible assets (excluding computer software)	—		—		—		—	
Net restructuring, impairment and other charges	0.9		0.5		1.3		0.4	
Other solar charges (inventory and A/R write-down)	0.4		—		0.4		—	
Fair value adjustment on acquisition	—		3.7		—		3.7	
Other charges related to restructured sites	3.2		(1.6)		3.4		0.3	
Non-IFRS adjusted tax expense and Non-IFRS adjusted effective tax rate	$ 9.3	17%	$ 8.0	17%	$ 18.1	17%	$ 15.5	17%

(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), finance lease payments, repayments from a former solar supplier, and finance costs paid. As a measure of liquidity, we intend to include any amounts we receive from the sale of our Toronto real property, if consummated, in non-IFRS free cash flow in the period of receipt. See note 13(b) to our Q2 2018 Interim Financial Statements. Note that non-IFRS free cash flow, however, does not represent residual cash flow available to Celestica for discretionary expenditures.

(4) Management uses non-IFRS adjusted ROIC as a measure to assess the effectiveness of the invested capital we use to build products or provide services to our customers, by quantifying how well we generate earnings relative to the capital we have invested in our business. Our non-IFRS adjusted ROIC measure reflects non-IFRS operating earnings, working capital management and asset utilization. Non-IFRS adjusted ROIC is calculated by dividing non-IFRS adjusted EBIAT by average net invested capital. Net invested capital (calculated in the table below) consists of the following IFRS measures: total assets less cash, accounts payable, accrued and other current liabilities and provisions, and income taxes payable. We use a two-point average to calculate average net invested capital for the quarter and a three-point average to calculate average net invested capital for the six-month period. 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.

Deferred tax assets attributable to our acquisition of Atrenne in the second quarter of 2018. Includes deferred tax benefit in the second quarter of 2017 related to write-downs and impairments to our solar assets recorded in the then-current and prior quarters.

Reconciliation table on previous slide

IFRS to non-IFRS Reconciliation…continued

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 June 30		Six months ended June 30	
	2017	2018	2017	2018
IFRS earnings before income taxes	$ 39.0	$ 20.9	$ 69.5	$ 40.3
Multiplier to annualize earnings	4	4	2	2
Annualized IFRS earnings before income taxes	$ 156.0	$ 83.6	$ 139.0	$ 80.6
Average net invested capital for the period	$ 1,118.2	$ 1,329.6	$ 1,110.5	$ 1,293.2
IFRS ROIC % [1]	14.0 %	6.3%	12.5%	6.2%

	Three months ended June 30		Six months ended June 30	
	2017	2018	2017	2018
Non-IFRS operating earnings (adjusted EBIAT)	$ 58.2	$ 53.1	$ 111.4	$ 97.8
Multiplier to annualize earnings	4	4	2	2
Annualized non-IFRS adjusted EBIAT	$ 232.8	$ 212.4	$ 222.8	$ 195.6
Average net invested capital for the period	$ 1,118.2	$ 1,329.6	$ 1,110.5	$ 1,293.2
Non-IFRS adjusted ROIC % [1]	20.8 %	16.0%	20.1%	15.1%

	December 31 2017	March 31 2018	June 30 2018
Net invested capital consists of:			
Total assets	$ 2,964.2	$ 2,976.0	$ 3,212.2
Less: cash	515.2	435.7	401.4
Less: accounts payable, accrued and other current liabilities, provisions and income taxes payable	1,228.6	1,278.1	1,413.8
Net invested capital at period end [1]	$ 1,220.4	$ 1,262.2	$ 1,397.0

	December 31 2016	March 31 2017	June 30 2017
Net invested capital consists of:			
Total assets	$ 2,841.9	$ 2,833.5	$ 2,876.7
Less: cash	557.2	558.0	582.7
Less: accounts payable, accrued and other current liabilities, provisions and income taxes payable	1,189.7	1,165.2	1,167.9
Net invested capital at period end [1]	$ 1,095.0	$ 1,110.3	$ 1,126.1

[1] See footnote 4 of the previous slide.

Second Quarter 2018 Financial Results

July 31, 2018