

CELESTICA INC
Form 20-F
March 11, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

- o Registration statement pursuant to Section 12(b) or (g) of the Securities Exchange Act of 1934
or
- ý Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2018
or
- o Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____
or
- o Shell company report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Date of event requiring this shell company report:
Commission file number: 1-14832

CELESTICA INC.
(Exact name of registrant as specified in its charter)
Ontario, Canada
(Jurisdiction of incorporation or organization)
844 Don Mills Road
Toronto, Ontario, Canada M3C 1V7
(Address of principal executive offices)

Curtis Cheam
416-448-2211
clsir@celestica.com
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Toronto, Ontario, Canada M3C 1V7
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

SECURITIES REGISTERED OR TO BE REGISTERED
PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class:	Name of each exchange on which registered:
Subordinate Voting Shares	The Toronto Stock Exchange New York Stock Exchange

SECURITIES REGISTERED OR TO BE REGISTERED
PURSUANT TO SECTION 12(g) OF THE ACT:
N/A

SECURITIES FOR WHICH THERE IS A REPORTING OBLIGATION
PURSUANT TO SECTION 15(d) OF THE ACT:
N/A

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

117,692,169 Subordinate Voting Shares Preference Shares

18,600,193 Multiple Voting Shares

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer
Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act.

†The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark which basis of accounting the registrant has used to prepare the statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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Part I.

In this Annual Report on Form 20-F for the year ended December 31, 2018 (referred to herein as "this Annual Report"), "Celestica," the "Corporation," the "Company," "we," "us" and "our" refer to Celestica Inc. and its subsidiaries.

In this Annual Report, all dollar amounts are expressed in United States dollars, except where we state otherwise. All references to "U.S.\$" or "\$" are to United States dollars and all references to "C\$" are to Canadian dollars. Unless we indicate otherwise, any reference in this Annual Report to a conversion between U.S.\$ and C\$ is a conversion at the average of the exchange rates in effect for the year ended December 31, 2018. During that period, based on the relevant noon buying rates in New York City for cable transfers in Canadian dollars, as certified for customs purposes by the Board of Governors of the U.S. Federal Reserve Bank, the average daily exchange rate was U.S.\$1.00 = C\$1.2957.

Unless we indicate otherwise, all information in this Annual Report is stated as of February 13, 2019.

Forward-Looking Statements

Item 3, "Key Information — Risk Factors," Item 4, "Information on the Company," Item 5, "Operating and Financial Review and Prospects" and other sections of this Annual Report contain forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, or the U.S. Securities Act, Section 21E of the U.S. Securities Exchange Act of 1934, as amended, or the U.S. Exchange Act, and forward-looking information within the meaning of applicable Canadian securities laws (collectively, forward-looking statements), including, without limitation, statements related to: our future growth, including in our Advanced Technology Solutions (ATS) segment; the potential for increased expansion and integration costs in our ATS segment; our priorities, intended areas of focus, objectives, targets and goals (including, but not limited to, those set forth under the caption "Celestica's Strategy" in Item 4B., and the caption "Operating Goals and Principles" in Item 5); trends in the electronics manufacturing services (EMS) industry, generally and in relation to our business, including the anticipated continuation and impact of adverse market conditions, particularly in our Connectivity and Cloud Solutions (CCS) segment; adverse market conditions in, and the cyclical nature of, our capital equipment business, in particular our semiconductor business; our anticipated financial and/or operational results; the anticipated impact, range and timing of, our cost efficiency initiative; the anticipated impact of our comprehensive CCS segment portfolio review (CCS Review); our growth and diversification strategies and plans (and potential hindrances thereto); the expected continuation, and adverse impact on our business, of materials constraints; supplier lead times; the anticipated impact of completed acquisitions and program wins, transfers, losses or disengagements on our business; the timing of the valuation of certain recently-acquired assets and the finalization of the related purchase price allocations; anticipated expenses, restructuring actions and charges, capital expenditures, and other anticipated working capital requirements, including the anticipated amounts, timing, impact and funding thereof; the anticipated impact on our operations of any new significant tariffs on items imported into the U.S. and related countermeasures; the anticipated repatriation of undistributed earnings from foreign subsidiaries; the impact of tax and litigation outcomes; our anticipated ability to use certain net operating losses; intended investments in our business and associated risks; the anticipated impact of the pace of technological changes, customer outsourcing, program transfers, and the global economic environment on our business; raw materials prices; the timing, quantity and intended method of funding subordinate voting share repurchases; our intention to settle outstanding equity awards with subordinate voting shares; the impact of outstanding indebtedness under our credit facility on our business; the anticipated aggregate cost of relocating our Toronto manufacturing operations and corporate headquarters; the timing of relocating our corporate headquarters; our expectation that the costs of our Toronto manufacturing and corporate office relocations will be more than offset by the cash proceeds from the property sale; the anticipated impact of recent U.S. tax reform on our business; transition activities related to, and the anticipated impact of, newly-issued accounting standards; the impact of price reductions and longer-term contracts on our business; the potential use of cash, securities issuances and further increases in third-party indebtedness to fund our operations or acquisitions, and the anticipated and potential adverse impacts of such uses and/or increase; the potential adverse impacts of Britain's intention to leave the European Union (Brexit) and/or policies or legislation proposed or instituted by the current administration in the U.S.; our expectations with respect to future pioneer incentives for limited portions of our Malaysian business; the timing of,

and potential true-up premium on, annuities purchased for our U.K pension plans; our intentions with respect to our U.K Supplementary pension plan; the expected impact of the expiration of one of our income tax incentives in Thailand; our intention to sell a lower amount of accounts receivable under a customer's supplier financing program; our future warranty obligations; our expectations with respect to cybersecurity threats; our intentions with respect to environmental assessments for newly-leased or acquired properties; our expectations with respect to expiring leases; anticipated insignificant hedge ineffectiveness of our interest rate swap agreements; the pay-for-performance alignment of our executive compensation program; our intention to retain earnings for general corporate purposes; our pension obligations; the expectation of continued adverse impacts from costs incurred in connection with our pursuit of acquisitions and strategic transactions; and the anticipated impact of the integration of Impakt Holdings, LLC on our internal controls. 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

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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, as is described in more detail in Item 3(D), "Key Information — Risk Factors" and elsewhere in this Annual Report, 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 concentration of lower margin programs;
- price, margin pressures, and other competitive factors affecting, and the highly competitive nature of, 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, rapidly evolving and changing technologies, and changes in our customers' business and outsourcing strategies;
- customer, competitor and/or supplier consolidation;
- compliance with social responsibility initiatives;
- challenges associated with new customers or programs, or the provision of new services;
- the impact of our restructuring actions;
- 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 of 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 and quality issues (including our ability to successfully resolve these challenges);

- non-performance by counterparties (including the financial institutions party to our purchased annuities and other financial counterparties, key suppliers and/or customers);
- 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 third-party indebtedness for acquisitions or to otherwise fund our operations;
- our financial exposure to foreign currency volatility;
- recruiting or retaining skilled talent;
- 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;
- the relocation of our corporate headquarters;
- computer viruses, malware, hacking attempts or outages that may disrupt our operations;
- the management of our IT systems and our ability to protect confidential information;
- the variability of revenue and operating results;
- compliance with applicable laws, regulations, and government grants;
- our pension obligations;
- interest rate fluctuations and changes to LIBOR; 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, which can be found at www.sedar.com and www.sec.gov, including in this Annual Report, and subsequent reports on Form 6-K furnished to, the U.S. Securities and Exchange Commission, and as applicable, the Canadian Securities Administrators.

Our forward-looking statements contained in this Annual Report are 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;

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