

CELESTICA INC
Form 20-F
March 14, 2014

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**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, 2013
or
- o** Transition report pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
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:
For the transition period from _____ to _____

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)

Manny Panesar

416-448-2211

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Toronto, Ontario, Canada M3C 1V7

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

Subordinate Voting Shares
(Title of each class)

The Toronto Stock Exchange
New York Stock Exchange
(Name of each exchange on which registered)

**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.

162,017,640 Subordinate Voting Shares
18,946,368 Multiple Voting Shares

0 Preference 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 and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

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, "Celestica", the "Corporation", "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 U.S. 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, 2013. 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 Federal Reserve Bank, the average daily exchange rate was U.S.\$1.00 = C\$1.03.

Unless we indicate otherwise, all information in this Annual Report is stated as of February 14, 2014, the date as of which we prepared information for our annual report to shareholders and management information circular and proxy statement.

Forward-Looking Statements

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 Securities Act of 1933, as amended, or the U.S. Securities Act, Section 21E of the Securities Exchange Act of 1934, as amended, or the U.S. Exchange Act, and applicable Canadian securities laws including, without limitation: statements related to our future growth; trends in the electronics manufacturing services ("EMS") industry; our financial or operational results; the impact of acquisitions and program wins or losses on our financial results and working capital requirements; anticipated expenses, charges, capital expenditures and/or benefits; our expected tax and litigation outcomes; our cash flows, financial targets and priorities; changes in our mix of revenue by end market; our ability to diversify and grow our customer base and develop new capabilities; the effect of the global economic environment on customer demand; the expected impact of our pension obligations, and the number of subordinate voting shares and price thereof we repurchase under our Normal Course Issuer Bid ("NCIB"). 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, 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, in addition to those discussed in Item 3D, "Key Information Risk Factors", and elsewhere in this Annual Report, risks related to:

our dependence on a limited number of customers;

our customers' ability to compete and succeed in the marketplace with the products we manufacture;

price and other competitive factors generally affecting the EMS industry;

managing our operations and our working capital performance during uncertain economic conditions, including responding to rapid changes in demand and changes in our customers' outsourcing strategies, including the insourcing of programs;

customer concentration and the challenges of diversifying our customer base and replacing revenue from lost programs or customer disengagements;

our dependence on industries affected by rapid technological change;

managing changing commodity, material and component costs as well as labor costs and conditions;

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disruptions to our operations, or those of our customers, component suppliers or logistics partners, including as a result of global or local events outside our control, including natural disasters, extreme weather conditions, political instability, labor or social unrest, criminal activity and other risks present in the jurisdictions in which we operate;

retaining or expanding our business due to execution problems relating to the ramping of new programs;

delays in the delivery and availability of components, services and materials;

non-performance by counterparties;

financial exposure to foreign currency volatility;

variability of operating results;

managing our global operations and supply chain;

increasing income taxes, increased levels and scrutiny of tax audits globally, and defending our tax positions or meeting the conditions of tax incentives and credits;

completion of any restructuring plans we implement, and integration of any acquisitions we make in a timely manner;

computer viruses, malware, hacking attempts or outages that may disrupt our operations;

increases in required pension contributions with respect to our defined benefit pension plans;

any U.S. government shutdown or delay in the increase of the U.S. government debt ceiling; and

compliance with applicable laws, regulations and social responsibility initiatives.

These and other material risks and uncertainties are discussed in our public filings at www.sedar.com and www.sec.gov, including in this Annual Report, subsequent reports on Form 6-K furnished to the U.S. Securities and Exchange Commission, and our Annual Information Form filed with the Canadian Securities Administrators.

Our forward-looking statements are based on various assumptions, many of which involve factors that are beyond our control. Our material assumptions include those related to:

production schedules from our customers, which generally range from 30 days to 90 days and can fluctuate significantly in terms of volume and mix of products or services;

the timing and execution of, and investments associated with, ramping new business;

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the success in the marketplace of our customers' products;

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;

components, materials, services, plant and capital equipment, labor, energy and transportation costs and availability;

operational and financial matters, including the extent, timing and costs of replacing revenue from lost programs or customer disengagements;

technological developments;

overall demand improvement in the semiconductor industry, revenue growth and improved profitability in our semiconductor business;

the timing and execution of our restructuring actions; and

our ability to diversify our customer base and develop new capabilities.

Our assumptions and estimates are based on management's current views with respect to current plans and events, and are and will be subject to the risks and uncertainties discussed above and elsewhere in this Annual Report. While management believes these assumptions to be reasonable under current circumstances, they may prove to be inaccurate.

Except as required by applicable law, 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. You should read this Annual Report, and the documents, if any, that we incorporate herein by reference, with the understanding that our actual future results may be materially different from what we expect. All forward-looking statements attributable to us are expressly qualified by the cautionary statements contained in this Annual Report.

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. Selected Financial Data

You should read the following selected financial data together with Item 5, "Operating and Financial Review and Prospects", the Consolidated Financial Statements in Item 18 and the other information in this Annual Report. The selected financial data presented below is derived from our Consolidated Financial Statements.

The Consolidated Financial Statements for 2010, 2011, 2012 and 2013 were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). See Item 18. Prior to adopting IFRS, we prepared our Consolidated Financial Statements using Canadian generally accepted accounting principles ("GAAP"). GAAP differs in some respects from IFRS. We have provided an explanation of our transition to IFRS in note 3 of our Consolidated Financial Statements in Item 18 of our 2011 Annual Report.

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The consolidated financial information in the below tables for 2010, 2011, 2012 and 2013 was prepared in accordance with IFRS.

	Year ended December 31			
	2010 ⁽¹⁾	2011 ⁽¹⁾	2012 ⁽¹⁾	2013
	(in millions, except per share amounts)			
Consolidated Statements of Operations Data (IFRS):				
Revenue	\$ 6,526.1	\$ 7,213.0	\$ 6,507.2	\$ 5,796.1
Cost of sales ⁽¹⁾	6,082.0	6,724.4	6,068.8	5,406.6
Gross profit ⁽¹⁾	444.1	488.6	438.4	389.5
Selling, general and administrative expenses (SG&A) ⁽²⁾	252.1	267.2	252.2	239.7
Amortization of intangible assets	15.8	13.5	11.3	12.2
Other charges ⁽³⁾	49.9	6.5	59.5	4.0
Earnings from operations ⁽¹⁾	126.3	201.4	115.4	133.6
Finance costs ⁽⁴⁾	6.9	5.4	3.5	2.9
Earnings before income taxes ⁽¹⁾	119.4	196.0	111.9	130.7
Income tax expense (recovery)	18.2	3.7	(5.8)	12.7
Net earnings ⁽¹⁾	\$ 101.2	\$ 192.3	\$ 117.7	\$ 118.0
Other Financial Data (IFRS):				
Basic earnings per share	\$ 0.44	\$ 0.89	\$ 0.56	\$ 0.64
Diluted earnings per share	\$ 0.44	\$ 0.88	\$ 0.56	\$ 0.64
Property, plant and equipment and computer software cash expenditures	\$ 60.8	\$ 62.3	\$ 105.9	\$ 52.8
Shares used in computing per share amounts (in millions):				
Basic	227.8	216.3	208.6	183.4
Diluted	230.1	218.3	210.5	185.4

	As at December 31			
	2010 ⁽¹⁾	2011 ⁽¹⁾	2012 ⁽¹⁾	2013
	(in millions)			
Consolidated Balance Sheet Data (IFRS):				
Cash and cash equivalents	\$ 632.8	\$ 658.9	\$ 550.5	\$ 544.3
Working capital ⁽⁵⁾	1009.1	1,116.0	911.8	1,011.3
Property, plant and equipment	332.2	322.7	337.0	313.6
Total assets	3,013.9	2,969.6	2,658.8	2,638.9
Capital stock	3,329.4	3,348.0	2,774.7	2,712.0
Total equity ⁽¹⁾	1,290.5	1,470.5	1,322.7	1,402.0

(1) Changes in accounting policies:

Effective January 1, 2013, we adopted the amendment issued by the IASB to IAS 19, Employee Benefits, which requires a retroactive restatement of prior periods related to unrecognized past service credits that we had been amortizing to operations on a straight-line basis over the vesting period. Upon retroactive adoption of this amendment, we recognized these past service credits on our balance sheet and decreased our post-employment benefit obligations and our deficit. Our net earnings for 2011 also decreased to reflect the reversal of past service credits that we retroactively recorded directly to deficit as of December 31, 2010 and the changes in the calculation of the interest component of pension expense. The impact on our net earnings for 2010 and 2012 was not significant. The impact of adopting the amendment was as follows:

As at December 31,		
2010	2011	2012
(in millions) increase		

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(decrease)

Post-employment benefit obligations	\$ (7.6)	\$ (6.7)	\$ (6.0)
Deficit *	(7.6)	(6.7)	(6.0)
			4

Year ended December 31,
2010 2011 2012
(in millions) increase
(decrease)

Cost of sales	\$	\$	2.8
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