Celestica Inc. (CLS)

3Q26 First Take: Beat & raise with strong 2027 outlook

CLS	12m Price Target: **$480.00**	Price: **$260.01**	Upside: **84.6%**

BUY (CL)

Michael Ng, CFA
+1(212)902-8618 | michael.ng@gs.com
Goldman Sachs & Co. LLC

Yash Goenka, CFA
+1(212)934-6312 | yash.goenka@gs.com
Goldman Sachs India SPL

Katherine Murphy
+1(212)902-1151 | katherine.a.murphy@gs.com
Goldman Sachs & Co. LLC

Bottom line: CLS is indicating +10% after-market, which we expect to hold, following a beat & raise and strong 2027 guidance. **First, 3Q26 EBIAT of $496 mn (8.5% margins) beat** GS/consensus (Visible Alpha) of $450/$451 mn as revenue of $5.83 bn beat offset a miss in gross margins of 11.2%. 4Q26 revenue beat the midpoint by $430 mn and CLS raised 2026E revenue guidance by more than the beat at $500 mn. 2026E EBIAT margins were reiterated. CLS guided down on FCF to $460 mn (v. $600 mn prior). **Second, 2027E guidance beat**, with an initial revenue outlook for $40.0 bn (v. GS/consensus of $39.0/$34.9 bn), EBIAT margins of 9.0% (v. GS/consensus of 8.7/8.6%), and EPS of $21.50 (v. GS/consensus of $20.83/$19.24). CLS guided to $1.5-$2.0 bn of capex, which we estimate implies breakeven FCF. **Third,** CLS announced a 2.5% of public float NCIB (TSX equivalent of a share repurchase authorization).

The beat & raise and initial 2027 guidance as both better-than-expected, particularly the outlook for 9.0% EBIAT margins. On the call and during the investor day, we'll look for forward commentary on areas of potential 2027 upside (and implications for upside to capex and capital raising) and also for any commentary on early 2028E expectations. We will also be looking for incremental details on the 2027E EBIAT to EPS bridge (e.g., taxes, interest, shares).

CLS' 3Q26 EPS of $3.30 beat GS/consensus (Visible Alpha) of $2.85/$2.90 and guidance of $2.88-$3.08, driven by revenue and EBIAT margin beat.

- **CLS' 3Q26 revenue of $5,830 mn beat GS/consensus of $5,364/$5,388 mn and guidance of $5.25-$5.55 bn**. By segment:
  - **CCS revenue of $4.87 bn (+102% year-over-year)** beat GSe/consensus of $4.47/$4.49 bn.

Key Data

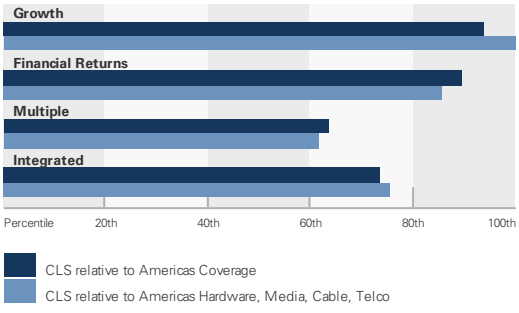
Market cap: $30.2bn
Enterprise value: $27.0bn
3m ADTV: $850.3mn
Canada
Americas Hardware, Media, Cable, Telco
M&A Rank: 3

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue ($ mn)	12,390.9	20,523.7	38,957.4	59,993.1
EBITDA ($ mn)	1,102.7	1,939.1	3,905.6	6,447.7
EBIT ($ mn)	927.0	1,715.5	3,385.3	5,306.8
EPS ($)	6.06	10.94	20.83	32.90
P/E (X)	29.8	23.8	12.5	7.9
EV/EBITDA (X)	19.0	14.4	7.8	4.7
FCF yield (%)	2.2	1.1	(2.9)	2.0
Dividend yield (%)	–	–	–	–
Net debt/EBITDA (X)	0.2	(1.6)	(0.6)	(0.4)

	6/26	9/26E	12/26E	3/27E
EPS ($)	2.54	2.85	3.39	4.04

GS Factor Profile



Source: Company data, Goldman Sachs Research estimates.
See disclosures for details.

Goldman Sachs does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. For Reg AC certification and other important disclosures, see the Disclosure Appendix, or go to www.gs.com/research/hedge.html. Analysts employed by non-US affiliates are not registered/qualified as research analysts with FINRA in the U.S.

BUY CL

Celestica Inc. (CLS)

Rating since Oct 16, 2025

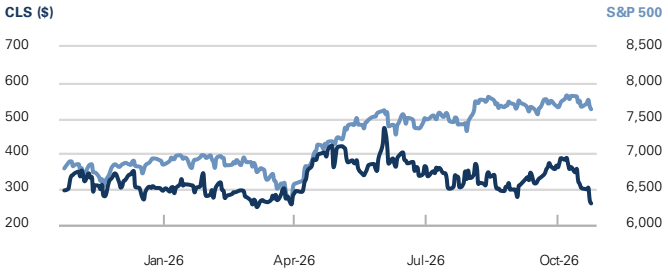
Ratios & Valuation

	12/25	12/26E	12/27E	12/28E
P/E (X)	29.8	23.8	12.5	7.9
EV/EBITDA (X)	19.0	14.4	7.8	4.7
EV/sales (X)	1.7	1.4	0.8	0.5
FCF yield (%)	2.2	1.1	(2.9)	2.0
EV/DACF (X)	25.7	18.1	9.5	5.6
CROCI (%)	18.7	30.8	42.9	46.1
ROE (%)	34.2	29.9	33.3	37.3
Net debt/EBITDA (X)	0.2	(1.6)	(0.6)	(0.4)
Net debt/equity (%)	8.2	(47.8)	(23.9)	(18.9)
Interest cover (X)	17.6	29.7	69.7	109.2
Inventory days	66.1	62.8	64.6	68.0
Receivable days	69.3	65.5	64.0	66.0
Days payable outstanding	52.9	59.5	62.1	64.0

Growth & Margins (%)

	12/25	12/26E	12/27E	12/28E
Total revenue growth	28.5	65.6	89.8	54.0
EBITDA growth	42.4	75.8	101.4	65.1
EPS growth	56.0	80.6	90.5	57.9
DPS growth	NM	NM	NM	NM
Gross margin	12.1	11.5	10.6	10.1
EBIT margin	7.5	8.4	8.7	8.8

Price Performance



	3m	6m	12m
Absolute	(22.3)%	(33.6)%	(8.0)%
Rel. to the S&P 500	(24.5)%	(38.1)%	(18.7)%

Source: FactSet. Price as of 23 Oct 2026 close.

Income Statement ($ mn)

	12/25	12/26E	12/27E	12/28E
Total revenue	12,390.9	20,523.7	38,957.4	59,993.1
Cost of goods sold	(10,896.8)	(18,154.6)	(34,821.6)	(53,908.6)
SG&A	(364.0)	(412.8)	(475.9)	(535.6)
R&D	(118.2)	(217.6)	(276.2)	(254.1)
Other operating inc./(exp.)	(39.3)	22.9	47.9	58.2
EBITDA	**1,102.7**	**1,939.1**	**3,905.6**	**6,447.7**
Depreciation & amortization	(221.3)	(269.8)	(566.5)	(1,187.1)
EBIT	**927.0**	**1,715.5**	**3,385.3**	**5,306.8**
Net interest inc./(exp.)	(52.6)	(57.7)	(48.6)	(48.6)
Income/(loss) from associates	–	–	–	–
Pre-tax profit	**874.4**	**1,657.8**	**3,336.7**	**5,258.2**
Provision for taxes	(171.2)	(331.3)	(681.8)	(1,083.1)
Minority interest	–	–	–	–
Preferred dividends	–	–	–	–
Net inc. (pre-exceptionals)	**703.2**	**1,326.5**	**2,655.0**	**4,175.1**
Net inc. (post-exceptionals)	**832.5**	**1,326.2**	**2,564.7**	**4,074.5**
EPS (basic, pre-except) ($)	**6.11**	**11.11**	**21.04**	**33.21**
EPS (diluted, pre-except) ($)	**6.06**	**10.94**	**20.83**	**32.90**
EPS (ex-ESO exp., dil.) ($)	**--**	**--**	**--**	**--**
DPS ($)	–	–	–	–
Div. payout ratio (%)	0.0	0.0	0.0	0.0
Wtd avg shares out. (basic) (mn)	115.0	119.4	126.2	125.7
Wtd avg shares out. (diluted) (mn)	115.9	120.5	127.4	126.9

Balance Sheet ($ mn)

	12/25	12/26E	12/27E	12/28E
Cash & cash equivalents	595.6	3,986.7	3,028.1	3,278.1
Accounts receivable	2,638.1	4,722.6	8,949.8	12,760.4
Inventory	2,188.0	4,054.7	8,267.6	11,814.0
Other current assets	251.5	298.7	298.7	298.7
Total current assets	**5,673.2**	**13,062.7**	**20,544.2**	**28,151.1**
Net PP&E	710.1	1,612.8	3,792.5	6,251.6
Net intangibles	599.3	577.8	577.8	577.8
Total investments	0.0	0.0	0.0	0.0
Other long-term assets	230.5	456.5	456.5	456.5
Total assets	**7,213.1**	**15,709.9**	**25,371.0**	**35,437.1**
Accounts payable	1,866.1	4,054.7	7,788.3	11,129.1
Short-term debt	26.0	26.4	26.4	26.4
Current lease liabilities	–	–	–	–
Other current liabilities	2,047.5	3,858.1	7,130.7	10,080.8
Total current liabilities	**3,939.6**	**7,939.2**	**14,945.4**	**21,236.3**
Long-term debt	750.5	784.0	784.0	784.0
Non-current lease liabilities	–	–	–	–
Other long-term liabilities	306.7	344.4	344.4	344.4
Total long-term liabilities	**1,057.2**	**1,128.4**	**1,128.4**	**1,128.4**
Total liabilities	**4,996.8**	**9,067.6**	**16,073.8**	**22,364.7**
Preferred shares	–	–	–	–
Total common equity	**2,216.3**	**6,642.2**	**9,297.2**	**13,072.3**
Minority interest	–	–	–	–
Total liabilities & equity	**7,213.1**	**15,709.9**	**25,371.0**	**35,437.1**
BVPS ($)	19.12	55.12	72.97	103.00

Cash Flow ($ mn)

	12/25	12/26E	12/27E	12/28E
Net income	832.5	1,326.2	2,564.7	4,074.5
D&A add-back	175.7	223.6	520.3	1,140.9
Minority interest add-back	–	–	–	–
Net (inc)/dec working capital	(112.1)	(82.2)	(1,433.9)	(1,066.1)
Others	(236.7)	(56.6)	90.3	100.6
Cash flow from operations	**659.4**	**1,411.0**	**1,741.4**	**4,250.0**
Capital expenditures	(201.2)	(1,067.1)	(2,700.0)	(3,600.0)
Acquisitions	–	–	–	–
Divestitures	–	11.1	–	–
Others	(2.5)	(2.5)	–	–
Cash flow from investing	**(203.7)**	**(1,058.5)**	**(2,700.0)**	**(3,600.0)**
Dividends paid	–	–	–	–
Share issuance/(repurchase)	(374.7)	3,358.4	0.0	(400.0)
Inc/(dec) in debt	(17.7)	11.5	–	–
Others	120.4	(326.2)	–	–
Cash flow from financing	**(283.5)**	**3,038.7**	**0.0**	**(400.0)**
Total cash flow	**172.2**	**3,391.2**	**(958.6)**	**250.0**
Free cash flow	446.7	338.9	(958.6)	650.0
Free cash flow per share (basic) ($)	3.88	2.84	(7.59)	5.17

Source: Company data, Goldman Sachs Research estimates.

        - HPS revenue of $2.3 bn represented ~40% of total revenue v. 41% in 2Q26.
    - **ATS revenue of $0.96 mn (+23% year-over-year) was above GSe/consensus $0.90/$0.89 mn and guidance for up mid teens% yoy**.
- **Adjusted gross profit of $652 mn was above GSe of $627 mn and consensus of $621 mn.** Gross margins of 11.2% missed GSe/consensus of 11.7%/11.5%.
- **Adjusted EBIAT of $496 mn beat GSe/consensus of $450/$451 mn** with margins of 8.5% above GSe/consensus 8.4%/8.4%. By segment:
    - **CCS EBIAT margins of 8.9% beat** GSe/consensus of 8.8%/8.7%.
    - **ATS EBIAT margins of 6.6% beat** GSe of 6.4% and in-line with consensus of 6.6%.

CLS provided guidance for 4Q26 including: (1) revenue of ~$6.275-$6.575 bn (v. consensus of $6.29 bn); (2) adjusted EBIAT margins of 8.7% at midpoint (v. consensus 8.5%); (3) non-GAAP EPS between $3.37-$3.57 (v. consensus $3.43).

CLS raised its 2026 guidance including: (1) revenue of $21.0 bn (v. $20.5 bn prior); (2) adjusted EBIAT margins of 8.4% (8.4% prior) ; (3) adjusted EPS of $11.55 (v. $11.30 prior); (4) adjusted free cash flow of $460 mn (v. $600 mn prior); and (5) non-GAAP tax rate of ~20% (20% prior).

For 2027, CLS guided to: (1) revenue of $40.0 bn (v. consensus of $34.9 bn); (2) adjusted EBIAT margins of 9.0% (v. consensus of 8.6%); (3) non-GAAP adjusted EPS of $21.50 (v. consensus of $19.24); and (4) capital expenditures of $1.5 bn-$2.0 bn.

Exhibit 1: CLS actuals vs. estimates
$ millions, except per-share data

CLS income statement	3Q26				3Q25	
Actuals v Estimates ($, mn unless otherwise specified	New	Old	Δ ($, mn)	Δ (%)	Actual	yoy Δ (%)
Revenue	**5,830**	**5,364**	**466**	**9%**	**3,194**	**83%**
Adjusted gross profit (non-GAAP)	**652**	**627**	**25**	**4%**	**374**	**74%**
Gross Margins	11.2%	11.7%		0%	11.7%	(0.5%)
SG&A (Non-GAAP)	105	107	(3)	-2%	94	11%
Research and development	51	58	(7)	-11%	36	41%
Amortization of intangible assets	11	11	(1)	-8%	11	-8%
Restructuring and other charges	1	0	1		5	-82%
Total operating expenses (Non-GAAP)	167	176	(9)	-5%	147	14%
Adjusted EBIAT (non-GAAP)	**496**	**450**	**46**	**10%**	**242**	**105%**
Operating Margins	8.5%	8.4%		0.1%	7.6%	1%
Finance costs	4	12	(8)	-64%	13	-66%
Miscellaneous expense (income)	(0)	0	(0)		1	-115%
Adjusted earnings before income taxes (non-GAAP)	492	438	53	12%	229	114%
Adjusted tax expense (non-GAAP)	90	88	2	2%	46	94%
Adjusted net earnings (non-GAAP)	**402**	**350**	**52**	**15%**	**183**	**120%**
Earnings per share (Diluted)	**$3.26**	**$ 2.70**	**$ 0.57**	**21%**	**$2.31**	**41%**
Non-GAAP EPS	**$3.30**	**$ 2.85**	**$ 0.45**	**16%**	**$1.58**	**109%**

	3Q26				3Q25	
Revenue by segment:	**New**	**Old**	**Δ ($, mn)**	**Δ (%)**	**Actual**	**yoy Δ (%)**
Communications	3,263	3,109	-155	5%	1,943	68%
Enterprise	1,609	1,357	-252	19%	470	242%
CCS	**4,872**	**4,466**	**-407**	**9%**	**2,413**	**102%**
ATS	**957**	**898**	**-59**	**7%**	**781**	**23%**
Total	**5,830**	**5,364**	**-466**	**9%**	**3,194**	**83%**
Adjusted EBIAT by segment:	**New**	**Old**	**Δ ($, mn)**	**Δ (%)**	**Actual**	**yoy Δ (%)**
CCS	**433**	**393**	**-40**	**10%**	**199**	**117%**
ATS	**63**	**57**	**-5**	**9%**	**43**	**47%**
Total	**496**	**450**	**-46**	**10%**	**242**	**105%**

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 2: CLS actuals vs. estimates vs. consensus
$ millions, except per-share data

VisibleAlpha			GSe				Consensus				Guidance	GS v. Consensus	
consensus metrics ($, mn)	Actual	yoy %	GSe	Δ ($, mn)	Δ (%)	yoy %	Cons.	Δ ($, mn)	Δ (%)	yoy %		Δ ($, mn)	Δ (%)
Total sales	**5,830**	**83%**	**5,364**	**466**	**9%**	**68%**	**5,388**	**442**	**8%**	**69%**	$5.25-$5.55 bn	**(24)**	**0%**
Adjusted gross profit (non-GAAP)	**652**	**74%**	**627**	**25**	**4%**	**67%**	**621**	**32**	**5%**	**66%**		**6**	**1%**
Gross Margins	11.2%	(0.5%)	11.7%		(0.0pp)	(0.0%)	11.5%		(0.3pp)	(0.2%)			0.2%
Adjusted EBIAT (non-GAAP)	**496**	**105%**	**450**	**46**	**10%**	**377%**	**451**	**45**	**10%**	**86%**		**(1)**	**0%**
Operating Margins	8.5%	0.9%	8.4%		0.0pp		8.4%		0.1pp	0.8%	8.4%		0.0%
Adjusted net earnings (non-GAAP)	402	120%	350	52	15%	91%	349	53	15%	91%		1	0%
Non-GAAP EPS	**$ 3.30**	**109%**	**$ 2.85**	**$0.45**	**16%**	**80%**	**$ 2.91**	**$0.39**	**13%**	**84%**	**$2.88-$3.08**	**($0.06)**	**-2%**

Revenue by segment:	Actual	yoy %	GSe	Δ ($, mn)	Δ (%)	yoy %	Cons.	Δ ($, mn)	Δ (%)	yoy %	End market guidance	Δ ($, mn)	Δ (%)
Communications	3,263	68%	3,109	-155	5%	60%	3,151	112.5	4%	62%	60% yoy	(42)	-1%
Enterprise	1,609	242%	1,357	-252	19%	189%	1,341	268.3	20%	185%	Up 190% yoy	16	1%
CCS	**4,872**	**102%**	**4,466**	**-407**	**9%**	**85%**	**4,493**	**378.8**	**8%**	**86%**		**(28)**	**-1%**
ATS	**957**	**23%**	**898**	**-59**	**7%**	**15%**	**894**	**63.2**	**7%**	**14%**	**up mid teens% yoy**	**4**	**0%**
Total	**5,830**	**83%**	**5,364**	**-466**	**9%**	**68%**	**5,388**	**442.0**	**8%**	**69%**		**(24)**	**0%**
Adjusted EBIAT by segment:													
CCS	**433**	**117%**	**393**	**-40**	**10%**	**97%**	391	**42.5**	**11%**	**96%**		**2**	**1%**
ATS	**63**	**47%**	**57**	**-5**	**9%**	**34%**	59	**3.8**	**7%**	**38%**		**(2)**	**-3%**
Total	**496**	**105%**	**450**	**-46**	**10%**	**86%**	**450**	**46.3**	**10%**	**86%**		**1**	**0%**

Source: Company data, Goldman Sachs Global Investment Research, FactSet

Valuation. We are Buy rated on CLS (on America's Conviction List) with a 12-month target price of $480 reflecting 18X our NTM+1Y EPS.

Celestica supplies, designs, and manufactures IT hardware and industrial tech solutions for hyperscale and OEM customers. CLS delivers solutions under two segments: (1) Connectivity and Cloud Solutions (CCS, ~67% of 2024 revenue), which comprises both Communications (Networking, ~41% of total revenue), and Enterprise (Storage, 26% of 2024 revenue); and (2) Advanced Technology Solutions 2024 revenue), which delivers various industrial solutions across its sub including (a) Industrial & Smart Energy; (b) Aerospace & Defense; (3) Ca and (4) Health Tech. We view Celestica as a winner amongst growing AI deployments due to their competitive advantage against other ODMs a

人在草木间

engineering, as well as the company's ability to quickly and reliably scale production. As such, Celestica should benefit from (a) ongoing growth amongst hyperscale and large tier-2 cloud data center spend, where the company has demonstrated its ability to win customer programs; and (b) as Celestica gains traction within higher-margin ODM server business, relative to its traditional position as an EMS server player.

Key downside risks include: (-) continued competition from branded data center equipment OEMs and ODMs, which could pressure market share; (-) AI server market competitive intensity, which can pressure AI server margins; (-) high customer concentration could cause revenue volatility; (-) potential declines in data center investment demand; (-) reductions in CLS's ability to win higher margin design-deals, which could limit CLS' ability to grow EBIAT margins over time; and (-) volatility in end-market demand within CLS' ATS segment.