

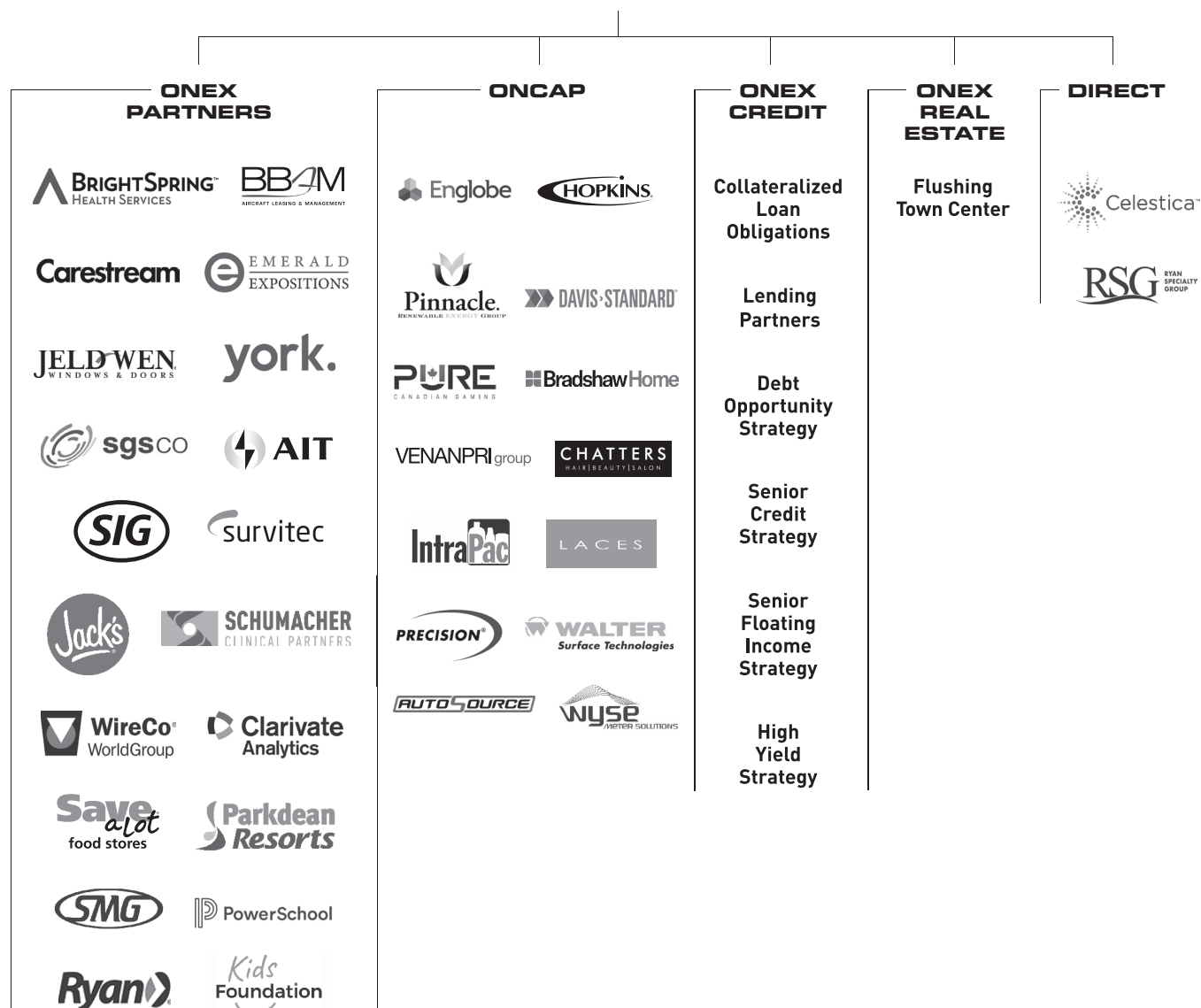
**ONEX**

2018 Annual Report

# ONEX AND ITS OPERATING BUSINESSES

Onex is a public company whose shares trade on the Toronto Stock Exchange under the symbol ONEX. Onex' businesses have assets of \$51 billion, generate annual revenues of \$32 billion and employ approximately 217,000 people worldwide. Onex operates from offices located in Toronto, New York, New Jersey and London.

## ONEX



Onex Partners includes investments made through Onex Partners I, II, III, IV and V.

ONCAP includes investments made through ONCAP II, III and IV.

Throughout this report, all amounts are in U.S. dollars unless otherwise indicated.

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# CHAIRMAN'S LETTER

Dear Shareholders,

As a year comes to a close, we often look back with pride at our accomplishments on your behalf. This was not the case last year. Several of our operating businesses underperformed relative to our expectations, which contributed to a 6% annual decline in the fair market value of our private equity portfolio. It is no surprise our share price reflected the disappointment of our fellow shareholders and declined more steeply than the comparative indices. This is not the first time we have been disappointed in our performance, but thankfully it has been many years since we have had a year like this one. As anyone on our team will tell you, we are improving the performance of all our businesses and driving change where needed. As investors with controlling interests, this is exactly what we can and must do. We believe our efforts will be rewarded and have evidenced that confidence by repurchasing 1.2 million Subordinate Voting Shares at an average cost per share of \$67.11 (C\$86.78).

The year was not without significant achievements:

- We invested approximately \$2.3 billion in nine new businesses, including:
  - Onex Partners' investment in PowerSchool, a non-instructional software provider primarily to K-12 primary schools. PowerSchool is our first significant investment in the software sector;
  - Onex Partners' acquisition of KidsFoundation, a leading provider of childcare services in the Netherlands. KidsFoundation is our first investment in a business headquartered in the Netherlands; and
  - ONCAP's four investments totalling more than \$310 million, with the largest investment through Walter Surface Technologies, a provider of innovative solutions for the metal working industry.
- We returned approximately \$1.9 billion to Onex and our partners, through realizations and distributions, including the sales of Mavis Discount Tire and Tecta America, as well as the initial public offering of SIG Combibloc;
- We increased our assets under management at Onex Credit by 7% and now manage \$10.3 billion. Contributing to the increase was the issuance of CLO-15 and the capital raised for our first private debt fund, of which more than 70% of the \$1.1 billion of available capital has been invested;
- We started investing Onex Partners V, a \$7.15 billion fund, which further enhances Onex' operating leverage on its private equity manager. Our total run-rate management fees from our private equity and credit platforms increased to \$192 million; and
- Our operating businesses completed 38 follow-on acquisitions, collectively raised or refinanced debt totalling \$7 billion and paid down approximately \$295 million of debt.

Last year, our team invested \$135 million across our private equity platform, credit funds and Onex shares, bringing our total investment to approximately \$1.7 billion. Alignment between managers and shareholders is core to our culture and critical to our success.

From all of us at Onex, we thank you for your continued support and look forward to sharing better news in the years to come.

[signed]

**Gerald W. Schwartz**

Chairman and Chief Executive Officer, Onex Corporation

# ONEX CORPORATION

## Who We Are and What We Do

Onex is an investor first and foremost, with \$6.4 billion of shareholder capital primarily invested in or committed to private equity and non-investment grade credit. We also manage \$23.2 billion of invested and committed capital on behalf of fund investors from around the world, including public and private pension plans, sovereign wealth funds, banks, insurance companies and family offices, that have chosen to invest alongside us.

With an experienced management team, significant financial resources and no debt at the parent company, Onex is well-positioned to continue building shareholder value through its investing and asset management activities.

## Private Equity Investing

Founded in 1984, Onex is one of the oldest and most successful private equity firms. We acquire and build high-quality businesses in partnership with talented management teams. Onex invests through its two private equity platforms: Onex Partners for larger transactions and ONCAP for middle-market transactions.

We are focused on three primary investment strategies: (i) cost reduction and operational restructurings; (ii) platforms for add-on acquisitions; and (iii) carve-outs of subsidiaries and mission-critical supply divisions from multinational corporations.

We have built over 100 operating businesses, completing about 630 acquisitions with a total value of \$78 billion. Onex' private equity investing has generated a gross MOC of 2.6 times since inception, resulting in a 28% Gross IRR on realized, substantially realized and publicly traded investments.

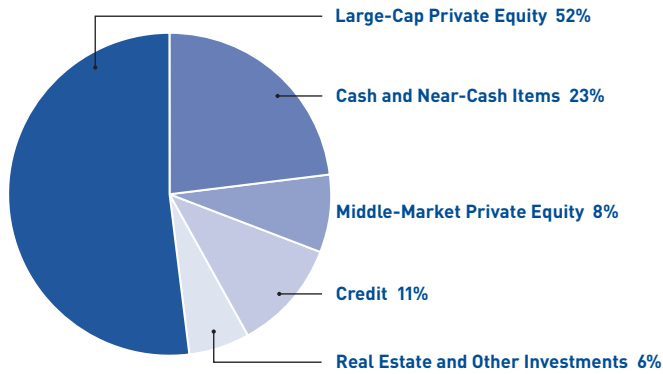
## Credit Investing

Established in 2007, our credit platform invests primarily in non-investment grade debt through its collateralized loan obligations, private debt and other credit strategies. We practise value-oriented investing, employing a bottom-up, fundamental and structural analysis of the underlying borrowers. We seek to generate strong risk-adjusted and absolute returns across market cycles. With a disciplined approach to investing and a focus on capital preservation, Onex Credit now manages \$10.3 billion.

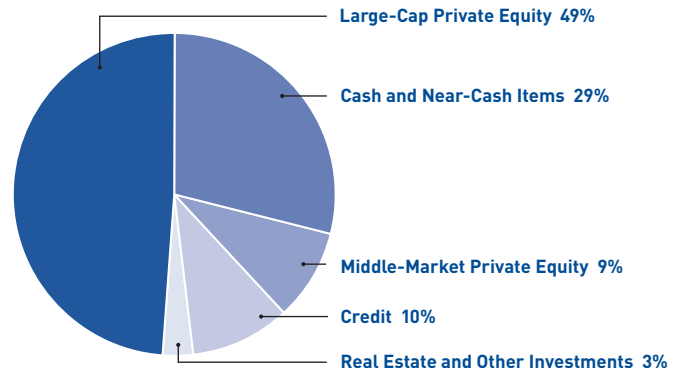
## Onex Capital

At December 31, 2018, Onex' \$6.4 billion of capital was primarily invested in or committed to its private equity and credit platforms.

Onex' \$6.4 billion of Capital at December 31, 2018



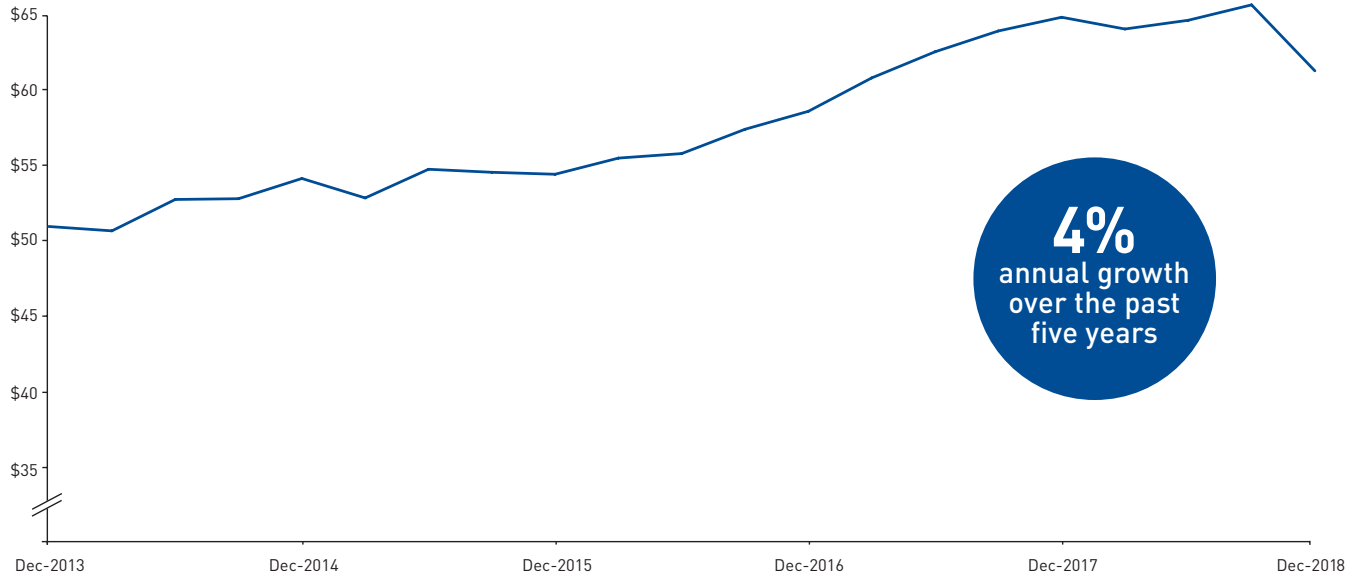
Onex' \$6.8 billion of Capital at December 31, 2017



The How We Are Invested schedule details Onex' \$6.4 billion of capital at December 31, 2018 (December 31, 2017 – \$6.8 billion).

In the year ended December 31, 2018, Onex capital per share decreased by 5% (3% increase in Canadian dollars). Over the past five years, Onex capital per share has increased by 4% per year (9% per year in Canadian dollars).

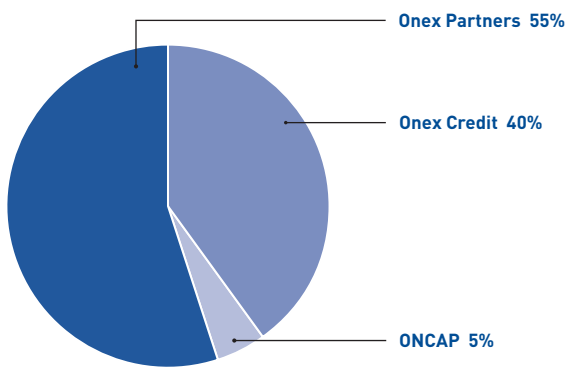
**Onex Capital per Share (USD) (December 31, 2013 to December 31, 2018)**



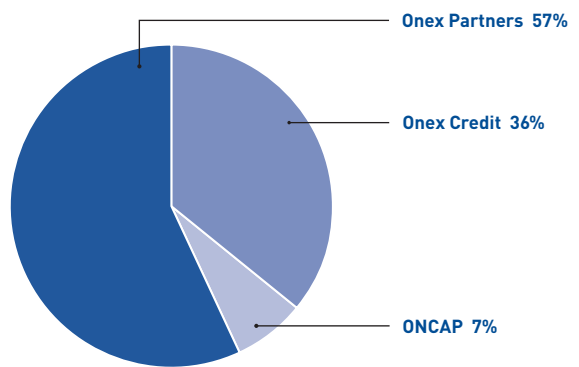
**Fund Investor Capital**

Onex manages \$23.2 billion of invested and committed capital on behalf of investors from around the world. In November 2018, Onex completed fundraising for Onex Credit Lending Partners I, reaching aggregate commitments of \$413 million, including Onex’ commitment of \$100 million.

**Onex’ \$23.2 billion of Fund Investor Capital at December 31, 2018**



**Onex’ \$24.2 billion of Fund Investor Capital at December 31, 2017**



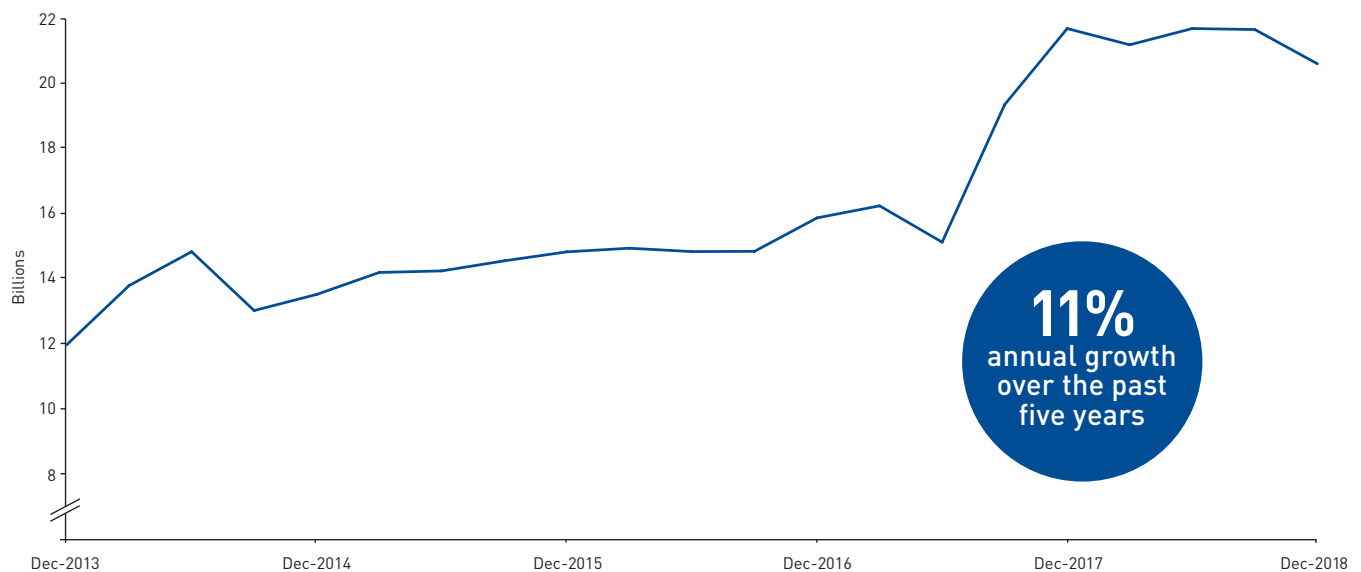
Fund investor capital includes capital managed on behalf of co-investors and the Onex management team.

## Asset Management

Onex' management of fund investor capital provides two significant financial benefits: (i) a committed stream of annual management fees and (ii) the opportunity to share in fund investors' profits. Onex has run-rate management fees of \$192 million, consisting of \$142 million from private equity and \$50 million from credit. During the 12 months ended December 31, 2018, combined management fees and carried interest received more than offset operating expenses.

For the 12 months ended December 31, 2018, fee-generating capital under management decreased by 5% to \$20.6 billion, driven by realizations in private equity, the redemption of CLO-2 and net fair value decreases in Onex' private equity portfolio. Partially offsetting these decreases was the closing of CLO-15 and Onex Credit Lending Partners. Over the past five years, fee-generating capital under management has increased by 11% per year.

### Fee-Generating Capital Under Management (December 31, 2013 to December 31, 2018)



## HOW WE ARE INVESTED

All dollar amounts, unless otherwise noted, are in millions of U.S. dollars.

This How We Are Invested schedule details Onex' \$6.4 billion of capital and provides private company performance and public company ownership information. This schedule includes values for Onex' investments in controlled companies based on estimated fair values prepared by management. The estimated fair values for investments are presented net of management incentive programs. The presentation of controlled investments in this manner is a non-GAAP financial measure. This schedule may be used by investors as a means of comparison to the fair values they may prepare for Onex and Onex' investments. While the schedule provides a snapshot of Onex' assets, it does not fully reflect the value of Onex' asset management business as it includes only an estimate of the unrealized carried interest due to Onex based on the current estimated fair values of the investments and allocates no value to future management company income. The presentation of Onex capital and capital per share information in this manner does not have a standardized meaning prescribed under International Financial Reporting Standards ("IFRS") and is therefore unlikely to be comparable to similar measures presented by other companies.

This schedule also includes the LTM adjusted EBITDA and net debt for significant private companies, which are also non-GAAP financial measures. The LTM adjusted EBITDA is a financial measure used by management in assessing the performance and value of a company, while net debt is a financial measure used by management to monitor the financial leverage of a company. Management believes these financial measures are useful to investors in assessing the financial strength and performance of significant private companies in which Onex has invested. These financial measures do not have standardized meanings prescribed under IFRS and are therefore unlikely to be comparable to similar measures presented by other companies.

Onex' consolidated financial statements prepared in accordance with IFRS for the year ended December 31, 2018 are available on Onex' website, [www.onex.com](http://www.onex.com), and on the Canadian System for Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com). Reconciliations for the preceding non-GAAP financial measures to information contained in the consolidated financial statements have not been presented as it is impractical.



## Onex Capital

As at	December 31, 2018	September 30, 2018	December 31, 2017
<b>Private Equity</b>			
Onex Partners			
Private Companies <sup>(1)(2)</sup>	\$ 2,261	\$ 2,258	\$ 2,492
Public Companies <sup>(2)(3)</sup>	835	1,252	536
ONCAP			
Private Companies <sup>(4)(5)</sup>	425	550	563
Public Company <sup>(5)(6)</sup>	40	53	-
Unrealized Carried Interest <sup>(7)</sup>	110	155	185
Direct Investment – Public Company <sup>(8)</sup>	158	195	188
	<b>3,829</b>	<b>4,463</b>	<b>3,964</b>
<b>Credit</b>			
Collateralized Loan Obligations <sup>(9)</sup>	526	571	485
Onex Credit Funds and Private Lending <sup>(10)</sup>	200	212	171
	<b>726</b>	<b>783</b>	<b>656</b>
<b>Real Estate</b>	<b>149</b>	<b>164</b>	<b>238</b>
<b>Other Investments<sup>(11)</sup></b>	<b>216</b>	<b>206</b>	<b>17</b>
<b>Cash and Near-Cash<sup>(12)(13)</sup></b>	<b>1,439</b>	<b>1,247</b>	<b>1,947</b>
<b>Debt<sup>(14)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Onex Capital</b>	<b>\$ 6,359</b>	<b>\$ 6,863</b>	<b>\$ 6,822</b>
Onex Capital per Share (U.S. dollars) <sup>(15)(16)</sup>	\$ 61.24	\$ 65.61	\$ 64.79
Onex Capital per Share (Canadian dollars) <sup>(15)(16)</sup>	C\$ 83.55	C\$ 84.93	C\$ 81.28

(1) Based on the fair value of the investments in Onex Partners, net of the estimated Management Investment Plan ("MIP") liability on these investments of \$45 million and any debt financing within the Onex Partners Funds (September 30, 2018 – \$38 million; December 31, 2017 – \$40 million).

(2) In October 2018, SIG completed an initial public offering of 151.8 million ordinary shares (SIX: SIGN), including the exercise of an over-allotment option, priced at CHF 11.25 per share. At December 31, 2017, SIG was included in the private companies of Onex Partners.

(3) Based on closing prices on December 31, 2018, September 30, 2018 and December 31, 2017 and net of the estimated MIP liability on these investments of \$33 million (September 30, 2018 – \$50 million; December 31, 2017 – \$49 million).

(4) Based on the fair value of the investments in ONCAP, net of the estimated management incentive programs liability on these investments of \$33 million (September 30, 2018 – \$58 million; December 31, 2017 – \$70 million).

(5) In February 2018, Pinnacle Renewable Energy completed an initial public offering of approximately 15.3 million common shares [TSX: PL], including the exercise of an over-allotment option, priced at C\$11.25 per share. In June 2018, Pinnacle Renewable Energy also completed a secondary offering of 4.2 million common shares, including the exercise of an over-allotment option, priced at C\$13.75 per share. At December 31, 2017, Pinnacle Renewable Energy was included in the private companies of ONCAP.

(6) Based on the closing prices on December 31, 2018 and September 30, 2018 and net of the estimated MIP liability on this investment of \$4 million (September 30, 2018 – \$9 million).

(7) Represents Onex' share of the unrealized carried interest for Onex Partners and ONCAP Funds.

(8) Based on the closing prices on December 31, 2018, September 30, 2018 and December 31, 2017.

(9) Includes warehouse facilities.

(10) Onex Credit Funds excludes \$89 million (September 30, 2018 – \$187 million; December 31, 2017 – \$181 million) invested in an Onex Credit unlevered senior secured loan strategy fund, which has been included with Cash and Near-Cash items.

(11) Primarily includes Onex' investments in Ryan Specialty Group, LLC (since June 2018) and Incline Aviation Fund.

(12) Includes \$279 million (September 30, 2018 – \$277 million; December 31, 2017 – \$1.0 billion) of investments managed by third-party investment managers.

(13) Includes \$205 million (September 30, 2018 – \$162 million; December 31, 2017 – \$107 million) of management fees receivable from the limited partners of its private equity platforms.

(14) Represents debt at Onex Corporation, the parent company.

(15) Calculated on a fully diluted basis. Fully diluted shares were 110.0 million at December 31, 2018 (September 30, 2018 – 111.7 million; December 31, 2017 – 112.1 million). Fully diluted shares include all outstanding SVS as well as outstanding stock options where Onex' share price exceeds the exercise price of the stock options and the stock options have a dilutive impact to Onex' Capital per Share.

(16) The change in Onex Capital per Share is impacted by the fair value changes of Onex' investments. Shares repurchased and options exercised during the period will decrease or increase Onex Capital per Share to the extent that the price for share repurchases and option exercises was above or below Onex Capital per Share, respectively.

## Public and Private Company Information

## Public Companies

As at December 31, 2018	Shares Subject to Carried Interest (millions)	Shares Held by Onex (millions)	Closing Price per Share <sup>(1)</sup>	Market Value of Onex' Investment
<b>Onex Partners</b>				
Emerald Expositions <sup>(2)</sup>	33.1	11.4	\$ 12.34	\$ 141
JELD-WEN	20.3	8.1	\$ 14.21	116
SIG <sup>(3)</sup>	51.4	57.5	CHF 10.46 (\$ 10.62)	611
<b>ONCAP</b>				
Pinnacle Renewable Energy <sup>(4)</sup>	4.3	5.0	C\$ 12.00 (\$ 8.80)	44
Estimated Management Incentive Program Liabilities				912 (37)
				875
<b>Direct Investment – Celestica<sup>(5)</sup></b>				
	-	18.0	\$ 8.77	158
				\$ 1,033

## Significant Private Companies

As at December 31, 2018	Onex' and its Limited Partners' Economic Ownership	LTM Adjusted EBITDA <sup>(6)</sup>	Net Debt <sup>(7)</sup>	Cumulative Distributions	Onex' Economic Ownership	Original Cost of Onex' Investment
<b>Onex Partners</b>						
AIT <sup>(8)</sup>	50%	n/a	n/a	\$ 250 <sup>(9)</sup>	13%	\$ 53
BBAM <sup>(10)</sup>	35%	\$ 133	\$ (20) <sup>(11)</sup>	576	9%	36
Carestream Health	91%	246	985	1,311	33% <sup>(5)</sup>	186
Clarivate Analytics <sup>(8)</sup>	72%	311 <sup>(12)</sup>	2,003	-	27%	445
Jack's <sup>(8)</sup>	95%	66	227	88	31%	76
KidsFoundation	98%	€ 21	€ 85	-	27%	47 <sup>(13)</sup>
Meridian Aviation	100%	n/a	n/a	149	25%	19
Parkdean Resorts <sup>(8)(14)</sup>	94%	€ 88 <sup>(15)</sup>	€ 660 <sup>(15)</sup>	-	28%	164 <sup>(16)(17)</sup>
PowerSchool	50%	n/a <sup>(18)</sup>	n/a <sup>(18)</sup>	-	16%	283
Ryan	42%	111 <sup>(19)</sup>	281 <sup>(19)</sup>	-	14%	103 <sup>(20)</sup>
Save-A-Lot <sup>(8)</sup>	99%	87	761	-	32%	210
Schumacher <sup>(8)</sup>	68%	94	583	-	22%	105
sgsco	92%	115 <sup>(12)</sup>	683	-	23%	66
SMG	99%	85 <sup>(21)</sup>	549	-	32%	139
Survitec <sup>(8)</sup>	79%	€ 54	€ 423	-	21%	103 <sup>(16)</sup>
WireCo <sup>(8)</sup>	71%	108	628	-	23%	86
York	88%	115	938	-	29%	173
						\$ 2,294

(1) Closing prices on December 31, 2018.

(2) In March 2018, Emerald Expositions completed a secondary offering. The Onex Partners III Group sold 6.75 million shares in Emerald Expositions, including the exercise of an over-allotment option. The Onex Partners III Group continues to hold approximately 47.1 million shares of Emerald Expositions' common stock for a 66% economic and voting interest. Onex continues to hold approximately 11.4 million shares for a 16% economic interest in Emerald Expositions.

(3) In October 2018, SIG completed an initial public offering. The Onex Partners IV Group received approximately 209.0 million ordinary shares in exchange for its ordinary and preferred shares in SIG and sold approximately 45.9 million ordinary shares in SIG in conjunction with the initial public offering, including the exercise of an over-allotment option. The Onex Partners IV Group continues to hold approximately 163.2 million ordinary shares of SIG for an economic interest of 51%. Onex continues to hold approximately 57.5 million ordinary shares for an 18% economic interest in SIG.

(4) In February 2018, Pinnacle Renewable Energy completed an initial public offering. The ONCAP II Group received approximately 14.1 million shares in exchange for its preferred shares in Pinnacle Renewable Energy and its convertible debt. The ONCAP II Group did not sell any common shares as part of the initial public offering. In June 2018, Pinnacle Renewable Energy completed a secondary offering. The ONCAP II Group sold approximately 3.7 million shares in Pinnacle Renewable Energy in conjunction with the secondary offering, including the exercise of an over-allotment option. The ONCAP II Group continues to hold approximately 10.4 million shares of Pinnacle Renewable Energy for an economic and voting interest of 32%. Onex continues to hold approximately 5.0 million shares for a 15% economic interest in Pinnacle Renewable Energy.

(5) Excludes shares held in connection with the MIP.

(6) Adjusted EBITDA is a non-GAAP financial measure and is based on the local accounting standards of the individual operating companies. Adjustments may include non-cash costs of stock-based compensation and retention plans, transition and restructuring expenses including severance payments, the impact of derivative instruments that no longer qualify for hedge accounting, the impacts of purchase accounting and other similar amounts.

(7) Net debt excludes restricted cash and other similar amounts.

(8) Onex' economic ownership and the original cost of Onex' investment reflect the increase in Onex' interest in Onex Partners IV since the initial investment in the private companies. The original cost of Onex' investment has been adjusted to include the additional cost of the companies at original cost.

(9) Cumulative distributions for AIT include a purchase price adjustment of \$4 million.

(10) Ownership percentages, LTM adjusted EBITDA, net debt and cumulative distributions are presented for BBAM and do not reflect information for Onex' investments in FLY Leasing Limited (NYSE: FLY). The original cost of Onex' investment includes \$7 million invested in FLY Leasing Limited.

(11) Net debt for BBAM is reduced for accrued compensation liabilities.

(12) LTM adjusted EBITDA is presented on a pro-forma basis to reflect the impact of acquired and/or divested businesses.

(13) The investment in KidsFoundation was made in euros and converted to U.S. dollars using the effective exchange rate on the date of the investment.

(14) In February 2018, Parkdean Resorts made a partial repayment of a loan note held by the Onex Partners IV Group and the remaining principal balance outstanding was converted into additional equity of Parkdean Resorts.

(15) LTM adjusted EBITDA is presented on a pro-forma basis to reflect the annualized rent impact of sale-leaseback transactions. Net debt excludes capital lease obligations related to long dated sale-leaseback transactions.

(16) The investments in Parkdean Resorts and Survitec were made primarily in pounds sterling and converted to U.S. dollars using the effective exchange rate on the dates of the investments.

(17) The investment in Parkdean Resorts is adjusted to reflect the loan note held by the Onex Partners IV Group into additional equity of Parkdean Resorts in February 2018.

(18) LTM adjusted EBITDA and net debt for PowerSchool will begin to be presented as of March 31, 2019 following the integration of the PeopleAdmin business.

(19) Represents the LTM EBITDA and Net Debt as at November 30, 2018.

(20) The investment in Ryan was partially funded by a revolving credit facility which was entered into by the Onex Partners IV Group. Onex, the parent company, is only obligated with respect to borrowings under the revolving credit facility based on its proportionate share of the Onex Partners IV Group's investment in Ryan.

(21) LTM adjusted EBITDA is presented on a pro-forma basis to reflect the impact of run-rate earnings from venue management services.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

**Throughout this MD&A, all amounts are in U.S. dollars unless otherwise indicated.**

The Management's Discussion and Analysis ("MD&A") provides a review of Onex Corporation's ("Onex") consolidated financial results for the year ended December 31, 2018 and assesses factors that may affect future results. The financial condition and results of operations are analyzed noting the significant factors that impacted the consolidated statements of earnings, consolidated statements of comprehensive earnings, consolidated balance sheets and consolidated statements of cash flows of Onex. As such, this MD&A should be read in conjunction with the consolidated financial statements and notes thereto included in this report. The financial results have been prepared in accordance with International Financial Reporting Standards ("IFRS") to provide information about Onex on a consolidated basis and should not be considered as providing sufficient information to make an investment or lending decision in regard to any particular Onex operating business. Onex' consolidated financial statements are prepared in accordance with IFRS, the results of which may differ from the accounting principles applied by the operating businesses in their financial statements.

The following MD&A is the responsibility of management and is as of February 28, 2019. Preparation of the MD&A includes the review of the disclosures on each business by senior managers of that business and the review of the entire document by each officer of Onex and by the Onex Disclosure Committee. The Board of Directors carries out its responsibility for the review of this disclosure through its Audit and Corporate Governance Committee, comprised exclusively of independent directors. The Audit and Corporate Governance Committee has reviewed and recommended approval of the MD&A by the Board of Directors. The Board of Directors has approved this disclosure.

The MD&A is presented in the following sections:

<b>11</b>	Our Business, Our Objective and Our Strategies	<b>28</b>	Financial Review
<b>22</b>	Industry Segments	<b>87</b>	Glossary

Onex Corporation's financial filings, including the 2018 MD&A and Consolidated Financial Statements and interim quarterly reporting, Annual Information Form and Management Information Circular, are available on Onex' website, [www.onex.com](http://www.onex.com), and on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com).

## Forward-Looking/Safe Harbour Statements

This MD&A may contain, without limitation, statements concerning possible or assumed future operations, performance or results preceded by, followed by or that include words such as "believes", "expects", "potential", "anticipates", "estimates", "intends", "plans" and words of similar connotation, which would constitute forward-looking statements. Forward-looking statements are not guarantees. The reader should not place undue reliance on forward-looking statements and information because they involve significant and diverse risks and uncertainties that may cause actual operations, performance or results to be materially different from those indicated in these forward-looking statements. Except as may be required by Canadian securities law, Onex is under no obligation to update any forward-looking statements contained herein should material facts change due to new information, future events or other factors. These cautionary statements expressly qualify all forward-looking statements in this MD&A.

## Non-GAAP Financial Measures

This MD&A contains non-GAAP financial measures which have been calculated using methodologies that are not in accordance with IFRS. The presentation of financial measures in this manner does not have a standardized meaning prescribed under IFRS and is therefore unlikely to be comparable to similar financial measures presented by other companies. Management believes that these financial measures provide helpful information to investors. Reconciliations for the non-GAAP financial measures to information contained in the consolidated financial statements have not been presented where it is impractical.

## References

References to the **Company** represent Onex Corporation. References to the **Onex management team** include the management of Onex, ONCAP and Onex Credit. References to management without the use of team include only the relevant group. For example, Onex management does not include management of ONCAP or Onex Credit.

References to the **Onex Partners Groups** represent Onex, the limited partners of the relevant Onex Partners Fund, the Onex management team and, where applicable, certain other limited partners as investors. References to the **ONCAP Groups** represent Onex, the limited partners of the relevant ONCAP Fund, the Onex management team and, where applicable, certain other limited partners as investors. For example, references to the Onex Partners IV Group represent Onex, the limited partners of Onex Partners IV, the Onex management team and, where applicable, certain other limited partners as investors.

Throughout the MD&A and consolidated financial statements, the following operating companies, joint ventures and associates, and their respective subsidiaries, will be referenced as follows:

- **"AIT"** – Advanced Integration Technology LP
- **"AutoSource"** – AutoSource Holdings, Inc.
- **"BBAM"** – BBAM Limited Partnership
- **"Bradshaw"** – Bradshaw International, Inc.
- **"BrightSpring Health"** – Res-Care, Inc.
- **"Carestream Health"** – Carestream Health, Inc.
- **"Celestica"** – Celestica Inc.
- **"Chatters"** – Chatters Canada
- **"Clarivate Analytics"** – Clarivate Analytics
- **"Davis-Standard"** – Davis-Standard Holdings, Inc.
- **"Emerald Expositions"** – Emerald Expositions Events, Inc.
- **"EnGlobe"** – EnGlobe Corp.
- **"Flushing Town Center"** – Flushing Town Center
- **"FLY Leasing Limited"** – FLY Leasing Limited
- **"Hopkins"** – Hopkins Manufacturing Corporation
- **"Incline Aviation Fund"** – Incline Aviation Fund
- **"IntraPac"** – IntraPac International Corporation
- **"Jack's"** – Jack's Family Restaurants
- **"JELD-WEN"** – JELD-WEN Holding, Inc.
- **"KidsFoundation"** – KidsFoundation Holdings B.V.
- **"Laces"** – Laces Group
- **"Mavis Discount Tire"** – Mavis Tire Supply LLC
- **"Meridian Aviation"** – Meridian Aviation Partners Limited and affiliates
- **"Parkdean Resorts"** – Parkdean Resorts
- **"Pinnacle Renewable Energy"** – Pinnacle Renewable Energy, Inc.
- **"PowerSchool"** – PowerSchool Group LLC
- **"Precision"** – Precision Global
- **"PURE Canadian Gaming"** – PURE Canadian Gaming Corp.
- **"RSG"** – Ryan Specialty Group, LLC
- **"Ryan"** – Ryan, LLC
- **"Save-A-Lot"** – Save-A-Lot
- **"Schumacher"** – Schumacher Clinical Partners
- **"sgsco"** – SGS International, LLC
- **"SIG"** – SIG Combibloc Group AG
- **"SMG"** – SMG Holdings Inc.
- **"Survitec"** – Survitec Group Limited
- **"Tecta"** – Tecta America Corporation
- **"USI"** – USI Insurance Services
- **"Venanpri Group"** – Venanpri Group
- **"Walter Surface Technologies"** – Walter Surface Technologies
- **"WireCo"** – WireCo WorldGroup
- **"Wyse"** – Wyse Meter Solutions Inc.
- **"York"** – York Risk Services Holding Corp.

A glossary of terms commonly used within the MD&A is included on page 87.

## OUR BUSINESS, OUR OBJECTIVE AND OUR STRATEGIES

**OUR BUSINESS:** We invest and manage our own capital and that of investors from around the world, including public and private pension funds, sovereign wealth funds, banks, insurance companies and family offices. Onex has generated a Gross MOC of 2.6 times from its private equity activities since inception on realized, substantially realized and publicly traded investments. In our credit platform, we seek to generate strong risk-adjusted and absolute returns across market cycles.

### Investment approach

Over more than three decades, we have developed a successful approach to investing. In our private equity platforms, we pursue businesses with world-class capabilities and strong free cash flow characteristics where we have identified an opportunity, in partnership with company management, to effect change and build market leaders. As an active owner, we are focused on execution rather than macro-economic or industry trends. Specifically, we focus on: (i) cost reduction and operational restructurings; (ii) platforms for add-on acquisitions; and (iii) carve-outs of subsidiaries and mission-critical supply divisions from multinational corporations.

Historically, we have been relatively conservative with the use of financial leverage, which has served Onex and its businesses well through many cycles. In addition, we typically acquire a control position, which allows us to drive important strategic decisions and effect change at our businesses. Onex does not get involved in the daily operating decisions of the businesses.

In our credit platform, we focus on non-investment grade debt. We practise value-oriented investing with bottom-up, fundamental and structural analysis. Stringent oversight of portfolio construction risk, profile and liquidity management complements our approach to investment research. Our team maintains disciplined risk management, with a focus on capital preservation across all strategies.

### Experienced team with significant depth

Onex is led by an Executive Committee comprised of the firm's founder and CEO, Gerry Schwartz, and four Senior Managing Directors. Collectively, these executives have more than 150 years of investing experience and have worked at Onex for an average of 27 years. Onex' stability results from its ownership culture, rigorous recruiting standards and highly collegial environment.

Onex' 103 investment professionals are each dedicated to a separate investment platform: Onex Partners (59), ONCAP (21) and Onex Credit (23). These investment teams are supported by approximately 80 professionals dedicated to Onex' corporate functions and its investment platforms.

### **Substantial financial resources available for future growth**

Onex' policy is to maintain a financially strong parent company with funds available for new acquisitions and to support the growth of its businesses. Onex' financial strength comes from both its own capital as well as the committed capital from its fund investors. Today, Onex has substantial financial resources available to support its investing strategy with:

- approximately \$1.4 billion of cash and near-cash items, and no debt at the parent company;
- \$5.4 billion of limited partner uncalled capital available for future Onex Partners V investments;
- \$330 million of limited partner uncalled capital available for future ONCAP IV investments; and
- \$55 million of limited partner uncalled capital for Onex Credit Lending Partners ("OCLP I").

In November 2018, Onex completed the final closing for OCLP I, reaching aggregate commitments of \$413 million. The aggregate commitments to OCLP I include a \$100 million commitment from Onex and a \$75 million commitment from Onex' management team.

### **Strong alignment of interests**

Critical to our success is the strong alignment of interests between Onex' shareholders, our limited partners and the Onex management team. In addition to Onex being the largest limited partner in each private equity fund and having meaningful investments in our credit platform, the Company's distinctive ownership culture requires the management team to have a significant ownership in Onex shares and to invest meaningfully in each operating business acquired. At December 31, 2018, the Onex management team:

- was the largest shareholder in Onex, with a combined holding of approximately 16.2 million shares, or 16% of outstanding shares, and 0.7 million DSUs;
- had a total cash investment in Onex' current operating businesses of approximately \$480 million; and
- had a total investment in credit strategies at market value of approximately \$325 million.

As well, Onex management is required to reinvest 25% of all Onex Partners carried interest and MIP distributions in Onex shares until they individually own at least one million shares and must hold these shares until retirement.

**OUR OBJECTIVE:** Onex' business objective is to create long-term value for shareholders and to have that value reflected in our share price. Our strategies to deliver this value are concentrated on (i) acquiring and building industry-leading businesses and (ii) managing and growing fund investor capital in our private equity and credit platforms. We believe Onex has the investment philosophy, talent, financial resources and track record to continue to deliver on its objective. The discussion that follows outlines Onex' strategies and reviews how we've performed relative to those strategies in 2018.

## OUR STRATEGIES

### Acquiring and building industry-leading businesses

The growth in Onex capital is largely driven by the performance of our private equity investments. Our private equity investing strategy focuses on an active ownership approach to acquiring and building industry-leading businesses in partnership with talented management teams.

One of Onex' long-term goals is to grow its capital per share by 15% per year. As of December 31, 2018, Onex' capital per share was \$61.24 (C\$83.55) (December 31, 2017 – \$64.79 (C\$81.28)). The following table outlines the increase (decrease) in Onex' capital per share and the return from Onex' private equity investments as of December 31, 2018. The decrease in capital per share for the year ended December 31, 2018 was primarily driven by decreases in the fair value of Onex' private equity and CLO investments.

	Year ended December 31, 2018	Five years ended December 31, 2018 <sup>(1)</sup>
Increase (decrease) in value of Onex' private equity investments in U.S. dollars <sup>(2)</sup>	(6)%	10%
Increase (decrease) in capital per share in U.S. dollars <sup>(3)</sup>	(5)%	4%
Increase in capital per share in Canadian dollars <sup>(3)</sup>	3 %	9%

(1) Represents the annualized percentage increase.

(2) Adjusted for realizations and distributions.

(3) Includes the impact of cash, credit investments and other investments.

The table below presents the significant private equity investments made since January 1, 2018 and Onex' share thereof:

Company	Fund	Transaction	Period	Total Amount (\$ millions)	Onex' Share (\$ millions)
PowerSchool	Onex Partners IV	Original investment	Aug '18	\$ 872	\$ 283
SMG	Onex Partners IV	Original investment	Jan '18	429	139
Ryan	Onex Partners IV	Original investment	Oct '18	317 <sup>(1)</sup>	103 <sup>(1)</sup>
RSG	Direct investment	Original investment	Jun '18	175 <sup>(2)</sup>	172 <sup>(2)</sup>
KidsFoundation	Onex Partners IV and V	Original investment	Nov '18	170 <sup>(3)</sup>	47 <sup>(3)</sup>
Walter Surface Technologies	ONCAP IV	Original investment	Sep '18	135	53
Precision	ONCAP IV	Original investment	Aug '18	111	44
AutoSource	ONCAP IV	Original investment	May '18 <sup>(4)</sup>	41	16
Wyse	ONCAP IV	Original investment	Nov '18	26 <sup>(5)</sup>	10
Total				\$ 2,276	\$ 867

(1) The investment in Ryan by the Onex Partners IV Group was partially funded by a revolving credit facility, with a capacity of \$65 million, entered into by the Onex Partners IV Group, as described on page 37 of this MD&A.

(2) The total investment made in RSG by Onex and Onex management was comprised of \$150 million in preferred equity and \$25 million in common equity. Onex' share of the investment in RSG was comprised of \$148 million in preferred equity and \$24 million in common equity.

(3) The investment made in KidsFoundation is comprised of ordinary shares, preference shares and loan notes.

(4) Onex transferred its investment in AutoSource to the ONCAP IV Group in September 2018, as described on page 35 of this MD&A.

(5) The investment made in Wyse is comprised of both preferred shares and convertible debt.

### Acquiring businesses

In August 2018, the Onex Partners IV Group acquired an interest in PowerSchool, a non-instructional software provider primarily to K-12 primary schools, from Vista Equity Partners ("Vista"). Concurrent with this transaction, PowerSchool acquired PeopleAdmin, a provider of cloud-based talent management solutions for the education sector and also previously owned by Vista. The Onex Partners IV Group invested \$872 million for an economic interest of 50% in PowerSchool and is an equal partner with Vista. Onex' share of the investment is \$283 million for an economic interest of 16%.

In January 2018, the Onex Partners IV Group acquired SMG, a leading global manager of convention centres, stadiums, arenas, theatres, performing arts centres and other venues. The Onex Partners IV Group invested \$429 million for a 99% economic interest in SMG. Onex' share of the investment was \$139 million for an economic interest of 32%.

In October 2018, the Onex Partners IV Group acquired an interest in Ryan, a global tax services and software provider. The Onex Partners IV Group invested \$317 million for a 42% economic interest in Ryan. Onex' share of the investment was \$103 million for an economic interest of 14%.

In June 2018, Onex and Onex management invested \$175 million in RSG, a leading international specialty insurance organization, which includes a wholesale insurance brokerage firm and an underwriting management organization. The investment was comprised of \$150 million in preferred equity and \$25 million in common equity. Onex' share of the investment was \$172 million.

In November 2018, the Onex Partners IV and Onex Partners V Groups acquired KidsFoundation, a leading provider of childcare services in the Netherlands. The combined investment made by the Onex Partners IV Group, Onex Partners V Group and a certain limited partner as a co-investor was €150 million (\$170 million) for a 98% economic interest in KidsFoundation. Onex' share of the investment was €42 million (\$47 million) for an economic interest of 27%.

In September 2018, the ONCAP IV Group acquired Walter Surface Technologies, a provider of innovative solutions for the metal working industry. Excluding the impact of foreign exchange hedges, the ONCAP IV Group's total investment was C\$175 million (\$135 million) for an economic interest of 94%. Onex' share of the investment was C\$69 million (\$53 million) for an economic interest of 37%.

In August 2018, the ONCAP IV Group acquired Precision, a leading global manufacturer of dispensing solutions. The ONCAP IV Group's total investment was \$111 million for an initial economic interest of 99%. Onex' share of the investment was \$44 million for an initial economic interest of 39%.

In May 2018, Onex invested \$41 million to acquire AutoSource, a used vehicle retailer specializing in branded title vehicles, for an initial economic and voting interest of 50% and 60%, respectively.

In September 2018, the investment in AutoSource was transferred to the ONCAP IV Group for \$41 million, which represents the original cost of the investment made by Onex. As a result of this transaction, the ONCAP IV Group's economic and voting interest in AutoSource is 50% and 60%, respectively. Onex' share of the investment, as a limited partner of ONCAP IV, is \$16 million for an economic interest of 20%.



In November 2018, the ONCAP IV Group invested in Wyse, a leading provider of submetering and utility expense management solutions for the multi-residential, condominium and commercial markets in Canada. Excluding the impact of foreign exchange hedges, the ONCAP IV Group's investment in Wyse was C\$35 million (\$26 million) for an economic interest of 41%. Onex' share of the investment was C\$14 million (\$10 million) for an economic interest of 16%. The investment in Wyse is comprised of both preferred shares and convertible debt.

Today, we have approximately \$7.9 billion of uncalled capital available to deploy for new private equity investments, including approximately \$2.2 billion of Onex commitments. As we continue to evaluate investment opportunities, our focus remains on identifying investments that will deliver long-term growth for our shareholders and partners.

### Building businesses

During 2018, 16 of our operating businesses completed 38 follow-on acquisitions for total consideration of approximately \$1.4 billion. Our existing operating businesses also collectively raised or refinanced a total of \$7.0 billion of debt, in part due to strong credit markets during the period. In addition, our existing businesses paid down debt totalling approximately \$295 million.

### Realizing on value

The table below presents the significant proceeds received during 2018 and up to February 28, 2019 from realizations and cash distributions primarily from private equity activity.

Company	Fund	Transaction	Period	Total Amount (\$ millions)	Onex' Share <sup>(1)</sup> (\$ millions)
Mavis Discount Tire	ONCAP III	Sale of business	Mar '18	\$ 518 <sup>(2)</sup>	\$ 173
SIG	Onex Partners IV	Initial public offering	Oct '18	511 <sup>(2)</sup>	180
Tecta	ONCAP III and ONCAP IV	Sale of business	Nov '18	412	133
Onex Real Estate	Direct investment	Distributions	Various	134	117
Emerald Expositions	Onex Partners III	Secondary offering and dividends	Various	134	36
Parkdean Resorts	Onex Partners IV	Repayment of loan note	Feb '18	74 <sup>(2)</sup>	22
Pinnacle Renewable Energy	ONCAP II	Repayment of shareholder subordinated debt, secondary offering and dividends	Various	56	26
BBAM	Onex Partners III	Distributions	Various	38	12
Meridian Aviation	Onex Partners III	Distribution	Sep '18	25	8
Total				\$ 1,902	\$ 707

(1) Onex' share includes carried interest received by Onex and is reduced for amounts paid under the MIP and Onex' net payment of carried interest for ONCAP investments, if applicable.

(2) Includes proceeds received by certain limited partners and others.

In March 2018, the ONCAP III Group sold its entire investment in Mavis Discount Tire for net proceeds of \$518 million. The ONCAP III Group acquired Mavis Discount Tire in October 2014 and in total made an equity investment of \$150 million. Onex' portion of the sale proceeds was \$173 million, including carried interest of \$15 million and after the reduction for amounts paid to the Onex and ONCAP management teams. The investment in Mavis Discount Tire generated a Gross MOC of 3.4 times in U.S. dollars and 3.8 times in Canadian dollars.

In October 2018, SIG completed an initial public offering of 151.8 million ordinary shares (SIX: SIGN), including the exercise of an over-allotment option. The offering was priced at CHF 11.25 per share for gross proceeds of CHF 1.7 billion. As part of the offering, SIG issued 105.0 million treasury shares. The net proceeds from treasury shares were primarily used to reduce SIG's existing long-term debt. The Onex Partners IV Group sold approximately 45.9 million ordinary shares in the transaction for net proceeds of CHF 504 million (\$511 million). Onex' portion of the net proceeds was CHF 178 million (\$180 million). The Onex Partners IV Group continues to hold approximately 163.2 million ordinary shares in SIG for an economic interest of 51%. Onex continues to hold approximately 57.5 million ordinary shares for an 18% economic interest in SIG.

In November 2018, the ONCAP III and ONCAP IV Groups sold their entire investment in Tecta for combined net proceeds of \$416 million. Onex' share of the net proceeds from the sale was \$134 million, including carried interest of \$12 million and after the reduction for amounts paid to the Onex and ONCAP management teams. Included in the net proceeds is \$4 million held in escrow, of which Onex' share is \$1 million. The ONCAP III and ONCAP IV Groups' investment of \$124 million in Tecta was made in August 2016 and generated a Gross MOC of 3.4 times in both U.S. and Canadian dollars.

During 2018 and up to February 28, 2019, Flushing Town Center distributed \$134 million of proceeds primarily from the sale of residential condominium units. Onex' share of the distributions was \$117 million.

In March 2018, Emerald Expositions completed a secondary offering of 6.75 million shares of its common stock, including the exercise of an over-allotment option. The offering was priced at \$18.50 per share for gross proceeds of \$125 million. No treasury shares were issued as part of the offering. The Onex Partners III Group sold all of the shares in this transaction for net proceeds of \$120 million. Onex' portion of the net proceeds was \$32 million, including \$3 million of carried interest. The Onex Partners III Group continues to hold approximately 47.1 million shares of Emerald Expositions' common stock for an economic and voting interest of 66%. Onex continues to hold approximately 11.4 million shares for a 16% economic interest in Emerald Expositions.

In February 2018, Parkdean Resorts made a partial repayment of a loan note held by the Onex Partners IV Group, totalling £52 million (\$74 million), including accrued interest, with net proceeds from a sale-leaseback transaction. Onex' share of the repayment was £15 million (\$22 million).

In February 2018, Pinnacle Renewable Energy completed an initial public offering of 15.3 million shares of its common stock (TSX: PL), including the exercise of an over-allotment option. The offering was priced at C\$11.25 per share for gross proceeds of C\$173 million. As part of the offering, Pinnacle Renewable Energy issued approximately 6.2 million treasury shares. The net proceeds from treasury shares were used to repay C\$29 million of existing shareholder subordinated debt, with the balance to fund construction of production facilities and for other general corporate purposes. The ONCAP II Group received C\$20 million (\$16 million) for its share of the repayment of the existing shareholder subordinated debt, of which Onex' share was C\$9 million (\$7 million). The ONCAP II Group did not sell any common shares as part of this transaction.

In June 2018, Pinnacle Renewable Energy completed a secondary offering of approximately 4.2 million common shares, including the exercise of an over-allotment option. The offering was priced at C\$13.75 per share for gross proceeds of C\$58 million. No treasury shares were issued as part of the offering. The ONCAP II Group sold approximately 3.7 million shares for net proceeds of C\$49 million (\$37 million). Onex' portion of the net proceeds was C\$22 million (\$17 million), including C\$1 million (\$1 million) of carried interest.

The ONCAP II Group continues to hold approximately 10.4 million common shares of Pinnacle Renewable Energy for an economic and voting interest of 32%. Onex continues to hold approximately 5.0 million common shares for a 15% economic interest in Pinnacle Renewable Energy.

During 2018, BBAM distributed \$38 million to the Onex Partners III Group, of which Onex' share was \$12 million, including \$2 million of carried interest. The distribution was funded by the company's free cash flow.

During 2018, Meridian Aviation distributed \$25 million to the Onex Partners III Group, of which Onex' share was \$8 million, including \$1 million of carried interest. The distribution was funded primarily from proceeds from aircraft sales.

In December 2018, the Company entered into an agreement to sell BrightSpring Health for an enterprise value of approximately \$1.3 billion. Under the terms of the agreement, the Onex Partners I and Onex Partners III Groups will receive combined net proceeds of approximately \$780 million. Onex' portion of the net proceeds will be approximately \$190 million, including estimated carried interest of \$39 million and net of the estimated MIP distribution. The transaction is expected to close during the first quarter of 2019 and is subject to customary closing conditions and regulatory approvals.

#### **Managing and growing fund investor capital**

Over the years, Onex has raised \$27.7 billion of fund investor capital for its private equity and credit platforms.

In private equity, Onex has raised nine Onex Partners and ONCAP Funds. Onex is currently investing Onex Partners V, a \$7.15 billion fund raised in November 2017, and ONCAP IV, a \$1.1 billion fund raised in November 2016, which is approximately 50% invested.

Onex Credit continues to focus on growing its product lines and distribution channels and at December 31, 2018 managed \$9.2 billion of fund investor capital through its CLOs, private debt and other credit strategies.

To date, Onex Credit has closed 17 CLOs and at December 31, 2018, capital under management related to the remaining CLOs was \$8.2 billion, including \$413 million of Onex capital.

During 2018, Onex completed fundraising for its first Onex Credit Lending Partners fund, which is a natural extension of its existing credit strategies and leverages the firm's infrastructure and knowledge of the loan market. OCLP I's aggregate commitments total \$413 million, including \$100 million from Onex and \$75 million from the Onex management team. The strategy employs leverage and at December 31, 2018 had approximately \$800 million of its \$1.1 billion available capital invested.

The management of fund investor capital provides two significant benefits to Onex: (i) we earn management fees on \$20.6 billion of fee-generating capital under management; and (ii) we have the opportunity to share in our investors' profits through carried interest and incentive fee participation. This enhances Onex' return from its investment activities. Onex earned a total of \$153 million in management fees during the year ended December 31, 2018 (2017 – \$148 million), and today has run-rate management fees of \$192 million. Onex expects future management fees, carried interest and incentive fees will offset operating expenses.

Our private equity funds contribute \$142 million to the run-rate management fees. Onex does not earn any management fees on the capital it has invested or committed to its private equity funds.

Onex Credit contributes \$50 million to the run-rate management fees, which includes \$2 million of management fees earned on Onex' capital invested in Onex Credit Lending Partners and Onex Credit Funds.

At December 31, 2018, Onex' share of the unrealized carried interest from the Onex Partners and ONCAP Funds based on the fair values of the funds' operating businesses was \$110 million compared to \$185 million at December 31, 2017. The unrealized carried interest decreased since December 31, 2017 primarily due to a net decrease in the fair value of operating businesses, as well as \$37 million of carried interest received during 2018. The actual amount of carried interest realized by Onex will depend on the ultimate performance of each fund.

At December 31, 2018, Onex managed \$23.2 billion of fund investor capital, in addition to Onex' capital.

<b>Fund Investor Capital Under Management<sup>(1)(2)</sup></b>							
<i>(\$ millions)</i>	<b>Total</b>		<b>Change in Total</b>	<b>Fee-Generating</b>		<b>Uncalled Commitments</b>	
	<b>December 31, 2018<sup>(3)</sup></b>	December 31, 2017 <sup>(3)</sup>		<b>December 31, 2018</b>	December 31, 2017	<b>December 31, 2018<sup>(3)</sup></b>	December 31, 2017 <sup>(3)</sup>
Funds							
Onex Partners	<b>\$ 12,681</b>	\$ 13,787	<b>(8)%</b>	<b>\$ 10,534</b>	\$ 11,666	<b>\$ 5,779</b>	\$ 6,787
ONCAP <sup>(4)</sup>	<b>1,269</b>	1,788	<b>(29)%</b>	<b>1,057</b>	1,479	<b>376</b>	606
Onex Credit	<b>9,230</b>	8,644	<b>7 %</b>	<b>9,010</b>	8,534	<b>82</b>	175
Total	<b>\$ 23,180</b>	\$ 24,219	<b>(4)%</b>	<b>\$ 20,601</b>	\$ 21,679	<b>\$ 6,237</b>	\$ 7,568

(1) Capital under management is a non-GAAP financial measure.

(2) Invested amounts included in fund investor capital under management are presented at fair value.

(3) Uncalled commitments include capital available for future Onex-sponsored acquisitions, possible future funding of remaining businesses and future investments by Onex Credit Lending Partners, after giving effect to the final close and borrowings under the revolving credit facility. Includes committed amounts from the Onex management team and directors based on the assumption that all of the remaining limited partners' commitments are invested. Uncalled commitments at December 31, 2018 are reduced for management fees receivable of \$205 million (December 31, 2017 – \$107 million), which are included in Onex capital.

(4) Capital under management for ONCAP II and III is in Canadian dollars and has been converted to U.S. dollars using the exchange rate on December 31, 2018 and December 31, 2017.

### Growth in fund investor capital under management

The amount of fund investor capital under management will fluctuate as new capital is raised and existing investments are realized. One of Onex' long-term goals is to grow its fee-generating capital by 10% per year. During 2018, fee-generating capital under management decreased by 5%, driven by realizations in private equity, the redemption of CLO-2 and net fair value decreases in Onex' private equity portfolio. Partially offsetting these decreases was the closing of CLO-15 and Onex Credit Lending Partners. Over the past five years, fee-generating capital under management has increased by 11% per year.

## Performance

### Private equity

The ability to raise new capital commitments is primarily dependent on the general fundraising environment and Onex' investment track record with prior funds. The following table summarizes the performance of the Onex Partners and ONCAP Funds from inception through December 31, 2018.

Performance Returns <sup>(1)</sup>					
	Vintage	Gross IRR	Net IRR <sup>(2)</sup>	Gross MOC	Net MOC <sup>(2)</sup>
Funds					
Onex Partners I	2003	55%	38 %	4.0x	3.1x
Onex Partners II	2006	17%	13 %	2.3x	1.9x
Onex Partners III	2009	19%	13 %	2.1x	1.8x
Onex Partners IV	2014	2%	[2]%	1.0x	1.0x
Onex Partners V <sup>(3)(4)</sup>	2017	-	-	1.0x	0.7x
ONCAP I <sup>(5)(6)</sup>	1999	43%	33 %	4.1x	3.1x
ONCAP II <sup>(5)</sup>	2006	30%	21 %	4.0x	2.8x
ONCAP III <sup>(5)</sup>	2011	26%	19 %	3.0x	2.2x
ONCAP IV	2016	29%	12 %	1.2x	1.1x

(1) Performance returns are a non-GAAP financial measure.

(2) Net IRR and Net MOC are presented for limited partners in the Onex Partners and ONCAP Funds and exclude the capital contributions and distributions attributable to Onex' and the Onex management team's commitment as limited partners in each fund.

(3) Performance reflects the short operating period of Onex Partners V. Cash outflows occurred in November 2018 to fund the first investment made by the Fund. The Gross IRR and Net IRR are not presented as they are not meaningful due to the short operating period of Onex Partners V.

(4) The Net IRR and Net MOC for Onex Partners V represents the performance returns for limited partners that elected to not participate in the Onex Partners V revolving credit facility.

(5) Returns are calculated in Canadian dollars, the functional currency of these ONCAP Funds.

(6) ONCAP I has been fully realized.

The pending sale of BrightSpring Health is expected to close in the first quarter of 2019, as described on page 38 of this MD&A, and is the final investment held in Onex Partners I. Onex Partners I was Onex' first large-cap private equity fund, which invested \$1.5 billion of limited partner capital in 10 operating companies. Upon closing of the pending sale of BrightSpring Health, Onex Partners I will have returned approximately \$5.8 billion to its investors, including \$1.4 billion to Onex, generating a Gross MOC of 4.0 times (Net MOC of 3.1 times) and a Gross IRR of 55% (Net IRR of 38%). In addition, Onex will have received carried interest of approximately \$240 million from Onex Partners I.

**Credit**

As of December 31, 2018, Onex had a net investment of \$577 million in CLOs after dispositions and distributions, including \$116 million in two warehouse facilities. Onex primarily invests in the equity tranches of CLOs. Market pricing for CLO equity is more volatile than the underlying leveraged loan market due to the leverage employed in a CLO and the relative illiquidity of CLO equity. CLO equity pricing may also be affected by changes in fixed income market sentiment and investors' general appetite for risk. Onex incurred mark-to-market losses of \$76 million on its CLO investments during the year ended December 31, 2018 (2017 – gains of \$46 million).

All of Onex' CLOs remain onside with their various coverage tests. Onex received \$59 million of distributions from its CLO investments during 2018. Additionally, Onex received \$9 million on the redemption of CLO-2 and \$11 million from the partial sale of its investment in CLO-7. To date, Onex has fully realized three CLOs, generating a Net IRR of approximately 11%. Onex remains a long-term investor in its CLOs.

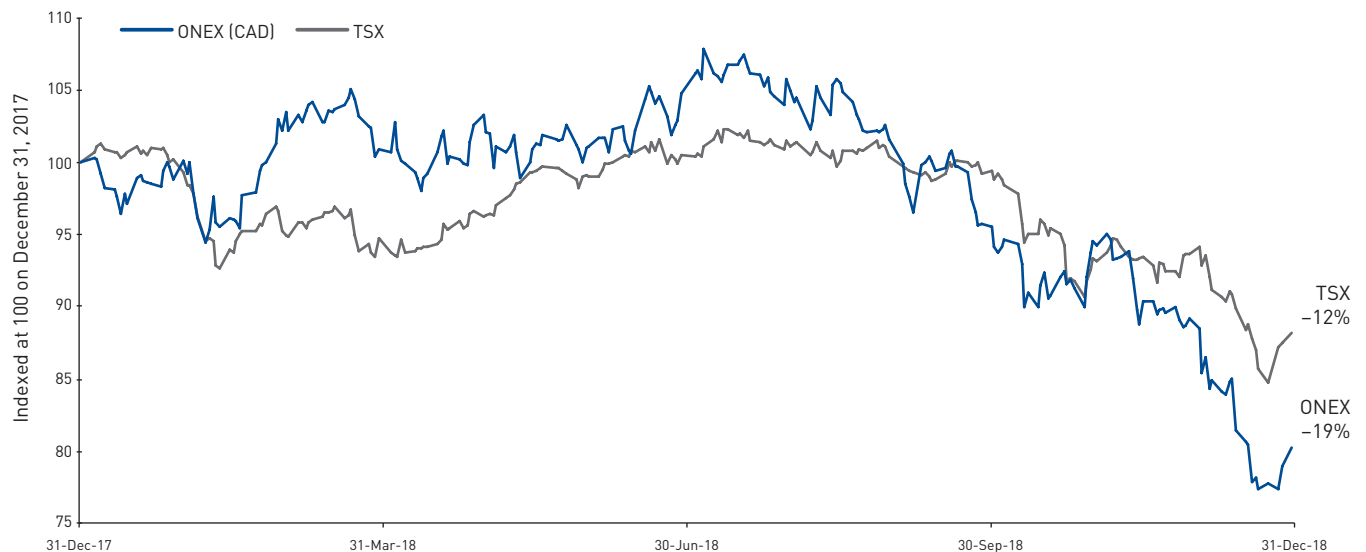
**Share price**

Our goal is to have the value of our investing and asset management activities reflected in our share price. These efforts are supported by a long-standing quarterly dividend and an active stock buyback program. In May 2018, Onex increased its quarterly dividend by 17% to C\$0.0875 per SVS beginning in July 2018. This increase follows similar increases in the previous five years and reflects Onex' success and ongoing commitment to its shareholders. During 2018, \$25 million was returned to shareholders through dividends and Onex repurchased and cancelled 1,169,733 SVS at a total cost of \$79 million (C\$102 million), or an average purchase price of \$67.11 (C\$86.78) per share.

At December 31, 2018, Onex' SVS closed at C\$74.35, a 19% decrease from December 31, 2017. This compares to a 12% decrease in the S&P/TSX Composite Index ("TSX").

The chart below shows the performance of Onex' SVS relative to the TSX.

**Onex Relative Performance (CAD) (December 31, 2017 to December 31, 2018)**



As a substantial portion of Onex' investments are denominated in U.S. dollars, Onex' Canadian dollar share price will also be impacted by the change in the exchange rate between the U.S. dollar and Canadian dollar. During 2018, the value of Onex' SVS decreased by 26% in U.S. dollars compared to a 6% decrease in the Standard & Poor's 500 Index ("S&P 500").

The chart below shows the performance of Onex' SVS in U.S. dollars relative to the S&P 500.

**Onex Relative Performance (USD) (December 31, 2017 to December 31, 2018)**



## INDUSTRY SEGMENTS

At December 31, 2018, Onex had eight reportable industry segments. In January 2018, the Onex Partners IV Group completed the acquisition of SMG, the results of which have been presented in the business and information services industry segment. In August 2018, the ONCAP IV Group completed the acquisition of Precision, the results of which have been presented in the packaging products and services industry segment. In September 2018, the ONCAP IV Group completed the acquisition of Walter Surface Technologies, the results of which have been presented in the other industry segment. In September 2018, the ONCAP IV Group acquired an interest in AutoSource, the results of which have been presented in the other industry segment. In November 2018, the Onex Partners IV and Onex Partners V Groups completed the acquisition of KidsFoundation, the results of which have been presented in the other industry segment. In December 2018, the Company entered into an agreement to sell BrightSpring Health. The results of operations of BrightSpring Health, which were previously included in the health and human services segment, are presented in the other segment as a discontinued operation. A description of our operating businesses by industry segment, and the economic and voting ownerships of Onex, the parent company, and its limited partners in those businesses, is presented below and in the pages that follow. The information by segment is presented in the chronological order in which the operating segments became reportable.

Industry Segments	Companies	Onex' & Limited Partners' Economic Ownership	Onex' Economic/Voting Ownership
Electronics Manufacturing Services	<b>Celestica Inc.</b> (TSX/NYSE: CLS), a global provider of electronics manufacturing services (www.celestica.com). <b>Onex shares held: 18.0 million<sup>(a)</sup></b>	13% <sup>(a)</sup>	13% <sup>(a)</sup> /80%
Healthcare Imaging	<b>Carestream Health, Inc.</b> , a global provider of medical and dental imaging and healthcare information technology solutions (www.carestream.com). <b>Total Onex Partners II Group investment at original cost: \$471 million</b> <b>Onex portion at cost: \$186 million</b> <b>Onex Partners II portion subject to a carried interest: \$266 million</b>	91%	33% <sup>(a)</sup> /100%
Insurance Services	<b>York Risk Services Holding Corp.</b> , an integrated provider of insurance solutions to property, casualty and workers' compensation specialty markets primarily in the United States (www.yorkrsg.com). <b>Total Onex Partners III Group investment at original cost: \$521 million</b> <b>Onex portion at cost: \$173 million</b> <b>Onex Partners III portion subject to a carried interest: \$279 million</b>	88%	29%/100%

(a) Excludes shares held in connection with the MIP.



Industry Segments	Companies	Onex' & Limited Partners' Economic Ownership	Onex' Economic/ Voting Ownership
Packaging Products and Services	<b>IntraPac International Corporation</b> , a designer and manufacturer of specialty rigid packaging solutions (www.intrapacinternational.com). <b>Total ONCAP IV Group investment at original cost: \$118 million</b> <b>Onex portion at cost: \$46 million</b> <b>ONCAP IV portion subject to a carried interest: \$58 million</b>	<b>97%</b>	<b>38%/97%</b>
	<b>Precision Global</b> , a global manufacturer of dispensing solutions (www.precisionglobal.com). <b>Total ONCAP IV Group investment at original cost: \$111 million</b> <b>Onex portion at cost: \$44 million</b> <b>ONCAP IV portion subject to a carried interest: \$55 million</b>	<b>96%</b>	<b>38%/96%</b>
	<b>SGS International, LLC</b> , a global leader in providing fully integrated marketing solutions, digital imaging and design-to-print graphic services to branded consumer products companies, retailers and the printers that service them (www.sgsc.com). <b>Total Onex Partners III Group investment at original cost: \$260 million</b> <b>Onex portion at cost: \$66 million</b> <b>Onex Partners III portion subject to a carried interest: \$183 million</b>	<b>92%</b>	<b>23%/92%</b>
	<b>SIG Combibloc Group AG<sup>(a)</sup></b> (SIX: SIGN), a world-leading provider of aseptic carton packaging solutions for beverages and liquid food (www.sig.biz). <b>Total Onex Partners IV Group shares held: 163.2 million</b> <b>Onex shares held: 57.5 million</b> <b>Onex Partners IV shares subject to a carried interest: 51.4 million</b>	<b>51%</b>	<b>18%/53%</b>
	<b>Clarivate Analytics</b> , owner and operator of a collection of leading subscription-based businesses focused on scientific and academic research, patent analytics and regulatory standards, pharmaceutical and biotech intelligence, trademark protection, domain brand protection and intellectual property management (www.clarivate.com). <b>Total Onex Partners IV Group investment at original cost: \$1,177 million</b> <b>Onex portion at cost: \$445 million</b> <b>Onex Partners IV portion subject to a carried interest: \$418 million</b>	<b>72%</b>	<b>27%/72%</b>
Business and Information Services	<b>Emerald Expositions Events, Inc.<sup>(b)</sup></b> (NYSE: EEX), a leading operator of business-to-business trade shows in the United States (www.emeraldexpositions.com). <b>Total Onex Partners III Group shares held: 47.1 million</b> <b>Onex shares held: 11.4 million</b> <b>Onex Partners III shares subject to a carried interest: 33.1 million</b>	<b>66%</b>	<b>16%/66%</b>
	<b>SMG Holdings Inc.</b> , a leading global manager of convention centres, stadiums, arenas, theatres, performing arts centres and other venues (www.smgworld.com). <b>Total Onex Partners IV Group investment at original cost: \$429 million</b> <b>Onex portion at cost: \$139 million</b> <b>Onex Partners IV portion subject to a carried interest: \$261 million</b>	<b>99%</b>	<b>32%/99%</b>

(a) In October 2018, SIG completed an initial public offering, as described on page 36 of this MD&A.

(b) In March 2018, Emerald Expositions completed a secondary offering, as described on page 35 of this MD&A.

Industry Segments	Companies	Onex' & Limited Partners' Economic Ownership	Onex' Economic/ Voting Ownership
Food Retail and Restaurants	<p><b>Jack's Family Restaurants</b>, a regional premium quick-service restaurant operator based in the United States (www.eatatjacks.com).</p>	95%	31%/100%
	<p><b>Total Onex Partners IV Group investment at original cost: \$234 million</b>  <b>Onex portion at cost: \$76 million</b>  <b>Onex Partners IV portion subject to a carried interest: \$140 million</b></p>		
	<p><b>Save-A-Lot</b>, one of the largest hard-discount grocery retailers for value-seeking shoppers in the United States (www.save-a-lot.com).</p>	99%	32%/99%
	<p><b>Total Onex Partners IV Group investment at original cost: \$660 million</b>  <b>Onex portion at cost: \$210 million</b>  <b>Onex Partners IV portion subject to a carried interest: \$394 million</b></p>		
Credit Strategies	<p><b>Credit Strategies</b>, a platform that is comprised of:</p> <p><b>Onex Credit Manager</b> specializes in managing non-investment grade debt.</p> <p><b>Onex Credit Collateralized Loan Obligations</b>, leveraged structured vehicles that hold a widely diversified collateral asset portfolio funded through the issuance of long-term debt in a series of rated tranches of secured notes and equity.</p> <p><b>Total Onex investment in collateralized loan obligations, including warehouse facilities, at market value: \$526 million</b></p> <p><b>Onex Credit Funds</b>, investment funds, other than the CLOs and Private Lending, providing exposure to the performance of actively managed, diversified portfolios.</p> <p><b>Onex investment in Onex Credit Funds at market value: \$243 million, of which \$89 million is invested in an unlevered senior secured loan portfolio that purchases assets with greater liquidity and \$154 million is invested in other Onex Credit Funds.</b></p> <p><b>Private Lending</b>, primarily consisting of <b>Onex Credit Lending Partners</b>, a private debt fund which focuses on providing credit to middle-market, upper middle-market and large private equity sponsor-owned portfolio companies and, selectively, other corporate borrowers predominantly in the United States and, selectively, in Canada and Europe.</p> <p><b>Onex investment in Private Lending at market value: \$46 million</b></p>	100%	100%/(a)

(a) Onex controls the Onex Credit asset management platform through contractual rights.

Industry Segments	Companies	Onex' & Limited Partners' Economic Ownership	Onex' Economic/Voting Ownership
<b>Other Businesses</b>			
• <i>Aerospace Automation, Tooling and Components</i>	<p><b>Advanced Integration Technology LP</b>, a leading provider of automation, factory integration and tooling dedicated to the global aerospace, defence and space launch industries (www.aint.com).</p> <p><b>Total Onex Partners IV Group investment at original cost: \$204 million</b>  <b>Onex portion at cost: \$53 million</b>  <b>Onex Partners IV portion subject to a carried interest: \$134 million</b></p>	50%	13%/50% <sup>(a)</sup>
• <i>Aircraft Leasing &amp; Management</i>	<p><b>BBAM Limited Partnership</b>, the world's largest dedicated manager of leased aircraft (www.bbam.com).</p> <p><b>Total Onex Partners III Group remaining investment at original cost: \$143 million</b>  <b>Onex portion at cost: \$36 million</b>  <b>Onex Partners III portion subject to a carried interest: \$101 million</b></p> <p>Included with the investment in BBAM Limited Partnership is an investment of \$28 million made concurrently in FLY Leasing Limited (NYSE: FLY) by the Onex Partners III Group, of which Onex' share was \$7 million.</p> <p><b>Meridian Aviation Partners Limited and affiliates</b>, an aircraft investment company managed by BBAM and established by the Onex Partners III Group.</p> <p><b>Total Onex Partners III Group investment at original cost: \$77 million</b>  <b>Onex portion at cost: \$19 million</b>  <b>Onex Partners III portion subject to a carried interest: \$54 million</b></p>	35% <sup>(a)</sup>	9%/(a)
• <i>Building Products</i>	<p><b>JELD-WEN Holding, Inc.</b> (NYSE: JELD), one of the world's largest manufacturers of interior and exterior doors, windows and related products for use primarily in the residential and light commercial new construction and remodelling markets (www.jeld-wen.com).</p> <p><b>Total Onex Partners III Group shares held: 32.9 million</b>  <b>Onex shares held: 8.1 million</b>  <b>Onex Partners III shares subject to a carried interest: 20.3 million</b></p>	100%	25%/100%
• <i>Childcare Services</i>	<p><b>KidsFoundation</b>, a leading provider of childcare services in the Netherlands (www.kidsfoundation.nl).</p> <p><b>Total Onex Partners IV and Onex Partners V Groups investment at original cost: \$170 million<sup>(b)</sup></b>  <b>Onex portion at cost: \$47 million<sup>(b)</sup></b>  <b>Onex Partners IV portion subject to a carried interest: \$33 million<sup>(b)</sup></b>  <b>Onex Partners V portion subject to a carried interest: \$72 million<sup>(b)</sup></b></p>	32%	8%/32%
• <i>Education Software</i>	<p><b>PowerSchool Group LLC</b>, a leading education technology platform for K-12 schools (www.powerschool.com).</p> <p><b>Total Onex Partners IV Group investment at original cost: \$872 million</b>  <b>Onex portion at cost: \$283 million</b>  <b>Onex Partners IV portion subject to a carried interest: \$530 million</b></p>	98%	27%/98%
		50%	16%/50% <sup>(a)</sup>

(a) Onex has certain contractual rights and protections, including the right to appoint members to the boards of directors, in respect of these entities, which are accounted for at fair value in Onex' consolidated financial statements.

(b) The investment in KidsFoundation was made in euros and converted to U.S. dollars using the prevailing exchange rate on the date of the investment.

Industry Segments	Companies	Onex' & Limited Partners' Economic Ownership	Onex' Economic/ Voting Ownership
<b>Other Businesses (cont'd)</b>			
<ul style="list-style-type: none"> <li>• <i>Health and Human Services (Discontinued Operation)</i></li> </ul>	<p><b>BrightSpring Health (formerly ResCare)<sup>(a)</sup></b>, a leading provider of residential, training, educational and support services for people with disabilities and special needs in the United States (www.brightspringhealth.com).</p> <p><b>Total Onex Partners I and Onex Partners III Groups investment at original cost: \$204 million</b></p> <p><b>Onex portion at cost: \$41 million</b></p> <p><b>Onex Partners I portion subject to a carried interest: \$61 million</b></p> <p><b>Onex Partners III portion subject to a carried interest: \$94 million</b></p>	<b>98%</b>	<b>20%/100%</b>
<ul style="list-style-type: none"> <li>• <i>Holiday Parks</i></li> </ul>	<p><b>Parkdean Resorts</b>, a leading operator of caravan holiday parks in the United Kingdom (www.parkdeanresorts.co.uk).</p> <p><b>Total Onex Partners IV Group investment at original cost: \$551 million<sup>(b)(c)</sup></b></p> <p><b>Onex portion at cost: \$164 million<sup>(b)(c)</sup></b></p> <p><b>Onex Partners IV portion subject to a carried interest: \$233 million<sup>(b)(c)</sup></b></p>	<b>94%<sup>(b)</sup></b>	<b>28%<sup>(b)</sup>/80%</b>
<ul style="list-style-type: none"> <li>• <i>Hospital Management Services</i></li> </ul>	<p><b>Schumacher Clinical Partners</b>, a leading provider of emergency and hospital medicine physician practice management services in the United States (www.schumacherclinical.com).</p> <p><b>Total Onex Partners IV Group investment at original cost: \$323 million</b></p> <p><b>Onex portion at cost: \$105 million</b></p> <p><b>Onex Partners IV portion subject to a carried interest: \$193 million</b></p>	<b>68%</b>	<b>22%/68%</b>
<ul style="list-style-type: none"> <li>• <i>Industrial Products</i></li> </ul>	<p><b>WireCo WorldGroup</b>, a leading global manufacturer of mission-critical steel wire rope, synthetic rope, specialty wire and engineered products (www.wirecoworldgroup.com).</p> <p><b>Total Onex Partners IV Group investment at original cost: \$270 million</b></p> <p><b>Onex portion at cost: \$86 million</b></p> <p><b>Onex Partners IV portion subject to a carried interest: \$161 million</b></p>	<b>71%</b>	<b>23%/71%</b>
<ul style="list-style-type: none"> <li>• <i>Survival Equipment</i></li> </ul>	<p><b>Survitec Group Limited</b>, a market-leading provider of mission-critical marine, defence and aerospace survival equipment (www.survitecgroup.com).</p> <p><b>Total Onex Partners IV Group investment at original cost: \$390 million<sup>(d)</sup></b></p> <p><b>Onex portion at cost: \$103 million<sup>(d)</sup></b></p> <p><b>Onex Partners IV portion subject to a carried interest: \$256 million<sup>(d)</sup></b></p>	<b>79%</b>	<b>21%/68%</b>

(a) In December 2018, Onex entered into an agreement to sell BrightSpring Health, as described on page 38 of this MD&A. As a result of the pending sale, the operations of BrightSpring Health are presented in the other segment and as a discontinued operation in Onex' consolidated financial statements.

(b) Adjusted to reflect the conversion of the loan note held by the Onex Partners IV Group into additional equity of Parkdean Resorts in February 2018, as described on page 34 of this MD&A.

(c) The investment in Parkdean Resorts was made in pounds sterling and converted to U.S. dollars using the prevailing exchange rate on the date of the investment.

(d) The investments in Survitec were made primarily in pounds sterling and converted to U.S. dollars using the prevailing exchange rate on the dates of the investments.

Industry Segments	Companies	Onex' & Limited Partners' Economic Ownership	Onex' Economic/ Voting Ownership
Other Businesses (cont'd)			
• Tax Services	<p><b>Ryan, LLC</b>, a global tax services and software provider (www.ryan.com).</p> <p><b>Total Onex Partners IV Group investment at original cost: \$317 million</b>  <b>Onex portion at cost: \$103 million</b>  <b>Onex Partners IV portion subject to a carried interest: \$162 million<sup>(b)</sup></b></p>	42%	14%/(a)
• Middle-Market Opportunities	<p><b>ONCAP</b>, private equity funds focused on acquiring and building the value of mid-market companies based in North America (www.oncap.com).</p> <p><b>ONCAP II</b></p> <p>ONCAP II actively manages investments in EnGlobe (www.englobecorp.com), Pinnacle Renewable Energy (www.pinnaclepellet.com) (TSX: PL) and PURE Canadian Gaming (www.purecanadiangaming.com).</p> <p><b>Total ONCAP II Group unrealized investments at original cost: \$212 million (C\$218 million)</b>  <b>Onex portion at cost: \$100 million (C\$102 million)</b>  <b>ONCAP II limited partners portion at cost: \$92 million (C\$94 million)</b></p> <p><b>ONCAP III</b></p> <p>ONCAP III actively manages investments in Hopkins (www.hopkinsmfg.com), PURE Canadian Gaming (www.purecanadiangaming.com), Davis-Standard (www.davis-standard.com), Bradshaw (www.goodcook.com), Venanpri Group (www.agrisolutionscorp.com) and Chatters (www.chatters.ca).</p> <p><b>Total ONCAP III Group unrealized investments at original cost: \$373 million (C\$401 million)</b>  <b>Onex portion at cost: \$110 million (C\$119 million)</b>  <b>ONCAP III limited partners portion at cost: \$228 million (C\$245 million)</b></p> <p><b>ONCAP IV</b></p> <p>ONCAP IV actively manages investments in AutoSource (www.myautosource.com), Laces (www.maytex.com), Walter Surface Technologies (www.walter.com) and Wyse (www.wysemeter.com). ONCAP IV also actively manages investments in IntraPac and Precision, which are included in the Packaging Products and Services industry segment.</p> <p><b>Total ONCAP IV Group unrealized investments at original cost: \$304 million<sup>(d)</sup></b>  <b>Onex portion at cost: \$120 million<sup>(d)</sup></b>  <b>ONCAP IV limited partners portion at cost: \$153 million<sup>(d)</sup></b></p>	100%	47% <sup>(c)</sup> /100%
		100%	29%/100%
		100%	39%/100%
• Real Estate	<p><b>Flushing Town Center</b>, a three million-square-foot development located on approximately 14 acres in Flushing, New York. The project is substantially complete and consists of approximately 1,200 condominium units constructed above retail space and parking structures.</p> <p><b>Onex' remaining investment in Flushing Town Center at fair value: \$149 million</b></p>	88%	88%/100%

(a) Onex has certain contractual rights and protections, including the right to appoint members to the board of directors, in respect of this entity, which is accounted for at fair value in Onex' consolidated financial statements.

(b) Excludes the portion of the investment in Ryan that was funded by the Onex Partners IV Group's revolving credit facility, as described on page 37 of this MD&A.

(c) This represents Onex' blended economic ownership in the ONCAP II investments.

(d) Excludes amounts relating to IntraPac and Precision, which are included in the Packaging Products and Services industry segment.

## FINANCIAL REVIEW

This section discusses the significant changes in Onex' consolidated statements of earnings, consolidated balance sheets and consolidated statements of cash flows for the fiscal year ended December 31, 2018 compared to those for the year ended December 31, 2017 and, in selected areas, to those for the year ended December 31, 2016.

### CONSOLIDATED OPERATING RESULTS

This section should be read in conjunction with Onex' consolidated statements of earnings and corresponding notes thereto.

#### Changes in accounting policies

The Company has adopted the following new standards, along with any consequential amendments, effective January 1, 2018. These changes were made in accordance with applicable transitional provisions.

##### a) IFRS 15 – Revenue from Contracts with Customers

IFRS 15, *Revenue from Contracts with Customers*, supersedes International Accounting Standard (“IAS”) 18, *Revenue*, and provides a comprehensive five-step revenue recognition model for all contracts with customers. On January 1, 2018, and in accordance with the transition provisions in IFRS 15, the standard was adopted retrospectively and comparative period information has been restated with the exception of information for the year ended December 31, 2016, which continues to be presented in accordance with IAS 18.

Under IAS 18, revenue from product sales was recognized when the following criteria were met: significant risks and rewards of ownership had been transferred; involvement in the capacity as an owner of the goods had ceased; revenue and costs incurred could be reliably measured; and economic benefits were expected to be realized. As a result of adopting IFRS 15, revenue on product sales is recognized when or as performance obligations are satisfied by transferring control of the goods to the customer. Revenue recognition relating to the provision of services by Onex' operating companies was not significantly impacted as a result of adopting IFRS 15.

Certain new judgements and estimates are required in applying IFRS 15, including: identifying and allocating the transaction price among performance obligations; determining when performance obligations are satisfied; and measuring progress of completion when performance obligations are satisfied over time.

The effects on the consolidated financial statements as a result of adopting IFRS 15 were not significant and include an increase in total equity on January 1, 2017 of \$13 million.

##### b) IFRS 9 – Financial Instruments

IFRS 9, *Financial Instruments*, supersedes IAS 39, *Financial Instruments: Recognition and Measurement*. On January 1, 2018, the Company adopted IFRS 9 retrospectively and has chosen to not restate comparative information in accordance with the transitional provisions in IFRS 9. As a result, the comparative information continues to be presented in accordance with the Company's previous accounting policies. The following significant accounting policy changes were adopted as of January 1, 2018:

##### *Classification – Financial Assets*

As of January 1, 2018, financial assets are classified in the following measurement categories:

- Those to be subsequently measured at fair value through earnings;
- Those to be subsequently measured at fair value through other comprehensive income; and
- Those to be measured at amortized cost.

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

### *Classification – Financial Liabilities*

As of January 1, 2018, financial liabilities are classified in the following measurement categories:

- Those to be subsequently measured at fair value through earnings; and
- Those to be measured at amortized cost.

### *Modification of Financial Liabilities*

When a financial liability that is measured at amortized cost has its cash flows modified without resulting in derecognition, the carrying value of the financial liability is adjusted to the present value of its modified cash flows, discounted at the financial liability's original effective interest rate, with a resulting gain or loss recognized in earnings.

For certain variable-rate financial liabilities that are pre-payable at par, amendments to the contractual terms of the financial liability to revise the interest rate to a new market interest rate are accounted for over the remaining term of the financial liability by adjusting the financial liability's effective interest rate.

### *Impairment*

Onex' operating companies have applied the simplified approach, permitted by IFRS 9, to calculate the expected credit losses on accounts receivable. This approach requires the expected lifetime losses of accounts receivable to be recognized at the initial recognition of the accounts receivable, using the company's historical credit loss experience to assign provision rates depending on the number of days that the accounts receivable have been outstanding, adjusted to reflect current and forward-looking information.

### *Interest Income*

Interest income recognized by the Company primarily relates to interest earned from investments recognized at fair value through net earnings.

### *Impact of adoption as of January 1, 2018*

As a result of adopting IFRS 9, total equity on January 1, 2018 increased by \$12 million due to adjustments related to previous modifications of long-term debt that did not result in derecognition. Note 1 to the consolidated financial statements provides information concerning the reclassification of financial instruments on January 1, 2018 as a result of adopting IFRS 9.

## **Critical accounting policies and estimates**

### **Significant accounting estimates and judgements**

Onex prepares its consolidated financial statements in accordance with IFRS. The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, assumptions and estimates that affect the reported amounts of assets, liabilities and equity, disclosures of contingent assets and liabilities and the reported amounts of revenue and expenses for the periods of the consolidated financial statements. Onex and its operating companies evaluate their estimates and assumptions on an ongoing basis and any revisions are recognized in the affected periods. Included in Onex' consolidated financial statements are estimates used in determining the expected credit losses on accounts receivable, provisions for uncompensated care, inventory valuation, deferred tax assets and liabilities, allocation of purchase price consideration to intangible assets and goodwill, useful lives of property, plant and equipment and intangible assets, the timing and amount of revenue recognition, income taxes, the fair value of investments in joint ventures and associates, the fair value of Limited Partners' Interests, stock-based compensation, pension and post-employment benefits, warranty provisions, restructuring provisions, legal contingencies and other matters. Actual results could differ materially from those assumptions and estimates.

Significant judgements are used in the determination of fair value for business combinations, Limited Partners' Interests, carried interest and investments in joint ventures and associates. Onex has used significant judgement when determining control of certain operating companies and structured entities. The assessment of goodwill, intangible assets and long-lived assets for impairment, income taxes, legal contingencies and actuarial valuations of pension and other post-retirement benefits also requires the use of significant judgement by Onex and its operating companies.

### Business combinations

In a business combination, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. Land, buildings and equipment are usually independently appraised while short-term and long-term investments are valued at market prices. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent external valuation expert may determine the fair value. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. Note 4 to the consolidated financial statements provides additional disclosure on business combinations.

### Consolidation of structured entities

Onex indirectly controls and consolidates the operations of the CLOs of Onex Credit. The CLOs are structured entities for which voting and similar rights are not the dominant factor in determining control of the CLOs. Onex has used judgement when assessing the many factors that determine control, including its exposure through investments in the most subordinate capital of the CLOs, its role in the formation of the CLOs, the rights of other investors in the CLOs and its control of the asset manager of the CLOs. Onex has determined that it is a principal of the CLOs with the power to affect the returns of its investment and, as a result, indirectly controls the CLOs.

CLOs are further discussed in note 1 to the consolidated financial statements.

### Fair value of investments and debt of credit strategies not quoted in an active market

The fair value of investments and debt of the credit strategies not quoted in an active market may be determined by Onex Credit using reputable pricing sources (such as pricing agencies) or indicative prices from bond/debt market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. The Company has exercised judgement and estimates on the quantity and quality of the pricing sources used. Where no market data is available, Onex Credit may value positions using models, which include the use of third-party pricing

information and are usually based on valuation methods and techniques generally recognized as standard within the industry.

Models use observable data to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations may require the Company to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### Limited Partners' Interests, carried interest and investments in joint ventures and associates

The measurement of the Limited Partners' Interests for the Onex Partners and ONCAP Funds, carried interest and investments in joint ventures and associates is significantly impacted by the fair values of the investments held by the Onex Partners and ONCAP Funds. Joint ventures and associates are defined under IFRS as those investments in operating businesses over which Onex has joint control or significant influence, but not control. In accordance with IFRS, certain of these investments are designated, upon initial recognition, at fair value in the consolidated balance sheets. The fair value of investments in joint ventures and associates is assessed at each reporting date with changes in fair value recognized in the consolidated statements of earnings. Similarly, the Limited Partners' Interests for the Onex Partners and ONCAP Funds represent the interests of limited partner investors, and carried interest, representing the General Partner's share of the net gains of the Onex Partners and ONCAP Funds, is recorded at fair value. The fair value is significantly affected by the change in the fair value of the underlying investments in the Onex Partners and ONCAP Funds.

The valuation of non-public investments requires significant judgement by Onex due to the absence of quoted market values, inherent lack of liquidity and the long-term nature of such investments. Valuation methodologies include discounted cash flows and observations of the trading multiples of public companies considered comparable to the private companies being valued. The valuations take into consideration company-specific items, the lack of liquidity inherent in a non-public investment and the fact that comparable public companies are not identical to the companies being valued. Such considerations are necessary because, in the absence of a committed buyer and completion of due diligence procedures, there may be



company-specific items that are not fully known that may affect value. A variety of additional factors are reviewed by management, including, but not limited to, financing and sales transactions with third parties, current operating performance and future expectations of the particular investment, changes in market outlook and the third-party financing environment. In determining changes to the fair value of investments, emphasis is placed on current company performance and market conditions.

For publicly traded investments, the valuation is based on closing market prices less adjustments, if any, for regulatory and/or contractual sale restrictions.

The changes to the fair value of the investments in joint ventures and associates are reviewed on page 44 of this MD&A.

Included in the measurement of the Limited Partners' Interests is an adjustment for the change in carried interest as well as any contributions by and distributions to limited partners in the Onex Partners and ONCAP Funds. The changes to the fair value of the Limited Partners' Interests for the Onex Partners and ONCAP Funds are reviewed on page 49 of this MD&A.

#### **Impairment testing of goodwill, intangible assets and long-lived assets**

Goodwill in an accounting context represents the excess of the aggregate consideration paid and the amount of any non-controlling interests in the acquired company compared to the fair value of the identifiable net assets acquired. Substantially all of the goodwill amount that appears in Onex' consolidated balance sheets was recorded by the operating companies. Goodwill is not amortized, but is assessed for impairment at the level of either an individual cash generating unit ("CGU") or a group of CGUs annually, or sooner if events or changes in circumstances or market conditions indicate that the carrying amount could exceed fair value. The test for goodwill impairment used by our operating companies is to assess whether the fair value of each CGU within an operating company is less than its carrying value and then determine if the goodwill associated with that CGU is impaired. This assessment takes into consideration several factors, including, but not limited to, future cash flows and market conditions. If the fair value is determined to be lower than the carrying value of an individual CGU, goodwill is then considered to be impaired and an impairment charge must be recognized. Internal

valuation models are used to determine fair value. These models are subjective and require management of the particular operating company to exercise judgement in making assumptions about future results, including revenues, operating expenses, capital expenditures and discount rates. In the year of acquisition, the fair value in excess of the carrying value at an operating company will typically be minimal as a result of the recent business combination accounting. The impairment test for intangible assets and long-lived assets with limited lives is similar to that for goodwill. Impairment charges for intangible assets and long-lived assets may subsequently be reversed if fair value is determined to be higher than carrying value. The reversal is limited, however, to restoring the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized in prior periods. Impairment losses for goodwill are not reversed in future periods.

Impairment charges recorded by the operating businesses under IFRS may not impact the fair values of the operating businesses used in determining the increase or decrease in investments in joint ventures and associates, the change in carried interest and for calculating the Limited Partners' Interests liability for the Onex Partners and ONCAP Funds. Fair values of the operating businesses are assessed at the enterprise level, while impairment charges are assessed at the level of an asset, a CGU or a group of CGUs.

During 2018, certain operating companies recorded charges for impairments of goodwill, intangible assets and long-lived assets. These charges are reviewed on page 48 of this MD&A and in note 28 to the consolidated financial statements.

#### **Revenue recognition**

Certain judgements and estimates are required in determining the timing and amount of revenue recognition, including: identifying and allocating the transaction price among performance obligations; determining when performance obligations are satisfied; and measuring progress of completion when performance obligations are satisfied over time.

Revenue that is recognized over time and that is not billed until the delivery of finished products to customers involves significant estimates, judgements and assumptions in determining the timing of revenue recognition, the measures of work in process, and estimates and timing of expected returns, revenues and related costs.

Revenue recognized by Schumacher in the other segment for uninsured patients requires certain judgements to be made with respect to the transaction price. Factors considered in determining the estimated transaction price include historical collection trends for each of its primary payor sources of revenue, reimbursement rate trends, resolution of credit balances, patient acuity levels, physician documentation, aging of accounts receivable, and other relevant factors. Due to the inherent uncertainty in the transaction price estimation process, including the challenges in assessing such factors as changes in the economy impacting the type and level of insurance carried by patients, new developments could result in subsequent adjustments to previously reported revenues.

#### **Income taxes**

Onex, including its operating companies, is subject to changing tax laws and the interpretation of existing tax laws in multiple jurisdictions. Significant judgement is necessary in determining worldwide income tax liabilities. Although management of Onex and the operating companies believe that they have made reasonable estimates about the final outcome of tax uncertainties, no assurance can be given that the outcome of these tax matters will be consistent with what is reflected in the historical income tax provisions. Such differences could have an effect on income tax liabilities and deferred tax liabilities in the period in which such determinations are made. At each balance sheet date, management of Onex and the operating companies assess whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the exercise of judgement on the part of management with respect to, among other things, benefits that could be realized from available tax strategies and future taxable income, as well as other positive and negative factors. The recorded amount of total deferred tax assets could be reduced if estimates of projected future taxable income and benefits from available tax strategies are lowered, or if changes in current tax regulations are enacted that impose restrictions on the timing or extent of Onex' or its operating companies' ability to utilize future tax benefits.

#### **Legal contingencies**

Onex, including its operating companies, can become involved in various legal proceedings in the normal course of operations. While we cannot predict the final outcomes of such legal proceedings, they may have a significant effect on Onex' consolidated financial position, results of operations or cash flows. The filing or disclosure of a suit or formal assertion of a claim does not automatically indicate that a provision may be appropriate. Management, with the assistance of internal and external lawyers, regularly analyzes current information about these matters and provides provisions for probable contingent losses, including the estimate of legal expenses to resolve these matters.

#### **Employee benefits**

Onex, the parent company, does not provide a pension plan to the employees of the operating companies; however, certain of its operating companies do. Management of the operating companies use actuarial valuations to account for their pension and other post-retirement benefits. These valuations rely on statistical and other factors in order to anticipate future events. These factors include key actuarial assumptions such as the discount rate, expected salary increases and mortality rates. These actuarial assumptions may differ significantly from actual developments due to changing market and economic conditions, and therefore may result in a significant change in post-retirement employee benefit obligations and the related future expense in the consolidated financial statements. Note 34 to the consolidated financial statements provides details on the estimates used in accounting for pensions and post-retirement benefits.

#### **Stock-based compensation**

Onex' stock-based compensation accounting for its MIP options is completed using an internally developed valuation model. The critical assumptions and estimates used in the valuation model include the fair value of the underlying investments, the time to expected exit from each investment, a risk-free rate and an industry comparable historical volatility for each investment. The fair value of the underlying investments includes critical assumptions and estimates, as described for Limited Partners' Interests, carried interest and investments in joint ventures and associates.

## RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

### Standards, amendments and interpretations not yet adopted or effective

#### *IFRS 16 – Leases*

In January 2016, the International Accounting Standards Board (“IASB”) issued IFRS 16, *Leases*, which replaces IAS 17, *Leases*. The standard provides an updated definition of a lease contract, including guidance on the combination and separation of contracts. The standard requires lessees to recognize a right-of-use asset and a lease liability for substantially all lease contracts. The accounting for lessors is substantially unchanged from IAS 17. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted. The Company is completing the execution of its implementation plan and adopted IFRS 16 on January 1, 2019 on a modified retrospective basis. Onex, the parent company, currently expects the following impacts as a result of adopting IFRS 16:

- The recognition of right-of-use assets and lease liabilities totalling approximately \$75 million on January 1, 2019, excluding the impact of finance leases previously recognized in the consolidated balance sheets;
- Operating lease expenses will no longer be recognized within the consolidated statements of earnings;
- Amortization expense for right-of-use assets will be recognized within the consolidated statements of earnings;
- Interest expense will be recognized for lease liabilities within the consolidated statements of earnings; and
- Within the consolidated statements of cash flows, cash flows from operating activities will increase, with a corresponding decrease in cash flows from financing activities.

### Investment entity status

As a result of a reassessment performed by management, Onex, the parent company, has determined that it meets the criteria of an investment entity, as defined in IFRS 10, *Consolidated financial statements*. Onex will account for the change in its status prospectively effective January 1, 2019, resulting in the following financial statement impacts as of January 1, 2019 and in future financial statements:

- Subsidiaries of Onex that provide investment-related services will continue to be consolidated;

- The assets and liabilities of other subsidiaries, including the operating companies, will be derecognized from Onex' consolidated balance sheet;
- Investments that are no longer consolidated will be recognized at fair value and will be subsequently measured at fair value through net earnings; and
- A gain resulting from the difference between the fair values of those investments and their previous carrying values as of January 1, 2019 will be recognized in the consolidated statement of earnings.

### Variability of results

Onex' consolidated operating results may vary substantially from quarter to quarter and year to year for a number of reasons, including some of the following: the current economic environment; the current political environment; the impact of foreign exchange fluctuations; acquisitions or dispositions of businesses by Onex, the parent company; the change in value of stock-based compensation for both the parent company and its operating businesses; changes in the fair value of Onex' publicly traded operating businesses; changes in the fair value of Onex' privately held operating businesses; changes in the fair value of credit securities; changes in tax legislation or in the application of tax legislation; changes in international trade legislation or in the application of international trade legislation; and activities at Onex' operating businesses. These activities may include the purchase or sale of businesses; fluctuations in customer demand, materials and employee-related costs; changes in the mix of products and services produced or delivered; changes in the financing of the business; changes in contract accounting estimates; impairments of goodwill, intangible assets or long-lived assets; litigation; decisions to restructure operations; and natural disasters. Given the diversity of Onex' operating businesses, the associated exposures, risks and contingencies may be many, varied and material.

Investments held by credit strategies, as well as debt issued by the CLOs, are recorded at fair value, with changes in fair value recognized in the consolidated statements of earnings. Fair values are impacted by the CLO market, leveraged loan market and credit risk (both own and counterparty), which may vary substantially from quarter to quarter and year to year.

## Significant transactions

Transactions in this section are presented in chronological order by private equity and credit.

### Acquisition of SMG

In January 2018, the Onex Partners IV Group completed the acquisition of SMG, a leading global manager of convention centres, stadiums, arenas, theatres, performing arts centres and other venues. The Onex Partners IV Group's total investment was \$429 million for an economic interest of 99%. Onex' share of the investment was \$139 million for an economic interest of 32%. The remainder of the purchase price was financed through a rollover of equity by management of SMG and debt financing, without recourse to Onex Corporation. SMG is included within the business and information services segment.

As part of the acquisition of SMG, the Onex Partners IV Group also acquired \$44 million of SMG's second lien debt, which bears interest at LIBOR plus a margin of up to 7.00% and matures in January 2026. To finance the investment in SMG's second lien debt, the Onex Partners IV Group entered into a revolving credit facility in January 2018. The facility bears interest at LIBOR (subject to a floor of 0.00%) plus a margin of 1.75%, matures in January 2021 and is reimbursable by capital calls upon the limited partners of Onex Partners IV. Onex Corporation, the parent company, is only obligated with respect to borrowings under the revolving credit facility based on its proportionate share of the Onex Partners IV Group's investment in SMG.

### Partial loan note repayment by Parkdean Resorts

In February 2018, Parkdean Resorts made a partial repayment of a loan note outstanding with the Onex Partners IV Group totalling £52 million (\$74 million), including accrued interest, with net proceeds from a sale-leaseback transaction completed for certain parks in August 2017. Onex' share of the repayment was £15 million (\$22 million). The remaining principal balance of £25 million (\$31 million) outstanding under the loan note, of which Onex' share was £7 million (\$9 million), was converted into additional equity of Parkdean Resorts in accordance with the loan note agreement. As of December 31, 2018, the Onex Partners IV Group has a 94% economic interest in Parkdean Resorts, of which Onex' share is 28%.

### Initial and secondary offerings by Pinnacle Renewable Energy

In February 2018, Pinnacle Renewable Energy completed an initial public offering of approximately 15.3 million common shares (TSX: PL), including the exercise of an over-allotment option. The offering was priced at C\$11.25 per share for gross proceeds of C\$173 million. As part of the offering, Pinnacle Renewable Energy issued approximately 6.2 million treasury shares. The net proceeds from treasury shares were used to repay C\$29 million of existing shareholder subordinated debt, with the balance to fund construction of production facilities and for other general corporate purposes. The ONCAP II Group received C\$20 million (\$16 million) for its share of the repayment of the existing shareholder subordinated debt, of which Onex' share was C\$9 million (\$7 million). The ONCAP II Group did not sell any common shares as part of this transaction.

As a result of this transaction, the ONCAP II Group no longer controls Pinnacle Renewable Energy. The interest held by the Company has been recorded as a long-term investment at fair value, with changes in fair value recognized in the consolidated statements of earnings. In addition, a gain of \$82 million was recorded based on the excess of the interest retained at fair value over the historical accounting carrying value of the investment. The gain is entirely attributable to the equity holders of Onex Corporation, as the interests of the Limited Partners were recorded as a financial liability at fair value. Pinnacle Renewable Energy does not represent a separate major line of business, and as a result, the operating results up to the date of the loss of control have not been presented as a discontinued operation.

In June 2018, Pinnacle Renewable Energy completed a secondary offering of approximately 4.2 million common shares, including the exercise of an over-allotment option. The offering was priced at C\$13.75 per share for gross proceeds of C\$58 million. No treasury shares were issued as part of the offering. The ONCAP II Group sold approximately 3.7 million shares for net proceeds of C\$49 million (\$37 million). Onex' portion of the net proceeds was C\$22 million (\$17 million), including carried interest and after the reduction for amounts paid to the ONCAP management team. No gain was realized in the consolidated statements of earnings as a result of this transaction as the Company's interest in Pinnacle Renewable Energy is recorded at fair value.

Onex' share of the carried interest received was C\$1 million (\$1 million) and was included in the net proceeds to Onex. ONCAP management's share of the carried interest was C\$4 million (\$3 million), including C\$2 million (\$2 million) from Onex and Onex management. No amounts were paid on account of the MIP for this transaction as the required realized investment return hurdle was not met on realizations to date.

The ONCAP II Group continues to hold approximately 10.4 million common shares of Pinnacle Renewable Energy for an economic and voting interest of 32%. Onex continues to hold approximately 5.0 million common shares for a 15% economic interest in Pinnacle Renewable Energy.

### Secondary offering by Emerald Expositions

In March 2018, Emerald Expositions completed a secondary offering of 6.75 million shares of its common stock, including the exercise of an over-allotment option. The offering was priced at \$18.50 per share for gross proceeds of \$125 million. No treasury shares were issued as part of the offering. The Onex Partners III Group sold all of the shares in this transaction for net proceeds of \$120 million. Onex' portion of the net proceeds was \$32 million, including carried interest.

Amounts received on account of the carried interest related to this transaction totalled \$8 million. Onex' share of the carried interest received was \$3 million and was included in the net proceeds to Onex. Management's share of the carried interest was \$5 million. No amounts were paid on account of the MIP for this transaction as the required realized investment return hurdle was not met on realizations to date.

The Onex Partners III Group continues to hold approximately 47.1 million shares of Emerald Expositions' common stock for a 66% economic and voting interest. Onex continues to hold approximately 11.4 million shares for a 16% economic interest. Since the sale of shares by the Onex Partners III Group did not result in a loss of control over Emerald Expositions, the transaction was recorded as a transfer from the equity holders of Onex Corporation to non-controlling interests in the consolidated financial statements, with the cash proceeds received in excess of the historical accounting carrying value of \$49 million being recorded directly to retained earnings.

### Sale of Mavis Discount Tire

In March 2018, the ONCAP III Group sold its entire investment in Mavis Discount Tire. The ONCAP III Group received net proceeds of \$518 million, of which Onex' share was \$173 million, including carried interest and after the reduction for amounts paid to the Onex and ONCAP management teams. No gain was realized in the consolidated statements of earnings as a result of this transaction as the Company's interest in Mavis Discount Tire was recorded at fair value.

Onex' share of the carried interest received was \$15 million and was included in the net proceeds to Onex. ONCAP management's share of carried interest was \$37 million, including \$14 million from Onex and Onex management. Management of Onex and ONCAP earned \$14 million on account of management incentive programs related to this transaction.

In addition, the consolidated financial statements include net proceeds of \$15 million from the sale of Mavis Discount Tire attributable to a third-party investor.

### Acquisition of AutoSource

In May 2018, Onex invested \$41 million to acquire AutoSource, a used vehicle retailer specializing in branded title vehicles, for an initial economic and voting interest of 50% and 60%, respectively.

In September 2018, the investment in AutoSource was transferred to the ONCAP IV Group for \$41 million, which represents the original cost of the investment made by Onex. As a result of this transaction, the ONCAP IV Group's economic and voting interest in AutoSource is 50% and 60%, respectively. Onex' share of the investment, as a limited partner of ONCAP IV, is \$16 million for an economic interest of 20%. AutoSource is included within the other segment.

### Investment in Ryan Specialty Group

In June 2018, Onex and Onex management invested a total of \$175 million in RSG, a leading international specialty insurance organization, which includes a wholesale insurance brokerage firm and an underwriting management organization. The investment was comprised of \$150 million in preferred equity and \$25 million in common equity. Onex' share of the investment was \$172 million.

The investment in RSG is recorded as a long-term investment at fair value with changes in fair value recognized in the consolidated statements of earnings.

### Investment in PowerSchool

In August 2018, the Onex Partners IV Group acquired an interest in PowerSchool, a non-instructional software provider primarily to K-12 primary schools, from Vista Equity Partners ("Vista"). Concurrent with this transaction, PowerSchool acquired PeopleAdmin, a provider of cloud-based talent management solutions for the education sector and also previously owned by Vista. The Onex Partners IV Group invested \$872 million for an economic interest of 50% in PowerSchool and is an equal partner with Vista. Onex' share of the investment was \$283 million for an economic interest of 16%.

The investment in PowerSchool is recorded as a long-term investment at fair value with changes in fair value recognized in the consolidated statements of earnings.

### Acquisition of Precision

In August 2018, the ONCAP IV Group acquired Precision, a global manufacturer of dispensing solutions. The ONCAP IV Group's total investment was \$111 million for an initial economic interest of 99%. Onex' share of the investment was \$44 million for an initial economic interest of 39%. The remainder of the purchase price was financed through a rollover of equity by management of Precision and debt financing, without recourse to Onex Corporation. Precision is included within the packaging products and services segment.

### Acquisition of Walter Surface Technologies

In September 2018, the ONCAP IV Group acquired Walter Surface Technologies, a provider of innovative solutions for the metal working industry. Excluding the impact of foreign exchange hedges, the ONCAP IV Group's total investment was C\$175 million (\$135 million) for an economic interest of 94%. Onex' share of the investment was C\$69 million (\$53 million) for an economic interest of 37%. The remainder of the purchase price was financed through a rollover of equity by the founders of Walter Surface Technologies, equity investments made by management of Walter Surface Technologies and certain other investors, and debt financing, without recourse to Onex Corporation. Walter Surface Technologies is included within the other segment.

### Initial public offering by SIG

In October 2018, SIG completed an initial public offering of approximately 151.8 million ordinary shares (SIX: SIGN), including the exercise of an over-allotment option. The offering was priced at CHF 11.25 per share for gross proceeds of CHF 1.7 billion. As part of the offering, SIG issued 105.0 million treasury shares. The net proceeds from treasury shares were primarily used to reduce SIG's long-term debt. The Onex Partners IV Group sold approximately 45.9 million shares in the transaction for net proceeds of CHF 504 million (\$511 million). Onex' portion of the net proceeds was CHF 178 million (\$180 million).

The Onex Partners IV Group continues to hold approximately 163.2 million ordinary shares in SIG for a 51% economic interest. Onex continues to hold approximately 57.5 million ordinary shares for an 18% economic interest. Since the sale of shares by the Onex Partners IV Group did not result in a loss of control over SIG, the transaction was recorded as a transfer from the equity holders of Onex Corporation to non-controlling interests in the consolidated financial statements, with the cash proceeds received in excess of the historical accounting carrying value of \$256 million being recorded directly to retained earnings.

The issuance of new shares by SIG as part of the initial public offering resulted in the dilution of the Company's ownership interest in SIG. The Company recorded a transfer from the non-controlling interests in the consolidated statements of equity. This reflected Onex' share of the increase in the book value of the net assets of SIG due to the issuance of additional common shares at a value above the Company's historical accounting carrying value of SIG.

### Investment in Ryan

In October 2018, the Onex Partners IV Group acquired an interest in Ryan, a global tax services and software provider. The Onex Partners IV Group's total investment was \$317 million for an economic interest of 42%. Onex' share of the investment was \$103 million for an economic interest of 14%.

The investment in Ryan was partially funded by a revolving credit facility, with a capacity of \$65 million, entered into by the Onex Partners IV Group in October 2018. The facility bears interest at LIBOR (subject to a floor of 0.00%) plus a margin of 1.75%, matures in October 2021 and is reimbursable by capital calls upon the limited partners of Onex Partners IV. Onex, the parent company, is only obligated with respect to borrowings under the revolving credit facility based on its proportionate share of the Onex Partners IV Group's investment in Ryan.

In connection with the investment in Ryan, the Onex Partners IV Group has committed to invest up to an additional \$100 million in equity to partially fund future add-on acquisitions over a two-year period, subject to certain terms and conditions.

The investment in Ryan is recorded as a long-term investment at fair value with changes in fair value recognized in the consolidated statements of earnings.

### Investment in Wyse

In November 2018, the ONCAP IV Group invested in Wyse, a provider of submetering and utility expense management solutions for the multi-residential, condominium and commercial markets in Canada. Excluding the impact of foreign exchange hedges, the ONCAP IV Group's investment in Wyse was C\$35 million (\$26 million) for an economic interest of 41%. Onex' share of the investment was C\$14 million (\$10 million) for an economic interest of 16%. The investment is comprised of both preferred shares and convertible debt.

The investment in Wyse is recorded as a long-term investment at fair value with changes in fair value recognized in the consolidated statements of earnings.

### Acquisition of Impakt by Celestica

In November 2018, Celestica acquired Impakt Holdings, LLC ("Impakt"), a vertically integrated manufacturer in the semiconductor and display industries, for \$331 million. The purchase price was financed with borrowings under Celestica's existing secured credit facility.

### Sale of Tecta

In November 2018, the ONCAP III and ONCAP IV Groups sold their entire investment in Tecta for net proceeds of \$416 million. Onex' share of the net proceeds from the sale was \$134 million, including carried interest and after the reduction for amounts paid to the Onex and ONCAP management teams. Included in the net proceeds is \$4 million held in escrow, of which Onex' share is \$1 million. As a result of this transaction, a gain of \$261 million was recorded based on the excess of the net proceeds over the historical accounting carrying value of the investment.

Onex' share of the carried interest received was \$12 million and was included in the net proceeds to Onex. ONCAP management's share of the carried interest was \$32 million, including \$3 million from Onex and Onex management. Amounts paid on account of the MIP totalled \$7 million for this transaction and have been deducted from the net proceeds to Onex.

Tecta does not represent a separate major line of business, and as a result, the operating results have not been presented as a discontinued operation. Non-controlling interests of the Company decreased by \$7 million as a result of no longer consolidating Tecta. The cash proceeds recorded in the consolidated statements of cash flows for the sale of Tecta were reduced for Tecta's cash and cash equivalents of \$2 million at the date of sale.

### Acquisition of KidsFoundation

In November 2018, the Onex Partners IV and Onex Partners V Groups acquired KidsFoundation, a leading provider of childcare services in the Netherlands, for €246 million. Excluding the impact of foreign exchange hedges, the Onex Partners IV Group's investment was €48 million (\$55 million), the Onex Partners V Group's investment was €97 million (\$109 million) and an investment of €5 million (\$6 million) was made as a co-investment for a combined economic interest of 98%. Onex' share of the investment was \$47 million for an economic interest of 27%. The remainder of the purchase price was financed through a rollover of equity by management shareholders and debt financing, without recourse to Onex Corporation. KidsFoundation is included within the other segment.

### Pending sale of BrightSpring Health

In December 2018, the Company entered into an agreement to sell BrightSpring Health for an enterprise value of approximately \$1.3 billion. Under the terms of the agreement, the Onex Partners I and Onex Partners III Groups will receive combined net proceeds of approximately \$780 million. Onex' portion of the net proceeds will be approximately \$190 million, including estimated carried interest of \$39 million and net of the estimated MIP distribution. The transaction is expected to close during the first quarter of 2019 and is subject to customary closing conditions and regulatory approvals.

The operations of BrightSpring Health have been presented as discontinued in the consolidated statements of earnings and cash flows and the year ended December 31, 2017 has been restated to report BrightSpring Health as discontinued on a comparative basis. BrightSpring Health has been reclassified from the health and human services segment to the other segment.

### Pending merger of Clarivate Analytics with Churchill

In January 2019, Clarivate Analytics entered into an agreement to merge with Churchill Capital Group ("Churchill"). As part of the agreement, the merged entity will be publicly listed on the New York Stock Exchange. Capital invested in the merged entity by Churchill is expected to be used to pay down Clarivate Analytics' existing long-term debt and for working capital and other general corporate purposes. The Onex Partners IV Group and its partner Baring Private Equity Asia will not sell any shares as part of this transaction and are expected to have an economic interest in the merged entity of approximately 74% upon completion of the transaction, assuming no redemptions are made by Churchill's public shareholders. Onex' economic interest in the merged entity is expected to be approximately 20% upon completion of the transaction, assuming no redemptions are made by Churchill's public shareholders. The transaction is expected to close during the second quarter of 2019, subject to approval by Churchill's shareholders, Churchill having a specified minimum amount of cash available after any shareholder redemptions and transaction expenses, and other customary closing conditions.

### Pending merger of SMG with AEG Facilities

In February 2019, SMG entered into an agreement to merge with AEG Facilities. The Onex Partners IV Group is expected to have an economic interest in the merged entity of approximately 50%, of which Onex' share is expected to be approximately 16%. The merger is expected to close later in 2019, subject to customary closing conditions and regulatory approvals.

### Distributions from operating businesses

During 2018 and up to February 28, 2019, Onex and its partners received distributions of \$336 million from certain operating businesses. Onex' portion of the distributions was \$184 million, including carried interest. The distributions include the repayment of a loan note by Parkdean Resorts and the repayment of existing shareholder subordinated debt by Pinnacle Renewable Energy, as described on page 34 of this MD&A. The other significant distributions received by the Company are described below.

During 2018 and up to February 28, 2019, Flushing Town Center distributed \$134 million of proceeds primarily from the sale of residential condominium units, of which Onex' share was \$117 million.

During 2018, BBAM distributed \$38 million to the Onex Partners III Group, of which Onex' share was \$12 million. The distributions were funded by the company's free cash flow.

During 2018, Meridian Aviation distributed \$25 million to the Onex Partners III Group, of which Onex' share was \$8 million. The distribution was funded primarily from proceeds from aircraft sales.

### Credit Strategies

#### *Warehouse facility of EURO CLO-3*

In March 2018, Onex established a warehouse facility in connection with its third CLO denominated in euros ("EURO CLO-3"). During the year ended December 31, 2018, Onex invested €55 million (\$66 million) to support the warehouse facility and a financial institution provided borrowing capacity of up to €220 million (\$252 million) backed by the underlying collateral.

Onex consolidates the warehouse facility for EURO CLO-3.



*Closing of CLO-15*

In June 2018, Onex closed its fifteenth CLO denominated in U.S. dollars ("CLO-15"), which was funded through the issuance of collateralized loan instruments in a series of tranches of secured notes and preference shares in a private placement transaction for an aggregate principal amount of \$614 million.

On closing, Onex invested \$57 million for 100% of the most subordinated capital of CLO-15. Reinvestment can be made in collateral by the CLO up to July 2023, or earlier, subject to certain provisions.

*Warehouse facility of CLO-16*

In August 2018, Onex established a warehouse facility in connection with its sixteenth CLO denominated in U.S. dollars ("CLO-16"). During the year ended December 31, 2018, Onex invested \$50 million to support the warehouse facility and a financial institution provided borrowing capacity of up to \$200 million backed by the underlying collateral.

Onex consolidates the warehouse facility for CLO-16.

*Fund closing for OCLP I*

In November 2018, Onex completed the final closing for OCLP I, reaching aggregate commitments of \$413 million, including Onex' commitment of \$100 million. At December 31, 2018, after giving effect to the final close and borrowings under the revolving credit facility, Onex' remaining unfunded commitment for OCLP I was \$26 million. The duration of the commitment period for OCLP I will be up to November 2021, subject to extensions of up to an additional two years.

During 2018, OCLP I made investments in the debt of middle-market, upper middle-market and large private equity sponsor-owned portfolio companies and, selectively, other corporate borrowers, which were funded by borrowings from OCLP I's credit facilities and capital calls of \$111 million from investors, of which Onex' share was \$28 million.

Onex consolidates the operations of OCLP I and records changes in the fair value of the asset portfolio through net earnings.

*Redemption of CLO-2*

In November 2018, the Company redeemed its second CLO denominated in U.S. dollars. CLO-2 was established in November 2012 and its reinvestment period ended in November 2018. Upon the redemption of CLO-2, all secured notes were repaid, including accrued interest, and the equity was settled for the residual proceeds in the CLO. In aggregate, Onex received \$29 million of proceeds and distributions related to CLO-2 compared to its original investment of \$26 million. In addition, Onex expects to receive a final distribution of \$4 million from CLO-2.

At redemption, CLO-2 transferred \$13 million, \$11 million, \$4 million and \$12 million in assets for fair value consideration to CLO-8, CLO-9, CLO-10 and the warehouse facility for CLO-16, respectively. The fair values used for the transfers were reviewed by a third party.

*Distributions*

During the year ended December 31, 2018, Onex received \$59 million of distributions from its CLO investments. Additionally, Onex received \$9 million on the redemption of CLO-2 and \$11 million from the partial sale of its investment in CLO-7.

## REVIEW OF DECEMBER 31, 2018 CONSOLIDATED FINANCIAL STATEMENTS

The discussions that follow identify those material factors that affected Onex' operating segments and Onex' consolidated results for the year ended December 31, 2018.

Discontinued operations for the year ended December 31, 2018 represent the results of BrightSpring Health. Discontinued operations for the year ended December 31, 2017 represent the results of operations of BrightSpring Health, JELD-WEN (up to May 2017) and USI (up to May 2017).

### Consolidated revenues and cost of sales

Table 1 provides revenues and cost of sales by industry segment.

#### Revenues and Cost of Sales by Industry Segment

Year ended December 31	Revenues			Cost of Sales		
	2018	2017	Change	2018	2017	Change
Electronics Manufacturing Services	\$ 6,633	\$ 6,143	8 %	\$ 6,117	\$ 5,645	8 %
Healthcare Imaging	1,601	1,862	(14)%	959	1,068	(10)%
Insurance Services <sup>(a)</sup>	793	775	2 %	-	-	n/a
Packaging Products and Services <sup>(b)</sup>	2,776	2,395	16 %	1,839	1,528	20 %
Business and Information Services <sup>(c)</sup>	1,647	1,262	31 %	699	517	35 %
Food Retail and Restaurants <sup>(d)</sup>	4,467	4,724	(5)%	3,838	3,984	(4)%
Credit Strategies <sup>(e)</sup>	3	4	(25)%	-	-	n/a
Other <sup>(f)</sup>	5,865	5,602	5 %	4,111	3,882	6 %
<b>Total</b>	<b>\$ 23,785</b>	<b>\$ 22,767</b>	<b>4 %</b>	<b>\$ 17,563</b>	<b>\$ 16,624</b>	<b>6 %</b>

Results are reported in accordance with IFRS and may differ from those reported by the individual operating companies.

- (a) The insurance services segment consists of York, which reports its costs in operating expenses.
- (b) The packaging products and services segment consists of IntraPac, Precision, sgsco and SIG. IntraPac began to be consolidated in December 2017, after the business was acquired by the ONCAP IV Group. Precision began to be consolidated in August 2018, after the business was acquired by the ONCAP IV Group.
- (c) The business and information services segment consists of Clarivate Analytics, Emerald Expositions and SMG. SMG began to be consolidated in January 2018, after the business was acquired by the Onex Partners IV Group.
- (d) The food retail and restaurants segment consists of Jack's and Save-A-Lot.
- (e) The credit strategies segment consists of (i) Onex Credit Manager, (ii) Onex Credit Collateralized Loan Obligations, (iii) Onex Credit Funds and (iv) Private Lending (since May 2017). Costs of the credit strategies segment are recorded in operating expenses.
- (f) 2018 other includes Flushing Town Center, KidsFoundation (since November 2018), Meridian Aviation, Parkdean Resorts, Schumacher, Survitec, WireCo, the operating companies of ONCAP II, III and IV (excluding IntraPac and Precision) and the parent company. 2017 other includes Flushing Town Center, Meridian Aviation, Parkdean Resorts (since March 2017), Schumacher, Survitec, WireCo, the operating companies of ONCAP II, III and IV (excluding IntraPac) and the parent company.

## Revenues and Cost of Sales by Industry Segment

TABLE 1	(\$ millions)					
	Revenues			Cost of Sales		
Year ended December 31	2017	2016 <sup>(a)</sup>	Change	2017	2016 <sup>(a)</sup>	Change
Electronics Manufacturing Services	\$ 6,143	\$ 6,016	2 %	\$ 5,645	\$ 5,510	2 %
Healthcare Imaging	1,862	1,990	(6)%	1,068	1,127	(5)%
Insurance Services	775	745	4 %	–	–	n/a
Packaging Products and Services <sup>(b)</sup>	2,395	2,414	(1)%	1,528	1,541	(1)%
Business and Information Services <sup>(c)</sup>	1,262	525	140 %	517	180	187 %
Food Retail and Restaurants <sup>(d)</sup>	4,724	689	586 %	3,984	578	589 %
Credit Strategies <sup>(e)</sup>	4	4	–	–	–	n/a
Other <sup>(f)</sup>	5,602	3,637	54 %	3,882	2,614	49 %
<b>Total</b>	<b>\$ 22,767</b>	<b>\$ 16,020</b>	<b>42 %</b>	<b>\$ 16,624</b>	<b>\$ 11,550</b>	<b>44 %</b>

Results are reported in accordance with IFRS and may differ from those reported by the individual operating companies.

- (a) 2017 revenues and cost of sales have been restated to conform with IFRS 15, *Revenue From Contracts with Customers*, which was adopted by the company on January 1, 2018. The impact from adopting IFRS 15 was not significant. 2016 revenues and cost of sales have not been restated to conform with IFRS 15, *Revenue From Contracts with Customers*.
- (b) The packaging products and services segment consists of IntraPac, sgsc and SIG. IntraPac began to be consolidated in December 2017, after the business was acquired by the ONCAP IV Group.
- (c) The business and information services segment consists of Clarivate Analytics and Emerald Expositions. Clarivate Analytics began to be consolidated in October 2016, after the business was acquired by the Onex Partners IV Group.
- (d) The food retail and restaurants segment consists of Jack's and Save-A-Lot. Save-A-Lot began to be consolidated in December 2016, after the business was acquired by the Onex Partners IV Group.
- (e) The credit strategies segment consists of (i) Onex Credit Manager, (ii) Onex Credit Collateralized Loan Obligations, (iii) Onex Credit Funds and (iv) Private Lending (since May 2017). Costs of the credit strategies segment are recorded in operating expenses.
- (f) 2017 other includes Flushing Town Center, Meridian Aviation, Parkdean Resorts (since March 2017), Schumacher, Survitec, WireCo, the operating companies of ONCAP II, III and IV (excluding IntraPac) and the parent company. 2016 other includes Flushing Town Center, Meridian Aviation, Schumacher, Survitec, WireCo (since September 2016), the operating companies of ONCAP II, III and IV and the parent company.

### Electronics Manufacturing Services

Celestica's revenues during 2018 were up 8%, or \$490 million, compared to 2017. Revenue increased in the Connectivity and Cloud Solutions segment primarily due to increased demand and new programs, partially offset by lower demand from certain of its legacy customers. Revenue from the Advanced Technology Solutions segment also increased, driven by new programs in aerospace and defence, including from acquisitions, as well as stronger demand from the industrial business, which more than offset lower demand in the capital equipment business.

Cost of sales during 2018 increased by 8%, or \$472 million. Gross profit increased by 4% to \$516 million compared to 2017. Gross profit was positively impacted by higher revenue in both the Connectivity and Cloud Solutions and Advanced Technology Solutions segments, including from new programs and acquisitions. These increases were partially offset by unfavourable changes in overall mix and increased pricing pressures primarily in the Connectivity and Cloud Solutions segment, higher provisions related to certain aged inventory and lower demand from the capital equipment business, primarily the semiconductor business.

Celestica's revenues during 2017 were up 2%, or \$127 million, and cost of sales increased by 2%, or \$135 million, compared to 2016. Gross profit decreased by 2% to \$498 million compared to 2016. Revenues and cost of sales increased primarily due to demand strength in certain customer programs and new program growth in the communications end market, and from its capital equipment business, all particularly in the first half of 2017, which more than offset certain demand softness in its Enterprise business, decreases in revenue driven by its exit from the solar panel manufacturing business during 2017 and the completion of consumer programs in the second half of 2016. Gross profit was negatively impacted by unfavourable changes in mix, increased pricing pressures, most significantly in the Connectivity and Cloud Solutions markets, and higher costs of ramping up new programs. These decreases were partially offset by lower provisions, as the prior year was impacted by higher provisions related to its former solar panel business.

### Healthcare Imaging

Carestream Health's revenues for 2018 decreased by 14%, or \$261 million, and cost of sales decreased by 10%, or \$109 million, compared to 2017. The decreases in revenues and cost of sales were primarily driven by the sale of the Dental Digital business, lower volumes and pricing in Medical Digital and a net unfavourable foreign exchange impact of \$20 million, partially offset by higher volumes in Film, primarily during the first half of 2018.

Carestream Health's revenues for 2017 decreased by 6%, or \$128 million, compared to 2016. Cost of sales for 2017 decreased by 5%, or \$59 million, compared to 2016. The decrease in revenues was primarily driven by the sale of the Dental Digital business, partially offset by higher volumes in Film. Gross profit for 2017 decreased by \$69 million compared to 2016. This was primarily due to the sale of the Dental Digital business and unfavourable commodity costs, partially offset by cost productivity.

### Insurance Services

York's revenues for 2018 increased by 2%, or \$18 million, to \$793 million compared to 2017. The increase in revenues was primarily driven by acquisitions and organic growth. York records its cost of services in operating costs.

York reported revenues of \$775 million during 2017, an increase of 4%, or \$30 million, compared to 2016. The increase in revenues during 2017 was driven by acquisitions and organic growth.

### Packaging Products and Services

The packaging products and services segment consists of the operations of IntraPac, Precision, sgsco and SIG. IntraPac and Precision were acquired by the ONCAP IV Group in December 2017 and August 2018, respectively.

During the year ended December 31, 2018, the packaging products and services segment reported an increase in revenues of 16%, or \$381 million, and an increase in cost of sales of 20%, or \$311 million, compared to 2017. Excluding the impact of foreign exchange translation, the increase in revenues and cost of sales was primarily due to the inclusion of IntraPac and Precision.

During the year ended December 31, 2017, the packaging products and services segment reported a decrease in revenues of 1%, or \$19 million, and a decrease in cost of sales of 1%, or \$13 million, compared to 2016. The decrease in revenues and cost of sales was primarily due to lower sales volumes at SIG.

### Business and Information Services

The business and information services segment consists of the operations of Clarivate Analytics, Emerald Expositions and SMG. Clarivate Analytics was acquired by the Onex Partners IV Group in October 2016. SMG was acquired by the Onex Partners IV Group in January 2018.

During the year ended December 31, 2018, the business and information services segment reported an increase in revenues of 31%, or \$385 million, and an increase in cost of sales of 35%, or \$182 million, compared to 2017. The increase in revenues and gross profit was primarily driven by the inclusion of the results of SMG.

During the year ended December 31, 2017, the increase in revenues and cost of sales in the business and information services segment was primarily driven by the inclusion of Clarivate Analytics, which was acquired in October 2016.

### Food Retail and Restaurants

The food retail and restaurants segment consists of the operations of Jack's and Save-A-Lot. Save-A-Lot was acquired by the Onex Partners IV Group in December 2016.

During 2018, the food retail and restaurants segment reported a decrease in revenues of 5%, or \$257 million, and a decrease in cost of sales of 4%, or \$146 million, compared to 2017. The decrease in revenues and cost of sales was primarily due to same-store-sales pressure at Save-A-Lot as the company works on its transformation plan and commercial initiatives, which are in the early stages of implementation, as well as the closure of under-performing stores.

During the year ended December 31, 2017, the increase in revenues and cost of sales in the food retail and restaurants segment was driven by the inclusion of Save-A-Lot, which was acquired in December 2016.

### Credit Strategies

Revenues reported in the credit strategies segment consist of fees earned by Onex Credit Manager, which include fees earned from Onex Credit Collateralized Loan Obligations, Onex Credit Funds and Private Lending. Revenue earned by Onex Credit Manager from Onex credit strategies that are consolidated by Onex are eliminated in Onex' consolidated financial statements. References to gross revenues earned by Onex Credit Manager include revenues earned on credit strategies consolidated by Onex.

Gross revenues earned by Onex Credit Manager during 2018 were \$50 million compared to \$45 million in 2017. For the year ended December 31, 2018, gross revenues included \$3 million earned on investments in Onex Credit Funds held by Onex, the parent company, compared to \$3 million in 2017. Credit strategies segment revenue for 2018, net of management and incentive fees from credit strategies which are eliminated upon consolidation, was \$3 million, compared to \$4 million in 2017. Costs of the credit strategies segment are recorded in operating expenses.

Gross revenues earned by Onex Credit Manager during 2017 were \$45 million compared to \$43 million in 2016. For the year ended December 31, 2017, gross revenues included \$3 million earned on investments in Onex Credit Funds held by Onex, the parent company, compared to \$5 million in 2016. Credit strategies segment revenue for 2017, net of management and incentive fees from credit strategies which are eliminated upon consolidation, was \$4 million, unchanged from 2016.

### Other Businesses

The other businesses segment consists of the revenues and cost of sales of Flushing Town Center, KidsFoundation (since November 2018), Meridian Aviation, Parkdean Resorts (since March 2017), Schumacher, Survitec, WireCo (since September 2016), the ONCAP companies (excluding IntraPac and Precision, which are included in the packaging products and services segment) and the parent company.

During 2018, revenues increased by 5%, or \$263 million, to \$5.9 billion compared to 2017. Cost of sales during 2018 increased by 6%, or \$229 million, to \$4 billion compared to 2017. The increase in revenues and cost of sales was primarily driven by the inclusion of the results of Laces, AutoSource and KidsFoundation, which were acquired in December 2017, May 2018 and November 2018, respectively, and the inclusion of a full half-year's results of Parkdean Resorts, which was acquired in March 2017.

During 2017, revenues increased by 54%, or \$2.0 billion, to \$5.6 billion compared to 2016. Cost of sales during 2017 increased by 49%, or \$1.3 billion, to \$3.9 billion compared to 2016. The increase in revenues and cost of sales was primarily driven by the inclusion of the results of Parkdean Resorts, Tecta and WireCo, which were acquired in March 2017, August 2016 and September 2016, respectively, partially offset by the sale of CiCi's Holdings, Inc. in August 2016. In addition, 2017 also benefited from the acquisition of ECI Healthcare Partners ("ECI") by Schumacher in June 2016 and higher revenues at Flushing Town Center from condominium sales from Phase 2 of the development.

### Interest expense

New investments are structured with the acquired company having sufficient equity to enable it to self-finance a significant portion of its acquisition cost with a prudent amount of debt. The level of debt is commensurate with the operating company's available cash flow, including consideration of funds required to pursue growth opportunities. It is the responsibility of the acquired operating company to service its own debt obligations.

Consolidated interest expense for the year ended December 31, 2018 was \$1.4 billion, up \$248 million, or 21%, from 2017. The increase was primarily due to: (i) the inclusion of interest expense for Parkdean Resorts, SMG, Precision, Walter Surface Technologies and KidsFoundation, which were acquired in March 2017, January 2018, August 2018, September 2018 and November 2018, respectively; and (ii) additional debt from CLOs and OCLP. The increase in interest expense was partially offset by the repayment of debt by Carestream Health using net proceeds from the sale of its Dental Digital business in September 2017.

### Increase (decrease) in value of investments in joint ventures and associates at fair value, net

Investments in joint ventures and associates are defined under IFRS as those investments in operating businesses over which Onex has joint control or significant influence, but not control. These investments are measured at fair value with both realized and unrealized gains and losses recognized in the consolidated statements of earnings as a result of increases or decreases in fair value. Investments deemed to be investments in joint ventures or associates and measured at fair value through earnings primarily comprise AIT, BBAM, JELD-WEN (since May 2017), Mavis Discount Tire (up to March 2018), Pinnacle Renewable Energy (since February 2018), PowerSchool (since August 2018), Ryan (since October 2018), Venanpri Group, and Wyse (since November 2018).

During 2018, Onex recorded a net decrease in the fair value of investments in joint ventures and associates of \$585 million compared to a \$760 million increase in 2017. The decrease was primarily due to the decrease in the public share price of JELD-WEN, partially offset by an increase in the fair value of BBAM and Mavis Discount Tire (up to March 2018).

Of the total net fair value decrease recorded during 2018, \$456 million (2017 – increase of \$543 million) is attributable to the limited partners in the Onex Partners and ONCAP Funds, which impacts the Limited Partners' Interests recovery discussed on page 49 of this MD&A. Onex' share of the total net fair value decrease was \$129 million (2017 – increase of \$217 million).

### Stock-based compensation (recovery) expense

Onex recorded a consolidated stock-based compensation recovery of \$58 million during 2018 compared to a \$175 million expense in 2017. Stock option and MIP equity interests of Onex, the parent company, represented a recovery of \$141 million (2017 – expense of \$102 million).

In accordance with IFRS, the expense recorded for Onex' stock options and MIP equity interests is determined based on the fair value of the liability at the end of each reporting period. The fair value of the Onex stock options and MIP equity interests is determined using an option valuation model, with the stock options primarily impacted by the change in the market value of Onex' shares and the MIP equity interests affected primarily by the change in the fair value of Onex' investments. The recovery recorded by Onex, the parent company, on its stock options during 2018 was primarily due to the 19% decrease in the market value of Onex' shares since December 31, 2017, partially offset by additional vesting of stock options. This compares to a 1% increase in the market value during 2017.

Table 2 details the change in stock-based compensation of Onex, the parent company, and Onex' operating companies.

### Stock-Based Compensation (Recovery) Expense

TABLE 2	Year ended December 31 (\$ millions)	2018	2017	Change
Onex, the parent company, stock options		\$ (143)	\$ 50	\$ (193)
Onex, the parent company, MIP equity interests		2	52	(50)
Onex operating companies <sup>(a)</sup>		83	73	10
Total stock-based compensation (recovery) expense		\$ (58)	\$ 175	\$ (233)

(a) Includes stock-based compensation classified as liabilities that are remeasured at each reporting date.

### Other gains

Table 3 provides a breakdown of other gains.

### Other Gains

TABLE 3	Year ended December 31 (\$ millions)	2018	2017
Gain on sale of Tecta		\$ 261	\$ -
Gain from loss of control of Pinnacle Renewable Energy		82	-
Gain on sales by Carestream Health		-	731
Total other gains		\$ 343	\$ 731

### Gain on sale of Tecta

In November 2018, the ONCAP III and ONCAP IV Groups sold Tecta, as described on page 37 of this MD&A.

### Gain from loss of control of Pinnacle Renewable Energy

In February 2018, Pinnacle Renewable Energy completed an initial public offering, resulting in a gain of \$82 million being recognized by the Company, as described on page 34 of this MD&A.

### Gain on sales by Carestream Health

In September 2017, Carestream Health completed the sale of its Dental Digital business for an enterprise value of \$810 million. Carestream Health received net proceeds of \$859 million from the sale of its Dental Digital business along with net proceeds received from an additional transaction completed during the fourth quarter of 2017. Net proceeds from these transactions were used to repay \$758 million of the company's term loans.

### Other expense

Table 4 provides a breakdown of and the change in other expense.

#### Other Expense

TABLE 4	Year ended December 31		2017	Change
	(\$ millions)			
	2018			
Losses on investments and long-term debt in credit strategies, net	\$ 206	\$ 111		\$ 95
Transition, integration and other	146	186		(40)
Derivatives (gains) losses, net	105	(22)		127
Restructuring	87	125		(38)
Transaction costs	82	62		20
Change in fair value of contingent consideration, net	(6)	(29)		23
Change in fair value of other investments, net	(11)	44		(55)
Foreign exchange losses (gains), net	(22)	104		(126)
Carried interest charge (recovery) due to Onex and ONCAP management	(42)	147		(189)
Other	(28)	(25)		(3)
<b>Total other expense</b>	<b>\$ 517</b>	<b>\$ 703</b>		<b>\$ (186)</b>

### Losses on investments and long-term debt in credit strategies, net

Net losses of \$206 million on investments and long-term debt in credit strategies during 2018 (2017 – \$111 million) were driven by net realized and unrealized gains and losses on the investments and long-term debt recognized at fair value through earnings in credit strategies.

### Transition, integration and other

Transition, integration and other expenses typically provide for the costs of establishing and transitioning an operating company from a prior parent company upon acquisition and to integrate new acquisitions at the operating companies. In addition, expenses may relate to the disposition and transition of business units at the operating companies. The costs may be incurred over several years as the establishment and transition of activities progress.

Transition, integration and other expenses for 2018 were primarily due to Clarivate Analytics, Carestream Health and Survitec. Transition, integration and other expenses for 2017 were primarily due to Clarivate Analytics and Carestream Health.

### Derivatives losses (gains), net

Net derivatives losses (gains) for 2018 and 2017 were primarily related to embedded derivatives associated with debt agreements and foreign exchange hedges.



## Restructuring

Restructuring expenses typically provide for the costs of facility consolidations and workforce reductions incurred at the operating companies. Table 5 provides a breakdown of and the change in restructuring charges by operating company.

TABLE 5	Year ended December 31	
	2018	2017
	(\$ millions)	
Celestica	\$ 35	\$ 29
Carestream Health	23	1
Save-A-Lot	8	63
SIG	5	22
Other	16	10
Total restructuring charges	\$ 87	\$ 125

### Celestica

Celestica's restructuring charges during 2018 were primarily associated with workforce reductions. Celestica's restructuring charges for 2017 primarily related to organizational changes as a result of corporate initiatives.

### Carestream Health

The charges recorded by Carestream Health in 2018 and 2017 primarily related to the reorganization of certain businesses and operations.

### Save-A-Lot

Save-A-Lot's restructuring charge during 2018 was primarily related to the reorganization of the company's logistics operations. Save-A-Lot's restructuring charge during 2017 primarily related to costs associated with the closure of certain facilities.

### SIG

SIG's restructuring charges during 2018 and 2017 primarily related to the reorganization of certain corporate functions.

## Transaction costs

Transaction costs are incurred by Onex and its operating companies to complete business acquisitions, and typically include advisory, legal and other professional and consulting costs.

Transaction costs for 2018 were primarily due to the acquisitions of KidsFoundation, Precision, SMG and Walter Surface Technologies, in addition to acquisitions completed by the operating companies. Transaction costs for 2017 were primarily due to the acquisition of Parkdean Resorts, in addition to acquisitions completed by the operating companies.

## Foreign exchange losses (gains), net

Net foreign exchange gains during 2018 were primarily due to gains recognized by SIG, partially offset by the recognition of accumulated currency translation adjustments related to the loss of control over Pinnacle Renewable Energy. Foreign exchange losses during 2017 were primarily due to losses recognized by SIG.

## Carried interest charge (recovery) due to Onex and ONCAP management

The General Partners of the Onex Partners and ONCAP Funds are entitled to a carried interest on the realized net gains of the limited partners in each fund, as determined in accordance with the limited partnership agreements, and as described on page 77 of this MD&A. Onex' share of the carried interest charge is recorded as an offset in the Limited Partners' Interests amount in the consolidated statements of earnings.

The carried interest due to management of Onex and ONCAP represents the share of the overall net gains in each of the Onex Partners and ONCAP Funds attributable to the management of Onex and ONCAP. The carried interest is estimated based on the current fair values of the underlying investments in the funds and the overall net gains in each respective fund, determined in accordance with the limited partnership agreements. During 2018, a recovery of \$42 million (2017 – charge of \$147 million) was recorded in the consolidated statements of earnings for management's share of carried interest primarily due to a decrease in the fair value of certain of the investments in the Onex Partners and ONCAP Funds. The ultimate amount of carried interest realized by Onex will be based on the overall performance of each fund.

### Impairment of goodwill, intangible assets and long-lived assets, net

Table 6 provides a breakdown of the net impairment of goodwill, intangible assets and long-lived assets by operating company for the years ended December 31, 2018 and 2017.

#### Impairment of Goodwill, Intangible Assets and Long-lived Assets, Net

TABLE 6	Year ended December 31	
	2018	2017
	(\$ millions)	
Parkdean Resorts	\$ 170	\$ 56
Save-A-Lot	150	-
Survitec	144	-
sgsco	52	-
Schumacher	50	106
Other, net	61	17
Total	\$ 627	\$ 179

#### Parkdean Resorts

During 2018, Parkdean Resorts recorded a non-cash goodwill impairment charge of \$170 million, measured in accordance with IAS 36, *Impairment of Assets*, primarily due to lower than expected caravan sales driven by a reduction in consumer spending in the United Kingdom, which is impacted by ongoing uncertainty surrounding the United Kingdom's pending withdrawal from the European Union. The impairment charge was recorded in the other segment.

During 2017, Parkdean Resorts recorded a non-cash goodwill impairment charge of \$56 million, measured in accordance with IAS 36, *Impairment of Assets*, due to weaker than expected performance since acquisition, driven primarily by lower caravan sales. The impairment charge was recorded in the other segment.

#### Save-A-Lot

During 2018, Save-A-Lot recorded a non-cash impairment charge of \$150 million to impair certain of its intangible assets and property, plant and equipment as a result of lower sales at certain locations due to increased competition. The impairment charge was recorded in the food retail and restaurants segment.

#### Survitec

During 2018, Survitec recorded a non-cash goodwill impairment charge of \$144 million, measured in accordance with IAS 36, *Impairment of Assets*. The impairment charge was recorded in the other segment.

#### sgsco

During 2018, sgsco recorded a non-cash goodwill impairment charge of \$52 million, measured in accordance with IAS 36, *Impairment of Assets*, primarily due to lower sales in the United States. The impairment charge was recorded in the packaging products and services segment.

#### Schumacher

During 2018, Schumacher recorded a non-cash goodwill impairment charge of \$50 million, measured in accordance with IAS 36, *Impairment of Assets*, primarily due to lower patient volumes. The impairment charge was recorded in the other segment.

During 2017, Schumacher recorded a non-cash goodwill impairment charge of \$106 million, measured in accordance with IAS 36, *Impairment of Assets*, primarily due to changes in customer mix related to the implementation of the Affordable Care Act. The impairment charge was recorded in the other segment.

Note 28 to the consolidated financial statements provides additional information on the impairment calculations.

### Limited Partners' Interests recovery (charge)

The Limited Partners' Interests charge in Onex' consolidated statements of earnings primarily represents the change in the fair value of the underlying investments in the Onex Partners and ONCAP Funds and credit strategies that is allocated to the limited partners and recorded as Limited Partners' Interests liability in Onex' consolidated balance sheets. The Limited Partners' Interests charge for the Onex Partners and ONCAP Funds includes the fair value changes of consolidated operating companies, investments in joint ventures and associates and other investments that are held in the Onex Partners and ONCAP Funds. The Limited Partners' Interests charge for the credit strategies includes the fair value changes of the underlying investments in the Onex Credit Lending Partners and Onex Credit Funds consolidated by Onex.

During 2018, Onex recorded a recovery of \$715 million (2017 – charge of \$1.3 billion) for Limited Partners' Interests for the Onex Partners and ONCAP Funds. The net decrease (2017 – increase) in the fair value of the investments held in the Onex Partners and ONCAP Funds contributed to the Limited Partners' Interests recovery (2017 – charge) for the Onex Partners and ONCAP Funds.

Included in the Limited Partners' Interests recovery for the Onex Partners and ONCAP Funds is a decrease of \$93 million (2017 – increase of \$215 million) in carried interest for the year ended December 31, 2018. Onex' share of the change in carried interest for 2018 was a decrease of \$38 million (2017 – increase of \$84 million). The change in the amount of carried interest that has been netted against the Limited Partners' Interests charge for the Onex Partners and ONCAP Funds decreased during 2018 due to a net decrease in the fair value of the investments in the Onex Partners and ONCAP Funds. The ultimate amount of carried interest realized will be dependent on the actual realizations for each fund in accordance with the limited partnership agreements.

During 2018, Onex recorded a charge of \$1 million (2017 – \$20 million) for Limited Partners' Interests for the credit strategies.

### Recovery of (provision for) income taxes

For the year ended December 31, 2018, Onex reported an income tax provision of \$89 million (2017 – recovery of \$66 million). The increase in the income tax provision was primarily driven by a one-time recovery in 2017 related to a significant change in the U.S. tax rate applied to deferred tax assets and liabilities.

### Loss from continuing operations

Onex recorded a loss from continuing operations of \$846 million during 2018 compared to \$699 million during 2017. The loss from continuing operations attributable to equity holders of Onex Corporation was \$711 million (\$7.05 per share) compared to \$768 million (\$7.51 per share) in 2017. For the year ended December 31, 2016, Onex recorded a loss from continuing operations of \$647 million. The loss from continuing operations attributable to equity holders of Onex Corporation was \$687 million (\$6.62 per share) in 2016. Note 36 to the consolidated financial statements shows the earnings (loss) from continuing operations by industry segment for the years ended December 31, 2018 and 2017.

Included in the loss from continuing operations for 2018 are earnings of \$102 million recorded in the other segment compared to a loss of \$1.1 billion recorded during 2017 and a loss of \$712 million recorded during 2016. Table 7 shows the major components of the earnings (loss) from continuing operations recorded in the other segment.

## Earnings (Loss) from Continuing Operations Recorded in the Other Segment

TABLE 7	Year ended December 31 (\$ millions)	2018	2017	2016
Earnings (loss) from continuing operations – other:				
	Limited Partners' Interests recovery (charge)	\$ 715	\$ (1,330)	\$ (587)
	Other gains	343	–	28
	Stock-based compensation recovery (expense)	131	(111)	(145)
	Unrealized carried interest due to Onex and ONCAP management	42	(147)	(59)
	Increase (decrease) in value of investments in joint ventures and associates at fair value, net	(585)	760	180
	Interest expense	(324)	(270)	(138)
	Impairment of goodwill, intangible assets and long-lived assets, net	(386)	(165)	–
	Other	166	161	9
Earnings (loss) from continuing operations – other segment		\$ 102	\$ (1,102)	\$ (712)

### Earnings from discontinued operations

The loss of control by the Company over Pinnacle Renewable Energy, as described on page 34 of this MD&A, and the sale of Tecta, as described on page 37 of this MD&A, did not represent separate major lines of business, and as a result, have not been presented as discontinued operations.

Onex recorded after-tax earnings from discontinued operations of \$50 million during 2018 (2017 – \$3.1 billion). The after-tax earnings from discontinued operations attributable to equity holders of Onex Corporation were \$48 million (\$0.48 per share) during 2018 (2017 – \$3.2 billion (\$31.05 per share)). Earnings from discontinued operations for 2018 represent the results of BrightSpring Health. Earnings from discontinued operations for 2017 represent the results of BrightSpring Health, JELD-WEN (up to May 2017) and USI (up to May 2017). Note 8 to the consolidated financial statements provides earnings from discontinued operations and gain on sale, net of tax, for the years ended December 31, 2018 and 2017.

### BrightSpring Health

In December 2018, the Onex Partners I and Onex Partners III Groups entered into an agreement to sell BrightSpring Health, as described on page 38 of this MD&A. As a result of this pending sale, the operations of BrightSpring Health have been presented as discontinued in the consolidated statements of earnings and cash flows and prior periods have been restated to report the results of BrightSpring Health as discontinued on a comparative basis.

### JELD-WEN

In May 2017, the Onex Partners III Group sold approximately 15.7 million shares of JELD-WEN common stock in a secondary offering. As a result of this sale, the Onex Partners III Group no longer controls JELD-WEN. The operations of JELD-WEN have been presented as discontinued in the consolidated statements of earnings and cash flows for the years ended December 31, 2017 and 2016.

### USI

In May 2017, the Onex Partners III Group sold its entire investment in USI. The operations of USI have been presented as discontinued in the consolidated statements of earnings and cash flows for the years ended December 31, 2017 and 2016.

### Consolidated net earnings (loss)

Table 8 presents the net earnings (loss) attributable to equity holders of Onex Corporation and non-controlling interests.

### Net Earnings (Loss)

TABLE 8	Year ended December 31 (\$ millions)	2018	2017	2016
Net earnings (loss) attributable to:				
	Equity holders of			
	Onex Corporation	\$ (663)	\$ 2,401	\$ (130)
	Non-controlling interests	(133)	3	94
Net earnings (loss) for the year		\$ (796)	\$ 2,404	\$ (36)

Table 9 presents the net earnings (loss) per SVS of Onex Corporation.

### Net Earnings (Loss) per SVS of Onex Corporation

TABLE 9	Year ended December 31			
	(\$ per share)	2018	2017	2016
Basic and Diluted:				
	Continuing operations	\$ (7.05)	\$ (7.51)	\$ (6.62)
	Discontinued operations	0.48	31.05	5.37
Net earnings (loss) per SVS				
	for the year	\$ (6.57)	\$ 23.54	\$ (1.25)

Note 36 to the consolidated financial statements shows the consolidated net earnings (loss) by industry segment and the amounts attributable to the equity holders of Onex Corporation and non-controlling interests for the years ended December 31, 2018 and 2017.

## FOURTH QUARTER RESULTS

### Fourth quarter statements of earnings

Table 10 presents the statements of earnings for the three months ended December 31, 2018 and 2017.

### Fourth Quarter Statements of Earnings

TABLE 10	(\$ millions)	2018	2017
<b>Revenues</b>		<b>\$ 6,090</b>	\$ 5,844
Cost of sales (excluding amortization of property, plant and equipment, intangible assets and deferred charges)		(4,567)	(4,249)
Operating expenses		(1,037)	(1,017)
Interest income		149	104
Amortization of property, plant and equipment		(162)	(155)
Amortization of intangible assets and deferred charges		(192)	(172)
Interest expense		(459)	(325)
Increase (decrease) in value of investments in joint ventures and associates at fair value, net		(384)	361
Stock-based compensation recovery		118	2
Other gains		261	73
Other expense		(452)	(177)
Impairment of goodwill, intangible assets and long-lived assets, net		(324)	(63)
Limited Partners' Interests recovery (charge)		947	(186)
<b>Earnings (loss) before income taxes and discontinued operations</b>		<b>(12)</b>	40
Recovery of income taxes		85	228
<b>Earnings from continuing operations</b>		<b>73</b>	268
Earnings from discontinued operations		15	36
<b>Net Earnings</b>		<b>\$ 88</b>	\$ 304

### Other comprehensive earnings (loss)

Other comprehensive earnings (loss) represent the unrealized gains or losses, net of income taxes, related to cash flow hedges, remeasurements for post-employment benefit plans and foreign exchange gains or losses on foreign self-sustaining operations. During the year ended December 31, 2018, Onex reported an other comprehensive loss of \$312 million compared to other comprehensive earnings of \$601 million in 2017. The loss recorded during 2018 was largely due to unfavourable currency translation adjustments on foreign operations of \$236 million (2017 – favourable adjustments of \$374 million). In addition, 2017 included other comprehensive earnings from discontinued operations of \$174 million.

## Fourth quarter consolidated revenues and cost of sales

Table 11 provides a breakdown of the 2018 and 2017 fourth quarter revenues and cost of sales by industry segment.

### Revenues and Cost of Sales by Industry Segment

Three months ended December 31	Revenues			Cost of Sales		
	2018	2017	Change	2018	2017	Change
Electronics Manufacturing Services	\$ 1,727	\$ 1,570	10 %	\$ 1,585	\$ 1,448	9 %
Healthcare Imaging	421	470	(10)%	257	266	(3)%
Insurance Services <sup>(a)</sup>	197	201	(2)%	-	-	n/a
Packaging Products and Services <sup>(b)</sup>	844	714	18 %	565	445	27 %
Business and Information Services <sup>(c)</sup>	404	285	42 %	166	118	41 %
Food Retail and Restaurants <sup>(d)</sup>	1,096	1,139	(4)%	979	961	2 %
Credit Strategies <sup>(e)</sup>	-	1	(100)%	-	-	n/a
Other <sup>(f)</sup>	1,401	1,464	(4)%	1,015	1,011	-
<b>Total</b>	<b>\$ 6,090</b>	<b>\$ 5,844</b>	<b>4 %</b>	<b>\$ 4,567</b>	<b>\$ 4,249</b>	<b>7 %</b>

Results are reported in accordance with IFRS. These results may differ from those reported by the individual operating companies.

- (a) The insurance services segment consists of York, which reports its costs in operating expenses.
- (b) The packaging products and services segment consists of IntraPac, Precision, sgsco and SIG. IntraPac began to be consolidated in December 2017, after the business was acquired by the ONCAP IV Group. Precision began to be consolidated in August 2018, after the business was acquired by the ONCAP IV Group.
- (c) The business and information services segment consists of Clarivate Analytics, Emerald Expositions and SMG. SMG began to be consolidated in January 2018, after the business was acquired by the Onex Partners IV Group.
- (d) The food retail and restaurants segment consists of Jack's and Save-A-Lot.
- (e) The credit strategies segment consists of (i) Onex Credit Manager, (ii) Onex Credit Collateralized Loan Obligations, (iii) Onex Credit Funds and (iv) Private Lending. Costs of the credit strategies segment are recorded in operating expenses.
- (f) 2018 other includes Flushing Town Center, KidsFoundation (since November 2018), Meridian Aviation, Parkdean Resorts, Schumacher, Survitec, WireCo, the operating companies of ONCAP II, III and IV (excluding IntraPac and Precision) and the parent company. 2017 other includes Flushing Town Center, Meridian Aviation, Parkdean Resorts, Schumacher, Survitec, WireCo, the operating companies of ONCAP II, III and IV (excluding IntraPac) and the parent company.

During the fourth quarter of 2018, revenues and cost of sales in the packaging products and services segment, consisting of Precision, IntraPac, sgsco and SIG, increased by \$130 million and \$120 million, respectively, compared to the same quarter of 2017. The increase was primarily due to the inclusion of the results of Intrapac and Precision, which were acquired by the ONCAP IV Group in December 2017 and August 2018, respectively.

Revenues and cost of sales in the business and information services segment, consisting of Clarivate Analytics, Emerald Expositions and SMG, increased by \$119 million and \$48 million, respectively, compared to the fourth quarter of 2017. The increase was primarily due to the inclusion of SMG, which was acquired by the Onex Partners IV Group in January 2018.

### Fourth quarter interest expense

Fourth quarter 2018 interest expense totalled \$459 million compared to \$325 million during the fourth quarter of 2017. Fourth quarter interest expense increased by \$134 million primarily due to the inclusion of interest expense for AutoSource, KidsFoundation, Precision, SMG and Walter Surface Technologies, which were acquired in May 2018, November 2018, August 2018, January 2018 and September 2018, respectively, and additional debt from CLOs and OCLP I.

### Increase (decrease) in value of investments in joint ventures and associates at fair value, net

During the fourth quarter of 2018, Onex recorded a decrease in fair value of investments in joint ventures and associates of \$384 million compared to an increase of \$361 million in 2017. Page 44 of this MD&A discusses the decrease in value of investments in joint ventures and associates.

**Fourth quarter stock-based compensation recovery**

During the fourth quarter of 2018, Onex recorded a consolidated stock-based compensation recovery of \$118 million compared to \$2 million for the same quarter of 2017. Onex, the parent company, recorded a stock-based compensation recovery of \$139 million in the fourth quarter of 2018 (2017 – \$43 million) related to its stock options and MIP equity interests. The recovery was primarily due to a 16% decrease in the market value of Onex' shares in the fourth quarter of 2018 compared to a 4% decrease in the fourth quarter of 2017.

**Fourth quarter other expense**

During the fourth quarter of 2018, Onex recorded other expense of \$452 million compared to \$177 million during the same quarter of 2017. The increase in other expense for the fourth quarter of 2018 was driven by the losses on investments and long-term debt in credit strategies of \$288 million (2017 – \$23 million), as well as losses related to derivatives of \$119 million compared to gains on derivatives of \$7 million in the prior year. The increase in other expense was partially offset by a recovery of \$53 million related to carried interest due to Onex and ONCAP management compared to a charge of \$28 million in the same quarter of 2017.

**Fourth quarter impairment of goodwill, intangible assets and long-lived assets, net**

During the fourth quarter of 2018, \$324 million of impairments of goodwill, intangible assets and long-lived assets were recorded compared to \$63 million recorded during the same quarter of 2017. A discussion of these impairments by company is provided on page 48 of this MD&A.

**Fourth quarter Limited Partners' Interests recovery (charge)**

During the fourth quarter of 2018, Onex recorded a \$947 million recovery for Limited Partners' Interests compared to a \$186 million charge during 2017. The decrease (2017 – increase) in the fair value of certain of the private investments in the Onex Partners and ONCAP Funds contributed significantly to the Limited Partners' Interests recovery (2017 – charge). The Limited Partners' Interests recovery (2017 – charge) is net of an \$81 million decrease (2017 – \$27 million increase) in carried interest in the Onex Partners and ONCAP Funds for the three months ended December 31, 2018.

**Fourth quarter recovery of income taxes**

During the fourth quarter of 2018, Onex recorded an income tax recovery of \$85 million compared to \$228 million in the fourth quarter of 2017. The change in the income tax recovery was primarily driven by a one-time recovery in 2017 related to a significant change in the U.S. tax rate applied to deferred tax assets and liabilities.

**Fourth quarter earnings from discontinued operations**

During the fourth quarters of 2018 and 2017, Onex recorded earnings from discontinued operations of \$15 million and \$36 million, respectively. The earnings recognized represent the results of BrightSpring Health, as discussed on page 50 of this MD&A.

**Fourth quarter cash flow**

Table 12 presents the major components of cash flow for the fourth quarters of 2018 and 2017.

**Major Cash Flow Components**

TABLE 12	(\$ millions)	2018	2017
	Cash from operating activities	\$ 258	\$ 664
	Cash from financing activities	\$ 379	\$ 559
	Cash used in investing activities	\$ (470)	\$ (217)
	Consolidated cash and cash equivalents held by continuing operations	\$ 2,680	\$ 3,362

Cash from financing activities in the fourth quarter of 2018 included (i) \$1.2 billion from the issuance of share capital primarily due to SIG's issuance of treasury shares in its initial public offering; (ii) \$511 million of proceeds from the Onex Partners IV Group's sale of a portion of its shares in SIG's initial public offering; and (iii) \$317 million of contributions received from the limited partners of the Onex Partners and ONCAP Funds primarily related to the acquisition of KidsFoundation and the investments in Ryan and Wyse. Partially offsetting the cash from financing activities were (i) distributions of \$597 million primarily to the limited partners of the Onex Partners and ONCAP Funds; (ii) \$505 million of net debt repayment driven by SIG and partially offset by debt issued for the acquisition of KidsFoundation; and (iii) \$327 million of cash interest paid.

Cash from financing activities in the fourth quarter of 2017 included (i) \$915 million of net debt issuances primarily for CLO-14 and EURO CLO-2; (ii) \$198 million from the sale of the previously acquired interest in Onex Partners IV; and (iii) \$133 million of contributions by limited partners primarily related to the acquisition of IntraPac. Partially offsetting the cash from financing activities were (i) distributions of \$466 million paid primarily to the limited partners of the Onex Partners and ONCAP Funds; and (ii) cash interest paid of \$273 million.

Cash used in investing activities in the fourth quarter of 2018 primarily consisted of (i) \$721 million of cash used to fund acquisitions, which primarily related to the Onex Partners IV and Onex Partners V Groups' acquisition of

KidsFoundation; and (ii) \$344 million for investments in joint ventures and associates, which primarily related to Onex Partners IV Group's investment in Ryan. Partially offsetting the cash used in investing activities was \$410 million of proceeds from the sale of Tecta.

Cash used in investing activities in the fourth quarter of 2017 primarily consisted of (i) \$426 million of net purchases of investments and securities by credit strategies; (ii) \$246 million of cash used to fund acquisitions, which was primarily for the acquisitions of IntraPac and Laces by the ONCAP IV Group; and (iii) \$225 million in purchases of property, plant and equipment. Partially offsetting the cash used in investing activities was \$591 million of proceeds primarily from the partial sale of JELD-WEN by the Onex Partners III Group.

## SUMMARY OF QUARTERLY INFORMATION

Table 13 summarizes Onex' key consolidated financial information for the last eight quarters. Historical financial information has been restated for discontinued operations.

### Consolidated Quarterly Financial Information

	2018				2017			
	Dec.	Sept.	June	March	Dec.	Sept.	June	March
Revenues	\$ 6,090	\$ 6,105	\$ 5,999	\$ 5,591	\$ 5,844	\$ 5,916	\$ 5,753	\$ 5,254
Earnings (loss) from continuing operations	\$ 73	\$ (470)	\$ (272)	\$ (177)	\$ 268	\$ 358	\$ (513)	\$ (812)
Net earnings (loss)	\$ 88	\$ (458)	\$ (262)	\$ (164)	\$ 304	\$ 368	\$ 2,668	\$ (936)
<b>Net earnings (loss) attributable to:</b>								
Equity holders of Onex Corporation	\$ 173	\$ (425)	\$ (253)	\$ (158)	\$ 276	\$ 324	\$ 2,712	\$ (911)
Non-controlling Interests	(85)	(33)	(9)	(6)	28	44	(44)	(25)
Net earnings (loss)	\$ 88	\$ (458)	\$ (262)	\$ (164)	\$ 304	\$ 368	\$ 2,668	\$ (936)
<b>Earnings (loss) per SVS of Onex Corporation</b>								
Earnings (loss) from continuing operations	\$ 1.57	\$ (4.33)	\$ (2.59)	\$ (1.69)	\$ 2.37	\$ 3.10	\$ (5.12)	\$ (7.78)
Earnings (loss) from discontinued operations	0.14	0.11	0.09	0.13	0.36	0.08	31.72	(1.10)
Net earnings (loss)	\$ 1.71	\$ (4.22)	\$ (2.50)	\$ (1.56)	\$ 2.73	\$ 3.18	\$ 26.60	\$ (8.88)

Onex' quarterly consolidated financial results do not follow any specific trends due to the acquisitions or dispositions of businesses by Onex, the parent company, and the varying business activities and cycles at Onex' operating companies and credit strategies.



## CONSOLIDATED FINANCIAL POSITION

### Consolidated assets

Consolidated assets totalled \$45.4 billion at December 31, 2018 compared to \$44.7 billion at December 31, 2017. Onex' consolidated assets increased primarily due to the acquisitions of AutoSource, KidsFoundation, Precision, SMG and Walter Surface Technologies, along with the investments in PowerSchool, Ryan and Wyse, and the closing of CLO-15. The increase was partially offset by the loss of control over Pinnacle Renewable Energy, the sales of Mavis Discount Tire and Tecta, and the redemption of CLO-2.

Table 14 shows consolidated assets by industry segment as at December 31, 2018, 2017 and 2016. The industry segment percentages of consolidated assets are also shown.

### Consolidated Assets by Industry Segment

TABLE 14	(\$ millions)	2018	Percentage Breakdown	2017	Percentage Breakdown	2016	Percentage Breakdown
Electronics Manufacturing Services		\$ 3,738	9%	\$ 2,964	7%	\$ 2,822	8%
Healthcare Imaging		1,192	3%	1,321	3%	1,473	4%
Insurance Services		1,487	3%	1,524	3%	1,545	4%
Packaging Products and Services <sup>(a)</sup>		6,771	15%	6,808	16%	6,144	17%
Business and Information Services <sup>(b)</sup>		6,526	15%	5,656	13%	5,765	16%
Food Retail and Restaurants <sup>(c)</sup>		1,784	4%	2,094	5%	2,185	6%
Credit Strategies <sup>(d)</sup>		10,247	23%	10,048	23%	7,624	21%
Other <sup>(e)</sup>		12,524	28%	13,310	30%	8,580	24%
Assets held by continuing operations		44,269	100%	43,725	100%	36,138	100%
Other – assets held by discontinued operations <sup>(f)</sup>		1,148		971		6,775	
Total consolidated assets		\$ 45,417		\$ 44,696		\$ 42,913	

(a) The packaging products and services segment consists of IntraPac, Precision, sgsc and SIG. The Company began consolidating Precision in August 2018, when the business was acquired by the ONCAP IV Group. IntraPac began to be consolidated in December 2017, when the business was acquired by the ONCAP IV Group.

(b) The business and information services segment consists of Clarivate Analytics, Emerald Expositions and SMG. The Company began consolidating SMG in January 2018, when the business was acquired by the Onex Partners IV Group. Clarivate Analytics began to be consolidated in October 2016, when the business was acquired by the Onex Partners IV Group.

(c) The food retail and restaurants segment consists of Jack's and Save-A-Lot. Save-A-Lot began to be consolidated in December 2016, when the business was acquired by the Onex Partners IV Group.

(d) The credit strategies segment consists of (i) Onex Credit Manager, (ii) Onex Credit Collateralized Loan Obligations, (iii) Onex Credit Funds and (iv) Private Lending. Onex Credit Lending Partners began to be consolidated in May 2017, when OCLP I was established.

(e) Other includes Flushing Town Center, KidsFoundation (since November 2018), Meridian Aviation, Parkdean Resorts (since March 2017), Survitec, Schumacher, WireCo, the operating companies of ONCAP II, III and IV (excluding IntraPac and Precision) and the parent company. In addition, other includes the following investments, which are accounted for at fair value: AIT, BBAM, JELD-WEN (since May 2017), Incline Aviation Fund, Mavis Discount Tire (up to March 2018), PowerSchool (since August 2018), RSG (since June 2018), Ryan (since October 2018), Pinnacle Renewable Energy (since February 2018), Venanpri Group, and Wyse (since November 2018).

(f) At December 31, 2018 and 2017, the assets of BrightSpring Health are included in the other segment and have been presented as a discontinued operation. At December 31, 2016, the assets of BrightSpring Health, JELD-WEN and USI are included in the other segment and have been presented as discontinued operations.

### Consolidated long-term debt, without recourse to Onex Corporation

It has been Onex' policy to preserve a financially strong parent company that has funds available for new acquisitions and to support the growth of its operating companies. This policy means that all debt financing is within the operating companies and each company is required to support its own debt without recourse to Onex Corporation or other Onex operating companies.

The financing arrangements of each operating company typically contain certain restrictive covenants, which may include limitations or prohibitions on additional indebtedness, payment of cash dividends, redemption of capital, capital spending, making of investments, and acquisitions and sales of assets. The financing arrangements may also require the redemption of indebtedness in

the event of a change of control of the operating company. In addition, the operating companies that have outstanding debt must meet certain financial covenants. Changes in business conditions relevant to an operating company, including those resulting from changes in financial markets and economic conditions generally, may result in non-compliance with certain covenants by that operating company.

Consolidated long-term debt does not include the debt of operating businesses that are included in investments in joint ventures and associates, as investments in those businesses are accounted for at fair value and are not consolidated. In addition, when operating companies are reported as discontinued operations or as held for sale, their long-term debt is excluded from consolidated long-term debt on a prospective basis. Prior periods are not restated.

Total consolidated long-term debt (consisting of the current and long-term portions of long-term debt, net of financing charges) was \$22.3 billion at December 31, 2018 compared to \$22.0 billion at December 31, 2017. The current portion of long-term debt was \$879 million at December 31, 2018 compared to \$333 million at December 31, 2017. Table 15 shows consolidated long-term debt by industry segment as at December 31, 2018, 2017 and 2016.

### Consolidated Long-Term Debt, Without Recourse to Onex Corporation

TABLE 15	As at December 31 (\$ millions)	2018	2017	2016
Electronics Manufacturing Services		\$ 747	\$ 187	\$ 226
Healthcare Imaging		1,149	1,132	1,920
Insurance Services		950	939	939
Packaging Products and Services <sup>(a)</sup>		2,762	3,770	3,447
Business and Information Services <sup>(b)</sup>		3,088	2,566	2,667
Food Retail and Restaurants <sup>(c)</sup>		953	943	886
Credit Strategies <sup>(d)</sup>		8,420	7,877	5,912
Other <sup>(e)(f)</sup>		4,275	4,635	6,866
		<b>22,344</b>	22,049	22,863
Current portion of long-term debt		<b>(879)</b>	(333)	(407)
Total		<b>\$ 21,465</b>	\$ 21,716	\$ 22,456

(a) The packaging products and services segment consists of IntraPac, Precision, sgsco and SIG. The Company began consolidating Precision in August 2018, when the business was acquired by the ONCAP IV Group. IntraPac began to be consolidated in December 2017, when the business was acquired by the ONCAP IV Group.

(b) The business and information services segment consists of Clarivate Analytics, Emerald Expositions and SMG. The Company began consolidating SMG in January 2018, when the business was acquired by the Onex Partners IV Group.

(c) The food retail and restaurants segment consists of Jack's and Save-A-Lot.

(d) The credit strategies segment consists of (i) Onex Credit Manager, (ii) Onex Credit Collateralized Loan Obligations, (iii) Onex Credit Funds and (iv) Private Lending, which includes Onex Credit Lending Partners. Onex Credit Lending Partners began to be consolidated in May 2017, when OCLP I was established.

(e) Other includes Flushing Town Center, KidsFoundation (since November 2018), Meridian Aviation, Parkdean Resorts (since March 2017), Survitec, Schumacher, WireCo, the operating companies of ONCAP II, III and IV (excluding IntraPac and Precision) and the parent company.

(f) At December 31, 2018 and 2017, the long-term debt of BrightSpring Health is included in the other segment and has been presented as a discontinued operation. At December 31, 2016, the long-term debt of BrightSpring Health, JELD-WEN and USI are included in the other segment and have been presented as discontinued operations.

The discussions that follow identify those significant changes in industry segments that affected Onex' consolidated long-term debt as at December 31, 2018. Note 14 to the consolidated financial statements provides details of the long-term debt outstanding by operating company and by significant credit facility.

#### **Onex Partners V (Other segment)**

In December 2017 and January 2018, Onex Partners V entered into a \$997 million revolving credit facility. The limited partners of Onex Partners V could elect to participate in the credit facility at the time of their commitment. Of the aggregate commitments to Onex Partners V, 46% of the commitments were from limited partners that elected to participate in the credit facility. Onex, as a limited partner of Onex Partners V, did not elect to participate in the credit facility. The credit facility is available to finance Onex Partners V capital calls, bridge investments in Onex Partners V operating companies and to finance other uses permitted by Onex Partners V's limited partnership agreement. Borrowings under the credit facility are limited to the lesser of the amount available under the credit facility and the maximum amount of obligations permitted under the partnership agreement. Amounts under the credit facility are available in U.S. dollars, Canadian dollars, euros, pounds sterling and other currencies as requested, subject to the approval of the lenders.

Borrowings drawn on the credit facility bear interest at either: an adjusted LIBOR rate, plus a margin of 1.50%, with respect to LIBOR rate loans; or the reference rate in effect from day to day, plus a margin of 1.50%, for reference rate loans. In addition, a fee of 0.25% per annum accrues on the portion of the credit facility that is available but unused.

The credit facility matures on the earlier of December 15, 2020, or upon the occurrence of certain events defined in the agreement, with an option to extend for an additional 364 days.

At December 31, 2018, \$59 million was outstanding under the revolving credit facility.

#### **ONCAP IV (Other segment)**

In January 2018, ONCAP IV repaid \$64 million under its credit facility from capital contributions made primarily by the limited partners of ONCAP IV. At December 31, 2018, no amounts were outstanding under the credit facility.

#### **SMG (Business and Information Services segment)**

The Onex Partners IV Group acquired SMG in January 2018, as described on page 34 of this MD&A. In January 2018, SMG entered into a senior secured credit facility consisting of a \$415 million first lien term loan, a \$180 million second lien term loan, of which \$44 million was acquired by the Onex Partners IV Group, and a \$55 million revolving credit facility. Borrowings under the first lien term loan bear interest at LIBOR plus a margin of up to 3.25%, depending on the company's leverage ratio. The first lien term loan matures in January 2025. Borrowings under the second lien term loan bear interest at LIBOR plus a margin of up to 7.00%, depending on the company's leverage ratio. The second lien term loan matures in January 2026. Borrowings under the revolving credit facility bear interest at LIBOR plus a margin of up to 3.25%, depending on the company's leverage ratio. The revolving credit facility matures in January 2023. Substantially all of SMG's assets are pledged as collateral under the senior secured credit facility.

At December 31, 2018, \$412 million was outstanding under the first lien term loan, \$180 million was outstanding under the second lien term loan, of which \$44 million was held by the Onex Partners IV Group, and no amounts were outstanding under the revolving credit facility.

#### **Onex Partners IV (Other segment)**

In January 2018, the Onex Partners IV Group entered into a revolving credit facility, as described on page 34 of this MD&A. At December 31, 2018, \$44 million was outstanding under this revolving credit facility.

In October 2018, the Onex Partners IV Group entered into a second revolving credit facility, as described on page 37 of this MD&A. At December 31, 2018, \$65 million was outstanding under this revolving credit facility.

#### **sgsco (Packaging Products and Services segment)**

In February 2018, sgsco's delayed draw term loan was fully drawn for \$80 million to partially finance an acquisition.

In June 2018, sgsco amended its secured credit facility to reduce the rate at which borrowings under its first lien term loan and revolving credit facility bear interest to LIBOR (subject to a floor of 0.00%) plus a margin of up to 3.25%, depending on the company's leverage ratio. The amendment resulted in a total interest rate reduction of 25 basis points on the company's first lien term loan and revolving credit facility.

At December 31, 2018, \$569 million was outstanding under the first lien term loan, including the delayed draw term loan, and \$18 million was outstanding under the revolving credit facility. In addition, \$105 million was outstanding under the second lien term loan.

#### **SIG (Packaging Products and Services segment)**

In March 2018, SIG amended its senior secured credit facility to reduce the rate at which borrowings under its U.S. dollar-denominated term loan bear interest to LIBOR (subject to a floor of 1.00%) plus a margin of 2.75%. The amendment resulted in a total interest rate reduction of 25 basis points on the company's U.S. dollar-denominated term loan.

In October 2018, SIG entered into a new senior secured credit facility consisting of a €1.25 billion term loan, a €350 million term loan and a €300 million revolving credit facility. Borrowings under the €1.25 billion term loan bear interest at EURIBOR (subject to a floor of 0.00%) plus a margin of up to 2.00%, depending on the company's leverage ratio. The €1.25 billion term loan matures in October 2023. Borrowings under the €350 million term loan bear interest at EURIBOR (subject to a floor of 0.00%) plus a margin of up to 2.50%, depending on the company's leverage ratio. The €350 million term loan matures in October 2025. Borrowings under the revolving credit facility bear interest at EURIBOR (subject to a floor of 0.00%) plus a margin of up to 1.75%, depending on the company's leverage ratio. The revolving credit facility matures in October 2023. The net proceeds from both the new senior secured credit facility and treasury shares issued in SIG's initial public offering, as described on page 36 of this MD&A, were used to repay borrowings under the existing credit facility and senior notes.

At December 31, 2018, \$1.4 billion (€1.2 billion) was outstanding under the term loan maturing in October 2023, \$400 million (€350 million) was outstanding under the term loan maturing in October 2025 and no amounts were outstanding under the revolving credit facility.

#### **BrightSpring Health (Other segment)**

In March 2018, BrightSpring Health amended and restated its existing senior secured credit facility, resulting in a term loan of \$390 million and a revolving credit facility of \$300 million. The term loan and revolving credit facility bear interest at LIBOR (subject to a floor of 0.00%) plus a margin of up to 2.75%, depending on the company's leverage ratio. The maturity dates for the term loan and revolving credit facility were extended to March 2023. The company may also borrow up to an additional \$150 million on either its term loan or revolving credit facility, subject to the company's leverage ratio.

At December 31, 2018, BrightSpring Health is accounted for as a discontinued operation, as described on page 38 of this MD&A.

#### **Jack's (Food Retail and Restaurants segment)**

In May 2018, Jack's amended its existing credit facility to reduce the rate at which borrowings under its term loan bear interest to LIBOR (subject to a floor of 1.00%) plus a margin of up to 3.50%, depending on the company's leverage ratio. In addition, the rate at which the company borrows under its revolving credit facility was reduced to LIBOR (subject to a floor of 0.00%) plus a margin of up to 3.50%, depending on the company's leverage ratio. The amendment resulted in a total interest rate reduction of 50 and 75 basis points on the company's term loan and revolving credit facility, respectively.

At December 31, 2018, \$239 million was outstanding under the term loan and no amounts were outstanding under the revolving credit facility.

#### **WireCo (Other segment)**

In May 2018, WireCo amended its existing senior secured credit facility to reduce the rate at which borrowings under its first lien term loan bear interest to LIBOR (subject to a floor of 1.00%) plus a margin of 5.00%. The amendment resulted in a total interest rate reduction of 50 basis points on the company's first lien term loan.

At December 31, 2018, \$450 million was outstanding under the first lien term loan. In addition, \$135 million was outstanding under the second lien term loan and \$51 million was outstanding under the revolving credit facility.

**Celestica (Electronics Manufacturing Services segment)**

In June 2018, Celestica entered into a new \$800 million secured credit facility consisting of a \$350 million term loan and a \$450 million revolving credit facility. Borrowings under the term loan bear interest at LIBOR plus a margin of 2.00%. The term loan matures in June 2025. Borrowings under the revolving credit facility bear interest at a base rate plus a margin of up to 2.50%, depending on the company's leverage ratio. The revolving credit facility matures in June 2023. The net proceeds from the secured credit facility were used to repay the existing debt facility.

In November 2018, Celestica utilized the accordion feature under its new secured credit facility to add a new \$250 million term loan. Borrowings under the new term loan bear interest at LIBOR plus a margin of 2.50%. The new term loan matures in June 2025 and proceeds from the new term loan were used to partially fund Celestica's acquisition of Impakt, as described on page 37 of this MD&A. In addition, the rate at which borrowings under the company's existing term loan bear interest was changed to LIBOR plus a margin of 2.13% as a result of the utilization of the accordion feature.

At December 31, 2018, \$348 million was outstanding under the term loan, \$250 million was outstanding under the incremental term loan and \$159 million was outstanding under the revolving credit facility.

**Survitec (Other segment)**

As a result of operational difficulties driven by the ongoing integration of Wilhelmsen Safety, Survitec was not in compliance with its debt covenant ratio at June 30, 2018. In July 2018, the company amended its senior secured credit facility to revise its debt covenant ratio such that it did not have an event of default. In addition, the rate at which borrowings under the company's senior secured credit facility bear interest was changed to: (i) LIBOR plus a margin of up to 5.25% for its pound sterling-denominated term loan; (ii) EURIBOR plus a margin of up to 4.75% for its euro-denominated term loans; and (iii) LIBOR plus a margin of up to 4.50% for both its pound sterling-denominated acquisition facility and pound sterling-denominated revolving credit facility. The amendment resulted in a total interest rate increase of up to 50 basis points on all debt under the company's senior secured credit facility, subject to the company's leverage ratio.

At December 31, 2018, the company was in compliance with its debt covenants and the following balances were outstanding under the company's senior secured credit facility: (i) \$179 million (£140 million) under the pound sterling-denominated term loan; (ii) \$200 million (€175 million) under the euro-denominated term loan maturing in March 2022; (iii) \$152 million (€133 million) under the euro-denominated term loan maturing in March 2022; (iv) \$20 million (£16 million) under the pound sterling-denominated revolving credit facility; and (v) \$18 million (£14 million) under the pound sterling-denominated acquisition facility.

**KidsFoundation (Other segment)**

The Onex Partners IV and Onex Partners V Groups acquired KidsFoundation in November 2018, as described on page 37 of this MD&A. In November 2018, KidsFoundation entered into a senior secured credit facility consisting of a €90 million term loan and a €75 million acquisition facility. Borrowings under the term loan and acquisition facility bear interest at EURIBOR (subject to a floor of 0.00%) plus a margin of up to 7.75%, depending on the company's leverage ratio. The term loan and acquisition facility mature in November 2025.

At December 31, 2018, \$103 million (€90 million) was outstanding under the term loan and \$16 million (€14 million) was outstanding under the acquisition facility.

**Carestream Health (Healthcare Imaging segment)**

In December 2018, Carestream Health amended and restated its existing credit facility to extend the maturity dates for a majority of its first lien term loan to February 2021, its second lien term loan to June 2021 and its revolving credit facility to February 2021. In addition, the rate at which borrowings under the company's credit facility bear interest was changed to: (i) LIBOR (subject to a floor of 1.00%) plus a margin of up to 5.75% for the majority of its first lien term loan; (ii) LIBOR (subject to a floor of 1.00%) plus a margin of 9.50% for the majority of its second lien term loan; and (iii) LIBOR (subject to a floor of 1.00%) plus a margin of 5.50% for the majority of its revolving credit facility.

At December 31, 2018, \$754 million was outstanding under the extended first lien term loan, \$369 million was outstanding under the extended second lien term loan and no amounts were outstanding under the extended revolving credit facility.

**Credit Strategies (Credit Strategies segment)***OCLP I*

In February 2018, OCLP I amended its asset backed financing facility to increase the size of the facility to \$700 million. At December 31, 2018, \$478 million was outstanding under the asset backed financing facility.

*CLO-15*

In June 2018, Onex closed CLO-15, which was funded through the issuance of collateralized loan instruments in a series of tranches of secured notes and preference shares, as described on page 39 of this MD&A. The secured notes were offered in an aggregate principal amount of

\$550 million and are due in July 2031. The secured notes bear interest at a rate of LIBOR plus a margin of 1.10% to 5.85%. Interest on the secured notes is payable beginning in January 2019. The secured notes are measured at fair value through net earnings in these consolidated financial statements.

The secured notes are subject to redemption and pre-payment provisions, including mandatory redemption, if certain coverage tests are not met by CLO-15. Optional redemption of the secured notes is available beginning in July 2020. Optional repricing for certain secured obligations is available subject to certain customary terms and conditions being met by CLO-15.

Table 16 details the aggregate debt maturities as at December 31, 2018 for Onex' operating businesses for each of the years up to 2023 and in total thereafter. As the table includes debt of investments in joint ventures and associates and excludes debt of the credit strategies segment, the total amount does not correspond to total reported consolidated debt. As the following table illustrates, significant maturities occur in 2022 and thereafter.

**Debt Maturity Amounts by Year**

TABLE 16   (\$ millions)	2019	2020	2021	2022	2023	Thereafter	Total
Consolidated operating companies <sup>(a)</sup>	\$ 583	\$ 267	\$ 2,321	\$ 2,541	\$ 4,192	\$ 4,253	\$ 14,157
Investments in joint ventures and associates <sup>(a)</sup>	78	118	73	432	447	2,358	3,506
Total	\$ 661	\$ 385	\$ 2,394	\$ 2,973	\$ 4,639	\$ 6,611	\$ 17,663

(a) Debt amounts are presented gross of financing charges and exclude amounts invested by Onex, the parent company, in debt of the operating businesses. Additionally, debt amounts exclude debt of the credit strategies segment and debt of discontinued operations.

## Limited Partners' Interests

Limited Partners' Interests liability represents the fair value of limited partners' invested capital in the Onex Partners, ONCAP, Onex Credit Lending Partners and Onex Credit Funds and is affected primarily by the change in the fair value of the underlying investments in the Onex Partners, ONCAP, Onex Credit Lending Partners and Onex Credit Funds, the impact of carried interest and incentive fees, as well as any contributions by and distributions to limited partners in those funds.

Table 17 shows the change in Limited Partners' Interests from December 31, 2016 to December 31, 2018.

## Limited Partners' Interests

TABLE 17   (\$ millions)	Onex Partners and ONCAP Funds			Credit Strategies	Total
	Gross Limited Partners' Interests	Carried Interest	Net Limited Partners' Interests	Net Limited Partners' Interests <sup>(a)</sup>	
Balance – December 31, 2016	\$ 8,660	\$ (556)	\$ 8,104	\$ 370	\$ 8,474
Limited Partners' Interests charge	1,545	(215)	1,330	20	1,350
Contributions by Limited Partners	560	–	560	113	673
Distributions paid to Limited Partners	(2,582)	307	(2,275)	(42)	(2,317)
Limited Partnership commitments acquired by Onex, the parent company <sup>(b)</sup>	(156)	–	(156)	–	(156)
Balance – December 31, 2017 <sup>(c)</sup>	8,027	(464)	7,563	461	8,024
Limited Partners' Interests charge (recovery)	<b>(808)</b>	<b>93</b>	<b>(715)</b>	<b>1</b>	<b>(714)</b>
Contributions by Limited Partners	<b>1,465</b>	–	<b>1,465</b>	<b>131</b>	<b>1,596</b>
Distributions paid to Limited Partners	<b>(1,228)</b>	<b>94</b>	<b>(1,134)</b>	<b>(93)</b>	<b>(1,227)</b>
Balance – December 31, 2018	<b>7,456</b>	<b>(277)</b>	<b>7,179</b>	<b>500</b>	<b>7,679</b>
Current portion of Limited Partners' Interests <sup>(d)</sup>	<b>(641)</b>	<b>98</b>	<b>(543)</b>	<b>(17)</b>	<b>(560)</b>
Non-current portion of Limited Partners' Interests	<b>\$ 6,815</b>	<b>\$ (179)</b>	<b>\$ 6,636</b>	<b>\$ 483</b>	<b>\$ 7,119</b>

(a) Net of incentive fees in credit strategies.

(b) In 2017, Onex, the parent company, acquired an interest in Onex Partners IV.

(c) At December 31, 2017, the current portion of the Limited Partners' Interests was \$59 million. The current portion consisted primarily of (i) the distribution received from PURE Canadian Gaming; (ii) residual escrow balances from the sale of certain investments; and (iii) redemption requests received by certain Onex Credit Funds.

(d) At December 31, 2018, the current portion of the Limited Partners' Interests was \$560 million. The current portion consisted primarily of the limited partners' share of the proceeds from the pending sale of BrightSpring Health.

The Limited Partners' Interests charge (recovery) is discussed in detail on page 49 of this MD&A.

### Contributions by limited partners

The Limited Partners' Interests liability for the Onex Partners and ONCAP Funds increased by \$1.5 billion for contributions made by the limited partners in 2018, which related primarily to the acquisitions of AutoSource, KidsFoundation, Laces, Precision, SMG and Walter Surface Technologies, in addition to the investments in PowerSchool, Ryan and Wyse.

During the year ended December 31, 2017, the Limited Partners' Interests liability for the Onex Partners and ONCAP Funds increased by \$560 million for contributions made during the period, primarily for the acquisitions of IntraPac and Parkdean Resorts.

Note 17 to the consolidated financial statements provides additional information on contributions made by limited partners for the years ended December 31, 2018 and 2017.

### Distributions to limited partners

The Limited Partners' Interests liability for the Onex Partners and ONCAP Funds was reduced by distributions of \$1.1 billion in 2018, primarily from: (i) net proceeds from the sale of shares in SIG's initial public offering in October 2018; (ii) the sales of Mavis Discount Tire and Tecta; (iii) net proceeds from the sale of shares in Emerald Expositions' and Pinnacle Renewable Energy's secondary offerings in March 2018 and June 2018, respectively; (iv) the repayment of the shareholder loan note by Parkdean Resorts; (v) the repayment of shareholder subordinated debt by Pinnacle Renewable Energy; and (vi) distributions received from BBAM, Meridian Aviation and PURE Canadian Gaming.

During the year ended December 31, 2017, the Limited Partners' Interests liability for the Onex Partners and ONCAP Funds was reduced by distributions of \$2.3 billion primarily from the net proceeds from the sale of USI; the sale of shares in JELD-WEN's public offerings; distributions and proceeds from the partial sale of BBAM; and the sale of shares in Emerald Expositions' initial public offering.

Note 17 to the consolidated financial statements provides additional information on distributions made to limited partners for the years ended December 31, 2018 and 2017.

### Equity

Table 18 provides a reconciliation of the change in equity from December 31, 2017 to December 31, 2018. Onex' consolidated statements of equity also show the changes to the components of equity for the year ended December 31, 2018.

### Change in Equity

TABLE 18 | (\$ millions)

Equity as at December 31, 2017	<b>\$ 5,038</b>
Change in accounting policy	<b>12</b>
Dividends declared	<b>(25)</b>
Options exercised	<b>2</b>
Repurchase and cancellation of shares	<b>(79)</b>
Investments in operating companies by shareholders other than Onex	<b>1,638</b>
Distributions to non-controlling interests	<b>(28)</b>
Repurchase of shares of operating companies	<b>(122)</b>
Sale of interests in operating companies under continuing control	<b>364</b>
Non-controlling interests derecognized on sale of investments in operating companies	<b>(7)</b>
Non-controlling interests derecognized on loss of control of investment in operating companies	<b>(48)</b>
Net loss for the year	<b>(796)</b>
Other comprehensive loss for the year, net of tax	<b>(312)</b>
Equity as at December 31, 2018	<b>\$ 5,637</b>

### Change in accounting policy

On January 1, 2018, Onex adopted IFRS 9, *Financial Instruments*, as described on page 28 of this MD&A.

### Dividend policy

In May 2018, Onex announced that it had increased its quarterly dividend by 17% to C\$0.0875 per SVS beginning with the dividend declared by the Board of Directors payable in July 2018.



Table 19 presents Onex' dividend paid per share for the last twelve months ended December 31 during the past five years. The table reflects the increase in the dividend per share over this time.

TABLE 19	(\$ per share amounts)	Dividend Paid Per Share
Last twelve months ended December 31:		
	2014	<b>C\$ 0.18</b>
	2015	<b>C\$ 0.23</b>
	2016	<b>C\$ 0.26</b>
	2017	<b>C\$ 0.29</b>
	2018	<b>C\$ 0.33</b>

### Shares outstanding

At December 31, 2018, Onex had 100,000 Multiple Voting Shares outstanding, which have a nominal paid-in value reflected in Onex' consolidated financial statements. Onex also had 100,403,493 SVS issued and outstanding. Note 20 to the consolidated financial statements provides additional information on Onex' share capital. There was no change in the Multiple Voting Shares outstanding during 2018 or 2017.

Table 20 shows the change in the number of SVS outstanding from December 31, 2016 to January 31, 2019.

TABLE 20	(\$ millions except per share amounts)	Number of SVS	Average Price Per Share		Total Cost		
			(USD)	(CAD)	(USD)	(CAD)	
		SVS outstanding at December 31, 2016					
		Shares repurchased and cancelled:					
		Normal Course Issuer Bids	(523,209)	\$ 75.07	\$ 95.04	\$ 39	\$ 50
		Private transaction	(750,000)	\$ 71.24	\$ 94.98	\$ 53	\$ 71
		Issuance of shares:					
		Options exercised	10,181	\$ 74.40	\$ 93.33	\$ 1	\$ 1
		Dividend Reinvestment Plan	7,581	\$ 73.89	\$ 96.23	less than \$ 1	\$ 1
		SVS outstanding at December 31, 2017	101,532,181				
		Shares repurchased and cancelled:					
		Normal Course Issuer Bid	<b>(1,075,860)</b>	<b>\$ 59.87</b>	<b>\$ 78.96</b>	<b>\$ 64</b>	<b>\$ 85</b>
		Private transaction	<b>(500,000)</b>	<b>\$ 72.23</b>	<b>\$ 93.00</b>	<b>\$ 36</b>	<b>\$ 47</b>
		Issuance of shares:					
		Options exercised	<b>33,292</b>	<b>\$ 59.41</b>	<b>\$ 79.02</b>	<b>\$ 2</b>	<b>\$ 3</b>
		Dividend Reinvestment Plan	<b>10,445</b>	<b>\$ 66.65</b>	<b>\$ 86.97</b>	<b>\$ 1</b>	<b>\$ 1</b>
		SVS outstanding at January 31, 2019	<b>100,000,058</b>				

### Shares repurchased and cancelled

The NCIB enables Onex to repurchase up to 10% of its public float of SVS during the period of the relevant Bid. Onex believes that it is advantageous for Onex and its shareholders to continue to repurchase Onex' SVS from time to time when the SVS are trading at prices that reflect a significant discount to their value as perceived by Onex, while taking into account other opportunities to invest Onex' cash.

On April 18, 2018, Onex renewed its NCIB following the expiry of its previous NCIB on April 17, 2018. Under the new NCIB, Onex is permitted to purchase up to 10% of its public float of SVS, or 8,305,710 SVS. Onex may purchase up to 32,165 SVS during any trading day, being 25% of its average daily trading volume for the six months ended March 31, 2018. Onex may also purchase SVS from time to time under the Toronto Stock Exchange's block purchase

exemption, if available, or by way of private agreement pursuant to an issuer bid exemption order, if sought and received, under the new NCIB. The new NCIB commenced on April 18, 2018 and will conclude on the earlier of the date on which purchases under the NCIB have been completed and April 17, 2019. A copy of the Notice of Intention to make the NCIB filed with the Toronto Stock Exchange is available at no charge to shareholders by contacting Onex.

Under the previous NCIB that expired on April 17, 2018, Onex repurchased 709,489 SVS at a total cost of \$53 million (C\$66 million) or an average purchase price of \$74.21 (C\$93.01) per share.

The private transactions represent the repurchase of SVS that were held indirectly by Mr. Gerald W. Schwartz, Onex' controlling shareholder, as described on page 79 of this MD&A.

Table 21 shows a summary of Onex' repurchases of SVS for the past 10 years.

### Onex' Repurchases of SVS for the Past 10 Years

TABLE 21	Shares Repurchased	Total Cost of Shares Repurchased (in C\$ millions)	Average Share Price (in C\$ per share)
2009	1,784,600	C\$ 41	C\$ 23.04
2010	2,040,750	52	25.44
2011	3,165,296	105	33.27
2012	627,061	24	38.59
2013 <sup>(1)</sup>	3,060,400	159	51.81
2014 <sup>(2)</sup>	2,593,986	163	62.98
2015 <sup>(3)</sup>	3,084,877	218	70.70
2016 <sup>(4)</sup>	3,114,397	250	80.14
2017 <sup>(5)</sup>	1,273,209	121	95.00
2018 <sup>(6)</sup>	1,169,733	102	86.78
Total	21,914,309	C\$ 1,235	C\$ 56.34

(1) Includes 1,000,000 SVS repurchased in a private transaction.

(2) Includes 1,310,000 SVS repurchased in private transactions.

(3) Includes 275,000 SVS repurchased in private transactions.

(4) Includes 1,000,000 SVS repurchased in a private transaction.

(5) Includes 750,000 SVS repurchased in a private transaction.

(6) Includes 500,000 SVS repurchased in a private transaction.

### Issuance of shares – Dividend Reinvestment Plan

Onex' Dividend Reinvestment Plan enables Canadian shareholders to reinvest cash dividends to acquire new SVS of Onex at a market-related price at the time of reinvestment. During the period from January 1, 2018 to January 31, 2019, Onex issued 10,445 SVS at an average cost of C\$86.97 per SVS, creating a cash savings of \$1 million (C\$1 million).

### Investments in operating companies by shareholders other than Onex

Onex recorded an increase in equity of \$1.6 billion during 2018 primarily due to the investment by public shareholders in new common shares issued in the initial public offering of SIG, as described on page 36 of this MD&A.

### Repurchase of shares of operating companies

Onex recorded a decrease in equity of \$122 million during 2018 primarily due to shares repurchased by Celestica and Emerald Expositions.

### Sale of interests in operating company under continuing control

Onex recorded an increase in equity of \$364 million during 2018 due to the sale of shares by the Onex Partners III Group in the March 2018 secondary offering of Emerald Expositions and the sale of shares by the Onex Partners IV Group in SIG's initial public offering in October 2018, as described on pages 35 and 36, respectively, of this MD&A.

### Non-controlling interests derecognized on loss of control of investment in operating companies

Onex recorded a decrease in equity of \$48 million during 2018 related to the non-controlling interests in Pinnacle Renewable Energy, which were derecognized upon loss of control over the company. Under IFRS, non-controlling interests represent the ownership interests of shareholders, other than Onex and its third-party limited partners in the Onex Partners and ONCAP Funds, in Onex' controlled operating companies.

Prior to the February 2018 initial public offering by Pinnacle Renewable Energy, the non-controlling interests balance included the ownership interests of management and the founding shareholders.

### Stock Option Plan

Onex, the parent company, has a Stock Option Plan in place that provides for options and/or share appreciation rights to be granted to Onex directors, officers and employees for the acquisition of SVS of Onex, the parent company, for a term not exceeding 10 years. The options vest equally over five years, apart from a total of 4,025,000 options, which vest at a rate of 15% per year during the first four years and 40% in the fifth year. The exercise price of the options issued is at the market value of the SVS on the business day preceding the day of the grant. Vested options are not exercisable unless the average five-day market price of Onex SVS is at least 25% greater than the exercise price at the time of exercise.

At December 31, 2018, Onex had 13,491,917 options outstanding to acquire SVS, of which 7,121,717 options were vested and exercisable.

Table 22 provides information on the activity from December 31, 2016 to December 31, 2018.

### Change in Stock Options Outstanding

TABLE 22	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2016	12,943,183	C\$ 55.98
Granted	170,000	C\$ 100.90
Surrendered	(597,641)	C\$ 28.97
Exercised	(13,250)	C\$ 23.35
Expired	(123,850)	C\$ 68.31
Outstanding at December 31, 2017	12,378,442	C\$ 57.81
Granted in January 2018 <sup>(1)</sup>	<b>1,052,250</b>	<b>C\$ 92.15</b>
Granted in December 2018	<b>1,002,350</b>	<b>C\$ 78.64</b>
Other grants in 2018	<b>23,500</b>	<b>C\$ 93.08</b>
Surrendered	<b>(836,675)</b>	<b>C\$ 36.03</b>
Exercised	<b>(40,000)</b>	<b>C\$ 15.95</b>
Expired	<b>(87,950)</b>	<b>C\$ 86.58</b>
Outstanding at December 31, 2018	<b>13,491,917</b>	<b>C\$ 63.38</b>

(1) Options granted in January 2018 relate to services provided during the year ended December 31, 2017.

During 2018, 2,078,100 options to acquire SVS were issued with a weighted average exercise price of C\$85.64 per share, including 1,052,250 options granted in relation to services provided during the year ended December 31, 2017. The options vest at a rate of 20% per year from the date of grant.

During 2017, 170,000 options to acquire SVS were issued with a weighted average exercise price of C\$100.90 per share. The options vest at a rate of 20% per year from the date of grant.

During 2018, 836,675 options were surrendered at a weighted average exercise price of C\$36.03 for aggregate cash consideration of \$32 million (C\$42 million), 40,000 options were exercised at a weighted average exercise price of C\$15.95 and 87,950 options expired.

During 2017, 597,641 options were surrendered at a weighted average exercise price of C\$28.97 for aggregate cash consideration of \$30 million (C\$40 million), 13,250 options were exercised at a weighted average exercise price of C\$23.35 and 123,850 options expired.

### Director Deferred Share Unit Plan

During the second quarter of 2018, an annual grant of 26,931 DSUs was issued to directors having an aggregate value, at the date of grant, of \$2 million (C\$3 million). At December 31, 2018, there were 653,410 Director DSUs outstanding. Onex has economically hedged 584,421 of the outstanding Director DSUs with a counterparty financial institution.

Director DSUs must be held until retirement from the Board and Management DSUs must be held until leaving the employment of Onex. Table 23 reconciles the changes in the DSUs outstanding at December 31, 2018 from December 31, 2016.

### Change in Outstanding Deferred Share Units

TABLE 23	Director DSU Plan		Management DSU Plan	
	Number of DSUs	Weighted Average Price	Number of DSUs	Weighted Average Price
Outstanding at December 31, 2016	665,871		635,326	
Granted	27,720	C\$ 100.74	-	-
Additional units issued in lieu of compensation and cash dividends	10,445	C\$ 96.69	30,595	C\$ 88.00
Outstanding at December 31, 2017	704,036		665,921	
Granted	<b>26,931</b>	<b>C\$ 93.88</b>	-	-
Redeemed	<b>(90,626)</b>	<b>C\$ 84.60</b>	-	-
Additional units issued in lieu of compensation and cash dividends	<b>13,069</b>	<b>C\$ 87.68</b>	<b>77,218</b>	<b>C\$ 90.48</b>
Outstanding at December 31, 2018	<b>653,410</b>		<b>743,139</b>	
Hedged with a counterparty financial institution at December 31, 2018	<b>(584,421)</b>		<b>(743,139)</b>	
Outstanding at December 31, 2018 – Unhedged	<b>68,989</b>		-	

### Management Deferred Share Unit Plan

In early 2017, Onex issued 28,670 DSUs to management having an aggregate value, at the date of grant, of \$2 million (C\$3 million) in lieu of that amount of cash compensation for Onex' 2016 fiscal year. In early 2018, Onex issued 74,646 DSUs to management having an aggregate value, at the date of grant, of \$5 million (C\$7 million) in lieu of that amount of cash compensation for Onex' 2017 fiscal year.

At December 31, 2018, there were 743,139 (December 31, 2017 – 665,921) Management DSUs outstanding.

In early 2019, Onex issued 14,472 DSUs to management having an aggregate value, at the date of grant, of \$1 million (C\$1 million) in lieu of that amount of cash compensation for Onex' 2018 fiscal year.

Forward agreements were entered into with a counterparty financial institution to economically hedge Onex' exposure to changes in the value of all outstanding Management DSUs.

## Management of capital

Onex considers the capital it manages to be the amounts it has invested in cash and cash equivalents, near-cash investments, short- and long-term investments managed by third-party investment managers, and the investments made in the operating businesses, credit strategies and other investments. Onex also manages capital from other investors in the Onex Partners and ONCAP Funds and credit strategies. Onex' objectives in managing capital are to:

- preserve a financially strong parent company with appropriate liquidity and no, or a limited amount of, debt so that funds are available to pursue new acquisitions and growth opportunities, as well as support expansion of its existing businesses. Onex does not generally have the ability to draw cash from its operating businesses. Accordingly, maintaining adequate liquidity at the parent company is important;
- achieve an appropriate return on capital invested commensurate with the level of assumed risk;
- build the long-term value of its operating businesses;
- control the risk associated with capital invested in any particular business or activity. All debt financing is within the operating businesses and each company is required to support its own debt. Onex Corporation does not guarantee the debt of the operating businesses and there are no cross-guarantees of debt between the operating businesses; and
- have appropriate levels of committed limited partners' capital available to invest along with Onex' capital. This allows Onex to respond quickly to opportunities and pursue acquisitions of businesses of a size it could not achieve using only its own capital. The management of limited partners' capital also provides management fees to Onex and the ability to enhance Onex' returns by earning a carried interest on the profits of limited partners.

At December 31, 2018, Onex, the parent company, had \$866 million of cash and cash equivalents on hand and \$573 million of near-cash items at fair value. Near-cash items include short- and long-term investments managed by third-party investment managers, as described below, \$89 million invested in an unlevered fund managed by Onex Credit and \$205 million in management fees receivable from limited partners of its private equity platforms.

Onex, the parent company, has a conservative cash management policy driven towards maintaining liquidity and preserving principal in all its short-term investments.

At December 31, 2018, the fair value of investments, including cash yet to be deployed, managed by third-party investment managers was \$279 million (December 31, 2017 – \$1.0 billion). The decrease in investments managed by third-party investment managers was primarily driven by redemptions by Onex to fund investments completed during the year ended December 31, 2018. The investments are managed in a mix of short-term and long-term portfolios. Short-term investments consist of liquid investments and include money market instruments and commercial paper with original maturities of three months to one year. Long-term investments consist of securities and include money market instruments, federal and municipal debt instruments, corporate obligations and structured products with maturities of one to five years. The short- and long-term investments have current Standard & Poor's ratings ranging from BBB to AAA. The portfolio concentration limits range from a maximum of 10% for BBB investments to 100% for AAA investments. The investments are managed to maintain an overall weighted average duration of two years or less.

At December 31, 2018, Onex had access to uncalled committed limited partner capital for investments through Onex Partners V (\$5.4 billion) and ONCAP IV (\$330 million), as well as OCLP I (\$82 million) after giving effect to the final close and borrowings under the revolving credit facility.

## Non-controlling interests

Non-controlling interests in equity in Onex' consolidated balance sheets as at December 31, 2018 primarily represent the ownership interests of shareholders, other than Onex and its limited partners in the funds, in Onex' controlled operating companies. The non-controlling interests balance totalled \$3.1 billion at December 31, 2018 (2017 – \$2.1 billion). The balance increased primarily due to the issuance of treasury shares and the sale of common stock by the Onex Partners IV Group in SIG's initial public offering in October 2018.

## LIQUIDITY AND CAPITAL RESOURCES

### Major cash flow components

This section should be read in conjunction with the consolidated statements of cash flows and the corresponding notes thereto. Table 24 summarizes the major consolidated cash flow components for the years ended December 31, 2018 and 2017.

#### Major Cash Flow Components

	2018	2017
Cash from operating activities	\$ 1,348	\$ 1,875
Cash from (used in) financing activities	\$ 2,130	\$ (1,590)
Cash from (used in) investing activities	\$ (4,084)	\$ 683
Consolidated cash and cash equivalents held by continuing operations	\$ 2,680	\$ 3,362

### Cash from operating activities

Table 25 provides a breakdown of cash from operating activities by cash generated from operations and changes in non-cash working capital items, other operating activities and operating activities of discontinued operations for the years ended December 31, 2018 and 2017.

#### Components of Cash from Operating Activities

	2018	2017
Cash generated from operations	\$ 1,425	\$ 1,557
Changes in non-cash working capital items:		
Accounts receivable	(159)	(34)
Inventories	(273)	55
Other current assets	(60)	59
Accounts payable, accrued liabilities and other current liabilities	229	123
Increase (decrease) in cash and cash equivalents due to changes in non-cash working capital items	(263)	203
Increase in other operating activities	57	5
Cash from operating activities of discontinued operations	129	110
Cash from operating activities	\$ 1,348	\$ 1,875

Cash generated from operations includes the net loss from continuing operations before interest and income taxes, adjusted for cash taxes paid and items not affecting cash and cash equivalents. The significant changes in non-cash working capital items for the year ended December 31, 2018 were:

- a \$159 million increase in accounts receivable primarily at Celestica and Clarivate Analytics, partially offset by a decrease at Carestream Health;
- a \$273 million increase in inventory primarily at Celestica, SIG and WireCo, partially offset by a decrease in inventory at Flushing Town Center;
- a \$60 million increase in other current assets primarily at Credit Strategies, partially offset by a decrease at Flushing Town Center; and
- a \$229 million increase in accounts payable, accrued liabilities and other current liabilities primarily at Celestica.

Cash from operating activities for the year ended December 31, 2018 also included \$129 million of cash flows from the operating activities of discontinued operations. Discontinued operations for the year ended December 31, 2018 represent the operations of BrightSpring Health.

The significant changes in non-cash working capital items for the year ended December 31, 2017 were:

- a \$59 million decrease in other current assets primarily at Flushing Town Center, Save-A-Lot and SIG; and
- a \$123 million increase in accounts payable, accrued liabilities and other current liabilities primarily at Celestica and SIG.

Cash from operating activities for the year ended December 31, 2017 also included \$110 million of cash flows from the operating activities of discontinued operations. Discontinued operations for the year ended December 31, 2017 represent the operations of BrightSpring Health, JELD-WEN (up to May 2017) and USI (up to May 2017).

### Cash from (used in) financing activities

Cash from financing activities was \$2.1 billion for 2018 compared to cash used in financing activities of \$1.6 billion for 2017. Cash from financing activities for the year ended December 31, 2018 included:

- \$1.6 billion of contributions received primarily from the limited partners of the Onex Partners and ONCAP Funds, as discussed under the Limited Partners' Interests on page 62 of this MD&A;
- \$1.4 billion of net new long-term debt primarily from new long-term debt at KidsFoundation, Precision and SMG, the closing of a new CLO and an increase in outstanding debt at Celestica primarily related to acquisitions, partially offset by the repayment of debt by SIG;
- \$1.3 billion from the issuance of share capital primarily due to SIG's issuance of treasury shares in its initial public offering, as discussed on page 36 of this MD&A; and
- \$631 million of proceeds from the Onex Partners III Group's sale of a portion of its shares in Emerald Expositions' March 2018 secondary offering and the Onex Partners IV Group's sale of a portion of its shares in SIG's October 2018 initial public offering.

Partially offsetting these were:

- \$1.3 billion of distributions primarily to the limited partners of the Onex Partners and ONCAP Funds, as discussed under the Limited Partners' Interests on page 62 of this MD&A; and
- \$1.2 billion of cash interest paid.

For the year ended December 31, 2017, cash used in financing activities was \$1.6 billion and included:

- \$2.3 billion of distributions primarily to the limited partners of the Onex Partners and ONCAP Funds, as discussed under the Limited Partners' Interests on page 62 of this MD&A;
- \$1.0 billion of cash interest paid; and
- \$156 million of net cash used by Onex, the parent company, to acquire an interest in Onex Partners IV from a limited partner.

Partially offsetting these were:

- \$826 million of net new long-term debt primarily from the closing of a new CLO. This was partially offset by debt repayments made by Carestream Health, Emerald Expositions and Flushing Town Center;
- \$673 million of contributions received primarily from the limited partners of the Onex Partners and ONCAP Funds, as discussed under the Limited Partners' Interests on page 62 of this MD&A;
- \$259 million of proceeds from the Onex Partners III Group's sale of a portion of its shares in Emerald Expositions and JELD-WEN's initial public offerings; and
- \$198 million from the issuance of share capital primarily due to Emerald Expositions' issuance of treasury shares in its initial public offering.

### Cash from (used in) investing activities

Cash used in investing activities totalled \$4.1 billion for the year ended December 31, 2018 compared to cash from investing activities of \$683 million in 2017. Cash used in investing activities for the year ended December 31, 2018 primarily consisted of:

- \$2.6 billion used to fund acquisitions primarily related to the Onex Partners IV Group's acquisition of SMG, the Onex Partners IV and Onex Partners V Group's acquisition of KidsFoundation, the ONCAP IV Group's acquisitions of AutoSource, Precision and Walter Surface Technologies and Celestica's acquisitions of Atrenne Integrated Solutions and Impakt;
- \$1.8 billion of net purchases of investments and securities by the credit strategies;
- \$1.2 billion for investments in joint ventures and associates, of which \$872 million and \$317 million related to the Onex Partners IV Group's investments in PowerSchool and Ryan, respectively; and
- \$654 million used for the purchase of property, plant and equipment primarily at Carestream Health, Celestica, Parkdean Resorts, Save-A-Lot, SIG and Survitec.

Partially offsetting these were:

- \$578 million of net proceeds received primarily from third-party investment managers from the sales of investments and securities by Onex, the parent company, partially offset by Onex and Onex management's \$175 million investment in RSG;
- \$570 million from the sale of investments in joint ventures and associates, representing the sale of Mavis Discount Tire and the sale of common stock of Pinnacle Renewable Energy in its June 2018 secondary offering;
- \$522 million of cash interest received primarily by the CLOs in credit strategies; and
- \$410 million received from the sale of Tecta.

Cash from investing activities totalled \$683 million for the year ended December 31, 2017 and consisted primarily of:

- \$3.2 billion from the sale of companies and businesses no longer controlled, primarily representing the sale of USI, the sale of common stock of JELD-WEN in its May 2017 secondary offering and the sale by Carestream Health of its Dental Digital business;
- \$591 million from the sale of investments in joint ventures and associates primarily representing the sale of common stock of JELD-WEN in its November 2017 secondary offering; and
- \$367 million of cash interest received primarily by the CLOs in credit strategies.

Partially offsetting these were:

- \$970 million used to fund acquisitions primarily related to the Onex Partners IV Group's acquisition of Parkdean Resorts and the ONCAP IV Group's acquisition of IntraPac and Laces;
- \$944 million of net purchases of investments and securities by the credit strategies;
- \$709 million used for the purchase of property, plant and equipment primarily at Carestream Health, Celestica, Parkdean Resorts, Pinnacle Renewable Energy, SIG and Survitec; and
- \$691 million of net purchases of investments and securities primarily by Onex, the parent company, from third-party investment managers.

### **Consolidated cash resources**

At December 31, 2018, consolidated cash held by continuing operations decreased to \$2.7 billion from \$3.4 billion at December 31, 2017. The major component at December 31, 2018 was \$866 million of cash on hand at Onex, the parent company (December 31, 2017 – \$628 million). In addition to cash at the parent company, Onex had \$573 million of near-cash items at December 31, 2018 (December 31, 2017 – \$1.3 billion). Near-cash items at December 31, 2018 include short-term and long-term investments managed by third-party investment managers, as described on page 67 of this MD&A, \$89 million (December 31, 2017 – \$181 million) invested in an unlevered fund managed by Onex Credit and \$205 million (December 31, 2017 – \$107 million) in management fees receivable from limited partners of its private equity platforms.



## Cash and near-cash at Onex, the parent company

Table 26 provides a reconciliation of the change in cash and near-cash at Onex, the parent company, from December 31, 2017 to December 31, 2018.

### Change in Cash and Near-Cash at Onex, the Parent Company

TABLE 26   (\$ millions)	Amount
<b>Cash and near-cash on hand at December 31, 2017<sup>(a)</sup></b>	<b>\$ 1,947</b>
Private equity realizations:	
SIG initial public offering	180
Mavis Discount Tire sale	173
Tecta sale	133
Emerald Expositions secondary offering and dividends	36
Pinnacle Renewable Energy repayment of shareholder subordinated debt, secondary offering and dividends	26
Parkdean Resorts repayment of loan note	22
BBAM distributions	12
Meridian Aviation distribution	8
Other	13
Private equity investments:	
Investment in PowerSchool	(283)
Investment in RSG	(172)
Acquisition of SMG	(139)
Investment in Ryan	(86)
Acquisition of Walter Surface Technologies	(53)
Acquisition of KidsFoundation	(47)
Acquisition of Precision	(44)
Acquisition of AutoSource	(16)
Investment in Wyse	(10)
Other	(5)
Flushing Town Center distributions	101
Net credit strategies investment activity, including warehouse facilities	(144)
Onex share repurchases, options exercised and dividends	(134)
Net investment in Incline Aviation Fund	(13)
Net other, including capital expenditures, management fees, operating costs and treasury income <sup>(b)</sup>	(66)
<b>Cash and near-cash on hand at December 31, 2018<sup>(a)(b)</sup></b>	<b>\$ 1,439</b>

(a) Includes \$279 million (December 31, 2017 - \$1.0 billion) of short- and long-term investments managed by third-party investment managers, \$89 million (December 31, 2017 - \$181 million) invested in an Onex Credit unlevered senior secured loan strategy fund and \$205 million (December 31, 2017 - \$107 million) of management fees receivable.

(b) Other includes the impact of incentive compensation payments paid in 2018, related to 2017, and foreign exchange on cash.

## ADDITIONAL USES OF CASH

### Contractual obligations

Table 27 presents the contractual obligations of Onex and its operating companies as at December 31, 2018.

#### Contractual Obligations

TABLE 27   (\$ millions)	Total	Payments Due by Period			
		Less than 1 year	1–3 years	4–5 years	After 5 years
Long-term debt, without recourse to Onex <sup>(a)</sup>	\$ 22,584	\$ 895	\$ 2,727	\$ 7,212	\$ 11,750
Finance and operating leases	3,743	328	526	369	2,520
Purchase obligations	233	163	61	9	–
Total contractual obligations	\$ 26,560	\$ 1,386	\$ 3,314	\$ 7,590	\$ 14,270

(a) Excludes debt amounts of subsidiaries held by Onex, the parent company, debt of investments in joint ventures and associates, and debt of operating companies classified as discontinued operations. Amounts are gross of financing charges.

In addition to the obligations in table 27, certain of Onex' consolidated operating companies have funding obligations related to their defined benefit pension plans. The operating companies estimate that \$10 million of contributions will be required in 2019 for their defined benefit pension plans. Onex, the parent company, does not provide pension, other retirement or post-retirement benefits to employees of any of the operating companies. In addition, Onex, the parent company, does not have any obligations and has not made any guarantees with respect to the plans of the operating companies.

A breakdown of long-term debt by industry segment is provided in table 15 on page 56 of this MD&A. In addition, notes 14 and 15 to the consolidated financial statements provide further disclosure on long-term debt and lease commitments. Our consolidated operating companies currently believe they have adequate cash from operations, cash on hand and borrowings available to them to meet anticipated debt service requirements, capital expenditures and working capital needs. There is, however, no assurance that our consolidated operating companies will generate sufficient cash flow from operations or that future borrowings will be available to enable them to grow their business, service all indebtedness or make anticipated capital expenditures.

### Commitments

At December 31, 2018, Onex and its operating companies had total commitments of \$1.8 billion. Commitments by Onex and its operating companies provided in the normal course of business include commitments for corporate investments, capital assets and letters of credit, letters of guarantee and surety and performance bonds.

Approximately \$1.5 billion of the total commitments in 2018 were for contingent liabilities in the form of letters of credit, letters of guarantee and surety and performance bonds provided by certain operating companies to various third parties, including bank guarantees. These guarantees are without recourse to Onex, the parent company.

In February 2017, Mr. Gerald W. Schwartz, who is Onex' controlling shareholder, assumed \$25 million of Onex' commitment to Incline Aviation Fund, reducing the amount committed by Onex to investing in Incline Aviation Fund to \$50 million. At December 31, 2018, Onex had uncalled commitments of \$31 million (2017 – \$45 million) to Incline Aviation Fund.

Onex, the parent company, committed \$100 million to OCLP I. At December 31, 2018, Onex' uncalled committed capital to OCLP I was \$26 million, after giving effect to the final close of OCLP I and borrowings under the revolving credit facility.

## Onex' commitment to the Funds

Onex, the parent company, is the largest limited partner in each of the Onex Partners and ONCAP Funds. Table 28 presents the commitment and the uncalled committed capital of Onex, the parent company, in these funds at December 31, 2018.

### Commitment and Uncalled Committed Capital of Onex, the Parent Company, at December 31, 2018

TABLE 28	(\$ millions)	Fund Size	Onex' Commitment	Onex' Uncalled Committed Capital <sup>(a)</sup>
		\$ 1,655	\$ 400	\$ 20 <sup>(b)</sup>
		\$ 3,450	\$ 1,407	\$ 158 <sup>(b)</sup>
		\$ 4,700	\$ 1,200	\$ 106 <sup>(c)</sup>
		\$ 5,660	\$ 1,700	\$ 121
		\$ 7,150	\$ 2,000	\$ 1,965 <sup>(d)</sup>
		C\$ 574	C\$ 252	C\$ 1 <sup>(b)</sup>
		C\$ 800	C\$ 252	C\$ 30 <sup>(c)</sup>
		\$ 1,107	\$ 480	\$ 218

(a) Onex' uncalled committed capital is calculated based on the assumption that all of the remaining limited partners' commitments are invested.

(b) Uncalled committed capital for Onex Partners I and II and ONCAP II is available only for possible future funding of partnership expenses.

(c) Uncalled committed capital for Onex Partners III and ONCAP III is available for possible future funding of a remaining business and future funding of management fees and partnership expenses.

(d) Amount is presented after giving effect to borrowings under the revolving credit facility, as described on page 57 of this MD&A.

## Pension plans

At December 31, 2018, seven (2017 – six) of Onex' operating companies have defined benefit pension plans, including Carestream Health and SIG. At December 31, 2018, the defined benefit pension plans at these operating companies had combined assets of \$1.1 billion (2017 – \$1.3 billion) against combined obligations of \$1.2 billion (2017 – \$1.3 billion), with a net deficit of \$113 million (2017 – \$52 million). A surplus in any plan is not available to offset deficiencies in others.

Onex, the parent company, has no obligation to the pension plans of its operating companies. The operating companies with significant defined benefit pension plans are described below.

At December 31, 2018, Carestream Health's defined benefit pension plans were in an underfunded position of approximately \$86 million (2017 – \$89 million). The company's pension plan assets are broadly diversified in equity and debt investment funds, as well as other investments. Carestream Health expects to contribute approximately \$1 million in 2019 to its defined benefit pension plans, and it does not believe that future pension contributions will materially impact its liquidity.

At December 31, 2018, SIG's defined benefit pension plans were in a net overfunded position of approximately \$24 million (2017 – \$30 million). The company's pension plan assets are broadly diversified in equity and debt investment funds, as well as other investments. SIG estimates that \$5 million of contributions will be required for its defined benefit pension plans in 2019.

## ADDITIONAL SOURCES OF CASH

### Private equity funds

Onex' private equity funds provide capital for Onex-sponsored investments that are within the investment mandate of the funds and that are not related to Onex' operating companies that existed prior to the formation of the funds. The funds provide a substantial pool of committed capital, which enables Onex to be flexible and timely in responding to investment opportunities.

Table 29 provides a summary of the remaining commitments available from limited partners at December 31, 2018. The remaining commitments for Onex Partners V and ONCAP IV will be primarily used for future Onex-sponsored acquisitions. The remaining commitments from limited partners of Onex Partners I and II are for future funding of partnership expenses. The remaining commitments for Onex Partners III are for possible future funding of a remaining business and future funding of management fees and partnership expenses. The remaining commitments from limited partners of ONCAP II are for possible future funding of partnership expenses. The remaining commitments from limited partners of Onex Partners IV and ONCAP III are for possible future funding of remaining businesses and future funding of management fees and partnership expenses.

### Private Equity Funds' Uncalled Limited Partners' Committed Capital at December 31, 2018

TABLE 29	(\$ millions)	Available Uncalled Committed Capital (excluding Onex) <sup>(a)</sup>
Onex Partners I		\$ 64
Onex Partners II		\$ 241
Onex Partners III		\$ 336
Onex Partners IV		\$ 255
Onex Partners V		\$ 5,387 <sup>(b)</sup>
ONCAP II		C\$ 2
ONCAP III		C\$ 70
ONCAP IV		\$ 330

(a) Includes committed amounts from the management of Onex and ONCAP and directors, calculated based on the assumption that all of the remaining limited partners' commitments are invested.

(b) Amount is presented after giving effect to borrowings under the revolving credit facility, as described on page 57 of this MD&A.

The committed amounts from the limited partners are not included in Onex' consolidated cash and cash equivalents and are funded as capital is called.

During 2003, Onex raised its first large-cap fund, Onex Partners I, with \$1.655 billion of committed capital, including committed capital of \$400 million from Onex. Since 2003, Onex Partners I has completed 10 investments, investing \$1.5 billion, including Onex. While Onex Partners I has concluded its investment period at December 31, 2018, the fund still has uncalled limited partners' committed capital of \$64 million for possible future funding of partnership expenses. As a result of previously approved extensions, the term of Onex Partners I was extended to February 4, 2021 and management fees are no longer being earned from Onex Partners I as of February 4, 2016.

During 2006, Onex raised its second large-cap fund, Onex Partners II, a \$3.45 billion private equity fund, including committed capital of \$1.4 billion from Onex. Onex Partners II has completed seven investments, investing \$2.9 billion, including Onex. While Onex Partners II has concluded its investment period, at December 31, 2018, the fund still has uncalled limited partners' committed capital of \$241 million for possible future funding of partnership expenses. As a result of previously approved extensions, the term of Onex Partners II was extended to August 1, 2019.

During 2009, Onex completed fundraising for its third large-cap private equity fund, Onex Partners III, a \$4.7 billion private equity fund. Onex' commitment to Onex Partners III has been \$1.2 billion for new investments completed since May 15, 2012. Onex Partners III has completed 10 investments, investing \$4.2 billion, including Onex. The amount invested includes capitalized costs. While Onex Partners III has concluded its investment period, at December 31, 2018, the fund had uncalled limited partners' committed capital of \$336 million for possible future funding for one of Onex Partners III's remaining businesses and for management fees and partnership expenses. In October 2017, the term of Onex Partners III was extended to April 29, 2020.

During 2014, Onex completed fundraising for its fourth large-cap private equity fund, Onex Partners IV, a \$5.7 billion private equity fund. Since June 3, 2015, Onex' commitment to Onex Partners IV was \$1.7 billion, until Onex acquired an additional interest of \$220 million in Onex Partners IV from a limited partner during 2017. Onex Partners IV has completed 13 investments, investing \$5.4 billion, including Onex. The amount invested includes capitalized costs. While Onex Partners IV has concluded its investment period, at December 31, 2018, Onex Partners IV had \$255 million of uncalled limited partners' committed capital available for possible future funding of Onex Partners IV's remaining businesses and for management fees and partnership expenses.

During 2017, Onex completed fundraising for its fifth large-cap private equity fund, Onex Partners V, a \$7.15 billion private equity fund. Onex' commitment to the fund is \$2.0 billion. As of December 31, 2018, Onex Partners V had completed one investment, investing \$111 million, including Onex. At December 31, 2018, Onex Partners V had \$5.4 billion of uncalled limited partners' committed capital available for future investments and for management fees and partnership expenses.

During 2006, Onex raised its second mid-market fund, ONCAP II, a C\$574 million private equity fund, including a commitment of C\$252 million from Onex. ONCAP II has completed eight investments, investing C\$483 million, including Onex. At December 31, 2018, the fund had uncalled committed limited partners' capital of C\$2 million for possible future funding of partnership expenses. As a result of previously approved extensions, the term of ONCAP II was extended to November 22, 2020.

During 2011, Onex raised its third mid-market private equity fund, ONCAP III, a C\$800 million private equity fund, including committed capital of C\$252 million from Onex. ONCAP III has completed eight investments, investing C\$632 million, including Onex. While ONCAP III has concluded its investment period, at December 31, 2018, the fund had uncalled limited partners' committed capital of C\$70 million for possible future funding for any of ONCAP III's remaining businesses and for management fees and partnership expenses.

In November 2016, Onex raised its fourth mid-market private equity fund, ONCAP IV, reaching aggregate commitments of \$1.1 billion, including Onex' commitment of \$480 million. ONCAP IV has completed seven investments, investing \$595 million, including Onex. At December 31, 2018, ONCAP IV had uncalled limited partners' committed capital of \$330 million available for future investments and for management fees and partnership expenses.

#### **Onex Credit Lending Partners**

Onex' private debt fund provides a pool of committed capital for investments in senior secured loans and other loan investments in middle-market, upper middle-market and large private equity sponsor-owned portfolio companies and, selectively, other corporate borrowers predominantly in the United States and, selectively, in Canada and Europe.

In November 2018, Onex completed the closing of OCLP I, reaching aggregate commitments of \$413 million, including \$100 million from Onex. At December 31, 2018, after giving effect to the final close and borrowings under the revolving credit facility, OCLP I had uncalled limited partners' committed capital of \$82 million available for future investments, management fees and partnership expenses.

## RELATED PARTY TRANSACTIONS

### Investment programs

Investment programs are designed to align the Onex management team's interests with those of Onex' shareholders and the limited partner investors in Onex' Funds.

The various investment programs are described in detail in the following pages and certain key aspects are summarized in table 30.

TABLE 30	Hurdle/ Performance Return	Vesting	Associated Investment by Management
Management Investment Plan <sup>(i)</sup>	15% Compound Return	Vests equally over 6 years	<ul style="list-style-type: none"> <li>personal "at risk" equity investment required</li> <li>25% of gross proceeds on the 7.5% gain allocated under the MIP to be reinvested in SVS or Management DSUs until 1,000,000 shares and DSUs owned</li> </ul>
Carried Interest Participation – Onex Partners <sup>(ii)</sup>	8% Compound Return	Onex Partners I Fully vested  Onex Partners II Fully vested  Onex Partners III Fully vested  Onex Partners IV Vests equally over 6 years ending in August 2020  Onex Partners V Vests equally over 6 years ending in November 2024	<ul style="list-style-type: none"> <li>corresponds to participation in minimum "at risk" Onex Partners management equity investment</li> <li>25% of gross proceeds to be reinvested in SVS or Management DSUs until 1,000,000 shares and DSUs owned</li> </ul>
Carried Interest Participation – ONCAP <sup>(iii)</sup>	8% Compound Return	ONCAP II Fully vested  ONCAP III Fully vested  ONCAP IV Vests equally over 5 years ending in November 2021	<ul style="list-style-type: none"> <li>corresponds to participation in minimum "at risk" ONCAP management equity investment</li> </ul>
Stock Option Plan <sup>(iiii)</sup>	25% Price Appreciation	Vests equally over 5 years, except for 4,025,000 options which vest at a rate of 15% per year during the first four years and 40% in the fifth year	<ul style="list-style-type: none"> <li>satisfaction of exercise price (market value at grant date)</li> </ul>
Management DSU Plan <sup>(iv)</sup>	n/a	n/a	<ul style="list-style-type: none"> <li>investment of elected portion of annual compensation in Management DSUs</li> <li>value reflects changes in Onex' share price</li> <li>units not redeemable while employed</li> </ul>
Director DSU Plan <sup>(v)</sup>	n/a	n/a	<ul style="list-style-type: none"> <li>investment of elected portion of annual directors' fees in Director DSUs</li> <li>value reflects changes in Onex' share price</li> <li>units not redeemable until retirement</li> </ul>

*(i) Management Investment Plan*

Onex has a MIP that requires its management members to invest in each of the operating businesses acquired or invested in by Onex. Management's required cash investment is 1.5% of Onex' interest in each acquisition or investment. An amount invested in an Onex Partners acquisition under the fund's investment requirement (discussed below) also applies towards the 1.5% investment requirement under the MIP.

In addition to the 1.5% participation, management is allocated 7.5% of Onex' realized gain from an operating business investment, subject to certain conditions. In particular, Onex must realize the full return of its investment plus a net 15% internal rate of return from the investment in order for management to be allocated the additional 7.5% of Onex' gain. The plan has vesting requirements, certain limitations and voting requirements.

During 2018, management received \$22 million under the MIP (2017 – \$34 million). Notes 1 and 33(d) to the consolidated financial statements provide additional details on the MIP.

*(ii) Carried interest participation*

The General Partners of the Onex Partners and ONCAP Funds, which are controlled by Onex, are entitled to a carried interest of 20% on the realized net gains of the limited partners in each fund, subject to an 8% compound annual preferred return to those limited partners on all amounts contributed in each particular fund. Onex is entitled to 40% of the carried interest realized in the Onex Partners and ONCAP Funds. Onex management is allocated 60% of the carried interest realized in the Onex Partners Funds and ONCAP management is allocated 60% of the carried interest realized in the ONCAP Funds and an equivalent carried interest on Onex' capital. Once the ONCAP IV investors achieve a return of two times their aggregate capital contributions, carried interest participation increases from 20% to 25% of the realized net gains in ONCAP IV. Under the terms of the partnership agreements, the General Partners may receive carried interest as realizations occur. The ultimate amount of carried interest earned will be based on the overall performance of each fund, independently, and includes typical catch-up and claw-back provisions within each fund, but not between funds.

Table 31 shows the amount of net carried interest received by Onex, the parent company, over the past five years up to December 31, 2018.

**Carried Interest**

TABLE 31	(\$ millions)	Carried Interest Received
2014		\$ 171
2015		1
2016		14
2017		121
2018		37
Total		<b>\$ 344</b>

During 2018, Onex, the parent company, received carried interest totalling \$37 million primarily from the sales of Mavis Discount Tire and Tecta; the partial sales of Emerald Expositions and Pinnacle Renewable Energy; and distributions from BBAM and Meridian Aviation. Onex has the potential to receive \$110 million of carried interest on its businesses in the Onex Partners and ONCAP Funds based on their fair values as determined at December 31, 2018.

During 2017, Onex, the parent company, received carried interest totalling \$121 million primarily from the sale of USI and the partial sales of BBAM, Emerald Expositions and JELD-WEN.

During the year ended December 31, 2018, management of Onex and ONCAP received carried interest totalling \$90 million primarily from the sales of Mavis Discount Tire and Tecta; the partial sales of Emerald Expositions and Pinnacle Renewable Energy; and distributions from BBAM and Meridian Aviation. Management of Onex and ONCAP have the potential to receive \$195 million of carried interest on businesses in the Onex Partners and ONCAP Funds based on their values as determined at December 31, 2018.

During the year ended December 31, 2017, management of Onex and ONCAP received carried interest totalling \$186 million primarily from the sale of USI and the partial sales of BBAM, Emerald Expositions and JELD-WEN.

*(iii) Stock Option Plan*

Onex, the parent company, has a Stock Option Plan in place that provides for options and/or share appreciation rights to be granted to Onex directors, officers and employees for the acquisition of SVS of Onex, the parent company, for a term not exceeding 10 years. The options vest equally over five years, with the exception of a total of 4,025,000 options, which vest at a rate of 15% per year during the first four years and 40% in the fifth year. The price of the options issued is at the market value of the SVS on the business day preceding the day of the grant. Vested options are not exercisable unless the average five-day market price of Onex SVS is at least 25% greater than the exercise price at the time of exercise. Table 22 on page 65 of this MD&A provides details of the change in the stock options outstanding at December 31, 2018 and 2017.

*(iv) Management Deferred Share Unit Plan*

Effective December 2007, a Management DSU Plan was established as a further means of encouraging personal and direct economic interests by the Company's senior management in the performance of the SVS. Under the Management DSU Plan, the members of the Company's senior management team are given the opportunity to designate all or a portion of their annual compensation to acquire DSUs based on the market value of Onex shares at the time in lieu of cash. Management DSUs vest immediately but are redeemable by the participant only after he or she has ceased to be an officer or employee of the Company or an affiliate for a cash payment equal to the then current market price of SVS. Additional units are issued equivalent to the value of any cash dividends that would have been paid on the SVS. To hedge Onex' exposure to changes in the trading price of Onex shares associated with the Management DSU Plan, the Company enters into forward agreements with a counterparty financial institution for all grants under the Management DSU Plan. The costs of those arrangements are borne entirely by participants in the Management DSU Plan. DSUs are redeemable only for cash and no shares or other securities of Onex will be issued on the exercise, redemption or other settlement thereof. Table 23 on page 66 of this MD&A provides details of the change in the DSUs outstanding during 2018 and 2017.

*(v) Director Deferred Share Unit Plan*

Onex, the parent company, established a Director DSU Plan in 2004, which allows Onex directors to apply directors' fees to acquire DSUs based on the market value of Onex shares at the time. Grants of DSUs may also be made to Onex directors from time to time. Holders of DSUs are entitled to receive for each DSU, upon redemption, a cash payment equivalent to the market value of an SVS at the redemption date. The DSUs vest immediately, are only redeemable once the holder retires from the Board of Directors and must be redeemed by the end of the year following the year of retirement. Additional units are issued equivalent to the value of any cash dividends that would have been paid on the SVS. To hedge Onex' exposure to changes in the trading price of Onex shares associated with the Director DSU Plan, the Company has entered into forward agreements with a counterparty financial institution representing approximately 89% of the grants under the Director DSU Plan. Table 23 on page 66 of this MD&A provides details of the change in the DSUs outstanding during 2018 and 2017.

**Onex management team investments in Onex' Funds**

The Onex management team invests meaningfully in each operating business acquired by the Onex Partners and ONCAP Funds and in strategies managed by Onex Credit.

The structure of the Onex Partners and ONCAP Funds requires the management of Onex Partners and ONCAP Funds to invest a minimum of 1% in all acquisitions, with the exception of Onex Partners IV, Onex Partners V and ONCAP IV, which require a minimum 2% investment in all acquisitions. This investment includes the minimum "at risk" equity investment, on which the management of Onex and ONCAP earn carried interest, as described on page 77 of this MD&A.

The Onex management team and directors have committed to invest 4% of the total capital invested by Onex Partners V for new investments completed in 2019, including the minimum "at risk" equity investment. The Onex management team and directors have committed to invest 8% of the total capital invested by ONCAP IV for new investments completed in 2019, including the minimum "at risk" equity investment. The Onex management team and directors invest in any add-on investments in existing businesses pro-rata with their initial investment in the relevant business.



The total amount invested in 2018 by the Onex management team and directors in acquisitions and investments completed through the Onex Partners and ONCAP Funds was \$145 million (2017 – \$41 million).

In addition, the Onex management team may invest in Onex Credit strategies. At December 31, 2018, investments at market held by the Onex management team in Onex Credit strategies were approximately \$325 million (2017 – approximately \$355 million).

#### **Investment in Onex shares and other investments**

In 2006, Onex adopted a program designed to further align the interests of the Company's senior management and other investment professionals with those of Onex shareholders through increased share ownership. Under this program, members of senior management of Onex are required to invest at least 25% of all amounts received on the 7.5% gain allocated under the MIP and the Onex Partners' carried interest in Onex SVS and/or Management DSUs until they individually hold at least 1,000,000 Onex SVS and/or Management DSUs. Under this program, during 2018 Onex management reinvested C\$5 million (2017 – C\$33 million) to acquire Onex SVS and management DSUs.

Members of management and the Board of Directors of Onex can invest limited amounts in partnership with Onex in all acquisitions outside the Onex Partners and ONCAP Funds, including co-investment opportunities, at the same time and cost as Onex and other outside investors. During 2018, \$12 million (2017 – \$1 million) in investments were made by the Onex management team and directors in Incline Aviation Fund.

#### **Repurchase of shares**

In May 2018, Onex repurchased in a private transaction 500,000 (March 2017 – 750,000) of its SVS that were held indirectly by Mr. Gerald W. Schwartz, who is Onex' controlling shareholder. The private transaction was approved by the disinterested directors of the Board of Directors of the Company. The shares were repurchased at C\$93.00 (March 2017 – C\$94.98) per SVS, or a total cost of \$36 million (C\$47 million) (March 2017 – \$53 million (C\$71 million)), which represents a slight discount to the trading price of Onex shares at that date.

#### **Tax loss transaction**

During 2018 and 2017, Onex sold entities, the sole assets of which were certain tax losses, to companies controlled by Mr. Gerald W. Schwartz, who is Onex' controlling shareholder. Onex received \$4 million (2017 – \$5 million) in cash for tax losses of \$41 million (2017 – \$48 million). The cash received was recorded as a gain in other expense (income). Onex has significant non-capital and capital losses available; however, Onex does not expect to generate sufficient taxable income to fully utilize these losses in the foreseeable future. As such, no benefit was previously recognized in the consolidated financial statements for the tax losses sold. In connection with the 2018 and 2017 transactions, an independent accounting firm retained by Onex' Audit and Corporate Governance Committee provided an opinion that the value received by Onex for the tax losses was fair from a financial point of view. The transactions were unanimously approved by Onex' Audit and Corporate Governance Committee, all the members of which are independent directors.

#### **Incline Aviation Fund**

In February 2017, Mr. Gerald W. Schwartz assumed \$25 million of Onex' commitment to Incline Aviation Fund, reducing the amount committed by Onex to \$50 million. At December 31, 2018, Onex' uncalled commitment to Incline Aviation Fund was \$31 million.

Management of Onex has committed approximately \$40 million to Incline Aviation Fund, which includes the \$25 million commitment by Mr. Schwartz.

#### **Celestica real property sale**

In July 2015, Celestica entered into an agreement of purchase and sale to sell certain of its real property to a special-purpose entity to be formed by a consortium of real estate developers (the "Property Purchaser"). Mr. Gerald W. Schwartz, who is Onex' controlling shareholder and who was a director of Celestica until December 31, 2016, has an indirect interest in the Property Purchaser.

In September 2018, the agreement of purchase and sale was assigned to a new purchaser who is unrelated to the Property Purchaser, Celestica or Onex. The Property Purchaser may be granted an option to retain a minimal interest in the transaction, subject to certain terms and conditions.

### Management fees

Onex receives management fees on limited partner capital through its private equity platforms (Onex Partners and ONCAP Funds), its credit platform (Onex Credit Funds, CLOs and Onex Credit Lending Partners) and directly from certain of its operating businesses. As Onex consolidates the Onex Partners, ONCAP and Onex Credit Lending Partners Funds, CLOs and certain Onex Credit Funds, the management fees received in respect of limited partner capital represent related party transactions.

During the initial fee period of the Onex Partners and ONCAP Funds, Onex receives a management fee based on limited partners' committed capital to each fund. At December 31, 2018, the management fees of Onex Partners V and ONCAP IV are determined based on limited partners' committed capital.

Following the termination of the initial fee period, Onex becomes entitled to a management fee based on limited partners' net funded commitments. At December 31, 2018, the management fees of Onex Partners III and IV and ONCAP II and III are determined based on their limited partners' net funded commitments. As realizations occur in these funds, the management fees calculated based on limited partners' net funded commitments will decrease.

Onex has elected to defer cash receipt of management fees from limited partners of certain private equity funds until the later stages of each fund's life. At December 31, 2018, \$205 million (December 31, 2017 – \$107 million) of management fees were receivable from the limited partners of the private equity funds.

Onex Credit earns management fees on \$9.0 billion of fund investor capital as of December 31, 2018. The management fees currently range from 0.45% to 1.50% of the net asset value or 0.55% of the gross invested assets in Onex Credit Funds, up to 0.50% on the capital invested in its CLOs, and up to 1.25% of funded commitments, as well as up to 0.50% of unfunded commitments in Onex Credit Lending Partners.

### Incentive fees

Onex Credit is entitled to incentive fees on \$8.6 billion of fund investor capital that it manages as of December 31, 2018. Incentive fees range between 15% and 20%. Certain incentive fees are subject to a hurdle or minimum preferred return to investors.

### DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer and the Chief Financial Officer have designed, or caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Chief Executive Officer and the Chief Financial Officer have also designed, or caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that information required to be disclosed by the Company in its corporate filings has been recorded, processed, summarized and reported within the time periods specified in securities legislation.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Due to the inherent limitations in all such systems, no evaluations of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Accordingly, our internal controls over financial reporting and disclosure controls and procedures are effective in providing reasonable, not absolute, assurance that the objectives of our control systems have been met.

## RISK MANAGEMENT

This section describes our approach to managing certain risks that we believe could be material to Onex and could adversely affect Onex' business, financial condition or results of operations. The risks described below are not the only risks that may impact our business. Certain additional risks are described in our Annual Information Form for the year ended December 31, 2018 as filed on SEDAR. Additional risks not currently known to us or that we currently believe are immaterial may also have a material adverse effect on future business and operations.

As managers, it is our responsibility to identify and manage business risk. As shareholders, we require an appropriate return for the risk we accept.

### Managing risk

Onex' general approach to the management of risk is to apply common-sense business principles to the management of the Company, the ownership of its operating businesses and the acquisition of new businesses. Each year, detailed reviews are conducted of many opportunities to purchase either new businesses or add-on acquisitions for existing businesses. Onex' primary interest is in acquiring well-managed companies with a strong position in growing industries. In addition, diversification among Onex' operating businesses enables Onex to participate in the growth of a number of high-potential industries with varying business cycles.

As a general rule, Onex attempts to arrange as many factors as practical to minimize risk without hampering its opportunity to maximize returns. When an acquisition opportunity meets Onex' criteria, for example, typically a fair price is paid for a high-quality business. Onex does not commit all of its capital to a single acquisition and has equity partners with whom it shares the risk of ownership. The Onex Partners and ONCAP Funds streamline Onex' process of sourcing and drawing on commitments from such equity partners.

An acquired company is not burdened with more debt than it can likely sustain, but rather is structured so that it has the financial and operating leeway to maximize long-term growth in value. Finally, Onex invests in financial partnership with management. This strategy not only gives Onex the benefit of experienced managers but is also designed to ensure that an operating company is run entrepreneurially for the benefit of all shareholders.

Onex maintains an active involvement in its operating businesses in the areas of strategic planning, financial structures, and negotiations and acquisitions. In the early stages of ownership, Onex may provide resources for business and strategic planning and financial reporting while an operating business builds these capabilities in-house. In almost all cases, Onex ensures there is oversight of its investment through representation on the acquired company's board of directors. Onex does not get involved in the day-to-day operations of acquired companies.

Operating businesses are encouraged to reduce risk and/or expand opportunity by diversifying their customer bases, broadening their geographic reach or product and service offerings, and improving productivity. In certain instances, we may also encourage an operating business to seek additional equity in the public markets in order to continue its growth without eroding its balance sheet. One element of this approach may be to use new equity investment, when financial markets are favourable, to prepay existing debt and absorb related penalties. Some of the strategies and policies to manage business risk at Onex and its operating businesses are discussed in this section.

### Business cycles

Diversification by industry and geography is a deliberate strategy at Onex to reduce the risk inherent in business cycles. Onex' practice of owning companies in various industries with differing business cycles reduces the risk of holding a major portion of Onex' assets in just one or two industries. Similarly, the Company's focus on building industry leaders with extensive international operations reduces the financial impact of downturns in specific regions. Onex is well-diversified among various industry segments, with no single industry or business representing more than 12% of its capital. The table in note 36 to the consolidated financial statements provides information on the geographic diversification of Onex' consolidated revenues.

### Operating liquidity

It is Onex' view that one of the most important things Onex can do to control risk is to maintain a strong parent company with an appropriate level of liquidity. Onex needs to be in a position to support its operating businesses when and if it is appropriate and reasonable for Onex, as an equity owner with paramount duties to act in the best interests of Onex shareholders, to do so. Maintaining sufficient liquidity is important because Onex, as a holding company, generally does not have guaranteed sources of meaningful cash flow other than management fees. The \$192 million in run-rate management fees that are expected to be earned in 2019 will be used to substantially offset the costs of running the parent company.

A significant portion of the purchase price for new acquisitions is generally funded with debt provided by third-party lenders. This debt, sourced exclusively on the strength of the acquired company's financial condition and prospects, is debt of the acquired company at closing and is without recourse to Onex, the parent company, or to its other operating companies or partnerships. The foremost consideration, however, in developing a financing structure for an acquisition is identifying the appropriate amount of equity to invest. In Onex' view, this should be the amount of equity that maximizes the risk/reward equation for both shareholders and the acquired company. In other words, it allows the acquired company to not only manage its debt through reasonable business cycles but also to have sufficient financial latitude for the business to vigorously pursue its growth objectives.

While Onex seeks to optimize the risk/reward equation in all acquisitions, there is the risk that the acquired company will not generate sufficient profitability or cash flow to service its debt requirements and/or meet related debt covenants or provide adequate financial flexibility for growth. In such circumstances, additional investment by the equity partners, including Onex, may be appropriate. In severe circumstances, the recovery of Onex' equity and any other investment in that operating company is at risk.

### Timeliness of investment commitments

Onex' ability to create value for shareholders is dependent in part on its ability to successfully complete large acquisitions. Our preferred course is to complete acquisitions on an exclusive basis. However, we also participate in large acquisitions through investment bank-led auction processes with multiple potential purchasers. These processes are often very competitive for the large-scale acquisitions that are Onex' primary interest, and the ability to make knowledgeable, timely investment commitments is a key component in successful purchases. In such instances, the vendor often establishes a relatively short time frame for Onex to respond definitively. In order to improve the efficiency of Onex' internal processes on both auction and exclusive acquisition processes, and so reduce the risk of missing out on high-quality acquisition opportunities, Onex has committed pools of capital from limited partner investors with the Onex Partners and ONCAP Funds. As at December 31, 2018, Onex Partners V and ONCAP IV had \$5.4 billion and \$330 million, respectively, of uncalled committed limited partners' capital.

During 2017, Onex Partners V raised \$7.15 billion of committed limited partners' capital, including Onex' \$2.0 billion commitment. The ability to raise new capital commitments is dependent on the fundraising environment generally and the track record Onex has achieved with the investment and management of prior funds. To date, Onex has a strong track record of investing other investors' capital and many investors in the original Onex Partners and ONCAP Funds have committed to invest in the successor funds that have been established.

**Capital commitment risk** The limited partners in the Onex Partners and ONCAP Funds comprise a relatively small group of high-quality, primarily institutional, investors. To date, each of these investors has met its commitments on called capital, and Onex has received no indications that any investor will be unable to meet its commitments in the future. While Onex' experience with its limited partners suggests that commitments will be honoured, there is always the risk that a limited partner may not be able to meet its entire commitment over the life of the fund.

## Financial risks

In the normal course of business, Onex and its operating companies may face a variety of risks related to financial management. In dealing with these risks, it is a matter of Company policy that neither Onex nor its operating companies engage in speculative derivatives trading or other speculative activities.

**Default on known credit** As previously noted, new investments generally include a meaningful amount of third-party debt. Those lenders typically require that the acquired company meet ongoing tests of financial performance as defined by the terms of the lending agreement, such as ratios of total debt to operating income (or EBITDA) and the ratio of operating income (or EBITDA) to interest costs. It is Onex' practice to not burden acquired companies with levels of debt that might put at risk their ability to generate sufficient levels of profitability or cash flow to service their debts – and thereby meet their related debt covenants – or which might hamper their flexibility to grow.

**Financing risk** Volatility in the global credit markets has created some unpredictability about whether businesses will be able to obtain new loans. This represents a risk to the ongoing viability of many otherwise healthy businesses whose loans or operating lines of credit are up for renewal in the short term. A significant portion of Onex' operating companies' refinancings will take place in 2022 and thereafter. Table 16 on page 60 of this MD&A provides the aggregate debt maturities for Onex' consolidated operating companies and investments in joint ventures and associates for each of the years up to 2023 and in total thereafter.

**Interest rate risk** An important element in controlling risk is to manage, to the extent reasonable, the impact of fluctuations in interest rates on the debt of the operating company.

Onex' operating companies generally seek to fix the interest on some of their term debt or otherwise minimize the effect of interest rate increases on a portion of their debt at the time of acquisition. This is achieved by taking on debt at fixed interest rates or entering into interest rate swap agreements or financial contracts to control the level of interest rate fluctuation on variable rate debt. At December 31, 2018, excluding credit strategies, approximately 39% of Onex' operating companies' long-term debt

had a fixed interest rate or the interest rate was effectively fixed by interest rate swap contracts. The risk inherent in such a strategy is that, should interest rates decline, the benefit of such decline may not be obtainable or may only be achieved at the cost of penalties to terminate existing arrangements. There is also the risk that the counterparty on an interest rate swap agreement may not be able to meet its commitments. Guidelines are in place that specify the nature of the financial institutions that operating companies can deal with on interest rate contracts.

Onex Credit Lending Partners and the CLOs are exposed to interest rate risk on the debt issued by each fund, as substantially all interest for debt issued by the funds is based on a spread over a floating base rate. However, the interest rate risk is largely offset within each fund by holding investments in debt securities which receive interest based on a spread over the same or similar floating base rate.

Onex, the parent company, has exposure to interest rate risk primarily through its short- and long-term investments managed by third-party investment managers. As interest rates change, the fair values of fixed income investments are inversely impacted. Investments with shorter durations are less impacted by changes in interest rates compared to investments with longer durations. At December 31, 2018, Onex' short- and long-term investments included \$216 million of fixed income securities measured at fair value, which are subject to interest rate risk. These securities had a weighted average duration of 1.4 years. Other factors, including general economic and political conditions, may also affect the value of fixed income securities. These risks are monitored on an ongoing basis and the short- and long-term investments may be repositioned in response to changes in market conditions.

**Currency fluctuations** The functional currency of Onex, the parent company, and a majority of Onex' operating companies, is the U.S. dollar. Onex' investments in operating companies that have a functional currency other than the U.S. dollar or companies with global operations increase Onex' exposure to changes in many currency exchange rates. In addition, a number of the operating companies conduct business outside the United States and as a result are exposed to currency risk on the portion of business that is not based on the U.S. dollar. Fluctuations

in the value of the U.S. dollar relative to these other currencies impact Onex' reported results and consolidated financial position. Onex' operating companies may use currency derivatives in the normal course of business to hedge against adverse fluctuations in key operating currencies, but speculative activity is not permitted. Additionally, where possible, Onex and its operating companies aim to reduce the exposure to foreign currency fluctuations through natural hedges by transacting in local currencies.

Onex' results are reported in U.S. dollars, and fluctuations in the value of the U.S. dollar relative to other currencies will have an impact on Onex' reported results and consolidated financial position. During 2018, Onex' equity balance reflected a \$236 million decrease in the value of Onex' equity for the translation of its operations with non-U.S. dollar functional currencies (2017 – increase of \$549 million).

**Fair value changes** The fair value measurements for investments in joint ventures and associates, Limited Partners' Interests and carried interest are primarily driven by the underlying fair value of the investments in the Onex Partners and ONCAP Funds. A change to a reasonably possible alternative estimate and/or assumption used in the valuation of non-public investments in the Onex Partners and ONCAP Funds could have a significant impact on the fair values calculated for investments in joint ventures and associates, Limited Partners' Interests and carried interest, which would impact both Onex' financial condition and results of operations.

### Commodity price risk

Certain Onex operating companies are vulnerable to price fluctuations in major commodities. Individual operating companies may use financial instruments to offset the impact of anticipated changes in commodity prices related to the conduct of their businesses.

In particular, silver is a significant commodity used in Carestream Health's manufacturing of x-ray film. The company's management continually monitors movements and trends in the silver market and enters into collar and forward agreements when considered appropriate to mitigate some of the risk of future price fluctuations, generally for periods of up to a year.

Additionally, resin and aluminum are significant commodities used by SIG. The company generally purchases commodities at spot market prices and actively uses derivative instruments to hedge the exposure in relation to the cost of resin (and its components) and aluminum. Due to this approach, the company has been able to fix prices one year forward for approximately 80% of its expected resin and aluminum purchases, which substantially minimizes the exposure to the price fluctuations of the commodities over that period.

Rod, polymers and synthetic fibres are significant commodities used by WireCo in its manufacturing operations, in addition to certain energy sources, principally electricity, natural gas and propane. The company monitors the cost of raw materials and, where possible, passes along price increases and decreases accordingly. The company does not enter into commodity contracts to manage the exposure on forecasted purchases of raw materials.

### Regulatory risk

Certain of Onex' operating companies and investment advisor affiliates may be subject to extensive government regulations and oversight with respect to their business activities. Failure to comply with applicable regulations, obtain applicable regulatory approvals or maintain those approvals may subject the applicable operating company to civil penalties, suspension or withdrawal of any regulatory approval obtained, injunctions, operating restrictions and criminal prosecutions and penalties, which could, individually or in the aggregate, have a material adverse effect on Onex' consolidated financial position.

### Integration of acquired companies

An important aspect of Onex' strategy for value creation is to acquire what we consider to be "platform" companies. Such companies often have distinct competitive advantages in products or services in their respective industries that provide a solid foundation for growth in scale and value. In these instances, Onex works with company management to identify attractive add-on acquisitions that may enable the platform company to achieve its goals more quickly and successfully than by focusing solely on the development and/or diversification of its customer base, which is known

as organic growth. Growth by acquisition, however, may carry more risk than organic growth. While as many of these risks as possible are considered in the acquisition planning, operating companies undertaking these acquisitions also face such risks as unknown expenses related to the cost-effective amalgamation of operations, the retention of key personnel and customers, and the future value of goodwill, intangible assets and intellectual property. There are also risk factors associated with the industry and the combined business more generally. Onex works with company management to understand and attempt to mitigate such risks as much as possible.

### **Dependence on government funding**

Some of the revenues of businesses in the U.S. healthcare industry are partially dependent on funding from federal, state and local government agencies, especially those agencies responsible for state Medicaid and Medicare funding. Budgetary pressures, as well as economic, industry, political and other factors, could influence governments to not increase or, in some cases, to decrease appropriations for the services that are offered by Onex' operating subsidiaries, which could reduce their revenues materially. Future revenues may be affected by changes in rate-setting structures, methodologies or interpretations that may be proposed or are under consideration. Ongoing pressure on government appropriations is a normal aspect of business for companies in the U.S. healthcare industry. Productivity improvements and other initiatives are utilized to minimize the effect of possible funding reductions.

### **Political uncertainty**

Recent and pending political events in a number of countries have resulted in increased uncertainty on aspects of the business, operations or financial affairs of some of the businesses in which Onex is invested. The impact of those events and ongoing or future developments cannot be known or quantified at this time and may or may not have a material effect on Onex' consolidated financial position.

### **Significant customers**

Some of Onex' major acquisitions have been divisions of large companies. As part of these purchases, the acquired company has often continued to supply its former owner through long-term supply arrangements. It has been Onex' policy to encourage its operating companies to quickly diversify their customer bases to the extent practical in order to manage the risk associated with serving a single major customer. Certain Onex operating companies have major customers that represent more than 10% of their annual revenues. None of the major customers of the operating companies represents more than 10% of Onex' consolidated revenues.

### **Environmental considerations**

Onex has an environmental policy that has been adopted by its operating businesses subject to company-specific modifications; many of the operating businesses have also adopted supplemental policies appropriate to their industries or businesses. Senior officers at each of the operating businesses are ultimately responsible for ensuring compliance with these policies. They are required to report annually to their company's board of directors and/or Onex regarding compliance.

Environmental management by the operating businesses is typically accomplished through the education of employees about environmental regulations and appropriate operating policies and procedures; site inspections by environmental consultants; the addition of proper equipment or modification of existing equipment to reduce or eliminate environmental hazards; remediation activities as required; and ongoing waste reduction and recycling programs. Environmental consultants may be engaged to advise on current and upcoming environmental regulations that may be applicable.

Certain operating businesses are involved in the remediation of particular environmental situations, such as soil contamination. In almost all cases, these situations have occurred prior to Onex' acquisition of those businesses, and the estimated costs of remedial work and related activities are managed either through agreements with the vendor of the company or through provisions

established at the time of acquisition. Manufacturing activities carry the inherent risk that changing environmental regulations may identify additional situations requiring capital expenditures or remedial work and associated costs to meet those regulations.

### **Income taxes**

The Company has investments in companies that operate in a number of tax jurisdictions. Onex provides for the tax on undistributed earnings of its subsidiaries that are probable to reverse in the foreseeable future based on the expected future income tax rates that are substantively enacted at the time of the income/gain recognition events. Changes to the expected future income tax rate will affect the provision for future taxes, both in the current year and in respect of prior year amounts that are still outstanding, either positively or negatively, depending on whether rates decrease or increase. Changes to tax legislation or the application of tax legislation may affect the provision for future taxes and the taxation of deferred amounts.

### **Other contingencies**

Onex and its operating companies are or may become parties to legal, product liability and warranty claims arising in the ordinary course of business. The operating companies have recorded liability provisions based on their consideration and analysis of their exposure in respect of such claims. Such provisions are reflected, as appropriate, in Onex' consolidated financial statements. Onex, the parent company, has not currently recorded any further liability provision and we do not believe that the resolution of known claims would reasonably be expected to have a material adverse impact on Onex' consolidated financial position. However, the final outcome with respect to outstanding, pending or future actions cannot be predicted with certainty, and therefore there can be no assurance that their resolution will not have an adverse effect on our consolidated financial position.



## GLOSSARY

The following is a list of commonly used terms in Onex' MD&A and consolidated financial statements and their corresponding definitions.

**Adjusted EBITDA** is a non-GAAP financial measure and is based on the local accounting standards of the individual operating companies. The metric is based on earnings before interest, taxes, depreciation and amortization as well as other adjustments. Other adjustments can include non-cash costs of stock-based compensation and retention plans, transition and restructuring expenses including severance payments, the impact of derivative instruments that no longer qualify for hedge accounting, the impacts of purchase accounting and other similar amounts.

**Assets under management** is the sum of the fair value of invested assets and uncalled committed capital that Onex manages on behalf of fund investors, including Onex' own uncalled committed capital in excess of cash and cash equivalents.

**Carried interest** is an allocation of part of a fund investor's profits to Onex and its management team after realizing a preferred return.

**CLO warehouse** is a leveraged portfolio of credit investments that Onex establishes in anticipation of raising a new CLO. The leverage is typically provided by a financial institution that serves as the placement agent for the relevant CLO. The leverage provided by a financial institution may be in the form of a total return swap that transfers the credit and market risk of specified securities. Onex provides capital to support the CLO warehouse.

**Co-investment** is a direct investment made by limited partners alongside the fund.

**Collateralized Loan Obligation ("CLO")** is a structured investment fund that invests in non-investment grade debt. Interests in these funds are sold in rated tranches that have rights to the CLO's collateral and payment streams in descending order of priority. The yield to investors in each tranche decreases as the level of priority increases.

**Committed capital** is the amount contractually committed by limited partners that a fund may call for investments or to pay management fees and other expenses.

**Deferred Share Units ("DSUs")** are synthetic investments made by Directors and senior management of Onex, where the gain or loss mirrors the performance of the SVS. DSUs may be issued to Directors in lieu of director fees and to senior management in lieu of a portion of their annual short-term incentive compensation.

**Discontinued operation** is a component of Onex that has either been disposed of or is currently classified as held for sale, and represents either a major line of business or geographical area of operations, a single coordinated plan to dispose of a separate line of business or geographical area of operations, or a subsidiary acquired exclusively with a view to near-term resale.

**Economic ownership** is the percentage by which Onex economically participates in an operating company investment.

**Fee-generating capital** is the assets under management on which the Company receives management fees and/or carried interest or incentive fees.

**Fund investor capital** is the invested and committed uncalled capital of third-party investors.

**General partner** is a partner that determines most of the actions of a partnership and can legally bind the partnership. The general partners of Onex-sponsored funds are Onex-controlled subsidiaries.

**Gross internal rate of return ("Gross IRR")** is the annualized percentage return achieved on an investment or fund, taking time into consideration. This measure does not reflect a limited partner's return since it is calculated without deducting carried interest, management fees, taxes and expenses.

**Gross multiple of capital ("Gross MOC")** is an investment's or fund's total value divided by the capital that has been invested. This measure does not reflect a limited partner's multiple of capital since it is calculated without deducting carried interest, management fees, taxes and expenses.

**Hurdle or preferred return** is the minimum return required from an investment or fund before entitlement to payments under the MIP, carried interest or incentive fees.

**Incentive fees** are performance fees generated on fund investors' capital managed by Onex Credit. Certain incentive fees are subject to a hurdle or preferred return to investors in accordance with the terms of the relevant agreements.

**International Financial Reporting Standards ("IFRS")** are a set of standards adopted by Onex to determine accounting policies for the consolidated financial statements that were formulated by the International Accounting Standards Board, and allows for comparability and consistency across businesses. As a publicly listed entity in Canada, Onex is required to report under IFRS.

**Joint ventures** are a type of business arrangement in which two or more parties agree to share control over key decisions in order to reach a common objective, typically profit generation or cost reduction. Joint ventures held by Onex through its private equity funds are recorded at fair value.

**Leveraged loans** refer to the non-investment grade senior secured debt of relatively highly leveraged borrowers. A leveraged loan is typically issued by a company in connection with it being acquired by a private equity or corporate investor.

**Limited partner** is an investor whose liability is generally limited to the extent of their share of the partnership.

**Limited Partners' Interests charge** primarily represents the change in the fair value of the underlying investments in the Onex Partners, ONCAP and credit strategies funds, net of carried interest, which is allocated to the limited partners and recorded as Limited Partners' Interests liability.

**Limited Partners' Interests liability** represents the fair value of limited partners' invested capital in the Onex Partners, ONCAP and credit strategies funds and is affected primarily by the change in the fair value of the underlying investments in those funds, the impact of the carried interest, as well as any contributions by and distributions to the limited partners in those funds.

**LTM Adjusted EBITDA** is Adjusted EBITDA of a business over the last twelve months.

**Management investment plan ("MIP")** is a plan that requires members of Onex' management to invest in each of the operating businesses acquired or invested in by Onex. Management's required cash investment is 1.5% of Onex' interest in each acquisition or investment. Management is allocated 7.5% of Onex' realized gain from an operating business investment, subject to Onex realizing the full return of its investment plus a net 15% internal rate of return on the investment. The plan also has vesting requirements, certain limitations and voting requirements.

**Multiple Voting Shares** of Onex are the controlling class of shares which entitle Mr. Gerald W. Schwartz to elect 60% of Onex' Directors and to 60% of the total shareholder vote on most matters. The shares have no entitlement to distribution on wind-up or dissolution above their nominal paid-in value and do not participate in dividends or earnings.

**Near-cash** are investment holdings in readily marketable investments that can be converted to cash in an orderly market. In addition, near-cash includes management fees receivable from the limited partners of Onex' private equity funds.

**Net debt** is a non-GAAP financial measure and is based on the local accounting standards of the individual operating companies. The metric is based on the principal balance of debt and finance or capital lease obligations of the individual operating companies, net of cash, and subject to certain adjustments.

**Net internal rate of return ("Net IRR")** is the annualized percentage return earned by the limited partners of a fund, after the deduction of carried interest, management fees, taxes and expenses, taking time into consideration.

**Net multiple of capital ("Net MOC")** is the investment distributions and unrealized value, net of carried interest and taxes, to limited partners subject to carried interest and management fees in the funds, divided by the limited partners' total contributions for investments, fees and expenses.

**Non-controlling interests** represent the ownership interests in Onex' controlled operating companies by shareholders other than Onex and the limited partners in the Onex Partners and ONCAP Funds.

**Normal Course Issuer Bid(s) ("NCIB" or the "Bids")** is an annual program(s) approved by the Board of Directors that enables Onex to repurchase SVS for cancellation.

**ONEX** is the share symbol for Onex Corporation on the Toronto Stock Exchange.

**Onex capital** is the aggregate fair value of Onex Corporation's investments, cash and near-cash assets, less debt (which is nil). The fair value of Onex Corporation's investments includes the unrealized carried interest, less the MIP liability, based on the current fair values of the investments.

**Onex capital per share** is Onex capital divided by the number of fully diluted shares.

**Onex Credit Funds** are the actively managed, diversified portfolio investment funds of Onex Credit, which include two closed-end funds listed on the Toronto Stock Exchange (TSX: OCS-UN and OSL-UN). Onex controls and consolidates certain funds managed by Onex Credit in which Onex, the parent company, holds an investment.

**Onex Credit Lending Partners** is a private debt fund which provides credit to middle-market, upper middle-market and large private equity sponsor-owned portfolio companies and, selectively, other corporate borrowers predominantly in the United States and, selectively, in Canada and Europe. The strategy invests the majority of its capital in senior secured loans of companies primarily in less cyclical and less capital-intensive industries, with a focus on capital preservation. The fund employs a buy-and-hold approach to investing, with a goal of owning a diversified pool of investments.

**Private equity platform** refers to our investing and asset management activities carried on through the Onex Partners and ONCAP Funds.

**Private Lending** consists of Onex Credit Lending Partners and private debt originated by Onex.

**Subordinate Voting Shares ("SVS")** are the non-controlling share capital of Onex. SVS shareholders are entitled to elect 40% of Onex' directors and to 40% of the total shareholder vote on most matters. These shares are the only class of stock that economically participates in Onex Corporation. The SVS trade on the Toronto Stock Exchange.

## MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared by management, reviewed by the Audit and Corporate Governance Committee and approved by the Board of Directors of the Company. Management is responsible for the information and representations contained in these consolidated financial statements.

The Company maintains appropriate processes to ensure that relevant and reliable financial information is produced. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. The significant accounting policies which management believes are appropriate for the Company are described in note 1 to the consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements and overseeing management's performance of its financial reporting responsibilities. An Audit and Corporate Governance Committee of non-management independent Directors is appointed by the Board of Directors.

The Audit and Corporate Governance Committee reviews the consolidated financial statements, adequacy of internal controls, audit process and financial reporting with management and with the external auditors. The Audit and Corporate Governance Committee reports to the Board of Directors prior to the approval of the audited consolidated financial statements for publication.

PricewaterhouseCoopers LLP, the Company's external auditors, who are appointed by the holders of Subordinate Voting Shares, audited the consolidated financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the shareholders their opinion on the consolidated financial statements. Their report is set out on the following page.

[signed]

**Christopher A. Govan**  
Chief Financial Officer  
February 28, 2019

[signed]

**Derek C. Mackay**  
Vice President, Finance

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Onex Corporation

## Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Onex Corporation and its subsidiaries (together, the Company) as at December 31, 2018 and 2017 and January 1, 2017, and its financial performance and its cash flows for the years ended December 31, 2018 and 2017 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

## What we have audited

The Company's consolidated financial statements comprise:

- the consolidated balance sheets as at December 31, 2018 and 2017 and January 1, 2017;
- the consolidated statements of earnings for the years ended December 31, 2018 and 2017;
- the consolidated statements of comprehensive earnings for the years ended December 31, 2018 and 2017;
- the consolidated statements of equity for the years ended December 31, 2018 and 2017;
- the consolidated statements of cash flows for the years ended December 31, 2018 and 2017; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

## Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

## Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis, and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Christabelle Couture.

[signed]

**PricewaterhouseCoopers LLP**  
Chartered Professional Accountants, Licensed Public Accountants  
Toronto, Ontario  
February 28, 2019



## CONSOLIDATED BALANCE SHEETS

<i>(in millions of U.S. dollars)</i>	<b>As at December 31, 2018</b>	As at December 31, 2017	As at January 1, 2017
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents (note 5)	\$ 2,680	\$ 3,376	\$ 2,371
Short-term investments (note 5)	77	258	154
Accounts receivable	3,186	3,320	3,873
Inventories (note 6)	2,656	2,248	2,510
Other current assets (note 7)	1,124	1,119	1,412
Assets held by discontinued operations (note 8)	1,148	-	-
	<b>10,871</b>	10,321	10,320
Property, plant and equipment (note 9)	4,913	5,326	4,275
Long-term investments (note 10)	12,756	12,114	8,672
Other non-current assets (note 11)	616	825	1,194
Intangible assets (note 12)	8,048	7,887	9,286
Goodwill (note 12)	8,213	8,223	9,174
	<b>\$ 45,417</b>	\$ 44,696	\$ 42,921
<b>Liabilities and Equity</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	\$ 4,116	\$ 4,396	\$ 4,294
Current portion of provisions (note 13)	151	227	264
Other current liabilities	1,800	1,478	1,620
Current portion of long-term debt, without recourse to Onex Corporation (note 14)	879	333	407
Current portion of Limited Partners' Interests (note 17)	560	59	89
Liabilities held by discontinued operations (note 8)	775	-	-
	<b>8,281</b>	6,493	6,674
Non-current portion of provisions (note 13)	162	224	254
Long-term debt, without recourse to Onex Corporation (note 14)	21,465	21,716	22,456
Other non-current liabilities (note 18)	1,615	2,070	2,255
Deferred income taxes (note 19)	1,138	1,190	1,533
Limited Partners' Interests (note 17)	7,119	7,965	8,385
	<b>39,780</b>	39,658	41,557
<b>Equity</b>			
Share capital (note 20)	320	321	324
Non-controlling interests (note 21)	3,075	2,145	1,857
Retained earnings (deficit) and accumulated other comprehensive earnings (loss)	2,242	2,572	(817)
	<b>5,637</b>	5,038	1,364
	<b>\$ 45,417</b>	\$ 44,696	\$ 42,921

See accompanying notes to the consolidated financial statements, including the changes in accounting policies retrospectively adopted on January 1, 2018, as described in note 1.

Signed on behalf of the Board of Directors

[signed]

Director

[signed]

Director

# CONSOLIDATED STATEMENTS OF EARNINGS

Year ended December 31 <i>(in millions of U.S. dollars except per share data)</i>	2018	2017
<b>Revenues (note 22)</b>	<b>\$ 23,785</b>	\$ 22,767
Cost of sales (excluding amortization of property, plant and equipment, intangible assets and deferred charges) (note 23)	<b>(17,563)</b>	(16,624)
Operating expenses (note 23)	<b>(4,077)</b>	(3,903)
Interest income (note 1)	<b>538</b>	376
Amortization of property, plant and equipment (note 9)	<b>(643)</b>	(612)
Amortization of intangible assets and deferred charges	<b>(744)</b>	(662)
Interest expense (note 24)	<b>(1,439)</b>	(1,191)
Increase (decrease) in value of investments in joint ventures and associates at fair value, net (note 10)	<b>(585)</b>	760
Stock-based compensation recovery (expense) (note 25)	<b>58</b>	(175)
Other gains (note 26)	<b>343</b>	731
Other expense (note 27)	<b>(517)</b>	(703)
Impairment of goodwill, intangible assets and long-lived assets, net (note 28)	<b>(627)</b>	(179)
Limited Partners' Interests recovery (charge) (note 17)	<b>714</b>	(1,350)
<b>Loss before income taxes and discontinued operations</b>	<b>(757)</b>	(765)
Recovery of (provision for) income taxes (note 19)	<b>(89)</b>	66
<b>Loss from continuing operations</b>	<b>(846)</b>	(699)
Earnings from discontinued operations (note 8)	<b>50</b>	3,103
<b>Net Earnings (Loss) for the Year</b>	<b>\$ (796)</b>	\$ 2,404
<b>Earnings (Loss) from Continuing Operations attributable to:</b>		
Equity holders of Onex Corporation	<b>\$ (711)</b>	\$ (768)
Non-controlling Interests	<b>(135)</b>	69
<b>Loss from Continuing Operations for the Year</b>	<b>\$ (846)</b>	\$ (699)
<b>Net Earnings (Loss) attributable to:</b>		
Equity holders of Onex Corporation	<b>\$ (663)</b>	\$ 2,401
Non-controlling Interests	<b>(133)</b>	3
<b>Net Earnings (Loss) for the Year</b>	<b>\$ (796)</b>	\$ 2,404
<b>Net Earnings (Loss) per Subordinate Voting Share of Onex Corporation (note 29)</b>		
Basic and Diluted:		
Continuing operations	<b>\$ (7.05)</b>	\$ (7.51)
Discontinued operations	<b>0.48</b>	31.05
<b>Net Earnings (Loss) per Subordinate Voting Share for the Year</b>	<b>\$ (6.57)</b>	\$ 23.54

See accompanying notes to the consolidated financial statements, including the changes in accounting policies retrospectively adopted on January 1, 2018, as described in note 1.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

Year ended December 31 <i>(in millions of U.S. dollars)</i>	2018	2017
<b>Net earnings (loss) for the year</b>	<b>\$ (796)</b>	\$ 2,404
<b>Other comprehensive earnings (loss), net of tax</b>		
Items that may be reclassified to net earnings (loss):		
Currency translation adjustments	(236)	374
Change in fair value of derivatives designated as hedges	(19)	45
Unrealized gains (losses) on financial assets	(4)	2
	<b>(259)</b>	421
Items that will not be reclassified to net earnings (loss):		
Remeasurements for post-employment benefit plans	(53)	6
Other comprehensive earnings from discontinued operations, net of tax (note 8)	-	174
<b>Other comprehensive earnings (loss) for the year, net of tax</b>	<b>(312)</b>	601
<b>Total Comprehensive Earnings (Loss) for the Year</b>	<b>\$ (1,108)</b>	\$ 3,005

<b>Total Comprehensive Earnings (Loss) attributable to:</b>		
Equity holders of Onex Corporation	\$ (863)	\$ 2,958
Non-controlling Interests	(245)	47
<b>Total Comprehensive Earnings (Loss) for the Year</b>	<b>\$ (1,108)</b>	\$ 3,005

See accompanying notes to the consolidated financial statements, including the changes in accounting policies retrospectively adopted on January 1, 2018, as described in note 1.

## CONSOLIDATED STATEMENTS OF EQUITY

<i>(in millions of U.S. dollars except per share data)</i>	Share Capital (note 20)	Retained Earnings (Deficit)	Accumulated Other Comprehensive Earnings (Loss)	Total Equity Attributable to Equity Holders of Onex Corporation	Non- controlling Interests	Total Equity
<b>Balance – January 1, 2017</b>	\$ 324	\$ (305)	\$ (509) <sup>(a)</sup>	\$ (490)	\$ 1,841	\$ 1,351
Change in accounting policy (note 1)	–	(3)	–	(3)	16	13
Dividends declared <sup>(b)</sup>	–	(23)	–	(23)	–	(23)
Options exercised	1	–	–	1	–	1
Repurchase and cancellation of shares (note 20)	(4)	(89)	–	(93)	–	(93)
Investments in operating companies by shareholders other than Onex <sup>(c)</sup>	–	358	–	358	449	807
Distributions to non-controlling interests	–	–	–	–	(15)	(15)
Repurchase of shares of operating companies <sup>(d)</sup>	–	–	–	–	(54)	(54)
Sale of interests in operating companies under continuing control (note 3)	–	185	–	185	74	259
Non-controlling interests derecognized on sale of investments in operating companies (note 8)	–	–	–	–	(213)	(213)
<b>Comprehensive Earnings (Loss)</b>						
Net earnings for the year	–	2,401	–	2,401	3	2,404
Other comprehensive earnings (loss) for the year, net of tax:						
Currency translation adjustments	–	–	352	352	22	374
Change in fair value of derivatives designated as hedges	–	–	28	28	17	45
Unrealized gains on financial assets	–	–	1	1	1	2
Remeasurements for post-employment benefit plans (note 34)	–	22	–	22	(16)	6
Other comprehensive earnings from discontinued operations, net of tax (note 8)	–	1	153	154	20	174
<b>Balance – December 31, 2017</b>	\$ 321	\$ 2,547	\$ 25 <sup>(e)</sup>	\$ 2,893	\$ 2,145	\$ 5,038
Change in accounting policy (note 1)	–	11	–	11	1	12
Dividends declared <sup>(b)</sup>	1	(26)	–	(25)	–	(25)
Options exercised	2	–	–	2	–	2
Repurchase and cancellation of shares (note 20)	(4)	(75)	–	(79)	–	(79)
Investments in operating companies by shareholders other than Onex <sup>(c)</sup>	–	318	–	318	1,320	1,638
Distributions to non-controlling interests	–	–	–	–	(28)	(28)
Repurchase of shares of operating companies <sup>(d)</sup>	–	–	–	–	(122)	(122)
Sale of interests in operating companies under continuing control (note 2)	–	305	–	305	59	364
Non-controlling interests derecognized on loss of control of investment in operating company (note 2)	–	–	–	–	(48)	(48)
Non-controlling interests derecognized on sale of investments in operating companies (note 2)	–	–	–	–	(7)	(7)
<b>Comprehensive Loss</b>						
Net loss for the year	–	(663)	–	(663)	(133)	(796)
Other comprehensive loss for the year, net of tax:						
Currency translation adjustments	–	–	(189)	(189)	(47)	(236)
Change in fair value of derivatives designated as hedges	–	–	(3)	(3)	(16)	(19)
Unrealized losses on financial assets	–	–	(3)	(3)	(1)	(4)
Remeasurements for post-employment benefit plans (note 34)	–	(5)	–	(5)	(48)	(53)
<b>Balance – December 31, 2018</b>	\$ 320	\$ 2,412	\$ (170) <sup>(f)</sup>	\$ 2,562	\$ 3,075	\$ 5,637

(a) Accumulated Other Comprehensive Loss as at January 1, 2017 consisted of currency translation adjustments of negative \$473, unrealized losses on the effective portion of cash flow hedges of \$38 and unrealized gains on financial assets of \$2. Accumulated Other Comprehensive Earnings (Loss) as at January 1, 2017 included \$155 of net losses related to discontinued operations. Income taxes did not have a significant effect on these items.

(b) Dividends declared per Subordinate Voting Share were C\$0.3375 for the year ended December 31, 2018 (2017 – C\$0.29375). In 2018, shares issued under the dividend reinvestment plan amounted to \$1 (2017 – less than \$1). There are no tax effects for Onex on the declaration or payment of dividends.

(c) Investments in operating companies by shareholders other than Onex for the year ended December 31, 2017 included the issuance of new shares by JELD-WEN and Emerald Expositions in their initial public offerings and a transfer of the historical accounting carrying values associated with those ownership interests. Investments in operating companies by shareholders other than Onex for the year ended December 31, 2018 included the issuance of new shares by SIG in its initial public offering and a transfer of historical accounting carrying values associated with those ownership interests.

(d) Repurchase of shares of operating companies during 2017 consisted primarily of shares repurchased by Celestica. Repurchase of shares of operating companies during 2018 consisted primarily of shares repurchased by Celestica and Emerald Expositions.

(e) Accumulated Other Comprehensive Earnings as at December 31, 2017 consisted of currency translation adjustments of positive \$33, unrealized losses on the effective portion of cash flow hedges of \$11 and unrealized gains on financial assets of \$3. Accumulated Other Comprehensive Earnings (Loss) as at December 31, 2017 included \$2 of net losses related to discontinued operations. Income taxes did not have a significant effect on these items.

(f) Accumulated Other Comprehensive Earnings (Loss) as at December 31, 2018 consisted of currency translation adjustments of negative \$156 and unrealized losses on the effective portion of cash flow hedges of \$14. Accumulated Other Comprehensive Earnings (Loss) as at December 31, 2018 included \$2 of net losses related to discontinued operations. Income taxes did not have a significant effect on these items.

See accompanying notes to the consolidated financial statements, including the changes in accounting policies retrospectively adopted on January 1, 2018, as described in note 1.

# CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended December 31 <i>(in millions of U.S. dollars)</i>	2018	2017
<b>Operating Activities</b>		
Loss for the year from continuing operations	\$ (846)	\$ (699)
Adjustments to loss from continuing operations:		
Provision for (recovery of) income taxes	89	(66)
Interest income	(538)	(376)
Interest expense	1,439	1,191
Earnings before interest and provision for (recovery of) income taxes	144	50
Cash taxes paid	(241)	(241)
Items not affecting cash and cash equivalents:		
Amortization of property, plant and equipment (note 9)	643	612
Amortization of intangible assets and deferred charges	744	662
Decrease (increase) in value of investments in joint ventures and associates at fair value, net (note 10)	585	(760)
Stock-based compensation expense (recovery)	(111)	117
Other gains (note 26)	(343)	(731)
Foreign exchange (gain) loss	(31)	74
Impairment of goodwill, intangible assets and long-lived assets, net (note 28)	627	179
Limited Partners' Interests charge (recovery) (note 17)	(714)	1,350
Change in provisions	19	32
Change in carried interest	(132)	(39)
Other	235	252
	1,425	1,557
Changes in non-cash working capital items:		
Accounts receivable	(159)	(34)
Inventories	(273)	55
Other current assets	(60)	59
Accounts payable, accrued liabilities and other current liabilities	229	123
Increase (decrease) in cash and cash equivalents due to changes in non-cash working capital items	(263)	203
Increase due to other operating activities	57	5
Cash flows from operating activities of discontinued operations (note 8)	129	110
	1,348	1,875
<b>Financing Activities</b>		
Issuance of long-term debt	7,023	8,053
Repayment of long-term debt	(5,597)	(7,227)
Cash interest paid	(1,228)	(1,047)
Cash dividends paid	(25)	(22)
Repurchase of share capital of Onex Corporation	(77)	(93)
Repurchase of share capital of operating companies	(122)	(54)
Contributions by Limited Partners (note 17)	1,596	673
Issuance of share capital by operating companies	1,278	198
Proceeds from sale of interests in operating companies under continuing control (note 2)	631	259
Proceeds from sale-leaseback transaction	-	91
Distributions paid to non-controlling interests and Limited Partners (note 17)	(1,255)	(2,332)
Limited Partnership interest acquired by Onex, the parent company (note 3)	-	(156)
Increase (decrease) due to other financing activities	(123)	113
Cash flows from (used in) financing activities of discontinued operations (note 8)	29	(46)
	2,130	(1,590)
<b>Investing Activities</b>		
Acquisitions, net of cash and cash equivalents in acquired companies of \$105 (2017 - \$75) (note 4)	(2,597)	(970)
Purchase of property, plant and equipment	(654)	(709)
Proceeds from sales of operating companies and businesses no longer controlled (note 8)	410	3,214
Proceeds from sales of investments in joint ventures and associates (note 10)	570	591
Distributions received from investments in joint ventures and associates (note 10)	63	71
Purchase of investments in joint ventures and associates (note 10)	(1,243)	(6)
Cash interest received	522	367
Cash dividends received	28	106
Change in restricted cash	5	(38)
Net purchases of investments and securities for credit strategies (note 10)	(1,781)	(944)
Net sales (purchases) of investments and securities at parent company and operating companies (note 10)	578	(691)
Increase (decrease) due to other investing activities	160	(45)
Cash flows used in investing activities of discontinued operations (note 8)	(145)	(263)
	(4,084)	683
<b>Increase (Decrease) in Cash and Cash Equivalents for the Year</b>	<b>(606)</b>	<b>968</b>
Increase (decrease) in cash due to changes in foreign exchange rates	(63)	37
Cash and cash equivalents, beginning of the year - continuing operations	3,362	2,160
Cash and cash equivalents, beginning of the year - discontinued operations (note 8)	14	211
<b>Cash and Cash Equivalents</b>	<b>2,707</b>	<b>3,376</b>
<b>Cash and cash equivalents held by discontinued operations (note 8)</b>	<b>27</b>	<b>14</b>
<b>Cash and Cash Equivalents Held by Continuing Operations</b>	<b>\$ 2,680</b>	<b>\$ 3,362</b>

See accompanying notes to the consolidated financial statements, including the changes in accounting policies retrospectively adopted on January 1, 2018, as described in note 1.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*(in millions and in U.S. dollars except per share data)*

Onex Corporation and its subsidiaries (collectively, the “Company”) is a diversified company with operations in a range of industries including electronics manufacturing services, healthcare imaging, insurance services, packaging products and services, business and information services, food retail and restaurants, aerospace automation, tooling and components, aircraft leasing and management, building products, childcare services, education software, holiday parks, hospital management services, industrial products, survival equipment and tax services, and in various middle-market private equity opportunities. Additionally, the Company has investments in credit strategies and real estate. Note 36 provides additional discussion of the Company’s operations on a segmented basis. Throughout these statements, the term “Onex” refers to Onex Corporation, the ultimate parent company.

Onex Corporation is a Canadian corporation domiciled in Canada and is listed on the Toronto Stock Exchange under the symbol ONEX. Onex Corporation’s shares are traded in Canadian dollars. The registered address for Onex Corporation is 161 Bay Street, Toronto, Ontario. Mr. Gerald W. Schwartz controls Onex Corporation by indirectly holding all of the outstanding Multiple Voting Shares of the corporation and also indirectly holds 12% of the outstanding Subordinate Voting Shares of the corporation as at December 31, 2018.

All amounts are in millions and in U.S. dollars unless otherwise noted.

The consolidated financial statements were authorized for issue by the Board of Directors on February 28, 2019.

## 1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

### STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These consolidated financial statements were prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through total comprehensive earnings.

The U.S. dollar is Onex’ functional currency. As such, the financial statements have been reported on a U.S. dollar basis.

### CONSOLIDATION

The consolidated financial statements represent the accounts of Onex and its subsidiaries, including its controlled operating companies. Onex also controls and consolidates the operations of Onex Partners LP (“Onex Partners I”), Onex Partners II LP (“Onex Partners II”), Onex Partners III LP (“Onex Partners III”), Onex Partners IV LP (“Onex Partners IV”) and Onex Partners V LP (“Onex Partners V”), referred to collectively as “Onex Partners”, and ONCAP II L.P. (“ONCAP II”), ONCAP III LP (“ONCAP III”) and ONCAP IV LP (“ONCAP IV”), referred to collectively as “ONCAP”, as described in note 33. In addition, Onex controls and consoli-

dates the operations of the Onex Credit asset management platform, certain funds managed by Onex Credit (“Onex Credit Funds”) in which Onex, the parent company, holds investments, collateralized loan obligations (“CLOs”) of Onex Credit and Onex Credit Lending Partners, referred to collectively as “Onex Credit” or “credit strategies”.

The results of operations of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant inter-company balances and transactions have been eliminated.

Certain investments in operating companies over which the Company has joint control or significant influence, but not control, are measured at fair value through earnings. These investments are recorded at fair value in the consolidated balance sheets, with changes in fair value recognized in the consolidated statements of earnings.

References to the Onex management team include the management of Onex, ONCAP and Onex Credit. References to management without the use of team include only the relevant group. References to the Onex Partners Groups represent Onex, the limited partners of the relevant Onex Partners Fund, the Onex management team and, where applicable, certain other limited partners as investors. References to the ONCAP Groups represent Onex, the limited partners of the relevant ONCAP Fund, the Onex management team and, where applicable, certain other limited partners as investors.

The principal operating companies and Onex' economic ownership, Onex' and the limited partners' economic ownership and voting interests in these entities are as follows:

	December 31, 2018			December 31, 2017		
	Onex' Ownership	Onex' and Limited Partners' Ownership	Voting	Onex' Ownership	Onex' and Limited Partners' Ownership	Voting
<i>Investment made through Onex</i>						
Celestica Inc. ("Celestica")	14%	14%	80%	13%	13%	79%
<i>Investments made through Onex and Onex Partners II</i>						
Carestream Health, Inc. ("Carestream Health")	36%	91%	100%	36%	91%	100%
<i>Investments made through Onex and Onex Partners III</i>						
BBAM Limited Partnership ("BBAM")	9%	35%	(a)	9%	35%	(a)
Emerald Expositions Events, Inc. ("Emerald Expositions") <sup>(b)</sup>	16%	66%	66%	18%	74%	74%
JELD-WEN Holding, Inc. ("JELD-WEN")	8%	32%	32% <sup>(a)</sup>	8%	31%	31% <sup>(a)</sup>
Meridian Aviation Partners Limited and affiliates ("Meridian Aviation")	25%	100%	100%	25%	100%	100%
SGS International, LLC ("sgsco")	23%	92%	92%	24%	94%	94%
York Risk Services Holding Corp. ("York")	29%	88%	100%	29%	88%	100%
<i>Investments made through Onex, Onex Partners I and Onex Partners III</i>						
BrightSpring Health Services ("BrightSpring Health") <sup>(c)</sup>	20%	98%	100%	20%	98%	100%
<i>Investments made through Onex and Onex Partners IV</i>						
Advanced Integration Technology LP ("AIT")	13%	50%	50% <sup>(a)</sup>	13%	50%	50% <sup>(a)</sup>
Clarivate Analytics	27%	72%	72%	27%	72%	72%
Jack's Family Restaurants ("Jack's")	31%	95%	100%	31%	95%	100%
Parkdean Resorts	28% <sup>(d)</sup>	94% <sup>(d)</sup>	80%	28% <sup>(d)</sup>	93% <sup>(d)</sup>	80%
PowerSchool Group LLC ("PowerSchool") <sup>(e)</sup>	16%	50%	50% <sup>(a)</sup>	-	-	-
Ryan, LLC ("Ryan") <sup>(f)</sup>	14%	42%	(a)	-	-	-
Save-A-Lot	32%	99%	99%	32%	99%	99%
Schumacher Clinical Partners ("Schumacher")	22%	68%	68%	22%	68%	68%
SIG Combibloc Group AG ("SIG") <sup>(g)</sup>	18%	51%	53%	35%	99%	94%
SMG Holdings Inc. ("SMG") <sup>(h)</sup>	32%	99%	99%	-	-	-
Survitec Group Limited ("Survitec")	21%	79%	68%	21%	79%	68%
WireCo WorldGroup ("WireCo")	23%	71%	71%	23%	71%	71%
<i>Investments made through Onex, Onex Partners IV and Onex Partners V</i>						
KidsFoundation Holdings B.V. ("KidsFoundation") <sup>(i)</sup>	27%	98%	98%	-	-	-
<i>Investment made through Onex Real Estate</i>						
Flushing Town Center	88%	88%	100%	88%	88%	100%
<i>Other investments</i>						
ONCAP II Fund ("ONCAP II")	47% <sup>(j)</sup>	100%	100%	47% <sup>(j)</sup>	100%	100%
ONCAP III Fund ("ONCAP III")	29%	100%	100%	29%	100%	100%
ONCAP IV Fund ("ONCAP IV")	39%	100%	100%	39%	100%	100%

(a) Onex exerts joint control or significant influence over these investments, which are measured at fair value through earnings, through its right to appoint members to the boards of directors of these entities.

(b) Emerald Expositions completed a secondary offering in March 2018, as described in note 2(d).

(c) BrightSpring Health, formerly ResCare, is recorded as a discontinued operation, as described in note 2(q).

(d) Ownership interests reflect the conversion of the loan note held by the Onex Partners IV Group into additional equity in Parkdean Resorts in February 2018, as described in note 2(b).

(e) The ownership interest in PowerSchool was acquired in August 2018, as described in note 2(h).

(f) The ownership interest in Ryan was acquired in October 2018, as described in note 2(i).

(g) SIG completed an initial public offering in October 2018, as described in note 2(k).

(h) SMG was acquired in January 2018, as described in note 2(a).

(i) KidsFoundation was acquired in November 2018, as described in note 2(p).

(j) Represents Onex' blended economic ownership in the ONCAP II investments.

The ownership percentages are before the effect of any potential dilution relating to the Management Investment Plan (the “MIP”), as described in note 33(d). The allocation of net earnings (loss) and comprehensive earnings (loss) attributable to equity holders of Onex Corporation and non-controlling interests is calculated using the economic ownership of Onex and the limited partners.

The voting interests include shares that Onex has the right to vote through contractual arrangements or through multiple voting rights attached to particular shares. In certain circumstances, the voting arrangements give Onex the right to elect the majority of the boards of directors of the companies. Onex may also control, jointly control or exert significant influence over a company through contractual rights.

#### b) IFRS 9 – Financial Instruments

IFRS 9, *Financial Instruments*, supersedes IAS 39, *Financial Instruments: Recognition and Measurement*. On January 1, 2018, the Company adopted IFRS 9 retrospectively and has chosen to not restate comparative information in accordance with the transitional provisions in IFRS 9. As a result, the comparative information continues to be presented in accordance with the Company’s previous accounting policies.

As a result of adopting IFRS 9, total equity on January 1, 2018 increased by \$12 due to adjustments related to previous modifications of long-term debt that did not result in derecognition.

Financial assets were assessed to determine which measurement category they apply to, resulting in the following reclassifications:

	Fair Value through Net Earnings		Fair Value through OCI (2017 – Available-for-Sale)	Amortized Cost (2017 – Loans and Receivables)	Derivatives Used for Hedging	Total
	Recognized	Designated				
<b>January 1, 2018</b>						
Opening balance – IAS 39	\$ 4,398	\$ 11,109	\$ 88	\$ 3,875	\$ 130	\$ 19,600
Reclassification of investments held by Onex credit strategies <sup>(a)</sup>	7,142	(7,142)	-	-	-	-
Reclassification of cash and cash equivalents <sup>(a)</sup>	3,376	(3,376)	-	-	-	-
Other	408	(220)	11	(69)	(130)	-
<b>Opening balance – IFRS 9</b>	<b>\$ 15,324</b>	<b>\$ 371</b>	<b>\$ 99</b>	<b>\$ 3,806</b>	<b>\$ -</b>	<b>\$ 19,600</b>

a) Under IFRS 9, financial assets that are managed and whose performance is measured on a fair value basis are required to be measured at fair value through net earnings. The Company previously made an election under IAS 39 to measure these financial assets at fair value through net earnings.

#### CHANGES IN ACCOUNTING POLICIES

The Company has adopted the following new standards, along with any consequential amendments, effective January 1, 2018. These changes were made in accordance with applicable transitional provisions.

#### a) IFRS 15 – Revenue from Contracts with Customers

IFRS 15, *Revenue from Contracts with Customers*, supersedes IAS 18, *Revenue*, and provides a comprehensive five-step revenue recognition model for all contracts with customers. On January 1, 2018, and in accordance with the transition provisions in IFRS 15, the standard was adopted retrospectively and comparative period information has been restated. As a result of adopting IFRS 15, total equity on January 1, 2017 increased by \$13.



Financial assets held by the Company, presented by financial statement line item, immediately following the adoption of IFRS 9 on January 1, 2018 were as follows:

	Fair Value through Net Earnings		Fair Value through OCI	Amortized Cost	Total
	Recognized	Designated			
<b>January 1, 2018</b>					
<b>Assets as per balance sheet</b>					
Cash and cash equivalents	\$ 3,376	\$ -	\$ -	\$ -	\$ 3,376
Short-term investments	247	-	11	-	258
Accounts receivable	69	-	-	3,251	3,320
Other current assets	172	-	11	430	613
Long-term investments	11,276	371	77	10	11,734
Other non-current assets	184	-	-	115	299
<b>Total</b>	<b>\$ 15,324</b>	<b>\$ 371</b>	<b>\$ 99</b>	<b>\$ 3,806</b>	<b>\$ 19,600</b>

There were no significant changes to the classification of financial liabilities as a result of adopting IFRS 9.

## SIGNIFICANT ACCOUNTING POLICIES

### Foreign currency translation

The Company's functional currency is the U.S. dollar, as it is the currency of the primary economic environment in which it operates. For such operations, monetary assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the year-end exchange rates. Non-monetary assets and liabilities denominated in foreign currencies are translated at historical rates and revenue and expenses are translated at the average exchange rates prevailing during the relevant period of the transaction. Exchange gains and losses also arise on the settlement of foreign-currency denominated transactions. These exchange gains and losses are recognized in earnings.

Assets and liabilities of foreign operations with non-U.S. dollar functional currencies are translated into U.S. dollars using the year-end exchange rates. Revenue and expenses are translated at the average exchange rates prevailing during the relevant period of the transaction. Gains and losses arising from the translation of these foreign operations are deferred in the currency translation account included in equity.

### Cash and cash equivalents

Cash and cash equivalents include liquid investments such as term deposits, money market instruments and commercial paper with original maturities of less than three months. The investments are carried at cost plus accrued interest, which approximates fair value.

### Short-term investments

Short-term investments consist of liquid investments that include money market instruments and commercial paper with original maturities of three months to one year. The investments are carried at fair value.

### Accounts receivable

Accounts receivable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less loss allowances. During the year ended December 31, 2018 Onex' operating companies applied the simplified approach to measure expected credit losses, permitted by IFRS 9, *Financial Instruments*, which uses a lifetime expected loss allowance for all accounts receivable. To measure the expected credit losses, accounts receivable have been grouped based on days past due and assigned provision rates based on the individual operating companies' historical credit loss experience, adjusted to reflect current and forward-looking information. During the year ended December 31, 2017, the impairment for accounts receivable was recorded when there was objective evidence that the Company would not be able to collect all amounts due according to the original terms of the receivable.

A provision expense is recorded with an offsetting amount recorded as an allowance, reducing the carrying value of the receivable. The provision expense is included in operating expenses in the consolidated statements of earnings. When a receivable is considered permanently uncollectible, the receivable is written off against the allowance account.

Operating companies may enter into agreements to sell accounts receivable when considered appropriate, whereby the accounts receivable are transferred to an unrelated third party. The transfers are recorded as sales of accounts receivable, as the operating companies do not retain any financial or legal interest in the accounts receivable that are sold. The accounts receivable are sold at their face value less a discount, as provided for in the agreements.

### Inventories

Inventories are recorded at the lower of cost or net realizable value. The determination of net realizable value requires significant judgement, including consideration of factors such as shrinkage, the aging of and future demand for inventory, and contractual arrangements with customers. To the extent that circumstances subsequently change such that the net realizable value increases, previous writedowns are reversed and recognized in the consolidated statements of earnings in the period during which the reversal occurs. Certain inventories in the food retail and restaurants, healthcare imaging and packaging products and services segments are stated using an average cost method. For substantially all other inventories, cost is determined on a first-in, first-out basis.

### Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated amortization and provisions for impairment, if any. Cost consists of expenditures directly attributable to the acquisition of the asset. The costs of construction of qualifying long-term assets include capitalized interest, as applicable.

Subsequent expenditures for maintenance and repairs are expensed as incurred, while costs related to betterments and improvements that extend the useful lives of property and equipment are capitalized.

Substantially all land is not amortized. For substantially all remaining property, plant and equipment, amortization is provided for on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	up to 50 years
Machinery and equipment	up to 22 years
Leasehold improvements	up to the term of the lease

When components of an asset have a significantly different useful life or residual value than the primary asset, the components are amortized separately. Residual values, useful lives and methods of amortization are reviewed at each fiscal year end and adjusted prospectively.

### Leases

Leases of property, plant and equipment where the Company, as a lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant interest rate on the balance outstanding. The corresponding lease obligations, net of finance charges, are included in the consolidated balance sheets. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. When the Company is the lessee, payments made under operating leases (net of any incentives received from the lessor) are recorded in the consolidated statements of earnings on a straight-line basis over the period of the lease. Certain operating companies lease their property, plant and equipment under operating leases to third parties. When the Company is the lessor, payments received under operating leases (net of any incentives provided by the operating companies) are recognized in the consolidated statements of earnings on a straight-line basis over the period of the lease.

### Intangible assets

Intangible assets, including intellectual property and software, are recorded at their fair value at the date of acquisition of the related operating company or at cost if internally generated or purchased. Amortization is provided for intangible assets with a limited life. For substantially all limited life intangible assets, amortization is provided for on a straight-line basis over their estimated useful lives as follows:

Trademarks and licenses	up to 23 years
Customer relationships	up to 24 years
Computer software	up to 20 years
Other	up to 50 years

Other intangible assets with a limited life include information databases and content collections of Clarivate Analytics with useful lives of 13 to 20 years.

Intangible assets with indefinite useful lives are not amortized and the assessment of indefinite life is reviewed annually. Changes in the useful life from indefinite to finite are made on a prospective basis.

### Goodwill

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the fair value of any contingent consideration, the amount of any non-controlling interest in the acquired company and, for a business combination achieved in stages, the fair value at the acquisition date of the Company's previously held interest in the acquired company compared to the net fair value of the identifiable assets and liabilities acquired. Substantially all of the goodwill and intangible asset amounts that appear in the consolidated balance sheets are recorded by the operating companies. The recoverability of goodwill is assessed annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Judgement is required in determining whether events or changes in circumstances during the year are indicators that a review for impairment should be conducted prior to the annual assessment. For the purposes of impairment testing, goodwill is allocated to the cash generating units ("CGUs") of the business whose acquisition gave rise to the goodwill. Impairment of goodwill is tested at the level where goodwill is monitored for internal management purposes. Therefore, goodwill will be assessed for impairment at the level of either an individual CGU or a group of CGUs. The determination of CGUs and the level at which goodwill is monitored requires judgement by management. The carrying amount of a CGU or a group of CGUs is compared to its recoverable amount, which is the higher of its value-in-use or fair value less costs to sell, to determine if an impairment exists. Impairment losses for goodwill are not reversed in future periods.

Impairment charges recorded by the operating companies under IFRS may not impact the fair values of the operating companies used in determining the change in carried interest and for calculating the Limited Partners' Interests liability. Fair values of the operating companies are assessed at the enterprise level, while impairment charges are assessed at the level of either an individual CGU or group of CGUs.

### Impairment of long-lived assets

Property, plant and equipment, investment property and intangible assets are reviewed for impairment annually or whenever events or changes in circumstances suggest that the carrying amount of an asset may not be recoverable. Judgement is required in determining whether events or changes in circumstances during the year are indicators that a review for impairment should be conducted prior to the annual assessment. An impairment loss is recognized when the carrying value of an asset or CGU exceeds the recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use or its fair value less costs to sell.

Impairment losses for long-lived assets are reversed in future periods if the circumstances that led to the impairment no longer exist. The reversal is limited to restoring the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized in prior periods.

### Investments in joint ventures and associates

Joint ventures and associates are those entities over which the Company has joint control or significant influence, but not control. Certain investments in joint ventures and associates are designated, upon initial recognition, at fair value with changes in fair value recognized through the statement of earnings in accordance with IFRS 9 (2017 – IAS 39, *Financial Instruments: Recognition and Measurement*). As a result, the investments are recorded at fair value in the consolidated balance sheets.

Certain investments in joint ventures and associates are initially recognized at cost, and the carrying amount of the investment is adjusted to recognize the Company's share of the profit or loss in the investment, from the date that joint control or significant influence commences until the date that joint control or significant influence ceases, in accordance with IAS 28, *Investments in Associates and Joint Ventures*. The Company's share of the profit or loss is recognized in other income (expense) and any distributions received will reduce the carrying amount of the investment.

### Financing charges

Financing charges consist of costs incurred relating to the issuance of term borrowings and revolving credit facilities. Transaction costs relating to term borrowings are amortized over the term of the related debt or as the debt is retired, if earlier. These unamortized financing charges are netted against the carrying value of long-term debt, as described in note 14.

Costs incurred to establish revolving credit facilities are recognized as an other current or non-current asset and are amortized on a straight-line basis over the term of the facility; however, to the extent that the Company expects to draw on the facility, the costs are deferred until the amounts are drawn on the facility and are then amortized over the remaining term of the facility.

### Provisions

A provision is a liability of uncertain timing or amount and is generally recognized when the Company has a present obligation as a result of a past event, it is probable that payment will be made to settle the obligation and the payment can be reliably estimated. Judgement is required to determine the extent of an obligation and whether it is probable that payment will be made. The Company's significant provisions consist of the following:

#### *a) Self-insurance*

Self-insurance provisions may be established for automobile, workers' compensation, healthcare coverage, general liability, professional liability and other claims. Provisions are established for claims based on an assessment of actual claims and claims incurred but not reported. The reserves may be established based on consultation with independent third-party actuaries using actuarial principles and assumptions that consider a number of factors, including historical claim payment patterns and changes in case reserves, and the assumed rate of inflation in healthcare costs and property damage repairs.

#### *b) Warranty*

Certain operating companies offer assurance-type warranties on the sale of products or services. A provision is recorded to provide for future warranty costs based on management's best estimate of probable claims under these warranties. The provision is based on the terms of the warranty, which vary by customer and product or service, and historical experience. The appropriateness of the provision is evaluated at the end of each reporting period.

#### *c) Restructuring*

Restructuring provisions are recognized only when a detailed formal plan for the restructuring – including the business or part of the business concerned, the principal locations affected, details regarding the employees affected, the restructuring's timing and the expenditures that will have to be undertaken – has been developed and the restructuring has either commenced or the plan's main features have been publicly announced to those affected by it.

Note 13 provides further details on provisions recognized by the Company.

### Pension and non-pension post-retirement benefits

Onex, the parent company, did not provide pension, other retirement or post-retirement benefits to the employees of the operating companies during the years ended December 31, 2018 and 2017. The operating companies that offer pension and non-pension post-retirement benefits accrue their obligations under such employee benefit plans and related costs, net of plan assets. The costs of defined benefit pensions and other post-retirement benefits earned by employees are accrued in the period incurred and are actuarially determined using the projected unit credit method pro-rated on length of service, based on management's judgement and best estimates of assumptions for factors which impact the ultimate cost, including salary escalation, the retirement ages of employees, the discount rate used in measuring the liability and expected health-care costs.

Plan assets are recorded at fair value at each reporting date. Where a plan is in a surplus, the value of the net asset recognized is restricted to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of defined benefit plans recognized in the consolidated statements of earnings comprises the net total of the current service cost, the past service cost, gains or losses from settlements and the net interest expense or income. The current service cost represents the increase in the present value of the plan liabilities expected to arise from employee service in the current period. The past service cost is the change in the benefit obligation in respect of employee service in prior periods and which results from a plan amendment or curtailment. Past service costs (or recoveries) from plan amendments are recognized immediately in earnings, whether vested or unvested.

Remeasurements, consisting of actuarial gains or losses, the actual return on plan assets (excluding the net interest component) and any change in the asset ceiling, are recognized in other comprehensive earnings. Remeasurements recognized in other comprehensive earnings are directly recorded in retained earnings, without recognition in the consolidated statements of earnings.

Defined contribution plan accounting is applied to multi-employer defined benefit plans for which the operating companies have insufficient information to apply defined benefit accounting.

Note 34 provides further details on pension and non-pension post-retirement benefits.

### Limited Partners' Interests

The interests of the limited partners and other investors through the Onex Partners, ONCAP, Onex Credit Lending Partners and Onex Credit Funds are recognized as financial liabilities in accordance with IAS 32, *Financial Instruments: Presentation*. The structure of the Onex Partners, ONCAP, Onex Credit Lending Partners and Onex Credit Funds, as defined in their respective governing agreements, specifically the limited life of the Onex Partners, ONCAP and Onex Credit Lending Partners Funds, and the redemption provisions of the Onex Credit Funds, requires presentation of the limited partners' interests as a liability. The liability is recorded at fair value and is primarily impacted by the change in fair value of the underlying investments in the Onex Partners, ONCAP, Onex Credit Lending Partners and Onex Credit Funds, the change in carried interest on investments held by the Onex Partners and ONCAP Funds, the change in incentive fees on investments held by the Onex Credit Lending Partners and Onex Credit Funds, as well as any contributions by and distributions to limited partners in those Funds. Adjustments to the fair value of the Limited Partners' Interests are reflected through earnings, net of the change in carried interest and incentive fees.

Note 17 provides further details on Limited Partners' Interests.

### Income taxes

Income taxes are recorded using the asset and liability method of income tax allocation. Under this method, assets and liabilities are recorded for the future income tax consequences attributable to differences between the financial statement carrying values of assets and liabilities and their respective income tax bases, and on tax loss and tax credit carryforwards. Deferred tax assets are recognized only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences as well as tax loss and tax credit carryforwards can be utilized. These deferred income tax assets and liabilities are recorded using substantively enacted income tax rates. The effect of a change in income tax rates on these deferred income tax assets or liabilities is included in income in the period in which the rate change occurs. Certain of these differences are estimated based on current tax legislation and the Company's interpretation thereof.

Income tax expense or recovery is based on the income earned or loss incurred in each tax jurisdiction and the enacted or substantively enacted tax rate applicable to that income or loss. Tax expense or recovery is recognized in the income statement, except to the extent that it relates to items recognized directly in equity, in which case the tax effect is also recognized in equity.

Deferred tax liabilities for taxable temporary differences associated with investments in subsidiaries, joint ventures and associates are recognized, except when the Company is able to control the timing of the reversal of temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

In the ordinary course of business, there are transactions for which the ultimate tax outcome is uncertain. The final tax outcome of these matters may be different from the judgements and estimates originally made by the Company in determining its income tax provisions. The Company periodically evaluates the positions taken with respect to situations in which applicable tax rules and regulations are subject to interpretation. Provisions related to tax uncertainties are established where appropriate based on the best estimate of the amount that will ultimately be paid to or received from tax authorities. Accrued interest and penalties relating to tax uncertainties are recorded in current income tax expense, in accordance with IAS 12, *Income Taxes*.

Note 19 provides further details on income taxes.

### Revenue recognition

The Company's subsidiaries operate in multiple industries and derive revenue from contracts with customers from the transfer of goods and services. Revenue is recognized following a five-step model: 1) identify the contract or contracts with the customer; 2) identify the separate performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to separate performance obligations; and 5) recognize revenue when or as each performance obligation is satisfied, collection of consideration is probable and control of the good or service has transferred to the customer.

Certain revenue arrangements consist of multiple deliverables of goods and services. Goods or services are accounted for as a separate performance obligation when they are distinct. This occurs when the customer can benefit from the good or service either on its own or together with other readily available resources and the good or service is separately identifiable from the other performance obligations in a contract. Determining whether a good or service is distinct may require significant judgement.

The transaction price represents the amount of consideration that the Company expects to be entitled to and may include variable components such as performance-related bonuses and incentives, discounts, rebates, refunds and other similar allowances. Management estimates the amount of variable consideration to be included in the transaction price to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. This estimate is updated at each reporting date until the uncertainty is resolved.

Where a contract includes multiple performance obligations, the transaction price is allocated to each performance obligation based on the stand-alone selling prices. The amount of consideration is adjusted for the effects of the time value of money if the timing of payments agreed to in the contract provides either the customer or the entity with a significant benefit of financing.

Revenue is recognized when or as performance obligations are satisfied by transferring control of goods or services to a customer. Control is either transferred over time or at a point in time, which impacts the timing of when revenue is recognized.

A receivable is recognized when the transfer of control for goods or services to a customer occurs prior to the customer paying consideration if the right to the consideration is unconditional, whereas a contract asset is recognized if the performance obligation has been satisfied but the right to the consideration is conditional. A contract liability is recognized when the customer's payment of consideration precedes the completion of a performance obligation.

Revenue recognition requires management to make certain judgements and estimates including the identification of performance obligations, the allocation and amount of the transaction price, and the collectability of cash consideration. The significant judgements and estimates made by management during the revenue recognition process are discussed within this section and the "Use of judgements and estimates" section of note 1.

Depending on the terms under which the operating companies supply products, they may also be responsible for some or all of the repair or replacement costs of defective products. Where this represents a separate service, the transaction price is allocated respectively to account for multiple performance obligations. When such responsibility only provides assurance that a product will function as expected and in accordance with certain specifications, it is not a separate performance obligation but a warranty. The companies establish provisions for issues that are probable and estimable in amounts management believes are adequate to cover the ultimate projected claim costs. The final amounts determined to be due related to these matters could differ significantly from recorded estimates.

Revenue recognition policies specific to the operating segments are as follows:

#### *Electronics Manufacturing Services*

Revenue from the electronics manufacturing services segment consists primarily of products and services manufactured to customer specifications. Revenue is recognized when performance obligations have been satisfied and when the associated control over the products has passed to the customer and no material uncertainties remain as to the collection of receivables. For certain customer contracts, products are custom made to meet specific requirements and such customers are obligated to compensate the company for the work performed to date. For such contracts, revenue is recognized over time as production progresses to completion, or as the services are rendered. Revenue is generally estimated for work in process based on costs incurred to date plus a reasonable profit margin for eligible products for which there are no alternative uses. For other contracts that do not qualify for revenue recognition over time, revenue is recognized at the point in time where control is passed to the customer, which is generally upon shipment, and no further performance obligation remains except for standard manufacturing or service warranties.

#### *Healthcare Imaging*

Revenue from the healthcare imaging segment is recognized when performance obligations have been satisfied and when the associated control over products has passed to the customer. These criteria are met for the healthcare imaging segment when there is persuasive evidence of an arrangement and delivery has occurred. Revenue recognition does not occur until: products have been shipped or services have been provided; risk of loss has been transferred to the customer; and there is evidence that customer acceptance provisions have been satisfied. Revenue is recognized on sales to resellers when control has been transferred and the other revenue recognition criteria have been met.

#### *Insurance Services*

Revenue from the insurance services segment primarily consists of fee and service revenues. Revenue is recognized when obligations under the terms of a contract with a customer are satisfied, which generally occurs when services are rendered. Service revenues from managed care, specialized loss adjusting and field investigations are recognized at the time of service. Service revenues from fixed price contracts are recognized on each contract proportionately over the life of the contract.

#### *Packaging Products and Services*

Revenue from the packaging products and services segment primarily consists of sales of goods and services. Revenue is recognized when control over a product or service is transferred to the customer. The timing of when control over a product or service is transferred to a customer varies depending on the individual contract terms. The amount of sales incentives to be earned or taken by customers is estimated and considered when calculating the transaction price.

#### *Business and Information Services*

Revenue from the business and information services segment primarily consists of sales of subscription services, staging of trade shows and conference events, and event and operations services provided to public assembly facilities. Revenue from subscription arrangements is recognized on a straight-line basis over the term of the subscription. Usage fees in excess of the base subscription fee are recognized as services are delivered. Revenue from staging of trade shows and conference events is generally recognized when the events are staged. Revenue from event and operations services is recognized over time as the services are provided.

#### *Food Retail and Restaurants*

Revenue from the food retail and restaurants segment primarily consists of product sales, distribution services and logistics and professional services. Product sales revenue is recognized when a customer accepts control over the products, which usually occurs when payment is tendered at the point of sale. Distribution services revenue is recognized upon delivery of the related products, at which point control of the promised good or service is transferred to the customer.

#### *Credit Strategies*

Revenue from Credit Strategies consists of fees earned by Onex Credit Manager, which includes fees earned from Onex Credit Collateralized Loan Obligations, Onex Credit Funds and OCLP I. Revenue earned by Onex Credit Manager from Onex credit strategies that are consolidated by Onex are eliminated in Onex' consolidated financial statements. Revenue is recognized when performance obligations are fulfilled in accordance with the terms of the relevant investment management agreements.

#### *Other*

Other segment revenues consist of product sales, services and construction contracts:

- Where products are custom-made to meet specific requirements for which customers are obligated to compensate the company for the work performed to date, revenue is recognized over time as production progresses. The estimated percentage completion is based on the method that management determines to most accurately reflect progress, which includes percentage of total costs expected to be incurred or the number of units produced. Where product sales are subject to customer acceptance, revenue is recognized at the earlier of receipt of customer acceptance or expiration of the acceptance period. Where product sales require the company to install the product at the customer location and such installation is essential to the functionality of the product, revenue is recognized when the product has been delivered to and installed at the customer location.
- Revenue from services is recognized at the time of service. Where applicable, the transaction price takes into consideration an estimate for uncompensated care. Where services performed are subject to customer acceptance, revenue is recognized at the earlier of receipt of customer acceptance or expiration of the acceptance period.

#### **Research and development**

Research and development activities can be either (a) contracted or (b) self-initiated:

- a) Costs for contracted research and development activities, carried out within the scope of externally financed research and development contracts, are expensed when the related revenues are recorded.
- b) Costs for self-initiated research and development activities are assessed to determine if they qualify for recognition as internally generated intangible assets. Apart from complying with the general requirements for initial measurement of an intangible asset, qualification criteria are met only when technical as well as commercial feasibility can be demonstrated and the cost can be reliably measured. It must also be probable that the intangible asset will generate future economic benefits, be clearly identifiable and allocable to a specific product. Further to meeting these criteria, only such costs that relate solely to the development phase of a self-initiated project are capitalized. Any costs that are classified as part of the research phase of a self-initiated project are expensed as incurred. If the research phase cannot be clearly distinguished from the development phase, the respective project-related costs are treated as if they were incurred in the research phase only.

Capitalized development costs are generally amortized over the estimated number of units produced. In cases where the number of units produced cannot be reliably estimated, capitalized development costs are amortized over the estimated useful life of the internally generated intangible asset. Internally generated intangible assets are reviewed for impairment annually when the asset is not yet in use or when events or changes in circumstances indicate that the carrying amount may not be recoverable and the asset is in use.

During 2018, \$189 (2017 – \$213) of research and development costs were expensed and \$51 (2017 – \$44) of development costs were capitalized.

### Stock-based compensation

The Company follows the fair value-based method of accounting for all stock-based compensation plans.

There are five types of stock-based compensation plans. The first is the Company's Stock Option Plan (the "Plan"), described in note 20(e), which provides that in certain situations the Company has the right, but not the obligation, to settle any exercisable option under the Plan by the payment of cash to the option holder. The Company has recorded a liability for the potential future settlement of the vested options at the balance sheet date by reference to the fair value of the liability. The liability is adjusted each reporting period for changes in the fair value of the options, with the corresponding amount reflected in the consolidated statements of earnings.

The second type of plan is the MIP, which is described in note 33(d). The MIP provides that exercisable investment rights may be settled by issuance of the underlying shares or, in certain situations, by a cash payment for the value of the investment rights. The Company has recorded a liability for the potential future settlement of the vested rights at the balance sheet date by reference to the fair value of the liability. The liability is adjusted each reporting period for changes in the fair value of the rights, with the corresponding amount reflected in the consolidated statements of earnings.

The third type of plan is the Director Deferred Share Unit Plan ("Director DSU Plan"). A Deferred Share Unit ("DSU") entitles the holder to receive, upon redemption, a cash payment equivalent to the market value of a Subordinate Voting Share ("SVS") at the redemption date. The Director DSU Plan enables Onex Directors to apply directors' fees earned to acquire DSUs based on the market value of Onex shares at the time. Grants of DSUs may also be made to Onex Directors from time to time. The DSUs vest immediately, are redeemable only when the holder retires and must be redeemed within one year following the year of retirement. Additional units are issued for any cash dividends paid on the SVS. The Company has recorded a liability for

the future settlement of the DSUs by reference to the value of the underlying SVS at the balance sheet date. On a quarterly basis, the liability is adjusted for the change in the market value of the underlying shares, with the corresponding amount reflected in the consolidated statements of earnings. To economically hedge a portion of the Company's exposure to changes in the trading price of Onex shares, the Company enters into forward agreements with a counterparty financial institution. The change in value of the forward agreements will be recorded to partially offset the amounts recorded as stock-based compensation under the Director DSU Plan. Details of the Director DSUs outstanding under the plan and the amount hedged by the Company are provided in note 20.

The fourth type of plan is the Management Deferred Share Unit Plan ("Management DSU Plan"). The Management DSU Plan enables Onex management to apply all or a portion of their annual compensation earned to acquire DSUs based on the market value of Onex shares at the time in lieu of cash. The DSUs vest immediately and are redeemable only when the holder has ceased to be an officer or employee of the Company, or an affiliate, for a cash payment equal to the then current market price of SVS. Additional units are issued for any cash dividends paid on the SVS. The Company has recorded a liability for the future settlement of the DSUs by reference to the value of the underlying SVS at the balance sheet date. On a quarterly basis, the liability is adjusted for the change in the market value of the underlying shares, with the corresponding amount reflected in the consolidated statements of earnings. To economically hedge the Company's exposure to changes in the trading price of Onex shares associated with the Management DSU Plan, the Company enters into forward agreements with a counterparty financial institution for all grants under the Management DSU Plan. As such, the change in value of the forward agreements will be recorded to offset the amounts recorded as stock-based compensation under the Management DSU Plan. The administrative costs of those arrangements are borne entirely by participants in the plan. Management DSUs are redeemable only for cash and no shares or other securities of the Corporation will be issued on the exercise, redemption or other settlement thereof. Details of the Management DSUs outstanding under the plan are provided in note 20(d).

The fifth type of plan is the employee stock option and other stock-based compensation plans in place for employees at various operating companies, under which, on payment of the exercise price, stock of the particular operating company or cash is issued. The Company records a compensation expense for such options based on the fair value over the vesting period.



### Carried interest

Onex, as the General Partner of the Onex Partners and ONCAP Funds, is entitled to 20% of the realized net gains of the limited partners in each Fund, provided the limited partners have achieved a minimum 8% return on their investment. This share of the net gains is referred to as carried interest. Onex is entitled to 40% of the carried interest realized in the Onex Partners and ONCAP Funds. Onex management is entitled to the remaining 60% of the carried interest realized in the Onex Partners Funds and ONCAP management is entitled to 60% of the carried interest realized in the ONCAP Funds and an equivalent carried interest on Onex capital. Once ONCAP IV investors achieve a return of two times their aggregate capital contributions, carried interest participation increases from 20% to 25% of the realized net gains in ONCAP IV.

The unrealized carried interest of the Onex Partners and ONCAP Funds is calculated based on the fair values of the underlying investments and the overall unrealized gains in each respective Fund, in accordance with the limited partnership agreements. The unrealized carried interest reduces the amount due to the limited partners and will eventually be paid through the realization of the limited partners' share of the underlying Onex Partners and ONCAP Fund investments. The change in net carried interest attributable to Onex is recognized as a reduction to the charge or recovery for the Limited Partners' Interests. The unrealized carried interest of the Onex Partners and ONCAP Funds attributable to management is recognized as a liability within other current and non-current liabilities. The charge for the change in net carried interest attributable to management is recorded within other income (expense) in the consolidated statements of earnings and reduces the charge or recovery for the Limited Partners' Interests.

### Incentive fees

Onex Credit is entitled to incentive fees on fund investors' capital it manages. Incentive fees range between 15% and 20%, where applicable. Certain incentive fees (including incentive fees on CLOs) are subject to a hurdle or a minimum preferred return to investors.

### Financial assets and financial liabilities

Financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification, as described below. Transaction costs in respect of an asset or liability not recorded at fair value through net earnings are added to the initial carrying amount. Gains and losses for financial instruments recognized through net earnings are primarily recognized in other income (expense) in the consolidated statements of earnings. During the year ended December 31, 2018, the classification of financial assets depended on the business model for managing the financial assets and the contractual terms of the cash flows. During the year ended December 31, 2017, the classification of financial assets depended on the purpose for which the financial assets were acquired and their characteristics. During the years ended December 31, 2018 and 2017, the classification of financial liabilities depended on the purpose for which the financial liabilities were incurred and their characteristics. Except in very limited circumstances, the classification is not changed subsequent to initial recognition. Financial assets purchased and sold, where the contract requires the asset to be delivered within an established time frame, are recognized on a trade-date basis.

#### *a) Financial assets – amortized cost*

During the year ended December 31, 2018, financial assets with the following characteristics were accounted for at amortized cost using the effective interest rate method:

- The financial asset is held within a business model whose objective is achieved by collecting contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

The Company recognizes loss allowances for financial assets accounted for at amortized cost based on the financial assets' expected credit losses.

#### *b) Financial assets – fair value through other comprehensive income*

During the year ended December 31, 2018, financial assets with the following characteristics were accounted for at fair value, with changes in fair value recorded in other comprehensive income ("OCI"):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

The Company recognizes loss allowances through net earnings for financial assets accounted for at fair value through OCI based on the financial instrument's expected credit losses. Gains and losses realized on disposal, which are calculated on an average cost basis, are recognized in net earnings. Foreign exchange gains and losses are recognized immediately in net earnings.

*c) Financial assets – fair value through net earnings*

During the year ended December 31, 2018, financial assets that do not meet the criteria for amortized cost or fair value through OCI are measured at fair value through net earnings. Financial assets may also be designated as fair value through net earnings on initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

During the year ended December 31, 2017, financial assets that are purchased with the intention of generating earnings in the near term were classified as fair value through net earnings. Other instruments may be designated as fair value through net earnings on initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency, or the group of financial assets is managed and its performance is evaluated on a fair value basis.

*d) Available-for-sale*

During the year ended December 31, 2017, financial assets classified as available-for-sale were carried at fair value, with the changes in fair value recorded in other comprehensive earnings. Securities classified as available-for-sale that do not have a quoted price in an active market were recorded at fair value, unless fair value is not reliably determinable, in which case they were recorded at cost. Available-for-sale securities were written down to fair value through earnings whenever it was necessary to reflect an impairment. Gains and losses realized on the disposal of available-for-sale securities, which are calculated on an average cost basis, were recognized in earnings. Impairments were determined based on all relevant facts and circumstances for each investment and recognized when appropriate. Foreign exchange gains and losses on available-for-sale assets were recognized immediately in earnings.

*e) Held-to-maturity investments*

During the year ended December 31, 2017, securities that have fixed or determinable payments and a fixed maturity date, which the Company intended and had the ability to hold to maturity, were classified as held-to-maturity and accounted for at amortized cost using the effective interest rate method. Investments classified as held-to-maturity were written down to fair value through earnings whenever it was necessary to reflect an impairment. Impairments were determined based on all relevant facts and circumstances for each investment and recognized when appropriate.

*f) Loans and receivables*

During the year ended December 31, 2017, financial assets that were non-derivative with fixed or determinable payments that were not quoted in an active market were classified as loans and receivables. These instruments were accounted for at amortized cost using the effective interest rate method.

*g) Financial liabilities measured at fair value*

Financial liabilities that are incurred with the intention of generating earnings in the near term are classified as fair value through net earnings. Other financial liabilities may be designated as fair value through net earnings on initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency, or the group of financial liabilities is managed and its performance is evaluated on a fair value basis. The long-term debt of the CLOs is designated at fair value through net earnings upon initial recognition.

*h) Financial liabilities measured at amortized cost*

Financial liabilities not classified as fair value through net earnings are accounted for at amortized cost using the effective interest rate method.

*i) Modification of financial liabilities*

During the year ended December 31, 2018, when a financial liability that is measured at amortized cost has its cash flows modified without resulting in derecognition, the carrying value of the financial liability is adjusted to the present value of its modified cash flows, discounted at the financial liability's original effective interest rate, with a resulting gain or loss recognized in earnings. For certain variable-rate financial liabilities that are pre-payable at par, amendments to the contractual terms of the financial liability to revise the interest rate to a new market interest rate are accounted for over the remaining term of the financial liability by adjusting the financial liability's effective interest rate.

During the year ended December 31, 2017, when a financial liability that is measured at amortized cost had its cash flows modified without resulting in derecognition, the corresponding gain or loss was recognized over the remaining term of the financial liability by adjusting the financial liability's effective interest rate.

*j) Interest Income*

Interest income recognized by the Company primarily relates to interest earned from investments recognized at fair value through net earnings.

### Derivatives and hedge accounting

At the inception of a hedging relationship, the Company documents the relationship between the hedging instrument and the hedged item, its risk management objectives and its strategy for undertaking the hedge. The Company also requires a documented assessment, both at hedge inception and on an ongoing basis, of whether or not the derivatives that are used in the hedging transactions are highly effective in offsetting the changes attributable to the hedged risks in the fair values or cash flows of the hedged items.

Derivatives that are not designated as effective hedging relationships continue to be accounted for at fair value, with changes in fair value being included in other income (expense) in the consolidated statements of earnings.

When derivatives are designated as effective hedging relationships, the Company classifies them either as: (a) hedges of the change in fair value of recognized assets or liabilities or firm commitments (fair value hedges); (b) hedges of the variability in highly probable future cash flows attributable to a recognized asset or liability or a forecasted transaction (cash flow hedges); or (c) hedges of net investments in a foreign self-sustaining operation (net investment hedges).

#### *a) Fair value hedges*

Changes in the fair value of derivatives that are designated and qualify as fair value hedging instruments are recorded in the consolidated statements of earnings along with changes in the fair value of the assets, liabilities or group thereof that are attributable to the hedged risk.

#### *b) Cash flow hedges*

The Company is exposed to variability in future interest cash flows on non-trading assets and liabilities that bear interest at variable rates or are expected to be reinvested in the future.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive earnings. Any gain or loss in fair value relating to the ineffective portion is recognized immediately in the consolidated statements of earnings in other income (expense).

Amounts accumulated in other comprehensive earnings are reclassified in the consolidated statements of earnings in the period in which the hedged item affects earnings. However, when the forecasted transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in other comprehensive earnings are transferred from other comprehensive earnings and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive earnings at that time remains in other comprehensive earnings until the forecasted transaction is recognized in the consolidated statements of earnings. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive earnings is immediately transferred to the consolidated statements of earnings.

#### *c) Net investment hedges*

Hedges of net investments in foreign operations are accounted for in a manner similar to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive earnings. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated statements of earnings in other income (expense). Gains and losses accumulated in other comprehensive earnings are included in the consolidated statements of earnings upon the reduction or disposal of the investment in the foreign operation.

### Contingent consideration

Contingent consideration is established for business acquisitions where the Company has the obligation to transfer additional assets or equity interests to the former owners if specified future events occur or conditions are met. The fair value of contingent consideration liabilities is typically based on the estimated future financial performance of the acquired business. Financial targets used in the estimation process include certain defined financial targets and realized internal rates of return. Contingent consideration is classified as a liability when the obligation requires settlement in cash or other assets, and is classified as equity when the obligation requires settlement in own equity instruments. Contingent consideration that is classified as a liability is included in the other liabilities financial statement line items.

### Impairment of financial instruments

During the year ended December 31, 2018, the Company assessed on a forward-looking basis the expected credit losses associated with financial instruments carried at amortized cost and at fair value through OCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For accounts receivable, the Company applies the simplified approach permitted by IFRS 9, which requires the expected lifetime losses to be recognized from initial recognition of the accounts receivable.

During the year ended December 31, 2017, the Company assessed whether there was objective evidence that a financial asset or group of financial assets was impaired. Where an impairment existed for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in earnings, was removed from equity and recognized in earnings.

#### **Derecognition of financial instruments**

A financial asset is derecognized if substantially all the risks and rewards of ownership and, in certain circumstances, control of the financial asset are transferred. A financial liability is derecognized when it is extinguished, with any gain or loss on extinguishment to be recognized in other income (expense) in the consolidated statements of earnings.

#### **Assets held for sale and discontinued operations**

An asset is classified as held for sale if its carrying amount will be recovered by the asset's sale rather than by its continuing use in the business, the asset is available for immediate sale in its present condition and management is committed to, and has initiated, a plan to sell the asset which, when initiated, is expected to result in a completed sale within 12 months. An extension of the period required to complete the sale does not preclude the asset from being classified as held for sale, provided the delay is for reasons beyond the Company's control and management remains committed to its plan to sell the asset. Assets that are classified as held for sale are measured at the lower of their carrying amount or fair value less costs to sell and are no longer depreciated. The determination of fair value less costs to sell involves judgement by management to determine the probability and timing of disposition and the amount of recoveries and costs.

A discontinued operation is a component of the Company that has either been disposed of, or satisfies the criteria to be classified as held for sale, and represents a separate major line of business or geographic area of operations, is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations, or is an operating company acquired exclusively with a view to its disposal.

#### **Earnings per share**

Basic earnings per share is based on the weighted average number of SVS outstanding during the year. Diluted earnings per share is calculated using the treasury stock method.

#### **Dividend distributions**

Dividend distributions to the shareholders of Onex Corporation are recognized as a liability in the consolidated balance sheets in the period in which the dividends are declared and authorized by the Board of Directors.

#### **Use of judgements and estimates**

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and equity, the related disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ materially from those estimates and assumptions. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Areas that involve critical judgements, assumptions and estimates and that have a significant influence on the amounts recognized in the consolidated financial statements are further described as follows:

#### *Business combinations*

In a business combination, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at their respective fair values on the date of acquisition. One of the most significant areas of judgement and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of contingent consideration, if applicable. Land, buildings and equipment are usually independently appraised while short-term and long-term investments are valued at market prices. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent external valuation expert may determine the fair value using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

In certain circumstances where estimates have been made, the companies may obtain third-party valuations of certain assets, which could result in further refinement of the fair-value allocation of certain purchase prices and accounting adjustments.

#### *Consolidation of structured entities*

Onex indirectly controls and consolidates the operations of the CLOs of Onex Credit. The CLOs are structured entities for which voting and similar rights are not the dominant factor in determining control. Onex has used judgement when assessing the many factors to determine control, including its exposure through investments in the most subordinate capital of the CLOs, its role in the formation of the CLOs, the rights of other investors in the CLOs and control of the asset manager of the CLOs. Onex has determined that it is a principal of the CLOs with the power to affect the returns of its investment and, as a result, indirectly controls the CLOs.

During 2018 and 2017, Onex invested capital in and received distributions and proceeds from the CLOs and warehouse facilities, as described in notes 2(t) and 3(m). Onex intends to provide additional financial collateral for CLO warehouse facilities. The collateral to be provided for the warehouse facilities is expected to be substantially reinvested in the most subordinated notes and equity of the CLOs upon closing.

*Fair value of investments and debt of credit strategies not quoted in an active market*

The fair value of investments and debt of the CLOs and Onex Credit Lending Partners not quoted in an active market may be determined by Onex Credit using reputable pricing sources (such as pricing agencies) or indicative prices from bond/debt market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. The Company has exercised judgement and estimates on the quantity and quality of the pricing sources used. Where no market data is available, Onex Credit may value positions using models, which include the use of third-party pricing information and are usually based on valuation methods and techniques generally recognized as standard within the industry.

Models use observable data to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations may require the Company to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

*Limited Partners' Interests, carried interest and investments in joint ventures and associates at fair value through earnings*

The measurement of the Limited Partners' Interests, carried interest and investments in joint ventures and associates at fair value through earnings is significantly impacted by the fair values of the Company's investments held by the Onex Partners and ONCAP Funds. The fair values of these investments are assessed at each reporting date, with changes reflected in the measurement of the Limited Partners' Interests, carried interest and investments in joint ventures and associates at fair value through earnings.

The valuation of the non-public investments held by the Onex Partners and ONCAP Funds requires significant judgement by the Company due to the absence of quoted market values, inherent lack of liquidity and the use of long-term projections. Valuation methodologies primarily include observations of the trading multiples of public companies considered comparable to the private companies being valued and discounted cash flows. The valuations take into consideration company-specific items, the lack of liquidity inherent in a non-public investment and the fact that comparable public companies are not identical to the companies being valued. Considerations are necessary because, in the absence of a committed buyer and completion of due diligence similar to

that performed in an actual negotiated sale process, there may be company-specific items that are not fully known that may affect value. In addition, a variety of other factors are reviewed by management, including, but not limited to, financing and sales transactions with third parties, current operating performance and future expectations of the particular investment, changes in market outlook and the third-party financing environment. In determining changes to the valuations, emphasis is placed on current company performance and market conditions. For publicly traded investments, the valuation is based on closing market prices less adjustments, if any, for regulatory and/or contractual sale restrictions.

The Limited Partners' Interests and carried interest are measured with significant unobservable inputs (Level 3 of the fair value hierarchy). Further information is provided in note 17. With the exception of investments in JELD-WEN and Pinnacle Renewable Energy, investments in joint ventures and associates are also measured with significant unobservable inputs (Level 3 of the fair value hierarchy). The fair value measurements for the investments in JELD-WEN and Pinnacle Renewable Energy include significant other observable inputs (Level 2 of the fair value hierarchy), as a marketability factor is applied to the companies' publicly traded share price. Further information is provided in notes 10 and 31.

*Goodwill impairment tests and recoverability of assets*

The Company tests at least annually whether goodwill has suffered any impairment, in accordance with its accounting policies. The determination of the recoverable amount of a CGU (or group of CGUs) to which goodwill is allocated involves the use of estimates by management. The Company generally uses discounted cash flow-based methods to determine these values. These discounted cash flow calculations typically use five-year projections that are based on the operating plans approved by management. Cash flow projections take into account past experience and represent management's best estimate of future developments. Cash flows after the planning period are extrapolated using estimated growth rates. Key assumptions on which management has based its determination of fair value less costs to sell and value in use include estimated growth rates, weighted average cost of capital and tax rates. These estimates, including the methodology used, can have a material impact on the respective values and ultimately the amount of any goodwill impairment. In the year of acquisition, the fair value in excess of the carrying value at an operating company will typically be minimal as a result of the recent business combination accounting. Note 28 provides details on the significant estimates used in the calculation of the recoverable amounts for impairment testing. Likewise, whenever property, plant and equipment and other intangible assets are tested for impairment, the determination of the assets' recoverable amount involves the use of estimates by management and can have a material impact on the respective values and ultimately the amount of any impairment.

### *Revenue recognition*

Certain judgements and estimates are required in determining the timing and amount of revenue recognition, including: identifying and allocating the transaction price among performance obligations; determining when performance obligations are satisfied; and measuring progress of completion when performance obligations are satisfied over time.

Revenue that is recognized over time and that is not billed until the delivery of finished products to customers involves significant estimates, judgements and assumptions in determining the timing of revenue recognition, the measures of work in process, and estimates and timing of expected returns, revenues and related costs.

Revenue recognized by Schumacher in the other segment for uninsured patients requires certain judgements to be made with respect to the transaction price. Factors considered in determining the estimated transaction price include historical collection trends for each of its primary payor sources of revenue, reimbursement rate trends, resolution of credit balances, patient acuity levels, physician documentation, aging of accounts receivable and other relevant factors. Due to the inherent uncertainty in the transaction price estimation process, including the challenges in assessing such factors as changes in the economy impacting the type and level of insurance carried by patients, new developments could result in subsequent adjustments to previously reported revenues.

### *Income taxes*

The Company, including the operating companies, operates and earns income in numerous countries and is subject to changing tax laws or application of tax laws in multiple jurisdictions within these countries. Significant judgement is necessary in determining worldwide income tax liabilities. Although management believes that it has made reasonable estimates about the final outcome of tax uncertainties, no assurance can be given that the final outcome of these tax matters will be consistent with what is reflected in the historical income tax provisions. Such differences could have an effect on income tax liabilities and deferred tax liabilities in the period in which such determinations are made. At each balance sheet date, the Company assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the exercise of judgement on the part of management with respect to, among other things, benefits that could be realized from available tax strategies and future taxable income, as well as other positive and negative factors. The recorded amount of total deferred tax assets could be reduced if estimates of projected future taxable income and benefits from available tax strategies are lowered, or if changes in current tax regulations are enacted that impose restrictions on the timing or extent of the Company's ability to utilize future tax benefits.

The Company, including the operating companies, uses significant judgement when determining whether to recognize deferred tax liabilities with respect to taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, in particular, whether the Company is able to control the timing of the reversal of the temporary differences and whether it is probable that the temporary differences will not reverse in the foreseeable future. Judgement includes consideration of the Company's future cash requirements in its numerous tax jurisdictions.

### *Legal provisions and contingencies*

The Company and its operating companies in the normal course of operations can become involved in various legal proceedings, as described in note 33(b). While the Company cannot predict the final outcome of such legal proceedings, the outcome of these matters may have a material effect on the Company's consolidated financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and provides provisions for probable contingent losses, including the estimate of legal expenses to resolve the matters. Internal and external counsel are used for these assessments. In making the decision regarding the need for provisions, management considers the degree of probability of an unfavourable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim or the disclosure of any such suit or assertion does not automatically indicate that a provision may be appropriate.

### *Employee benefits*

Onex, the parent company, does not provide pension, other retirement or post-retirement benefits to any employees of the operating companies. The operating companies that offer pension and non-pension post-retirement benefits account for these benefits in accordance with actuarial valuations. These valuations rely on statistical and other factors in order to anticipate future events. These factors include key actuarial assumptions, including the discount rate, expected salary increases and mortality rates. These actuarial assumptions may differ materially from actual developments due to changing market and economic conditions, and therefore may result in a significant change in post-retirement employee benefit obligations and the related future expense. Note 34 provides details on the estimates used in accounting for pensions and post-retirement benefits.

### *Stock-based compensation*

The Company's stock-based compensation accounting for its MIP options is completed using an internally developed valuation model. The critical assumptions and estimates used in the valuation model include the fair value of the underlying investments, the time to expected exit from each investment, a risk-free rate and an industry comparable historical volatility for each investment. The fair value of the underlying investments includes critical assumptions and estimates, as described for Limited Partners' Interests, carried interest and investments in joint ventures and associates.

### *Comparative amounts*

Certain amounts presented in prior periods have been reclassified to conform to the presentation adopted in the current year.

## RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

### Standards, amendments and interpretations not yet adopted or effective

#### *IFRS 16 – Leases*

In January 2016, the IASB issued IFRS 16, *Leases*, which replaces IAS 17, *Leases*. The standard provides an updated definition of a lease contract, including guidance on the combination and separation of contracts. The standard requires lessees to recognize a right-of-use asset and a lease liability for substantially all lease contracts. The accounting for lessors is substantially unchanged from IAS 17. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted. The Company is completing the execution of its implementation plan and adopted IFRS 16 on January 1, 2019 on a modified retrospective basis. Onex, the parent company, currently expects the following impacts as a result of adopting IFRS 16:

- The recognition of right-of-use assets and lease liabilities totaling approximately \$75 on January 1, 2019, excluding the impact of finance leases previously recognized in the consolidated balance sheets;
- Operating lease expenses will no longer be recognized within the consolidated statements of earnings;
- Amortization expense for right-of-use assets will be recognized within the consolidated statements of earnings;
- Interest expense will be recognized for lease liabilities within the consolidated statements of earnings; and
- Within the consolidated statements of cash flows, cash flows from operating activities will increase, with a corresponding decrease in cash flows from financing activities.

## INVESTMENT ENTITY STATUS

As a result of a reassessment performed by management, Onex, the parent company, has determined that it meets the criteria of an investment entity, as defined in IFRS 10, *Consolidated financial statements*. Onex will account for the change in its status prospectively effective January 1, 2019, resulting in the following financial statement impacts as of January 1, 2019 and in future financial statements:

- Subsidiaries of Onex that provide investment-related services will continue to be consolidated;
- The assets and liabilities of other subsidiaries, including the operating companies, will be derecognized from Onex' consolidated balance sheet;
- Investments that are no longer consolidated will be recognized at fair value and will be subsequently measured at fair value through net earnings; and
- A gain resulting from the difference between the fair values of those investments and their previous carrying values as of January 1, 2019 will be recognized in the consolidated statement of earnings.

## 2. SIGNIFICANT TRANSACTIONS

### a) Acquisition of SMG

In January 2018, the Onex Partners IV Group completed the acquisition of SMG Holdings Inc., a global manager of convention centres, stadiums, arenas, theatres, performing arts centres and other venues. The Onex Partners IV Group's total investment was \$429 for an economic interest of 99%. Onex' share of the investment was \$139 for an economic interest of 32%. The remainder of the purchase price was financed through a rollover of equity by management of SMG and debt financing, without recourse to Onex Corporation. SMG is included within the business and information services segment.

As part of the acquisition of SMG, the Onex Partners IV Group also acquired \$44 of SMG's second lien debt, which bears interest at LIBOR plus a margin of up to 7.00% and matures in January 2026. To finance the investment in SMG's second lien debt, the Onex Partners IV Group entered into a revolving credit facility in January 2018. The facility bears interest at LIBOR (subject to a floor of 0.00%) plus a margin of 1.75%, matures in January 2021 and is reimbursable by capital calls upon the limited partners of Onex Partners IV. Onex Corporation, the parent company, is only obligated with respect to borrowings under the revolving credit facility based on its proportionate share of the Onex Partners IV Group's investment in SMG.

**b) Partial loan note repayment by Parkdean Resorts**

In February 2018, Parkdean Resorts made a partial repayment of a loan note outstanding with the Onex Partners IV Group totalling £52 (\$74), including accrued interest, with net proceeds from a sale-leaseback transaction completed for certain parks in August 2017. Onex' share of the repayment was £15 (\$22). The remaining principal balance of £25 (\$31) outstanding under the loan note, of which Onex' share was £7 (\$9), was converted into additional equity of Parkdean Resorts in accordance with the loan note agreement. As of December 31, 2018, the Onex Partners IV Group has a 94% economic interest in Parkdean Resorts, of which Onex' share is 28%.

**c) Initial and secondary offerings by Pinnacle Renewable Energy**

In February 2018, Pinnacle Renewable Energy, Inc. ("Pinnacle Renewable Energy") completed an initial public offering of approximately 15.3 million common shares (TSX: PL), including the exercise of an over-allotment option. The offering was priced at C\$11.25 per share for gross proceeds of C\$173. As part of the offering, Pinnacle Renewable Energy issued approximately 6.2 million treasury shares. The net proceeds from treasury shares were used to repay C\$29 of existing shareholder subordinated debt, with the balance to fund construction of production facilities and for other general corporate purposes. The ONCAP II Group received C\$20 (\$16) for its share of the repayment of the existing shareholder subordinated debt, of which Onex' share was C\$9 (\$7). The ONCAP II Group did not sell any common shares as part of this transaction.

As a result of this transaction, the ONCAP II Group no longer controls Pinnacle Renewable Energy. The interest held by the Company has been recorded as a long-term investment at fair value, with changes in fair value recognized in the consolidated statements of earnings. In addition, a gain of \$82 was recorded based on the excess of the interest retained at fair value over the historical accounting carrying value of the investment. The gain is entirely attributable to the equity holders of Onex Corporation, as the interests of the Limited Partners were recorded as a financial liability at fair value. Pinnacle Renewable Energy does not represent a separate major line of business, and as a result, the operating results up to the date of the loss of control have not been presented as a discontinued operation.

In June 2018, Pinnacle Renewable Energy completed a secondary offering of approximately 4.2 million common shares, including the exercise of an over-allotment option. The offering was priced at C\$13.75 per share for gross proceeds of C\$58. No treasury shares were issued as part of the offering. The ONCAP II Group sold approximately 3.7 million shares for net proceeds of C\$49 (\$37). Onex' portion of the net proceeds was C\$22 (\$17), including carried interest and after the reduction for amounts paid to the ONCAP management team. No gain was realized as a result of this transaction as the Company's interest in Pinnacle Renewable Energy is recorded at fair value.

Onex' share of the carried interest received was C\$1 (\$1) and was included in the net proceeds to Onex. ONCAP management's share of the carried interest was C\$4 (\$3), including C\$2 (\$2) from Onex and Onex management. No amounts were paid on account of the MIP for this transaction as the required realized investment return hurdle was not met on realizations to date.

The ONCAP II Group continues to hold approximately 10.4 million common shares of Pinnacle Renewable Energy for an economic and voting interest of 32%. Onex continues to hold approximately 5.0 million common shares for a 15% economic interest in Pinnacle Renewable Energy.

**d) Secondary offering by Emerald Expositions**

In March 2018, Emerald Expositions completed a secondary offering of 6.75 million shares of its common stock, including the exercise of an over-allotment option. The offering was priced at \$18.50 per share for gross proceeds of \$125. No treasury shares were issued as part of the offering. The Onex Partners III Group sold all of the shares in this transaction for net proceeds of \$120. Onex' portion of the net proceeds was \$32, including carried interest.

Amounts received on account of the carried interest related to this transaction totalled \$8. Onex' share of the carried interest received was \$3 and was included in the net proceeds to Onex. Management's share of the carried interest was \$5. No amounts were paid on account of the MIP for this transaction as the required realized investment return hurdle was not met on realizations to date.

The Onex Partners III Group continues to hold approximately 47.1 million shares of Emerald Expositions' common stock for a 66% economic and voting interest. Onex continues to hold approximately 11.4 million shares for a 16% economic interest. Since the sale of shares by the Onex Partners III Group did not result in a loss of control over Emerald Expositions, the transaction was recorded as a transfer from the equity holders of Onex Corporation to non-controlling interests in the consolidated financial statements, with the cash proceeds received in excess of the historical accounting carrying value of \$49 being recorded directly to retained earnings.

**e) Sale of Mavis Discount Tire**

In March 2018, the ONCAP III Group sold its entire investment in Mavis Tire Supply LLC ("Mavis Discount Tire"). The ONCAP III Group received net proceeds of \$518, of which Onex' share was \$173, including carried interest and after the reduction for amounts paid to the Onex and ONCAP management teams. No gain was realized as a result of this transaction as the Company's interest in Mavis Discount Tire was recorded at fair value.

Onex' share of the carried interest received was \$15 and was included in the net proceeds to Onex. ONCAP management's share of carried interest was \$37, including \$14 from Onex and Onex management. Management of Onex and ONCAP earned \$14 on account of management incentive programs related to this transaction.



In addition, the consolidated financial statements include net proceeds of \$15 from the sale of Mavis Discount Tire attributable to a third-party investor.

#### **f) Acquisition of AutoSource**

In May 2018, Onex invested \$41 to acquire AutoSource Holdings, Inc. (“AutoSource”), a used vehicle retailer specializing in branded title vehicles, for an initial economic and voting interest of 50% and 60%, respectively.

In September 2018, the investment in AutoSource was transferred to the ONCAP IV Group for \$41, which represents the original cost of the investment made by Onex. As a result of this transaction, the ONCAP IV Group’s economic and voting interest in AutoSource is 50% and 60%, respectively. Onex’ share of the investment, as a limited partner of ONCAP IV, is \$16 for an economic interest of 20%. AutoSource is included within the other segment.

#### **g) Investment in Ryan Specialty Group**

In June 2018, Onex and Onex management invested a total of \$175 in Ryan Specialty Group, LLC (“RSG”), an international specialty insurance organization, which includes a wholesale insurance brokerage firm and an underwriting management organization. The investment was comprised of \$150 in preferred equity and \$25 in common equity. Onex’ share of the investment was \$172.

The investment in RSG is recorded as a long-term investment at fair value with changes in fair value recognized in the consolidated statements of earnings.

#### **h) Investment in PowerSchool**

In August 2018, the Onex Partners IV Group acquired an interest in PowerSchool, a non-instructional software provider primarily to K-12 primary schools, from Vista Equity Partners (“Vista”). Concurrent with this transaction, PowerSchool acquired PeopleAdmin, a provider of cloud-based talent management solutions for the education sector and also previously owned by Vista. The Onex Partners IV Group invested \$872 for an economic interest of 50% in PowerSchool and is an equal partner with Vista. Onex’ share of the investment was \$283 for an economic interest of 16%.

The investment in PowerSchool is recorded as a long-term investment at fair value with changes in fair value recognized in the consolidated statements of earnings.

#### **i) Acquisition of Precision**

In August 2018, the ONCAP IV Group acquired Precision Global (“Precision”), a global manufacturer of dispensing solutions. The ONCAP IV Group’s total investment was \$111 for an initial economic interest of 99%. Onex’ share of the investment was \$44 for

an initial economic interest of 39%. The remainder of the purchase price was financed through a rollover of equity by management of Precision and debt financing, without recourse to Onex Corporation. Precision is included within the packaging products and services segment.

#### **j) Acquisition of Walter Surface Technologies**

In September 2018, the ONCAP IV Group acquired Walter Surface Technologies, a provider of innovative solutions for the metal working industry. Excluding the impact of foreign exchange hedges, the ONCAP IV Group’s total investment was C\$175 (\$135) for an economic interest of 94%. Onex’ share of the investment was C\$69 (\$53) for an economic interest of 37%. The remainder of the purchase price was financed through a rollover of equity by the founders of Walter Surface Technologies, equity investments made by management of Walter Surface Technologies and certain other investors, and debt financing, without recourse to Onex Corporation. Walter Surface Technologies is included within the other segment.

#### **k) Initial public offering by SIG**

In October 2018, SIG completed an initial public offering of approximately 151.8 million ordinary shares (SIX: SIGN), including the exercise of an over-allotment option. The offering was priced at CHF 11.25 per share for gross proceeds of CHF 1,708. As part of the offering, SIG issued 105.0 million treasury shares. The net proceeds from treasury shares were primarily used to reduce SIG’s long-term debt. The Onex Partners IV Group sold approximately 45.9 million shares in the transaction for net proceeds of CHF 504 (\$511). Onex’ portion of the net proceeds was CHF 178 (\$180).

The Onex Partners IV Group continues to hold approximately 163.2 million ordinary shares in SIG for a 51% economic interest. Onex continues to hold approximately 57.5 million ordinary shares for an 18% economic interest. Since the sale of shares by the Onex Partners IV Group did not result in a loss of control over SIG, the transaction was recorded as a transfer from the equity holders of Onex Corporation to non-controlling interests in the consolidated financial statements, with the cash proceeds received in excess of the historical accounting carrying value of \$256 being recorded directly to retained earnings.

The issuance of new shares by SIG as part of the initial public offering resulted in the dilution of the Company’s ownership interest in SIG. The Company recorded a transfer from the non-controlling interests in the consolidated statements of equity. This reflected Onex’ share of the increase in the book value of the net assets of SIG due to the issuance of additional common shares at a value above the Company’s historical accounting carrying value of SIG.

**l) Investment in Ryan**

In October 2018, the Onex Partners IV Group acquired an interest in Ryan LLC (“Ryan”), a global tax services and software provider. The Onex Partners IV Group’s total investment was \$317 for an economic interest of 42%. Onex’ share of the investment was \$103 for an economic interest of 14%.

The investment in Ryan was partially funded by a revolving credit facility, with a capacity of \$65, entered into by the Onex Partners IV Group in October 2018. The facility bears interest at LIBOR (subject to a floor of 0.00%) plus a margin of 1.75%, matures in October 2021 and is reimbursable by capital calls upon the limited partners of Onex Partners IV. Onex, the parent company, is only obligated with respect to borrowings under the revolving credit facility based on its proportionate share of the Onex Partners IV Group’s investment in Ryan.

In connection with the investment in Ryan, the Onex Partners IV Group has committed to invest up to an additional \$100 in equity to partially fund future add-on acquisitions over a two-year period, subject to certain terms and conditions.

The investment in Ryan is recorded as a long-term investment at fair value with changes in fair value recognized in the consolidated statements of earnings.

**m) Investment in Wyse**

In November 2018, the ONCAP IV Group invested in Wyse Meter Solutions Inc. (“Wyse”), a provider of submetering and utility expense management solutions for the multi-residential, condominium and commercial markets in Canada. Excluding the impact of foreign exchange hedges, the ONCAP IV Group’s investment in Wyse was C\$35 (\$26) for an economic interest of 41%. Onex’ share of the investment was C\$14 (\$10) for an economic interest of 16%. The investment is comprised of both preferred shares and convertible debt.

The investment in Wyse is recorded as a long-term investment at fair value with changes in fair value recognized in the statements of earnings.

**n) Acquisition of Impakt by Celestica**

In November 2018, Celestica acquired Impakt Holdings, LLC (“Impakt”), a vertically integrated manufacturer in the semiconductor and display industries, for \$331. The purchase price was financed with borrowings under Celestica’s existing secured credit facility.

**o) Sale of Tecta**

In November 2018, the ONCAP III and ONCAP IV Groups sold their entire investment in Tecta America Corporation (“Tecta”) for net proceeds of \$416. Onex’ share of the net proceeds from the sale was \$134, including carried interest and after the reduction for amounts paid to the Onex and ONCAP management teams. Included in the net proceeds is \$4 held in escrow, of which Onex’ share is \$1. As a result of this transaction, a gain of \$261 was recorded based on the excess of the net proceeds over the historical accounting carrying value of the investment.

Onex’ share of the carried interest received was \$12 and was included in the net proceeds to Onex. ONCAP management’s share of the carried interest was \$32, including \$3 from Onex and Onex management. Amounts paid on account of the MIP totalled \$7 for this transaction and have been deducted from the net proceeds to Onex.

Tecta does not represent a separate major line of business, and as a result, the operating results have not been presented as a discontinued operation. Non-controlling interests of the Company decreased by \$7 as a result of no longer consolidating Tecta. The cash proceeds recorded in the consolidated statements of cash flows for the sale of Tecta were reduced for Tecta’s cash and cash equivalents of \$2 at the date of sale.

**p) Acquisition of KidsFoundation**

In November 2018, the Onex Partners IV and Onex Partners V Groups acquired KidsFoundation, a provider of childcare services in the Netherlands, for €246. Excluding the impact of foreign exchange hedges, the Onex Partners IV Group’s investment was €48 (\$55), the Onex Partners V Group’s investment was €97 (\$109) and an investment of €5 (\$6) was made as a co-investment for a combined economic interest of 98%. Onex’ share of the investment was \$47 for an economic interest of 27%. The remainder of the purchase price was financed through a rollover of equity by management shareholders and debt financing, without recourse to Onex Corporation. KidsFoundation is included within the other segment.

**q) Pending sale of BrightSpring Health**

In December 2018, the Company entered into an agreement to sell BrightSpring Health for an enterprise value of approximately \$1,300. Under the terms of the agreement, the Onex Partners I and Onex Partners III Groups will receive combined net proceeds of approximately \$780. Onex’ portion of the net proceeds will be approximately \$190, including estimated carried interest of \$39 and net of the estimated MIP distribution. The transaction is expected to close during the first quarter of 2019 and is subject to customary closing conditions and regulatory approvals.

The operations of BrightSpring Health have been presented as discontinued in the consolidated statements of earnings and cash flows and the year ended December 31, 2017 has been restated to report BrightSpring Health as discontinued on a comparative basis, as described in note 8(a). BrightSpring Health has been reclassified from the health and human services segment to the other segment.

#### **r) Pending merger of Clarivate Analytics with Churchill**

In January 2019, Clarivate Analytics entered into an agreement to merge with Churchill Capital Group (“Churchill”). As part of the agreement, the merged entity will be publicly listed on the New York Stock Exchange. Capital invested in the merged entity by Churchill is expected to be used to pay down Clarivate Analytics’ existing long-term debt and for working capital and other general corporate purposes. The Onex Partners IV Group and its partner Baring Private Equity Asia will not sell any shares as part of this transaction and are expected to have an economic interest in the merged entity of approximately 74% upon completion of the transaction, assuming no redemptions are made by Churchill’s public shareholders. Onex’ economic interest in the merged entity is expected to be approximately 20% upon completion of the transaction, assuming no redemptions are made by Churchill’s public shareholders. The transaction is expected to close during the second quarter of 2019, subject to approval by Churchill’s shareholders, Churchill having a specified minimum amount of cash available after any shareholder redemptions and transaction expenses, and other customary closing conditions.

#### **s) Pending merger of SMG with AEG Facilities**

In February 2019, SMG entered into an agreement to merge with AEG Facilities. The Onex Partners IV Group is expected to have an economic interest in the merged entity of approximately 50%, of which Onex’ share is expected to be approximately 16%. The merger is expected to close later in 2019, subject to customary closing conditions and regulatory approvals.

#### **t) Distributions from operating businesses**

During 2018 and up to February 28, 2019, Onex and its partners received distributions of \$336 from certain operating businesses. Onex’ portion of the distributions was \$184, including carried interest. The distributions include the repayment of a loan note by Parkdean Resorts, as previously described in note 2(b), and the repayment of existing shareholder subordinated debt by Pinnacle Renewable Energy, as previously described in note 2(c). The other significant distributions received by the Company are described below.

During 2018 and up to February 28, 2019, Flushing Town Center distributed \$134 of proceeds primarily from the sale of residential condominium units, of which Onex’ share was \$117.

During 2018, BBAM distributed \$38 to the Onex Partners III Group, of which Onex’ share was \$12. The distributions were funded by the company’s free cash flow.

During 2018, Meridian Aviation distributed \$25 to the Onex Partners III Group, of which Onex’ share was \$8. The distribution was funded primarily from proceeds from aircraft sales.

#### **u) Credit Strategies**

##### *Warehouse facility of EURO CLO-3*

In March 2018, Onex established a warehouse facility in connection with its third CLO denominated in euros (“EURO CLO-3”). During the year ended December 31, 2018, Onex invested €55 (\$66) to support the warehouse facility and a financial institution provided borrowing capacity of up to €220 (\$252) backed by the underlying collateral.

Onex consolidates the warehouse facility for EURO CLO-3.

##### *Closing of CLO-15*

In June 2018, Onex closed its fifteenth CLO denominated in U.S. dollars (“CLO-15”), which was funded through the issuance of collateralized loan instruments in a series of tranches of secured notes and preference shares in a private placement transaction for an aggregate principal amount of \$614.

On closing, Onex invested \$57 for 100% of the most subordinated capital of CLO-15. Reinvestment can be made in collateral by the CLO up to July 2023, or earlier, subject to certain provisions.

##### *Warehouse facility of CLO-16*

In August 2018, Onex established a warehouse facility in connection with its sixteenth CLO denominated in U.S. dollars (“CLO-16”). During the year ended December 31, 2018, Onex invested \$50 to support the warehouse facility and a financial institution provided borrowing capacity of up to \$200 backed by the underlying collateral.

Onex consolidates the warehouse facility for CLO-16.

##### *Fund closing for OCLP I*

In November 2018, Onex completed the final closing for Onex Credit Lending Partners (“OCLP I”), reaching aggregate commitments of \$413, including Onex’ commitment of \$100. At December 31, 2018, after giving effect to the final close and borrowings under the revolving credit facility, Onex’ remaining unfunded commitment for OCLP I was \$26. The duration of the commitment period for OCLP I will be up to November 2021, subject to extensions of up to an additional two years.

During 2018, OCLP I made investments in the debt of middle-market, upper middle-market and large private equity sponsor-owned portfolio companies and, selectively, other corporate borrowers, which were funded by borrowings from OCLP I’s credit facilities and capital calls of \$111 from investors, of which Onex’ share was \$28.

Onex consolidates the operations of OCLP I and records changes in the fair value of the asset portfolio through net earnings.

#### *Redemption of CLO-2*

In November 2018, the Company redeemed its second CLO denominated in U.S. dollars. CLO-2 was established in November 2012 and its reinvestment period ended in November 2018. Upon the redemption of CLO-2, all secured notes were repaid, including accrued interest, and the equity was settled for the residual proceeds in the CLO. In aggregate, Onex received \$29 of proceeds and distributions related to CLO-2 compared to its original investment of \$26. In addition, Onex expects to receive a final distribution of \$4 from CLO-2.

At redemption, CLO-2 transferred \$13, \$11, \$4 and \$12 in assets for fair value consideration to CLO-8, CLO-9, CLO-10 and the warehouse facility for CLO-16, respectively. The fair values used for the transfers were reviewed by a third party.

#### *Distributions*

During the year ended December 31, 2018, Onex received \$59 of distributions from its CLO investments. Additionally, Onex received \$9 on the redemption of CLO-2 and \$11 from the partial sale of its investment in CLO-7.

### 3. 2017 SIGNIFICANT TRANSACTIONS

#### **a) Initial and secondary offerings by JELD-WEN**

In January 2017, JELD-WEN completed an initial public offering of 28.75 million shares of its common stock (NYSE: JELD), including the exercise of an over-allotment option. The offering was priced at \$23.00 per share for gross proceeds of \$661. As part of the offering, JELD-WEN issued approximately 22.3 million treasury shares. The net proceeds from treasury shares were used to repay \$375 of JELD-WEN's combined term loan, with the balance for working capital and other general corporate purposes. The Onex Partners III Group sold approximately 6.5 million shares in the transaction for net proceeds of \$140. Onex' portion of the net proceeds was \$40, including carried interest.

As a result of this transaction, the Onex Partners III Group's economic ownership was reduced to 60% and Onex' economic ownership was reduced to 15%. Since the sale of shares by the Onex Partners III Group did not result in a loss of control over JELD-WEN, the transaction was recorded as a transfer from the equity holders of Onex Corporation to non-controlling interests in the consolidated financial statements, with the cash proceeds received in excess of the historical accounting carrying value of \$133 being recorded directly to retained earnings.

The new shares issued by JELD-WEN in the initial public offering resulted in the dilution of the Company's ownership interest in JELD-WEN. As a result, the Company recorded a transfer from the non-controlling interests in the consolidated

statements of equity. This reflects Onex' share of the increase in the book value of the net assets of JELD-WEN due to the issuance of additional common shares at a value above the Company's historical accounting carrying value of JELD-WEN.

In May 2017, JELD-WEN completed a secondary offering of 16.1 million shares of its common stock, including the exercise of an over-allotment option. The offering was priced at \$30.75 per share for gross proceeds of \$495. No treasury shares were issued as part of the offering. The Onex Partners III Group sold approximately 15.7 million shares in the transaction for net proceeds of \$466. Onex' portion of the net proceeds was \$135, including carried interest.

A gain of \$1,514 was recorded within discontinued operations during the second quarter of 2017, based on the excess of the net proceeds and the interest retained at fair value over the historical accounting carrying value of the investment. The gain on the sale was entirely attributable to the equity holders of Onex Corporation, as the interests of the Limited Partners were recorded as a financial liability at fair value. The portion of the gain associated with measuring the interest retained in JELD-WEN at fair value was \$1,136. The portion of the gain associated with the shares sold in the secondary offering was \$378.

As a result of this transaction, the Onex Partners III Group's economic ownership was reduced to 45% and Onex' economic ownership was reduced to 11%, resulting in a loss of control over JELD-WEN by the Company. The remaining interest held by the Company has been recorded as a long-term investment at fair value, with changes in fair value recognized in the consolidated statements of earnings. Non-controlling interests of the Company decreased by \$212 as a result of no longer consolidating JELD-WEN.

In November 2017, JELD-WEN completed a secondary offering of approximately 14.4 million shares of its common stock, including the exercise of an over-allotment option. The offering was priced at \$33.75 per share for gross proceeds of \$485. No treasury shares were issued as part of the offering. The Onex Partners III Group sold approximately 14.2 million shares in the transaction for net proceeds of \$463. Onex' portion of the net proceeds was \$134, including carried interest. No gain was realized as a result of this transaction as the Company's interest in JELD-WEN is recorded at fair value.

Amounts received on account of the carried interest related to these transactions totalled \$113. Onex' share of the carried interest received was \$45 and was included in the net proceeds to Onex. Management's share of the carried interest was \$68. No amounts were paid on account of the MIP for these transactions as the required realized investment return hurdle for Onex was not met on realizations to date.

The operations of JELD-WEN up to May 2017 are presented as discontinued in the December 31, 2017 consolidated statements of earnings and cash flows and have been reclassified from the building products segment to the other segment.

### b) Acquisition of Parkdean Resorts

In March 2017, the Onex Partners IV Group acquired Parkdean Resorts, an operator of caravan holiday parks in the United Kingdom, for £1,350. Excluding the impact of foreign exchange hedges, the Onex Partners IV Group's investment was \$612 (£500), comprised of \$417 from Onex Partners IV and \$195 as a co-investment from Onex and certain limited partners, for an initial economic interest of 91%. The investment in Parkdean Resorts consisted of equity of \$520 (£425) and a loan note of \$92 (£75). At the time of acquisition, Onex invested \$166, comprised of \$123 through Onex Partners IV and \$43 as a co-investment, for an initial economic interest of 25%. Subsequent to the increase in Onex' interest in Onex Partners IV, as described in note 3(g), Onex' share of the investment increased to \$182, comprised of \$139 through Onex Partners IV and \$43 as a co-investment. The remainder of the purchase price was financed through a rollover of equity by management shareholders and debt financing, without recourse to Onex Corporation. Parkdean Resorts is included within the other segment.

### c) Distribution from Jack's

In April 2017, Jack's amended its existing credit facility to increase the size of its term loan to \$275. The proceeds from the incremental borrowing, along with cash on hand, were used to fund a distribution of \$85 to shareholders. The Onex Partners IV Group's portion of the distribution was \$81, of which Onex' share was \$23.

### d) Initial public offering by Emerald Expositions

In April 2017, Emerald Expositions completed an initial public offering of approximately 17.8 million shares of its common stock (NYSE: EEX), including the exercise of an over-allotment option. The offering was priced at \$17.00 per share for gross proceeds of \$303. As part of the offering, Emerald Expositions issued approximately 10.3 million treasury shares. The net proceeds from the treasury shares were used to repay \$159 of Emerald Expositions' term loan. The Onex Partners III Group sold approximately 7.5 million shares in the transaction for net proceeds of \$119. Onex' portion of the net proceeds was \$32, including \$3 of carried interest.

Amounts received on account of the carried interest related to this transaction totalled \$7. Onex' share of the carried interest received was \$3 and was included in the net proceeds to Onex. Management's share of the carried interest was \$4. No amounts were paid on account of the MIP for this transaction as the required realized investment return hurdle for Onex was not met on this realization.

Since the sale of shares by the Onex Partners III Group did not result in a loss of control over Emerald Expositions, the transaction was recorded as a transfer from the equity holders of Onex Corporation to non-controlling interests in the consolidated financial statements, with the cash proceeds received in excess of the historical accounting carrying value of \$52 being recorded directly to retained earnings.

The issuance of new shares by Emerald Expositions as part of the initial public offering resulted in the dilution of the Company's ownership interest in Emerald Expositions. The Company recorded a transfer from the non-controlling interests in the consolidated statements of equity. This reflected Onex' share of the increase in the book value of the net assets of Emerald Expositions due to the issuance of additional common shares at a value above the Company's historical accounting carrying value of Emerald Expositions.

### e) Sale of USI

In May 2017, the Onex Partners III Group sold its entire investment in USI for an enterprise value of \$4,316. The Onex Partners III Group received net proceeds of \$1,889, resulting in a gain of \$1,797 based on the excess of the net proceeds over the historical accounting carrying value of the investment. Onex' portion of the net proceeds was \$563, including carried interest of \$65 and after the reduction for amounts on account of the MIP. The gain on the sale was entirely attributable to the equity holders of Onex Corporation, as the interests of the limited partners were recorded as a financial liability at fair value.

Amounts received on account of the carried interest related to this transaction totalled \$163. Onex' share of the carried interest received was \$65 and was included in the net proceeds to Onex. Management's share of the carried interest was \$98. Amounts paid on account of the MIP totalled \$30 for this transaction and have been deducted from the net proceeds to Onex.

The operations of USI up to the date of sale have been presented as discontinued in the consolidated statements of earnings and cash flows for the year ended December 31, 2017. The operations of USI have been reclassified from the insurance services segment to the other segment. Non-controlling interests of the Company decreased by \$1 as a result of no longer consolidating USI.

### f) Sale of Dental Digital business by Carestream Health

In September 2017, Carestream Health completed the sale of its Dental Digital business for an enterprise value of \$810. Carestream Health received net proceeds of \$859 from the sale of its Dental Digital business along with net proceeds received from an additional transaction completed during the fourth quarter of 2017. Net proceeds from these transactions were used to repay \$758 of the company's term loans. The sale of the Dental Digital business, together with the additional transaction, resulted in the recognition of a pre-tax gain of \$731, which has been recorded in other gains.

Carestream Health's Dental Digital business did not represent a separate major line of business of the Company, and as a result, the operating results up to the date of disposition have not been presented as a discontinued operation.

**g) Onex Partners IV interest acquired by Onex**

In September 2017, Onex, the parent company, acquired an interest in Onex Partners IV from a limited partner for \$354. No gain or loss was recorded on this transaction as the limited partners' interests are recorded at fair value.

In October 2017, Onex sold a portion of the acquired interest in Onex Partners IV to certain limited partners for \$198, the same value at which Onex acquired the interest in September 2017. Onex will continue to earn management fees and carried interest on the interest sold to certain limited partners. The carried interest entitlement to Onex management was not impacted by this transaction, including carried interest on the portion retained by Onex.

The net increase in Onex' interest in Onex Partners IV resulted in an increase in Onex' ownership percentage in investments completed by the fund. In addition, Onex' uncalled committed capital to Onex Partners IV increased by \$69 for its share of the interest acquired in the fund.

**h) Partial sale of BBAM**

In October 2017, the Onex Partners III Group sold a portion of its investment in BBAM. The Onex Partners III Group's economic interest in BBAM was reduced from 50% to 35% and Onex' economic interest was reduced from 13% to 9%. Together with distributions completed by BBAM in 2017, the Onex Partners III Group received \$180, of which Onex' share was \$53, including carried interest of \$7.

Amounts received on account of the carried interest related to the partial sale totalled \$18. Onex' share of the carried interest received was \$7 and was included in the net proceeds to Onex. Management's share of the carried interest was \$11. No amounts were paid on account of the MIP for this transaction as the required realized investment return hurdle for Onex was not met on realizations to date.

**i) Onex Partners V**

In November 2017, Onex completed fundraising for Onex Partners V, reaching aggregate commitments of \$7,150, including Onex' commitment of \$2,000 and Onex management's minimum 2% commitment.

**j) Acquisition of IntraPac**

In December 2017, the ONCAP IV Group acquired IntraPac International Corporation ("IntraPac"), a designer and manufacturer of specialty rigid packaging solutions. The ONCAP IV Group's total investment was \$118 for an initial economic interest of 98%. Onex' share of the investment was \$46 for an initial economic interest of 38%. The remainder of the purchase price was primarily financed through a rollover of equity by management of IntraPac and debt financing, without recourse to Onex Corporation. IntraPac is included within the packaging products and services segment.

**k) Acquisition of Laces**

In December 2017, the ONCAP IV Group acquired Laces Group ("Laces"), a designer, manufacturer and marketer of bath accessories and home fashion products. The ONCAP IV Group's total investment was \$102 for an economic interest of 82%. Onex' share of the investment was \$40 for an economic interest of 32%. The remainder of the Laces purchase price was primarily financed through a rollover of equity by management of Laces and debt financing, without recourse to Onex Corporation. Laces is included within the other segment.

**l) Distributions from operating businesses**

During 2017, the Company received distributions of \$281 from certain operating businesses. Onex' portion of the distributions, including carried interest, was \$107. This included distributions from BBAM and Jack's, as previously described in note 3(h) and 3(c), respectively. Other significant distributions received by the Company are described below.

In January 2017, PURE Canadian Gaming Corp. ("PURE Canadian Gaming") distributed C\$15 to shareholders. The ONCAP II and III Groups' portion of the distribution to shareholders was C\$15 (\$11), of which Onex' portion was C\$6 (\$5). In addition, in December 2017, PURE Canadian Gaming amended its existing credit facility, and proceeds from the incremental borrowing, along with cash on hand, were used to fund a distribution of C\$45 to shareholders. The ONCAP II and III Groups' portion of the distribution was C\$45 (\$35), of which Onex' share was C\$18 (\$14).

In September 2017, Bradshaw International, Inc. ("Bradshaw") amended its existing credit facility. A portion of the proceeds from the incremental borrowing were used to fund a distribution of \$53 to shareholders. The ONCAP III Group's portion of the distribution to shareholders was \$48, of which Onex' share was \$14.

## m) Credit Strategies

### *Extension of CLO-4*

In April 2017, Onex amended CLO-4, which extended the reinvestment period of the CLO by four years to April 2021 and increased the size by \$105 to \$600. Onex invested an additional \$13 in the most subordinated capital of CLO-4 in connection with the CLO-4 amendment.

### *Closing of EURO CLO-1*

In May 2017, Onex closed EURO CLO-1, which was funded through the issuance of collateralized loan instruments in a series of tranches of secured and subordinated notes in a private placement transaction for an aggregate principal amount of €361 (\$393).

On closing, Onex received €55 (\$60) plus interest for the investment that supported the warehouse facility and invested €38 (\$42) for 100% of the most subordinated capital of EURO CLO-1. Reinvestment can be made in collateral by the CLO up to June 2021, or earlier, subject to certain provisions.

### *Redemption of CLO-3*

In June 2017, the Company redeemed its third CLO denominated in U.S. dollars. CLO-3 was established in March 2013 and its reinvestment period ended in January 2017. Upon the redemption of CLO-3, all secured notes were repaid, including accrued interest, and the equity was settled for the residual proceeds in the CLO. In aggregate, Onex received \$31 of proceeds and distributions related to CLO-3 compared to its original investment of \$24.

At redemption, CLO-3 transferred \$13, \$109 and \$48 in assets for fair value consideration to CLO-4, CLO-13 and CLO-14, respectively. The fair values used for the transfer were reviewed by a third party.

### *Closing of CLO-13*

In July 2017, Onex closed CLO-13, which was funded through the issuance of collateralized loan instruments in a series of tranches of secured and subordinated notes and preference shares in a private placement transaction for an aggregate principal amount of \$610.

On closing, Onex received \$70 plus interest for the investment that supported the warehouse facility and invested \$40 for approximately 70% of the most subordinated capital of CLO-13. Reinvestment can be made in collateral by the CLO up to July 2022, or earlier, subject to certain provisions.

### *Closing of EURO CLO-2*

In December 2017, Onex closed EURO CLO-2, which was funded through the issuance of collateralized loan instruments in a series of tranches of secured and subordinated notes in a private placement transaction for an aggregate principal amount of €437 (\$514).

On closing, Onex received €40 (\$47) plus interest for the investment that supported the warehouse facility and invested €39 (\$45) for 88% of the most subordinated capital of EURO CLO-2. Reinvestment can be made in collateral by the CLO up to January 2022, or earlier, subject to certain provisions.

### *Closing of CLO-14*

In December 2017, Onex closed CLO-14, which was funded through the issuance of collateralized loan instruments in a series of tranches of secured and subordinated notes and preference shares in a private placement transaction for an aggregate principal amount of \$611.

On closing, Onex received \$60 plus interest for the investment that supported the warehouse facility and invested \$36 for approximately 65% of the most subordinated capital of CLO-14. Reinvestment can be made in collateral by the CLO up to November 2022, or earlier, subject to certain provisions.

### *Onex Credit Lending Partners*

During 2017, Onex raised \$314 for OCLP I, including \$100 from Onex.

During 2017, OCLP I made investments in the debt of middle-market, upper middle-market and large private equity sponsor-owned portfolio companies and, selectively, other corporate borrowers, which were funded by borrowings from OCLP I's credit facilities and a capital call of \$55 from investors in December 2017, of which Onex' share was \$18.

### *Distributions*

During 2017, Onex received \$59 of distributions from CLO investments. Additionally, Onex received \$10 on the redemption of CLO-3 and \$23 on the sale of CLO investments.

#### 4. ACQUISITIONS

During 2018 and 2017 several acquisitions, which were accounted for as business combinations, were completed either directly by Onex or through subsidiaries of Onex. Acquisitions completed by Onex are generally financed with proceeds from the Onex Partners and ONCAP Funds along with debt provided by third-party lenders. Debt provided by third-party lenders is held within the acquired companies and is without recourse to Onex Corporation, the ultimate parent company. This debt, along with debt incurred to finance acquisitions made by existing Onex subsidiaries, is excluded from the purchase price allocation tables below.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition, irrespective of the extent of any non-controlling interests. The fair value is determined using a combination of valuation techniques, including discounted cash flows and projected earnings multiples. The key inputs to the valuation techniques include assumptions related to future customer demand, material and employee-related costs, changes in mix of products and services produced or delivered, and restructuring programs.

Any non-controlling interests in the acquired company are measured either at fair value or at the non-controlling interests' proportionate share of the identifiable assets and liabilities of the acquired business. The excess of the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquired company and, for a business combination achieved in stages, the fair value at the acquisition date of the Company's previously held interest in the acquired company compared to the fair value of the identifiable net assets acquired is recorded as goodwill. Acquisition-related costs are expensed as incurred and related restructuring charges are expensed in the periods after the acquisition date. Costs incurred to issue debt are deferred and recognized as described in note 1. Subsequent changes in the fair value of contingent consideration recorded as a liability at the acquisition date are recognized in consolidated earnings or loss.

In certain circumstances where preliminary estimates have been made, the companies may obtain third-party valuations of certain assets, which could result in further refinement of the fair value allocation of certain purchase prices and accounting adjustments. The results of operations for all acquired businesses are included in the consolidated statements of earnings, comprehensive earnings and equity of the Company from their respective dates of acquisition.

#### 2018 ACQUISITIONS

Details of the purchase price and allocation to the assets and liabilities acquired are as follows:

	SMG <sup>(a)</sup>	Celestica <sup>(b)</sup>	KidsFoundation <sup>(c)</sup>	ONCAP <sup>(d)</sup>	Other <sup>(e)</sup>	Total
Cash and cash equivalents	\$ 51	\$ 7	\$ 25	\$ 17	\$ 5	\$ 105
Other current assets	58	78	7	290	36	469
Intangible assets with limited life	638	274	62	259	155	1,388
Intangible assets with indefinite life	-	-	-	28	13	41
Goodwill	367	175	241	280	188	1,251
Property, plant and equipment and other non-current assets	54	29	23	159	5	270
	1,168	563	358	1,033	402	3,524
Current liabilities	(84)	(32)	(59)	(167)	(35)	(377)
Non-current liabilities	(80)	(57)	(19)	(92)	(6)	(254)
Interests in net assets acquired	1,004	474	280	774	361	2,893
Non-controlling interests in net assets acquired	(1)	-	(2)	(51)	(29)	(83)
	\$ 1,003	\$ 474	\$ 278	\$ 723	\$ 332	\$ 2,810



a) In January 2018, the Company acquired SMG, as described in note 2(a).

b) In April 2018, Celestica acquired Atrenne Integrated Solutions, Inc. for total consideration of \$143. In November 2018, Celestica acquired Impakt for total consideration of \$331, as described in note 2(n).

c) In November 2018, the Company acquired KidsFoundation, as described in note 2(p).

d) ONCAP includes the acquisitions of AutoSource, Precision and Walter Surface Technologies, as described in notes 2(f), 2(i) and 2(j), respectively, in addition to acquisitions made by Davis-Standard Holdings, Inc. ("Davis-Standard"), EnGlobe Corp. ("EnGlobe"), Hopkins Manufacturing Corporation ("Hopkins"), IntraPac and Tecta (up to November 2018) for total consideration of \$156, of which \$19 was non-cash consideration.

e) Other consists of acquisitions made by Clarivate Analytics, Emerald Expositions, sgsco and York for total consideration of \$205, of which \$15 was non-cash consideration. Also included in other are acquisitions made by BrightSpring Health for total

consideration of \$127, of which \$30 was non-cash consideration. BrightSpring Health is recorded as a discontinued operation, as described in note 2(q).

Included in the acquisitions above are gross receivables due from customers of \$184, of which all contractual cash flows are expected to be recovered. The fair value of these receivables at the dates of acquisition was determined to be \$183.

Revenue and net loss from the dates of acquisition for these acquisitions to December 31, 2018 were \$809 and \$62, respectively.

The Company estimates it would have reported consolidated revenues of approximately \$24,400 and a net loss of approximately \$805 for the year ended December 31, 2018 if acquisitions completed during 2018 had been acquired on January 1, 2018.

Goodwill of the acquisitions was attributable primarily to the skills and competence of the acquired workforce, non-contractual established supplier and customer bases and technological knowledge of the acquired companies. Goodwill of the acquisitions that is expected to be deductible for tax purposes is \$249.

## 2017 ACQUISITIONS

Details of the purchase price and allocation to the assets and liabilities acquired, excluding acquisitions completed by discontinued operations, other than BrightSpring Health, and net of debt financing, are as follows:

	Parkdean Resorts <sup>(a)</sup>	Emerald Expositions <sup>(b)</sup>	ONCAP <sup>(c)</sup>	Other <sup>(d)</sup>	Total
Cash and cash equivalents	\$ 61	\$ -	\$ 13	\$ 1	\$ 75
Other current assets	59	6	179	1	245
Intangible assets with limited life	42	22	374	13	451
Intangible assets with indefinite life	-	20	-	-	20
Goodwill	289	62	205	12	568
Property, plant and equipment and other non-current assets	1,611	-	72	-	1,683
	2,062	110	843	27	3,042
Current liabilities	(300) <sup>(1)</sup>	(14)	(97)	(1)	(412)
Non-current liabilities	(1,192) <sup>(2)</sup>	-	(395)	-	(1,587)
	570	96	351	26	1,043
Non-controlling interests in net assets	(50)	-	(23)	-	(73)
Interests in net assets acquired	\$ 520	\$ 96	\$ 328	\$ 26	\$ 970

(1) Included in current liabilities of Parkdean Resorts is \$92 of acquisition financing.

(2) Excluded from non-current liabilities of Parkdean Resorts is \$570 of preference shares issued upon acquisition, which are classified as long-term financial liabilities. The Onex Partners IV Group's share of the preference shares is \$520.

a) In March 2017, the Company acquired Parkdean Resorts, as described in note 3(b).

b) Emerald Expositions completed four acquisitions for total consideration of \$96, of which \$4 was non-cash consideration.

c) ONCAP includes the acquisitions of IntraPac and Laces, as described in note 3(j) and 3(k), respectively. In addition, ONCAP includes acquisitions made by Bradshaw, Chatters, Davis-Standard, Hopkins and Tecta for total consideration of \$119.

d) Other includes acquisitions made by Clarivate Analytics, sgsco and York for total consideration of \$21, of which \$9 was non-cash consideration. Also included in other is one acquisition made by BrightSpring Health for total consideration of \$5. BrightSpring Health is recorded as a discontinued operation, as described in note 2(q).

Included in the acquisitions above were gross receivables due from customers of \$102, of which all contractual cash flows were expected to be recovered. The fair value of these receivables at the dates of acquisition was determined to be \$102.

Revenue and net losses from the date of acquisition for these acquisitions to December 31, 2017 were \$608 and \$53, respectively.

## 6. INVENTORIES

Inventories comprised the following:

	December 31, 2018	December 31, 2017	January 1, 2017
Raw materials	\$ 1,243	\$ 985	\$ 1,027
Work in progress	245	183	183
Finished goods	1,075	914	946
Real estate held for sale	93	166	354
Total inventories	\$ 2,656	\$ 2,248	\$ 2,510

During the year ended December 31, 2018, \$12,452 (2017 – \$11,737) of inventory was expensed in cost of sales. Note 13(b) provides details on inventory provisions recorded by the Company.

The Company estimates it would have reported consolidated revenues of approximately \$24,900 and net earnings of approximately \$2,370 for the year ended December 31, 2017 if acquisitions completed during 2017 had been acquired on January 1, 2017.

Goodwill of the acquisitions was attributable primarily to the skills and competence of the acquired workforce, non-contractual established customer bases and technological knowledge of the acquired companies. Goodwill of the acquisitions that is expected to be deductible for tax purposes was \$79.

## 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised the following:

As at December 31	2018	2017
Cash at bank and on hand	\$ 1,570	\$ 1,416
Money market funds	997	1,614
Commercial paper	74	84
Bank term deposits and other	39	262
Total cash and cash equivalents	\$ 2,680	\$ 3,376

At December 31, 2018, the fair value of investments managed by third-party investment managers was \$274 (2017 – \$1,021), of which \$60 (2017 – \$247) was included in short-term investments and \$214 (2017 – \$774) was included in long-term investments. The decrease in investments managed by third-party investment managers at December 31, 2018 was primarily driven by redemptions by Onex to fund investments completed during the year ended December 31, 2018.

## 7. OTHER CURRENT ASSETS

Other current assets comprised the following:

	December 31, 2018	December 31, 2017	January 1, 2017
Contract assets	\$ 349	\$ 329	\$ 296
Prepaid expenses	206	223	250
Restricted cash	193	149	314
Income and value-added taxes receivable	123	125	138
Other receivables	79	109	179
Other	174	184	235
Total other current assets	\$ 1,124	\$ 1,119	\$ 1,412

## 8. DISCONTINUED OPERATIONS

The following table shows revenues, expenses and net after-tax results from discontinued operations. The loss of control by the Company over Pinnacle Renewable Energy, as described in note 2(c), and the sale of Tecta, as described in note 2(o), did not represent separate major lines of business, and as a result have not been presented as discontinued operations.

Year ended December 31	2018	2017			Total
		BrightSpring Health <sup>(a)</sup>	USI <sup>(b)</sup>	JELD-WEN <sup>(c)</sup>	
Revenues	\$ 1,821	\$ 1,764	\$ 400	\$ 1,393	\$ 3,557
Expenses	(1,770)	(1,720)	(510)	(1,580)	(3,810)
Earnings (loss) before income taxes	51	44	(110)	(187)	(253)
Recovery of (provision for) income taxes	(1)	17	13	15	45
Gain, net of tax	-	-	1,797	1,514	3,311
Net earnings for the year	\$ 50	\$ 61	\$ 1,700	\$ 1,342	\$ 3,103

### a) BrightSpring Health

The operations of BrightSpring Health have been presented as discontinued in the consolidated statements of earnings and cash flows for the years ended December 31, 2018 and 2017, as described in note 2(q).

### b) USI

The operations of USI have been presented as discontinued in the consolidated statements of earnings and cash flows for the year ended December 31, 2017, as described in note 3(e).

### c) JELD-WEN

The operations of JELD-WEN have been presented as discontinued in the consolidated statements of earnings and cash flows for the year ended December 31, 2017, as described in note 3(a).

The following table shows the summarized assets and liabilities of discontinued operations. There are no assets or liabilities of discontinued operations at December 31, 2017, as USI was sold in May 2017 and the Company ceased to consolidate JELD-WEN after losing control in May 2017.

As at December 31, 2018	BrightSpring Health
Cash and cash equivalents	\$ 27
Other current assets	270
Intangible assets	374
Goodwill	371
Property, plant and equipment and other non-current assets	106
	<b>1,148</b>
Current liabilities	(207)
Non-current liabilities	(568)
Net assets of discontinued operations	\$ 373

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table presents the summarized aggregate cash flows from (used in) discontinued operations of BrightSpring Health (up to December 31, 2018), USI (up to May 2017) and JELD-WEN (up to May 2017).

For the year ended December 31	2018	2017			
	BrightSpring Health	BrightSpring Health	USI	JELD-WEN	Total
Operating activities	\$ 129	\$ 100	\$ 109	\$ (99)	\$ 110
Financing activities	29	(72)	(53)	79	(46)
Investing activities	(145)	(23)	(155)	(85)	(263)
Increase (decrease) in cash and cash equivalents for the period	13	5	(99)	(105)	(199)
Increase in cash due to changes in foreign exchange rates	-	-	-	2	2
Cash and cash equivalents, beginning of the period	14	9	99	103	211
Cash and cash equivalents, end of the period	27	14	-	-	14
Proceeds from sales of operating companies no longer controlled	-	-	1,889	466	2,355
	\$ 27	\$ 14	\$ 1,889	\$ 466	\$ 2,369

## 9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprised the following:

	Land	Buildings	Machinery and Equipment	Construction in Progress	Total
<b>At January 1, 2017</b>					
Cost	\$ 289	\$ 1,959	\$ 4,233	\$ 283	\$ 6,764
Accumulated amortization and impairments	(13)	(506)	(1,969)	(1)	(2,489)
<b>Net book amount</b>	<b>\$ 276</b>	<b>\$ 1,453</b>	<b>\$ 2,264</b>	<b>\$ 282</b>	<b>\$ 4,275</b>
<b>Year ended December 31, 2017</b>					
Opening net book amount	\$ 276	\$ 1,453	\$ 2,264	\$ 282	\$ 4,275
Additions	3	79	307	363	752
Disposals	(4)	(14)	(31)	(6)	(55)
Amortization charge	(1)	(118)	(493)	-	(612)
Amortization charge (discontinued operations)	-	(20)	(56)	-	(76)
Acquisition of subsidiaries	1,079	363	209	27	1,678
Disposition of subsidiaries	-	(7)	(32)	(1)	(40)
Operating company no longer under control	(100)	(370)	(368)	(26)	(864)
Impairment charge <sup>(i)</sup>	-	(13)	(23)	(1)	(37)
Transfers from construction in progress	-	51	224	(275)	-
Foreign exchange	119	73	101	20	313
Other	-	2	(11)	1	(8)
<b>Closing net book amount</b>	<b>\$ 1,372</b>	<b>\$ 1,479</b>	<b>\$ 2,091</b>	<b>\$ 384</b>	<b>\$ 5,326</b>
<b>At December 31, 2017</b>					
Cost	\$ 1,385	\$ 1,985	\$ 4,123	\$ 385	\$ 7,878
Accumulated amortization and impairments	(13)	(506)	(2,032)	(1)	(2,552)
<b>Net book amount</b>	<b>\$ 1,372</b>	<b>\$ 1,479</b>	<b>\$ 2,091</b>	<b>\$ 384</b>	<b>\$ 5,326</b>
<b>Year ended December 31, 2018</b>					
Opening net book amount	<b>\$ 1,372</b>	<b>\$ 1,479</b>	<b>\$ 2,091</b>	<b>\$ 384</b>	<b>\$ 5,326</b>
Additions	3	110	571	37	721
Disposals	(20)	(18)	(21)	(5)	(64)
Amortization charge	(5)	(109)	(529)	-	(643)
Amortization charge (discontinued operations)	-	(9)	(19)	-	(28)
Acquisition of subsidiaries	42	77	98	7	224
Disposition of subsidiaries	-	(1)	(14)	-	(15)
Operating company no longer under control	(1)	(48)	(77)	(51)	(177)
Transfer to discontinued operations	(6)	(35)	(47)	(1)	(89)
Impairment charge	-	(45)	(70)	(1)	(116)
Transfers from construction in progress	-	24	46	(70)	-
Foreign exchange	(71)	(46)	(71)	(19)	(207)
Other	3	(18)	(5)	1	(19)
<b>Closing net book amount</b>	<b>\$ 1,317</b>	<b>\$ 1,361</b>	<b>\$ 1,953</b>	<b>\$ 282</b>	<b>\$ 4,913</b>
<b>At December 31, 2018</b>					
Cost	\$ 1,335	\$ 1,948	\$ 4,241	\$ 284	\$ 7,808
Accumulated amortization and impairments	(18)	(587)	(2,288)	(2)	(2,895)
<b>Net book amount</b>	<b>\$ 1,317</b>	<b>\$ 1,361</b>	<b>\$ 1,953</b>	<b>\$ 282</b>	<b>\$ 4,913</b>

(i) Property, plant and equipment impairments of \$32 related to Save-A-Lot have been included in other expense (note 27) as part of Save-A-Lot's restructuring charges in 2017.

Property, plant and equipment cost and accumulated amortization and impairments have been reduced for components retired during 2018 and 2017. At December 31, 2018, property, plant and equipment includes amounts under finance leases of \$662 (2017 – \$726) and related accumulated amortization of \$60 (2017 – \$49). During 2018, borrowing costs of \$1 (2017 – \$2) were capitalized and are included in the cost of additions.

## 10. LONG-TERM INVESTMENTS

Long-term investments comprised the following:

	December 31, 2018	December 31, 2017
Long-term investments held by credit strategies <sup>(a)</sup>	\$ 9,439	\$ 8,491
Investments in joint ventures and associates – at fair value through earnings <sup>(b)</sup>	2,413	2,252
Onex Corporation investments in managed accounts <sup>(c)</sup>	214	774
Investments in joint ventures and associates – equity-accounted <sup>(d)</sup>	341	380
Other <sup>(e)</sup>	349	217
<b>Total</b>	<b>\$ 12,756</b>	<b>\$ 12,114</b>

### a) Long-term investments held by credit strategies

Long-term investments held by credit strategies include investments made in CLOs, Onex Credit Funds and Onex Credit Lending Partners.

The asset portfolio held by the CLOs consists of cash and cash equivalents and corporate loans that are recorded at fair value. The asset portfolio of each CLO is pledged as collateral for its respective senior secured notes and loans. The CLOs have initial reinvestment periods ranging from two to five years, during which reinvestment can be made in collateral. The reinvestment periods can be extended by the refinancing of the senior secured notes and loans. Onex is required to consolidate the operations and results of the CLOs, as described in note 1.

At December 31, 2018 and 2017, the asset portfolio of the CLOs and warehouse facilities was comprised of the following:

	Closing Date	As at December 31, 2018	As at December 31, 2017
CLO-2	November 2012	\$ 5	\$ 359
CLO-4	October 2013	555	581
CLO-5	March 2014	362	361
CLO-6	June 2014	891	935
CLO-7	November 2014	467	477
CLO-8	April 2015	685	724
CLO-9	July 2015	688	721
CLO-10	October 2015	468	490
CLO-11	May 2016	467	484
CLO-12	October 2016	512	541
CLO-13	July 2017	563	592
CLO-14	December 2017	561	473
CLO-15	June 2018	564	–
EURO CLO-1	May 2017	395	425
EURO CLO-2	December 2017	477	349
Warehouse facilities		484	–
<b>Total</b>		<b>\$ 8,144</b>	<b>\$ 7,512</b>

At December 31, 2018, investments of \$515 (2017 – \$609) were held by Onex Credit Funds and classified as fair value through net earnings.

Investments held by Onex Credit Lending Partners are classified as fair value through net earnings. At December 31, 2018, the total value of investments held by Onex Credit Lending Partners was \$780 (2017 – \$370).

During the year ended December 31, 2018, Onex completed various transactions which impacted the balance of long-term investments held by credit strategies. These transactions are described in note 2(u) and include the closing of CLO-15, establishing the warehouse facilities for EURO CLO-3 and CLO-16, the redemption of CLO-2 and continued investing activity for OCLP I.

**b) Investments in joint ventures and associates –  
at fair value through earnings**

Investments in joint ventures and associates measured at fair value through earnings primarily include investments in AIT, BBAM, JELD-WEN (since May 2017), Mavis Discount Tire (up to March 2018), Pinnacle Renewable Energy (since February 2018), PowerSchool (since August 2018), Ryan (since October 2018), Venanpri Group, and Wyse (since November 2018). With the exception of JELD-WEN and Pinnacle Renewable Energy, the fair value measurements for these investments include significant unobservable inputs (Level 3 of the fair value hierarchy). The fair value measurements for the investments in JELD-WEN and Pinnacle Renewable Energy include significant other observable inputs (Level 2 of the fair value hierarchy), as a marketability factor is applied to JELD-WEN and Pinnacle Renewable Energy's publicly traded share price. The joint ventures and associates typically have financing arrangements that restrict their ability to transfer cash and other assets to the Company.

Details of changes in investments in joint ventures and associates at fair value through earnings are as follows:

Balance – January 1, 2017	\$ 751
Purchase of investments	6
Transfer of investment in JELD-WEN no longer under control	1,397
Distributions received	(71)
Sale of investments	(591)
Increase in fair value of investments, net	760
Balance – December 31, 2017	\$ 2,252
Transfer of investment in Pinnacle Renewable Energy no longer under control	136
Distributions received	(63)
Purchase of investments	1,243
Sale of investments	(570)
Decrease in fair value of investments, net	(585)
Balance – December 31, 2018	<b>\$ 2,413</b>

*Pinnacle Renewable Energy*

In February 2018, Pinnacle Renewable Energy completed an initial public offering of approximately 15.3 million common shares. As a result of this transaction, the ONCAP II Group no longer controls Pinnacle Renewable Energy, as described in note 2(c). The interest held by the Company has been recorded as a long-term investment at fair value, with changes in fair value recognized in the consolidated statements of earnings.

In June 2018, Pinnacle Renewable Energy completed a secondary offering, as described in note 2(c).

*Mavis Discount Tire*

In March 2018, the ONCAP III Group sold its entire investment in Mavis Discount Tire, as described in note 2(e).

*PowerSchool*

In August 2018, the Onex Partners IV Group acquired an interest in PowerSchool, as described in note 2(h). Summarized financial information for PowerSchool is not available as at February 28, 2019.

*Ryan*

In October 2018, the Onex Partners IV Group acquired an interest in Ryan, as described in note 2(l).

*Wyse*

In November 2018, the ONCAP IV Group acquired an interest in Wyse, as described in note 2(m).

*JELD-WEN*

The following tables provide summarized financial information for JELD-WEN as of December 31, 2018 and 2017 and are prepared in accordance with accounting principles generally accepted in the United States.

As at December 31	2018	2017
Current assets	<b>\$ 1,155</b>	\$ 1,145
Non-current assets	<b>1,899</b>	1,718
	<b>3,054</b>	2,863
Current liabilities	<b>674</b>	578
Non-current liabilities	<b>1,612</b>	1,493
	<b>2,286</b>	2,071
Net Assets	<b>\$ 768</b>	\$ 792

Included in the balance sheet financial information above are the following items:

As at December 31	2018	2017
Cash and cash equivalents included in current assets	<b>\$ 117</b>	\$ 220
Financial liabilities included in current liabilities	<b>\$ 312</b>	\$ 272
Financial liabilities included in non-current liabilities	<b>\$ 1,423</b>	\$ 1,265

For the year ended December 31	2018	2017
Revenues	<b>\$ 4,347</b>	\$ 3,764
Total expenses (including provision for income taxes)	<b>(4,203)</b>	(3,753)
Net earnings	<b>144</b>	11
Other comprehensive earnings (loss)	<b>(50)</b>	102
Total Comprehensive Earnings	<b>\$ 94</b>	\$ 113

Included in the preceding statement of earnings financial information are the following items:

For the year ended December 31	2018	2017
Amortization expense	\$ 125	\$ 111
Interest income	\$ 1	\$ 1
Interest expense	\$ 72	\$ 80
Recovery of (provision for) income taxes	\$ 8	\$ [139]

**c) Onex Corporation investments in managed accounts**

Long-term investments consist of securities that include money market instruments, federal and municipal debt instruments, corporate obligations and structured products with maturities of one year to five years. Short-term investments consist of liquid investments that include money market instruments and commercial paper with original maturities of three months to one year. The investments are managed to maintain an overall weighted average duration of two years or less. At December 31, 2018, the fair value of investments managed by third-party investment managers was \$274 (2017 – \$1,021), of which \$60 (2017 – \$247) was included

**11. OTHER NON-CURRENT ASSETS**

Other non-current assets comprised the following:

	December 31, 2018	December 31, 2017	January 1, 2017
Defined benefit pensions (note 34)	\$ 152	\$ 220	\$ 198
Deferred income taxes (note 19)	164	161	415
Derivatives	23	115	103
Restricted cash	46	62	168
Other	231	267	310
<b>Total</b>	<b>\$ 616</b>	<b>\$ 825</b>	<b>\$ 1,194</b>

in short-term investments and \$214 (2017 – \$774) was included in long-term investments. The decrease in investments in managed accounts was primarily driven by redemptions by Onex to fund investments completed during the year ended December 31, 2018.

**d) Investments in joint ventures and associates – equity-accounted**

At December 31, 2018 and 2017, the balances consisted primarily of investments in joint ventures and associates held by Meridian Aviation and SIG.

**e) Other long-term investments**

At December 31, 2018, the balance consisted primarily of Onex' investment in RSG, as described in note 2(g), forward contracts to economically hedge the Company's exposure to changes in the market value of Onex' SVS associated with the outstanding Deferred Share Units ("DSUs"), as described in note 1, and long-term investments held by certain operating companies. At December 31, 2017, the balance consisted primarily of DSU forward contracts held by Onex, the parent company, and long-term investments held by certain operating companies.



## 12. GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets comprised the following:

	Goodwill	Trademarks and Licenses	Customer Relationships	Computer Software	Other Intangible Assets with Limited Life <sup>(i)</sup>	Other Intangible Assets with Indefinite Life	Total Intangible Assets
<b>As at January 1, 2017</b>							
Cost	\$ 9,500	\$ 2,336	\$ 6,058	\$ 996	\$ 2,835	\$ 504	\$ 12,729
Accumulated amortization and impairments	(326)	(256)	(2,090)	(554)	(543)	-	(3,443)
<b>Net book amount<sup>(iii)</sup></b>	<b>\$ 9,174</b>	<b>\$ 2,080</b>	<b>\$ 3,968</b>	<b>\$ 442</b>	<b>\$ 2,292</b>	<b>\$ 504</b>	<b>\$ 9,286</b>
<b>Year ended December 31, 2017</b>							
Opening net book amount	\$ 9,174	\$ 2,080	\$ 3,968	\$ 442	\$ 2,292	\$ 504	\$ 9,286
Additions	-	1	4	84	10	-	99
Disposals	-	-	-	(5)	-	-	(5)
Amortization charge	-	(19)	(348)	(105)	(187)	-	(659)
Amortization charge (discontinued operations)	-	(5)	(57)	(11)	(3)	-	(76)
Acquisition of subsidiaries	568	84	354	1	32	-	471
Disposition of subsidiaries	(1,516)	(43)	(943)	(3)	(16)	-	(1,005)
Operating company no longer under control	(146)	(74)	(36)	(11)	(2)	(259)	(382)
Impairment charge <sup>(iii)</sup>	(161)	(4)	(8)	(1)	(4)	-	(17)
Impairment charge (discontinued operations)	(7)	-	-	-	-	(1)	(1)
Foreign exchange	265	43	90	1	45	1	180
Other	46	-	-	(1)	(4)	1	(4)
<b>Closing net book amount</b>	<b>\$ 8,223</b>	<b>\$ 2,063</b>	<b>\$ 3,024</b>	<b>\$ 391</b>	<b>\$ 2,163</b>	<b>\$ 246</b>	<b>\$ 7,887</b>
<b>As at December 31, 2017</b>							
Cost	\$ 8,719	\$ 2,167	\$ 4,911	\$ 1,020	\$ 2,892	\$ 246	\$ 11,236
Accumulated amortization and impairments	(496)	(104)	(1,887)	(629)	(729)	-	(3,349)
<b>Net book amount<sup>(iii)</sup></b>	<b>\$ 8,223</b>	<b>\$ 2,063</b>	<b>\$ 3,024</b>	<b>\$ 391</b>	<b>\$ 2,163</b>	<b>\$ 246</b>	<b>\$ 7,887</b>
<b>Year ended December 31, 2018</b>							
Opening net book amount	\$ 8,223	\$ 2,063	\$ 3,024	\$ 391	\$ 2,163	\$ 246	\$ 7,887
Additions	-	-	-	98	18	-	116
Disposals	(2)	-	(5)	(1)	-	-	(6)
Amortization charge	-	(24)	(411)	(116)	(192)	-	(743)
Amortization charge (discontinued operation)	-	(4)	(7)	(7)	(1)	-	(19)
Acquisition of subsidiaries	1,251	230	1,134	25	34	6	1,429
Disposition of subsidiaries	(249)	(2)	(6)	(14)	(27)	-	(49)
Operating company no longer under control	(72)	-	(3)	-	(3)	-	(6)
Transfer to discontinued operations	(371)	(47)	(85)	(12)	(3)	(227)	(374)
Impairment charge	(424)	(24)	(57)	-	(6)	-	(87)
Foreign exchange	(143)	(29)	(53)	-	(19)	(1)	(102)
Other	-	-	-	2	-	-	2
<b>Closing net book amount</b>	<b>\$ 8,213</b>	<b>\$ 2,163</b>	<b>\$ 3,531</b>	<b>\$ 366</b>	<b>\$ 1,964</b>	<b>\$ 24</b>	<b>\$ 8,048</b>
<b>As at December 31, 2018</b>							
Cost	\$ 8,967	\$ 2,288	\$ 5,820	\$ 1,061	\$ 2,849	\$ 24	\$ 12,042
Accumulated amortization and impairments	(754)	(125)	(2,289)	(695)	(885)	-	(3,994)
<b>Net book amount<sup>(iii)</sup></b>	<b>\$ 8,213</b>	<b>\$ 2,163</b>	<b>\$ 3,531</b>	<b>\$ 366</b>	<b>\$ 1,964</b>	<b>\$ 24</b>	<b>\$ 8,048</b>

(i) At December 31, 2018, information databases and content collections had a cost of \$1,726 (2017 – \$1,733) and accumulated amortization of \$234 (2017 – \$130).

(ii) At December 31, 2018, trademarks and licenses and customer relationships included amounts determined to have indefinite useful lives of \$1,735 (2017 – \$1,811).

(iii) Intangible asset impairments of \$4 related to Save-A-Lot have been included in other expense (note 27) as part of Save-A-Lot's restructuring charges in 2017.

Additions to goodwill and intangible assets primarily arose through business combinations (note 4). Additions to intangible assets through internal development were \$74 (2017 – \$63) and those acquired separately were \$42 (2017 – \$36). Included in the net book value of intangible assets at December 31, 2018 were \$188 (2017 – \$187) of internally generated intangible assets.

Goodwill primarily represents the costs of certain intellectual property and process know-how obtained in acquisitions. Intangible assets include trademarks, non-competition agreements, customer relationships, software, information databases, content collections, contract rights and expiration rights obtained in the acquisition of certain facilities. Certain intangible assets are determined to have indefinite useful lives when the Company has determined there is no foreseeable limit to the period over which the intangible assets are expected to generate net cash inflows.

### 13. PROVISIONS

A summary of provisions presented contra to assets in the consolidated balance sheets detailed by the components of charges and movements is presented below.

	Accounts Receivable Provision <sup>(a)</sup>	Inventory Provision <sup>(b)</sup>	Total
Balance – December 31, 2017	\$ 123	\$ 85	\$ 208
Charged (credited) to statements of earnings:			
Additional provisions	68	32	100
Unused amounts reversed during the year	(7)	(2)	(9)
Disposition of subsidiaries	(3)	-	(3)
Transfer to discontinued operations	(19)	-	(19)
Amounts used during the year	(44)	(12)	(56)
Other adjustments	(11)	(1)	(12)
Balance – December 31, 2018	\$ 107	\$ 102	\$ 209

a) During the year ended December 31, 2018, Onex' operating companies applied the simplified approach to measure expected credit losses, permitted by IFRS 9, *Financial Instruments*, which uses a lifetime expected loss allowance for all accounts receivable. To measure the expected credit losses, accounts receivable have been grouped based on days past due and assigned the following weighted average provision rates based on the individual operating companies' historical credit loss experience, adjusted to reflect current and forward-looking information:

As at December 31, 2018	Current	1 to 30 days past due	31 to 60 days past due	61 to 90 days past due	Over 90 days past due
Gross accounts receivable	\$ 2,309	\$ 506	\$ 131	\$ 80	\$ 267
Accounts receivable provision	(10)	(3)	(4)	(2)	(88)
Net accounts receivable	\$ 2,299	\$ 503	\$ 127	\$ 78	\$ 179
Provision rate	1.0%	1.0%	3.1%	2.5%	33.0%

During the year ended December 31, 2017, accounts receivable provisions were established by the operating companies when there was objective evidence that the company would not be able to collect all amounts due according to the original terms of the receivable.

b) Inventory provisions are established by the operating companies for any excess, obsolete or slow-moving items.

A summary of provisions presented as liabilities in the consolidated balance sheets detailed by the components of charges and movements is presented below.

	Restructuring <sup>(c)</sup>	Self-Insurance <sup>(d)</sup>	Warranty <sup>(e)</sup>	Other <sup>(f)</sup>	Total
Current portion of provisions	\$ 50	\$ 100	\$ 36	\$ 41	\$ 227
Non-current portion of provisions	20	143	10	51	224
Balance – December 31, 2017	\$ 70	\$ 243	\$ 46	\$ 92	\$ 451
Charged (credited) to statements of earnings:					
Additional provisions	93	229	33	44	399
Unused amounts reversed during the year	(4)	-	(8)	(14)	(26)
Acquisition of subsidiaries	-	6	1	5	12
Amounts used during the year	(102)	(221)	(28)	(41)	(392)
Disposition of subsidiaries	-	(20)	(3)	(2)	(25)
Transfer to discontinued operations	(3)	(90)	-	(9)	(102)
Other adjustments	(2)	-	(1)	(1)	(4)
Balance – December 31, 2018	\$ 52	\$ 147	\$ 40	\$ 74	\$ 313
Current portion of provisions	(42)	(55)	(32)	(22)	(151)
Non-current portion of provisions	\$ 10	\$ 92	\$ 8	\$ 52	\$ 162

c) Restructuring provisions are typically to provide for the costs of facility consolidations and workforce reductions incurred at the operating companies.

The operating companies record restructuring provisions relating to employee terminations, contractual lease obligations and other exit costs when the liability is incurred. The recognition of these provisions requires management to make certain judgments regarding the nature, timing and amounts associated with the planned restructuring activities, including estimating sublease income and the net recovery from equipment to be disposed of. At the end of each reporting period, the operating companies evaluate the appropriateness of the remaining accrued balances. The restructuring plans are expected to result in cash outflows for the operating companies between 2019 and 2027.

The closing balance of restructuring provisions comprised the following:

As at December 31	2018	2017
Employee termination costs	\$ 40	\$ 51
Lease and other contractual obligations	10	15
Facility exit costs and other	2	4
Total restructuring provisions	\$ 52	\$ 70

d) Self-insurance provisions are established by the operating companies for automobile, workers' compensation, healthcare coverage, general liability, professional liability and other claims. Provisions are established for claims based on an assessment of actual claims and claims incurred but not reported. The reserves may be established based on consultation with independent third-party actuaries using actuarial principles and assumptions that consider a number of factors, including historical claim payment patterns and changes in case reserves, and the assumed rate of inflation in healthcare costs and property damage repairs.

e) Warranty provisions are established by the operating companies for warranties offered on the sale of products or services. Warranty provisions are established to provide for future warranty costs based on management's best estimate of probable claims under these warranties.

f) Other includes legal, transition and integration, asset retirement and other provisions. Transition and integration provisions are typically to provide for the costs of transitioning the activities of an operating company from a prior parent company upon acquisition and to integrate new acquisitions at the operating companies.

**14. LONG-TERM DEBT, WITHOUT RECOURSE  
TO ONEX CORPORATION**

Long-term debt, without recourse to Onex Corporation, comprised the following:

	December 31, 2018	December 31, 2017
BrightSpring Health <sup>(a)</sup>	\$ -	\$ 381
Carestream Health <sup>(b)</sup>	1,168	1,136
Celestica <sup>(c)</sup>	753	187
Clarivate Analytics <sup>(d)</sup>	2,030	2,062
Credit Strategies – CLOs <sup>(e)</sup>	7,811	7,575
Credit Strategies – Lending Partners <sup>(f)</sup>	616	309
Emerald Expositions <sup>(g)</sup>	564	559
Jack's <sup>(h)</sup>	227	253
KidsFoundation <sup>(i)</sup>	119	-
Meridian Aviation <sup>(j)</sup>	89	82
Parkdean Resorts <sup>(k)</sup>	971	1,042
Save-A-Lot <sup>(l)</sup>	747	714
Schumacher <sup>(m)</sup>	645	659
sgsco <sup>(n)</sup>	690	604
SIG <sup>(o)</sup>	1,806	3,144
SMG <sup>(p)</sup>	547	-
Survitec <sup>(q)</sup>	574	593
WireCo <sup>(r)</sup>	636	620
York <sup>(s)</sup>	963	956
ONCAP operating companies <sup>(t)</sup>	1,455	1,412
Other <sup>(u)</sup>	173	69
Long-term debt	22,584	22,357
Less: financing charges	(240)	(308)
	22,344	22,049
Current portion of long-term debt of operating companies	(879)	(333)
Consolidated long-term debt of operating companies	\$ 21,465	\$ 21,716

Onex Corporation does not guarantee the debt of its operating companies, nor are there any cross-guarantees between operating companies. Onex Corporation may hold debt as part of its investment in certain operating companies, which, with the exception of SMG, is excluded from the tables that follow.

The financing arrangements for each operating company typically contain certain restrictive covenants, which may include limitations or prohibitions on additional indebtedness, payment of cash dividends, redemption of capital, capital spending, making of investments and acquisitions and sales of assets. The financing arrangements may also require the redemption of indebtedness in the event of a change of control of an operating company. In addition, certain financial covenants must be met by those operating companies that have outstanding debt. Future changes in business conditions of an operating company may result in non-compliance with certain covenants by that company.

No adjustments to the carrying amount or classification of assets or liabilities of any operating company have been made in the consolidated financial statements with respect to any possible non-compliance.

The annual minimum repayment requirements for the next five years and thereafter on consolidated long-term debt are as follows:

2019	\$ 895
2020	406
2021	2,321
2022	3,020
2023	4,192
Thereafter	11,750
Total	\$ 22,584

**a) BrightSpring Health**

At December 31, 2017, \$381 was outstanding under BrightSpring Health's term loan.

In March 2018, BrightSpring Health amended and restated its existing senior secured credit facility, resulting in a term loan of \$390 and a revolving credit facility of \$300. The term loan and revolving credit facility bear interest at LIBOR (subject to a floor of 0.00%) plus a margin of up to 2.75%, depending on the company's leverage ratio. The maturity dates for the term loan and revolving credit facility were extended to March 2023. The company may also borrow up to an additional \$150 on either its term loan or revolving credit facility, subject to the company's leverage ratio.

At December 31, 2018, BrightSpring Health is accounted for as a discontinued operation, as described in note 8.

## b) Carestream Health

As at December 31	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding	
					2018	2017
First lien term loan <sup>(i)</sup>	\$ 754	LIBOR + up to 5.75%	Floor 1.00%	Feb 2021	\$ 754	\$ 747
Second lien term loan <sup>(i)</sup>	369	LIBOR + 9.50%	Floor 1.00%	Jun 2021	369	362
Revolving credit facility <sup>(i)</sup>	132	LIBOR + 5.50%	Floor 1.00%	Feb 2021	-	-
Other	n/a	n/a	n/a	n/a	33	33
Long-term debt					1,156	1,142
Unamortized discount and other					12	(6)
Long-term debt, net of unamortized discount and other					\$ 1,168	\$ 1,136

Substantially all of Carestream Health's assets are pledged as collateral under the credit facility.

(i) As amended and restated in December 2018.

In December 2018, Carestream Health amended and restated its existing credit facility to extend the maturity dates for a majority of its first lien term loan, second lien term loan and revolving credit facility. As a result of this amendment, the rates at which borrowings under the first lien term loan, second lien term loan and revolving credit facility bear interest were also revised. The portion of these debt instruments that were not extended as part of this amendment are presented within other in the preceding table.

## c) Celestica

As at December 31	Size of facility	Interest rate	Maturity	Gross principal outstanding	
				2018	2017
Term loan	\$ 350	LIBOR + 2.13%	Jun 2025	\$ 348	\$ -
Term loan	250	LIBOR + 2.50%	Jun 2025	250	-
Revolving credit facility <sup>(i)</sup>	450	Base rate + up to 2.50% <sup>(ii)</sup>	Jun 2023	159	-
Term loan	n/a	LIBOR + up to 3.00% <sup>(ii)</sup>	n/a	-	187
Long-term debt				757	187
Unamortized discount				(4)	-
Long-term debt, net of unamortized discount				\$ 753	\$ 187

(i) The revolving credit facility has an accordion feature that allows the company to increase the credit limit by a specified amount, plus an unlimited amount to the extent that a specified leverage ratio does not exceed certain limits, in each case upon satisfaction of certain terms and conditions. Celestica has pledged certain assets as security for borrowings under its revolving credit facility.

(ii) Margin varies depending on the company's leverage ratio.

In June 2018, Celestica entered into a new \$800 secured credit facility consisting of a \$350 term loan and a \$450 revolving credit facility. The net proceeds from the new secured credit facility were used to repay the existing debt facility. In November 2018, Celestica utilized the accordion feature under its new secured credit facility to add a new \$250 term loan. The proceeds from the new term loan were used to partially fund Celestica's acquisition of Impakt, as described in note 2(n).

In connection with the new secured credit facility, the company has entered into interest rate swap agreements with notional amounts totalling \$350 that swap the variable rate portion of the term loans for a fixed rate through August 2023 and December 2023.

Celestica also has uncommitted bank overdraft facilities available for intraday and overnight operating requirements that totalled \$133 (2017 – \$74) at December 31, 2018.

**d) Clarivate Analytics**

As at December 31	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding	
					2018	2017
First lien term loan	\$ 1,550	LIBOR + 3.25%	Floor 1.00%	Oct 2023	\$ 1,484	\$ 1,531
Senior unsecured notes <sup>(i)</sup>	500	7.875%	n/a	Oct 2024	500	500
Revolving credit facility	175	LIBOR + up to 3.25% <sup>(ii)</sup>	n/a	Oct 2023	45	30
Long-term debt					2,029	2,061
Unamortized discount					(4)	(5)
Embedded derivative					5	6
Long-term debt, net of unamortized discount					\$ 2,030	\$ 2,062

Substantially all of Clarivate Analytics' assets are pledged as collateral under the senior secured credit facility.

(i) Interest on the senior unsecured notes is payable semi-annually. The senior unsecured notes may be redeemed by the company at any time at various premiums above face value.

(ii) Margin varies depending on the company's leverage ratio.

In connection with the existing senior secured credit facility, the company has entered into a series of interest rate swap agreements with initial notional amounts of \$350 that swap the variable rate portion of the first lien term loan for fixed rates through March 2021.

**e) Credit Strategies – CLOs**

As of December 31, 2018, the CLOs had notional secured notes and loans, subordinated notes and equity outstanding as follows:

	Closing date	As at December 31, 2018	As at December 31, 2017
CLO-2	November 2012	\$ -	\$ 417
CLO-4	October 2013	621	623
CLO-5	March 2014	420	420
CLO-6	June 2014	1,020	1,025
CLO-7	November 2014	561	514
CLO-8	April 2015	764	764
CLO-9	July 2015	758	758
CLO-10	October 2015	512	512
CLO-11	May 2016	502	502
CLO-12	October 2016	558	558
CLO-13	July 2017	610	610
CLO-14	December 2017	611	611
CLO-15	June 2018	614	-
EURO CLO-1	May 2017	407	433
EURO CLO-2	December 2017	494	524
		8,452	8,271
Onex' investment at notional amounts		(762)	(694)
Total		\$ 7,690	\$ 7,577

The secured notes and loans and subordinated notes bear interest at a rate of LIBOR plus a margin and mature between April 2027 and January 2032. The secured notes and loans, subordinated notes and equity of the CLOs are accounted for at fair value through net earnings. At December 31, 2018, the fair value of the secured notes, subordinated notes and equity held by investors other than Onex was \$7,506 (2017 – \$7,575). In addition, CLO warehouse facilities had \$305 outstanding at December 31, 2018 (2017 – nil).

The notes and loans of CLOs are secured by, and only have recourse to, the assets of each respective CLO. The notes and loans are subject to redemption provisions, including mandatory redemption if certain coverage tests are not met by each respective CLO. Optional redemption of the notes is available at certain periods and optional repricing of the notes is available subject to certain customary terms and conditions being met by each respective CLO.

**CLO-15**

In June 2018, Onex closed CLO-15, which was funded through the issuance of collateralized loan instruments in a series of tranches of secured notes and preference shares, as described in note 2(u). The secured notes were offered in an aggregate principal amount of \$550 and are due in July 2031. The secured notes bear interest at a rate of LIBOR plus a margin of 1.10% to 5.85%. Interest on the secured notes is payable beginning in January 2019.

The secured notes are subject to redemption and prepayment provisions, including mandatory redemption, if certain coverage tests are not met by CLO-15. Optional redemption of the secured notes is available beginning in July 2020. Optional repricing for certain secured obligations is available subject to certain customary terms and conditions being met by CLO-15.

**f) Credit Strategies – Lending Partners**

*OCLP I*

As at December 31	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding	
					2018	2017
Asset backed financing facility <sup>(i)(iii)</sup>	\$ 700	Base rate + up to 2.50%	Floor 0.00%	Aug 2022	\$ 478	\$ 219
Revolving credit facility <sup>(iii)</sup>	138	LIBOR + 1.65%	Floor 0.00%	Jun 2020 <sup>(iv)</sup>	138	90
Long-term debt					\$ 616	\$ 309

(i) The asset backed financing facility is available to finance investments in the asset portfolio of OCLP I and for other permitted uses, and is secured by, among other things, a portion of the asset portfolio of OCLP I.

(ii) As amended in February 2018.

(iii) The revolving credit facility is secured by, among other things, the uncalled capital committed by the limited partners of OCLP I. Onex Corporation, the parent company, is only obligated to fund capital calls based on its proportionate share as a limited partner in OCLP I.

(iv) The maturity date is subject to an option to extend the maturity date for up to 364 days upon satisfaction of certain conditions.

In February 2018, OCLP I amended its asset backed financing facility to increase the size of the facility to \$700.

**g) Emerald Expositions**

As at December 31	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding	
					2018	2017
Term loan	\$ 565	LIBOR + up to 2.75% <sup>(i)</sup>	n/a	May 2024	\$ 537	\$ 562
Revolving credit facility	150	LIBOR + up to 2.75% <sup>(i)</sup>	n/a	May 2022	40	–
Long-term debt					577	562
Unamortized discount and other					(13)	(3)
Long-term debt, net of unamortized discount and other					\$ 564	\$ 559

Substantially all of Emerald Expositions' assets are pledged as collateral under the credit facility.

(i) Margin varies based on the company's leverage ratio.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### h) Jack's

As at December 31	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding	
					2018	2017
Term loan <sup>(i)</sup>	\$ 275	LIBOR + up to 3.50% <sup>(iii)</sup>	Floor 1.00%	Apr 2024	\$ 239	\$ 256
Revolving credit facility <sup>(ii)</sup>	30	LIBOR + up to 3.50% <sup>(iii)</sup>	Floor 0.00%	Apr 2022	-	-
Long-term debt					239	256
Unamortized discount and other					(12)	(3)
Long-term debt, net of unamortized discount and other					\$ 227	\$ 253

Substantially all of Jack's assets, excluding specified real property owned by Jack's, are pledged as collateral under the senior secured credit facility.

(i) As amended and restated in May 2018.

(iii) Margin varies depending on the company's leverage ratio.

In May 2018, Jack's amended its existing credit facility to reduce the rate at which borrowings under its term loan bear interest to LIBOR (subject to a floor of 1.00%) plus a margin of up to 3.50%, depending on the company's leverage ratio. In addition, the rate at which the company borrows under its revolving credit facility was reduced to LIBOR (subject to a floor of 0.00%) plus a margin of up to 3.50%, depending on the company's leverage ratio. The

amendment resulted in a total interest rate reduction of 50 and 75 basis points on the company's term loan and revolving credit facility, respectively.

In connection with the credit facility, the company has entered into an interest rate swap agreement with a notional amount of \$81 that swaps the variable rate portion for a fixed rate through June 2020.

### i) KidsFoundation

As at December 31	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding	
					2018	2017
Term loan	€ 90	EURIBOR + up to 7.75% <sup>(i)</sup>	Floor 0.00%	Nov 2025	\$ 103	€ 90
Acquisition facility	€ 75	EURIBOR + up to 7.75% <sup>(i)</sup>	Floor 0.00%	Nov 2025	16	14
Long-term debt					\$ 119	€ 104

(i) Margin varies depending on the company's leverage ratio.

The Onex Partners IV and Onex Partners V Groups acquired KidsFoundation in November 2018, as described in note 2(p). In November 2018, KidsFoundation entered into a senior secured credit facility consisting of a €90 term loan and a €75 acquisition facility.

### j) Meridian Aviation

As at December 31	Size of facility	Interest rate	Maturity	Gross principal outstanding	
				2018	2017
Revolving credit facility <sup>(i)</sup>	\$ 150	LIBOR + 1.50%	Nov 2019	\$ 89	\$ 82
Long-term debt				\$ 89	\$ 82

(i) As amended and restated in November 2017.



**k) Parkdean Resorts**

As at December 31	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding			
					2018		2017	
First lien term loan	£ 575	LIBOR + up to 4.25% <sup>(i)</sup>	Floor 0.00%	Mar 2024	\$ 714	£ 558	\$ 777	£ 575
Second lien term loan	£ 150	LIBOR + 8.50%	Floor 1.00%	Mar 2025	192	150	203	150
Revolving credit facility	£ 100	LIBOR + up to 3.25% <sup>(ii)</sup>	n/a	Mar 2023	-	-	-	-
Preference shares	n/a	n/a	n/a	n/a	49	39	47	35
Other	n/a	n/a	n/a	n/a	16	12	15	11
Long-term debt					\$ 971	£ 759	\$ 1,042	£ 771

Substantially all of Parkdean Resorts' assets are pledged as collateral under the senior secured credit facility.

(i) Margin varies depending on the company's leverage ratio.

In connection with the secured credit facility, the company has entered into two interest rate swap agreements with notional amounts totalling £500 that swap the variable rate portion of the first lien term loan for fixed rates through May 2021.

**l) Save-A-Lot**

As at December 31	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding	
					2018	2017
Term loan	\$ 740	LIBOR + 6.00%	Floor 1.00%	Dec 2023	\$ 727	\$ 733
Revolving credit facility	250	LIBOR + up to 2.00% <sup>(i)</sup>	n/a	Dec 2021	36	-
Long-term debt					763	733
Unamortized discount					(16)	(19)
Long-term debt, net of unamortized discount					\$ 747	\$ 714

Substantially all of Save-A-Lot's assets are pledged as collateral under the senior secured credit facility.

(i) Margin is determined based on the amount available under the revolving credit facility. Interest rate at a base rate plus a margin of 0.50% may apply.

In connection with the existing senior secured credit facility, the company has entered into an interest rate swap agreement with a notional amount of \$445 that swaps the variable rate portion of the term loan for a fixed rate through March 2021.

**m) Schumacher**

As at December 31	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding	
					2018	2017
First lien term loan	\$ 530	LIBOR + 4.00%	Floor 1.00%	Jul 2022	\$ 506	\$ 519
Second lien term loan	135	LIBOR + 8.50%	Floor 1.00%	Jul 2023	135	135
First lien revolving loan	75	LIBOR + up to 4.00% <sup>(i)(ii)</sup>	Floor 0.00%	Jul 2020	-	-
Other	n/a	n/a	n/a	n/a	4	5
Long-term debt					\$ 645	\$ 659

Substantially all of Schumacher's assets are pledged as collateral under the senior secured credit facility.

(i) Interest rate at an alternative base rate plus a margin of 3.00% may apply.

(ii) Margin varies depending on the company's leverage ratio.

In connection with the existing senior secured credit facility, the company has entered into an interest rate cap agreement with a notional amount of \$400 that sets a ceiling for the base rate of the first lien term loan through December 2019.

**n) sgsco**

As at December 31	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding	
					2018	2017
First lien and delayed draw term loans <sup>(i)</sup>	\$ 575	LIBOR + up to 3.25% <sup>(iii)</sup>	Floor 0.00%	Dec 2022	\$ 569	\$ 495
Second lien term loan	105	LIBOR + up to 7.50% <sup>(iii)</sup>	Floor 0.00%	Dec 2023	105	105
Revolving credit facility <sup>(ii)</sup>	75	LIBOR + up to 3.25% <sup>(iii)</sup>	Floor 0.00%	Mar 2022	18	6
Long-term debt					692	606
Unamortized discount					(2)	(2)
Long-term debt, net of unamortized discount					\$ 690	\$ 604

Substantially all of sgsco's assets are pledged as collateral under the credit agreement.

(i) As amended and restated in June 2018.

(ii) Margin varies depending on the company's leverage ratio.

In February 2018, sgsco's delayed draw term loan was fully drawn for \$80 to partially finance an acquisition.

In June 2018, sgsco amended its secured credit facility to reduce the rate at which borrowings under its first lien term loan and revolving credit facility bear interest to LIBOR (subject to a floor of 0.00%) plus a margin of up to 3.25%, depending on the company's leverage ratio. The amendment resulted in a total interest rate reduction of 25 basis points on the company's first lien term loan and revolving credit facility.

In connection with the secured credit facility, the company has entered into an interest rate swap agreement with a notional amount of \$340 that swaps the variable rate portion of the first lien term and delayed draw term loans for fixed rates through December 2020.

**o) SIG**

As at December 31	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding			
					2018		2017	
Term loan	€ 1,250	EURIBOR + 2.00%	Floor 0.00%	Oct 2023	\$ 1,422	€ 1,242	\$ -	€ -
Term loan	€ 350	EURIBOR + 2.50%	Floor 0.00%	Oct 2025	400	350	-	-
Revolving credit facility	€ 300	EURIBOR + 1.75%	Floor 0.00%	Oct 2023	-	-	-	-
Term loan	n/a	EURIBOR + 3.25%	Floor 0.00%	n/a	-	-	1,225	1,021
Term loan <sup>(i)</sup>	n/a	LIBOR + 2.75%	Floor 1.00%	n/a	-	-	1,102	918
Senior notes	n/a	7.75%	n/a	n/a	-	-	810	675
Long-term debt					1,822	1,592	3,137	2,614
Unamortized discount					(16)	(14)	(7)	(6)
Unamortized embedded derivatives <sup>(ii)</sup>					-	-	14	12
Long-term debt, net of unamortized discount and embedded derivatives					\$ 1,806	€ 1,578	\$ 3,144	€ 2,620

(i) As amended and restated in March 2018.

(ii) Unamortized embedded derivatives relate to the term loans and senior notes.

In March 2018, SIG amended its senior secured credit facility to reduce the rate at which borrowings under its U.S. dollar-denominated term loan bear interest to LIBOR (subject to a floor of 1.00%) plus a margin of 2.75% to 3.00%. The amendment resulted in a total interest rate reduction of 25 basis points on the company's U.S. dollar-denominated term loan.

In October 2018, SIG entered into a new senior secured credit facility consisting of a €1,250 term loan, a €350 term loan and a €300 revolving credit facility. The net proceeds from the new senior secured credit facility and treasury shares issued in SIG's initial public offering, as described in note 2(k), were used to repay borrowings under the existing credit facility and senior notes.

In connection with the senior secured credit facility, the company has entered into an interest rate swap agreement with a notional amount of €800 that swaps the variable rate portion of the term loan maturing in October 2023 for fixed rates through December 2021.

## p) SMG

As at December 31	Size of facility	Interest rate	Maturity	Gross principal outstanding	
				2018	
First lien term loan	\$ 415	LIBOR + up to 3.25% <sup>(ii)</sup>	Jan 2025	\$ 412	
Second lien term loan	180	LIBOR + up to 7.00% <sup>(ii)</sup>	Jan 2026	180	
Revolving credit facility	55	LIBOR + up to 3.25% <sup>(ii)</sup>	Jan 2023	-	
Long-term debt				\$ 592	
Unamortized discount				(1)	
Long-term debt, net of unamortized discount				591	
Second lien term loan held by the Company				(44)	
Long-term debt, net of unamortized discount and second lien term loan held by the Company				\$ 547	

Substantially all of SMG's assets are pledged as collateral under the senior secured credit facility.

(i) Margin varies depending on the company's leverage ratio.

The Onex Partners IV Group acquired SMG in January 2018, as described in note 2(a). In January 2018, SMG entered into a senior secured credit facility consisting of a \$415 first lien term loan, a \$180 second lien term loan and a \$55 revolving credit facility.

In connection with the senior secured credit facility, the company has entered into two interest rate swap agreements with notional amounts totalling \$177 that swap the variable rate portion of the first lien term loan for a fixed rate through December 2021.

## q) Survitec

As at December 31	Size of facility	Interest rate	Maturity	Gross principal outstanding			
				2018		2017	
Term loan <sup>(i)</sup>	£ 140	LIBOR + up to 5.25% <sup>(ii)</sup>	Mar 2022	\$ 179	£ 140	\$ 189	£ 140
Term loan <sup>(ii)(iii)</sup>	£ 175	EURIBOR + up to 4.75% <sup>(iii)</sup>	Mar 2022	200	156	210	155
Term loan <sup>(ii)(iii)</sup>	£ 133	EURIBOR + up to 4.75% <sup>(iii)</sup>	Mar 2022	152	119	159	118
Revolving credit facility <sup>(ii)</sup>	£ 50	LIBOR + up to 4.50% <sup>(ii)</sup>	Mar 2021	20	16	15	11
Acquisition facility <sup>(ii)</sup>	£ 30	LIBOR + up to 4.50% <sup>(ii)</sup>	Mar 2021	18	14	20	15
Other	n/a	n/a	n/a	5	4	-	-
Long-term debt				\$ 574	£ 449	\$ 593	£ 439

Substantially all of Survitec's assets are pledged as collateral under the senior secured credit facility.

(i) As amended and restated in July 2018.

(ii) Margin varies depending on the company's leverage ratio.

(iii) At December 31, 2018, €308 (2017 – €308) was outstanding under the euro-denominated term loans.

As a result of operational difficulties driven by the ongoing integration of Wilhelmsen Safety, Survitec was not in compliance with its debt covenant ratio at June 30, 2018. In July 2018, the company amended its senior secured credit facility to revise its debt covenant ratio such that it did not have an event of default. In addition, the rate at which borrowings under the company's senior secured credit facility bear interest was changed to: (i) LIBOR plus a margin of up to 5.25% for its pound sterling-denominated term loan; (ii) EURIBOR plus a margin of up to 4.75% for its euro-denominated term loans; and (iii) LIBOR plus a margin of up to 4.50% for both its pound sterling-denominated acquisition facility and pound sterling-denominated revolving credit facility. The amend-

ment resulted in a total interest rate increase of up to 50 basis points on all debt under the company's senior secured credit facility, subject to the company's leverage ratio. At December 31, 2018, the company was in compliance with its debt covenants.

In connection with the senior secured credit facility, the company has entered into a series of interest rate swap agreements that swap the variable rate portion for fixed rates through June 2020. The agreements have notional amounts of £106 for the pound sterling-denominated term loan and €149 for the euro-denominated term loan, decreasing to £63 for the pound sterling-denominated term loan and €88 for the euro-denominated term loan from June 2019 through June 2020.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

r) WireCo

As at December 31	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding	
					2018	2017
First lien term loan <sup>(i)</sup>	\$ 460	LIBOR + 5.00%	Floor 1.00%	Sep 2023	\$ 450	\$ 454
Second lien term loan	135	LIBOR + 9.00%	Floor 1.00%	Sep 2024	135	135
Revolving credit facility	100	LIBOR + up to 2.25%	Floor 0.00%	Sep 2021	51	29
Other	n/a	n/a	n/a	n/a	5	7
Long-term debt					641	625
Unamortized discount					(5)	(5)
Long-term debt, net of unamortized discount					\$ 636	\$ 620

Substantially all of WireCo's assets are pledged as collateral under the senior secured credit facility.

(i) As amended in May 2018.

In May 2018, WireCo amended its existing senior secured credit facility to reduce the rate at which borrowings under its first lien term loan bear interest to LIBOR (subject to a floor of 1.00%) plus a margin of 5.00%. The amendment resulted in a total interest rate reduction of 50 basis points on the company's first lien term loan.

s) York

As at December 31	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding	
					2018	2017
First lien and delayed draw term loans <sup>(i)</sup>	\$ 665	LIBOR + 3.75%	Floor 1.00%	Oct 2021	\$ 638	\$ 645
Revolving credit facility <sup>(ii)</sup>	95	LIBOR + up to 3.75% <sup>(iii)</sup>	n/a	Jul 2021	20	8
Senior unsecured notes	315	8.50%	n/a	Oct 2022	315	315
Long-term debt					973	968
Unamortized discount					(2)	(3)
Unamortized embedded derivatives					(8)	(9)
Long-term debt, net of unamortized discount and embedded derivatives					\$ 963	\$ 956

Substantially all of York's assets are pledged as collateral under the senior secured credit facility.

(i) As amended in March 2017.

(ii) As amended in September 2018.

(iii) Margin varies depending on the company's leverage ratio.

In connection with the existing senior secured credit facility, the company has entered into two interest rate swap agreements with notional amounts totalling \$300 that swap the variable rate portion of the first lien term loan for fixed rates through December 2019.

**t) ONCAP operating companies**

ONCAP's consolidated operating companies consist of AutoSource (acquired in May 2018), Bradshaw, Chatters, Davis-Standard, EnGlobe, Hopkins, IntraPac, Laces, Pinnacle Renewable Energy (up to February 2018), Precision (acquired in August 2018), PURE Canadian Gaming, Tecta (up to November 2018) and Walter Surface

Technologies (acquired in September 2018). Each has debt that is included in the Company's consolidated financial statements. There are separate arrangements for each operating company with no cross-guarantees between the operating companies, ONCAP or Onex Corporation.

Under the terms of the various credit agreements, combined borrowings at December 31, 2018 were as follows:

As at December 31	Effective interest rates <sup>(i)</sup>	Maturity	Gross principal outstanding	
			2018	2017
Term borrowings	5.23% to 10.54%	2021 to 2026	\$ 1,350	\$ 1,317
Revolving credit facilities	4.47% to 8.75%	2020 to 2024	71	57
Subordinated notes	8.00% to 17.00%	2022 to 2023	31	37
Other	n/a	n/a	3	1
Long-term debt			\$ 1,455	\$ 1,412

Senior debt is generally secured by substantially all of the assets of the respective operating company.

(i) Represents the effective interest rates as at December 31, 2018. The term borrowings and revolving credit facilities bear interest at various rates based on a base floating rate plus a margin. The subordinated notes bear interest at various fixed rates.

**u) Other****ONCAP III**

In December 2011, ONCAP III entered into a C\$75 credit facility that consists of a C\$50 line of credit and a C\$25 deemed credit risk facility. In September 2016, ONCAP III discharged the C\$50 line of credit facility and increased the deemed credit risk facility to C\$36. The deemed credit risk facility is available to ONCAP III and its operating companies for foreign exchange transactions, including foreign exchange options, forwards and swaps. Borrowings under the credit facility are limited to the lesser of the amount available under the deemed credit facility, 80% of the aggregate amount of uncalled capital in the fund and the maximum amount of obligations permitted under the partnership agreement. Borrowings under the credit facility are due and payable upon demand; however, ONCAP III has 15 business days to complete a capital call to the limited partners of ONCAP III to fund the demand. Onex Corporation, the ultimate parent company, is only obligated with respect to borrowings under the credit facility based on its proportionate share as a limited partner in ONCAP III.

At December 31, 2018, the amount available under the deemed risk facility was C\$36 (2017 – C\$29).

**ONCAP IV**

In January 2017, ONCAP IV entered into a \$100 credit facility. The credit facility is available to finance ONCAP IV capital calls, bridge investments in ONCAP IV operating companies and to finance other uses permitted by ONCAP IV's limited partnership agreement. The credit facility includes a deemed credit risk maximum of \$35 available to ONCAP IV and its operating companies for foreign exchange transactions, including foreign exchange options, forwards and swaps. Amounts under the credit facility are available in Canadian and U.S. dollars. Borrowings drawn on the credit facility bear interest at a base rate plus a margin of 1.00% or bankers' acceptance rate (subject to a floor of 0.00%) plus a margin of 3.75%. The base rate and bankers' acceptance rate vary based on the currency of the borrowings. Borrowings under the credit facility are due and payable upon demand; however, ONCAP IV has 15 business days to complete a capital call to the limited partners of ONCAP IV. Onex Corporation, the parent company, is only obligated with respect to borrowings under the credit facility based on its proportionate share as a limited partner in ONCAP IV.

In January 2018, ONCAP IV repaid \$64 under its credit facility from capital contributions made primarily by the limited partners of ONCAP IV. At December 31, 2018, no amounts (2017 – \$64) were outstanding under the credit facility.

*Onex Partners V*

In December 2017 and January 2018, Onex Partners V entered into a \$997 revolving credit facility. The limited partners of Onex Partners V could elect to participate in the credit facility at the time of their commitment. Of the aggregate commitments to Onex Partners V, 46% of the commitments were from limited partners that elected to participate in the credit facility. Onex, as a limited partner of Onex Partners V, did not elect to participate in the credit facility. The credit facility is available to finance Onex Partners V capital calls, bridge investments in Onex Partners V operating companies and to finance other uses permitted by Onex Partners V's limited partnership agreement. Borrowings under the credit facility are limited to the lesser of the amount available under the credit facility and the maximum amount of obligations permitted under the partnership agreement. Amounts under the credit facility are available in U.S. dollars, Canadian dollars, euros, pounds sterling and other currencies as requested, subject to the approval of the lenders.

Borrowings drawn on the credit facility bear interest at either: an adjusted LIBOR rate, plus a margin of 1.50%, with respect to LIBOR rate loans; or the reference rate in effect from day to day, plus a margin of 1.50%, for reference rate loans. In addition, a fee of 0.25% per annum accrues on the portion of the credit facility that is available but unused.

The credit facility matures on the earlier of December 15, 2020, or upon the occurrence of certain events defined in the agreement, with an option to extend the term for an additional 364 days.

At December 31, 2018, \$59 (2017 – nil) was outstanding under the revolving credit facility.

*Onex Partners IV*

In January 2018, the Onex Partners IV Group entered into a revolving credit facility, as described in note 2(a). At December 31, 2018, \$44 was outstanding under the revolving credit facility.

In October 2018, the Onex Partners IV Group entered into a second revolving credit facility, as described in note 2(l). At December 31, 2018, \$65 was outstanding under this revolving credit facility.

**15. LEASES**

**a) The Company as lessee**

Future minimum lease payments are as follows:

	Finance Leases	Operating Leases
For the year:		
2019	\$ 28	\$ 300
2020	26	262
2021	24	214
2022	18	177
2023	16	158
Thereafter	1,546	974
Total future minimum lease payments	\$ 1,658	\$ 2,085
Less: imputed interest	(1,307)	
Balance of obligations under finance leases, without recourse to Onex Corporation	351	
Less: current portion	(14)	
Non-current obligations under finance leases, without recourse to Onex Corporation (note 18)	\$ 337	

Substantially all of the lease commitments relate to the operating companies. Obligations under finance leases, without recourse to Onex Corporation, are included in other current and non-current liabilities. Operating lease expense for the year ended December 31, 2018 was \$329 (2017 – \$294) and primarily related to premises. Finance leases include minimum lease payments under Parkdean Resorts' long-dated sale-leaseback transactions.

**b) The Company as lessor**

Certain of the operating companies lease out their investment properties, machinery and/or equipment under operating leases. Future minimum lease payments receivable from lessees under non-cancellable operating leases are as follows:

For the year:	
2019	\$ 95
2020	77
2021	37
2022	25
2023	18
Thereafter	11
<b>Total minimum lease payments receivable</b>	<b>\$ 263</b>

Contingent rents recognized as an expense for lessees and as income for lessors were not significant to the Company's results for the years ended December 31, 2018 and 2017.

**16. LIABILITIES AND ASSETS ARISING FROM FINANCING ACTIVITIES**

The following tables provide an analysis of liabilities and assets arising from financing activities and includes amounts from discontinued operations.

As at December 31	2018	2017
Principal balance of debt and finance leases outstanding	<b>\$ 23,207</b>	\$ 22,800
Hedging instruments	<b>3</b>	(87)
Accrued and imputed interest	<b>113</b>	140
Financing charges	<b>(252)</b>	(328)
Original issue discount on debt	<b>(64)</b>	(58)
Embedded derivatives	<b>(3)</b>	9
Cumulative change in fair value	<b>(208)</b>	(2)
<b>Net financing obligations</b>	<b>\$ 22,796</b>	\$ 22,474

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Long-term debt	Finance leases	Gross financing obligations	Hedging instruments	Net financing obligations
Balance – January 1, 2017	\$ 22,955	\$ 77	\$ 23,032	\$ 1	\$ 23,031
Issuance of new debt	7,583	–	7,583	–	7,583
Finance lease additions	–	21	21	–	21
Hedging asset additions	–	–	–	1	(1)
Sale-leaseback under finance leases	–	91	91	–	91
Issuance of obligations associated with acquisitions	1,220	200	1,420	–	1,420
Repayment of existing debt on refinancing	(5,704)	–	(5,704)	–	(5,704)
Settlement of obligations associated with dispositions	(1,907)	–	(1,907)	(1)	(1,906)
Obligations of operating company no longer controlled	(1,613)	(3)	(1,616)	7	(1,623)
Repayment of non-revolving obligations	(1,488)	(22)	(1,510)	–	(1,510)
Net draw of revolving credit facilities	409	–	409	–	409
Original issue discounts and payment of financing charges	(47)	–	(47)	–	(47)
Cash interest received (paid)	(1,026)	(13)	(1,039)	7	(1,046)
Interest accrued	1,121	11	1,132	(3)	1,135
Amortization of original issue discounts and financing charges	119	–	119	–	119
Change in fair value	73	–	73	65	8
Foreign exchange	427	21	448	7	441
Other	47	9	56	3	53
Balance – December 31, 2017	\$ 22,169	\$ 392	\$ 22,561	\$ 87	\$ 22,474
Balance – January 1, 2018	\$ 22,169	\$ 392	\$ 22,561	\$ 87	\$ 22,474
Issuance of new debt	5,851	–	5,851	–	5,851
Finance lease additions	–	30	30	–	30
Issuance of obligations associated with acquisitions	1,018	9	1,027	–	1,027
Repayment of existing debt on refinancing	(2,918)	–	(2,918)	–	(2,918)
Settlement of obligations associated with dispositions	(143)	(5)	(148)	–	(148)
Obligations of operating company no longer controlled	(173)	(1)	(174)	–	(174)
Repayment of non-revolving obligations	(3,201)	(27)	(3,228)	–	(3,228)
Net draw of revolving credit facilities	636	–	636	–	636
Original issue discounts and payment of financing charges	(152)	–	(152)	–	(152)
Cash interest paid	(1,192)	(12)	(1,204)	–	(1,204)
Transfer to discontinued operations	(378)	(27)	(405)	–	(405)
Interest accrued	1,215	13	1,228	–	1,228
Amortization of original issue discounts and financing charges	171	–	171	–	171
Change in fair value	(206)	–	(206)	(22)	(184)
Foreign exchange	(332)	(18)	(350)	(1)	(349)
Other	77	(3)	74	(67)	141
Balance – December 31, 2018	\$ 22,442	\$ 351	\$ 22,793	\$ (3)	\$ 22,796



## 17. LIMITED PARTNERS' INTERESTS

The investments in the Onex Partners, ONCAP, Onex Credit Lending Partners and Onex Credit Funds by those other than Onex are presented within Limited Partners' Interests. Details of the change in Limited Partners' Interests are as follows:

	Onex Partners and ONCAP Funds			Credit Strategies	Total
	Gross Limited Partners' Interests	Carried Interest	Net Limited Partners' Interests	Net Limited Partners' Interests <sup>(i)</sup>	
Balance – January 1, 2017	\$ 8,660	\$ (556)	\$ 8,104	\$ 370	\$ 8,474
Limited Partners' Interests charge <sup>(a)</sup>	1,545	(215)	1,330	20	1,350
Contributions by Limited Partners <sup>(b)</sup>	560	–	560	113	673
Distributions paid to Limited Partners <sup>(c)</sup>	(2,582)	307	(2,275)	(42)	(2,317)
Limited partnership interest acquired by Onex, the parent company <sup>(d)</sup>	(156)	–	(156)	–	(156)
Balance – December 31, 2017 <sup>(e)</sup>	8,027	(464)	7,563	461	8,024
Limited Partners' Interests charge (recovery) <sup>(a)</sup>	<b>(808)</b>	<b>93</b>	<b>(715)</b>	<b>1</b>	<b>(714)</b>
Contributions by Limited Partners <sup>(b)</sup>	<b>1,465</b>	–	<b>1,465</b>	<b>131</b>	<b>1,596</b>
Distributions paid to Limited Partners <sup>(c)</sup>	<b>(1,228)</b>	<b>94</b>	<b>(1,134)</b>	<b>(93)</b>	<b>(1,227)</b>
Balance – December 31, 2018	<b>7,456</b>	<b>(277)</b>	<b>7,179</b>	<b>500</b>	<b>7,679</b>
Current portion of Limited Partners' Interests <sup>(e)</sup>	<b>(641)</b>	<b>98</b>	<b>(543)</b>	<b>(17)</b>	<b>(560)</b>
Non-current portion of Limited Partners' Interests	<b>\$ 6,815</b>	<b>\$ (179)</b>	<b>\$ 6,636</b>	<b>\$ 483</b>	<b>\$ 7,119</b>

(i) Net of incentive fees in the credit strategies.

a) The gross Limited Partners' Interests recovery for the year ended December 31, 2018 (2017 – charge) for the Onex Partners and ONCAP Funds is primarily due to net fair value decreases (2017 – increases) of the underlying investments in the Onex Partners and ONCAP Funds. Onex' share of the change in carried interest was a decrease of \$38 for the year ended December 31, 2018 (2017 – an increase of \$84).

b) The following tables show contributions by limited partners of the Onex Partners and ONCAP Funds.

Company	Fund	Transaction	Year ended December 31, 2018
PowerSchool	Onex Partners IV	Original investment	\$ 589
SMG	Onex Partners IV	Original investment	290
Ryan	Onex Partners IV	Original investment	180
Walter Surface Technologies	ONCAP IV	Original investment	82
KidsFoundation	Onex Partners IV and V	Original investment	75
Precision	ONCAP IV	Original investment	67
Laces <sup>(i)</sup>	ONCAP IV	Original investment	60
AutoSource	ONCAP IV	Original investment	25
Wyse	ONCAP IV	Original investment	16
Management fees, partnership expenses and other	Various	Various	81
Contributions by Limited Partners			<b>\$ 1,465</b>

(i) Contributions received were used to repay borrowings under the ONCAP IV credit facility, as described in note 14(u).

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Company	Fund	Transaction	Year ended December 31, 2017
Parkdean Resorts <sup>(i)</sup>	Onex Partners IV	Original investment	\$ 446
IntraPac	ONCAP IV	Original investment	72
Management fees, partnership expenses and other	Various	Various	42
Contributions by Limited Partners			\$ 560

(i) Includes amounts from certain limited partners and others.

c) The following tables show distributions made to limited partners of the Onex Partners and ONCAP Funds.

Company	Fund	Transaction	Year ended December 31, 2018
SIG <sup>(i)</sup>	Onex Partners IV	Initial public offering	\$ 331
Mavis Discount Tire <sup>(ii)</sup>	ONCAP III	Sale of business	311
Tecta	ONCAP III and IV	Sale of business	237
Emerald Expositions	Onex Partners III	Secondary offering and dividends	93
Parkdean Resorts <sup>(i)</sup>	Onex Partners IV	Repayment of loan note	52
Pinnacle Renewable Energy	ONCAP II	Repayment of shareholder subordinated debt, secondary offering and dividend	25
BBAM	Onex Partners III	Distributions	23
PURE Canadian Gaming	ONCAP II and III	Distribution	20
Meridian Aviation	Onex Partners III	Distribution	15
Other	Various	Various	27
Distributions to Limited Partners			\$ 1,134

(i) Includes amounts distributed to certain limited partners and others.

Company	Fund	Transaction	Year ended December 31, 2017
USI <sup>(i)</sup>	Onex Partners III	Sale of business	\$ 1,198
JELD-WEN <sup>(i)</sup>	Onex Partners III	Initial and secondary offerings	691
BBAM	Onex Partners III	Distributions and partial sale of business	109
Emerald Expositions	Onex Partners III	Initial public offering and dividends	92
Jack's	Onex Partners IV	Distribution	58
Hopkins	ONCAP III	Distribution	41
Bradshaw	ONCAP III	Distribution	34
Tecta <sup>(ii)</sup>	ONCAP III	Syndication	24
Genesis Healthcare	Onex Partners I	Sale of shares	13
PURE Canadian Gaming	ONCAP II and III	Distribution	6
Other	Various	Various	9
Distributions to Limited Partners			\$ 2,275

(i) Includes amounts distributed to certain limited partners and others.

(ii) Represents contributions returned to the limited partners of ONCAP III from the syndication of a portion of the Tecta investment to ONCAP IV in 2016.

d) In September 2017, Onex, the parent company, acquired an interest in Onex Partners IV from a limited partner, as described in note 3(g).

e) At December 31, 2018, the current portion of the Limited Partners' Interests was \$560, and consisted primarily of the limited partners' share of the proceeds from the pending sale of BrightSpring Health.

At December 31, 2017, the current portion of the Limited Partners' Interests was \$59, and consisted primarily of (i) the distribution received from PURE Canadian Gaming; (ii) residual escrow balances from the sale of certain investments; and (iii) redemption requests received by certain Onex Credit Funds.

## 18. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities comprised the following:

As at December 31	2018	2017
Defined benefit pensions and non-pension post-retirement benefits (note 34)	\$ 355	\$ 364
Stock-based compensation <sup>(a)</sup>	342	574
Obligations under capital leases (note 15)	337	360
Contract liabilities and other deferred items	198	170
Unrealized carried interest due to Onex and ONCAP management <sup>(b)</sup>	136	324
Other <sup>(c)</sup>	247	278
<b>Total other non-current liabilities</b>	<b>\$ 1,615</b>	<b>\$ 2,070</b>

a) At December 31, 2018, the stock-based compensation liability consisted of \$364 (2017 – \$584) for the stock-based compensation plans at the parent company. At December 31, 2018, \$22 (2017 – \$10) related to the parent company stock-based compensation liability was recorded in other current liabilities. Included in long-term investments (note 10) is \$72 (2017 – \$92) related to forward agreements to economically hedge the Company's exposure to changes in the trading price of Onex shares associated with the Management and Director DSU Plans.

b) Unrealized carried interest due to management of Onex and ONCAP through the Onex Partners and ONCAP Funds is recognized primarily as a non-current liability and reduces the Limited Partners Interests' liability, as described in note 17. At December 31, 2018, \$59 (2017 – \$3) of unrealized carried interest was recorded in other current liabilities. The unrealized carried interest is calculated based on current fair values of the Funds' investments

and the overall unrealized gains in each respective Fund in accordance with the limited partnership agreements. The liability will be increased or decreased based on changes in the fair values and realizations of the underlying investments in the Onex Partners and ONCAP Funds. The liability will ultimately be settled upon the realization of the limited partners' share of the underlying Onex Partners and ONCAP Fund investments.

During 2018, the unrealized carried interest liability decreased primarily due to a decrease in the fair value of certain of the investments in the Onex Partners and ONCAP Funds, as well as carried interest paid during 2018.

c) Other includes amounts for liabilities arising from contingent consideration, indemnifications, embedded derivatives on long-term debt, mark-to-market valuations of hedge contracts and shareholder loan notes.

## 19. INCOME TAXES

The reconciliation of statutory income tax rates to the Company's effective tax rate is as follows:

Year ended December 31	2018	2017
Income tax recovery at statutory rate	\$ (201)	\$ (203)
Changes related to:		
Income tax rate differential of operating companies	(52)	155
Non-taxable gains	(172)	(261)
Unbenefited tax losses	280	297
Recognition and utilization of tax loss carryforwards not previously benefited	(69)	(44)
Foreign exchange	4	(5)
Limited Partners' Interests	(21)	29
Non-deductible expenses	335	94
Non-taxable dividends	(59)	(142)
Other, including permanent differences	44	14
<b>Provision for (recovery of) income taxes</b>	<b>\$ 89</b>	<b>\$ (66)</b>
Classified as:		
Current	\$ 248	\$ 251
Deferred	(159)	(317)
<b>Provision for (recovery of) income taxes</b>	<b>\$ 89</b>	<b>\$ (66)</b>

Included in the recovery of deferred income taxes at December 31, 2017 is a net recovery of \$162 related to changes to the income tax rates applicable on certain deferred income tax assets and liabilities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company's deferred income tax assets and liabilities, as presented in the consolidated balance sheets and in other non-current assets (note 11), are presented after taking into consideration the offsetting of balances within the same tax jurisdiction for each respective operating company. Deferred income tax assets and liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, comprised the following:

<b>Deferred Income Tax Assets</b>	Scientific Research and Development	Provisions	Deferred Revenue	Tax Losses	Property, Plant and Equipment, and Intangibles	Other	Total
Balance – January 1, 2017	\$ 1	\$ 157	\$ 16	\$ 319	\$ 236	\$ 869	\$ 1,598
Credited (charged) to net earnings	-	8	6	(46)	(5)	16	(21)
Charged to net earnings (discontinued operations)	-	(9)	-	-	-	(1)	(10)
Charged directly to equity	-	(2)	-	(2)	-	(5)	(9)
Recognition of previously unrecognized benefits	-	-	-	5	2	-	7
Exchange differences	2	1	2	5	4	10	24
Acquisition of subsidiaries	-	(6)	-	10	(26)	(4)	(26)
Disposition of subsidiaries	-	-	-	-	-	(118)	(118)
Operating company no longer controlled	-	-	-	(82)	(151)	(534)	(767)
Balance – December 31, 2017	\$ 3	\$ 149	\$ 24	\$ 209	\$ 60	\$ 233	\$ 678
Credited (charged) to net earnings	-	(6)	7	4	(3)	(20)	(18)
Credited (charged) to net earnings (discontinued operations)	-	-	-	-	(1)	3	2
Charged directly to equity	-	(1)	-	(10)	-	(4)	(15)
Exchange differences	-	-	(1)	(4)	(2)	(7)	(14)
Acquisition of subsidiaries	-	-	-	64	-	7	71
Disposition of subsidiaries	-	-	-	(1)	-	(2)	(3)
Operating company no longer controlled	-	(1)	-	(19)	-	(1)	(21)
Transfer to discontinued operations	-	(22)	-	(2)	-	(15)	(39)
Other adjustments	-	-	(1)	-	-	(2)	(3)
Balance – December 31, 2018	\$ 3	\$ 119	\$ 29	\$ 241	\$ 54	\$ 192	\$ 638

<b>Deferred Income Tax Liabilities</b>	Gains on Sales of Operating Companies	Pension and Non-Pension Post-Retirement Benefits	Property, Plant and Equipment, and Intangibles	Foreign Exchange	Other	Total
Balance – January 1, 2017	\$ 42	\$ 31	\$ 2,298	\$ 27	\$ 318	\$ 2,716
Charged (credited) to net earnings	(30)	(1)	(323)	(2)	25	(331)
Charged (credited) to net earnings (discontinued operations)	-	-	(45)	-	4	(41)
Charged directly to equity	-	4	-	-	-	4
Exchange differences	(1)	2	68	1	9	79
Acquisition of subsidiaries	-	-	216	(1)	2	217
Disposition of subsidiaries	-	-	(277)	-	-	(277)
Operating company no longer controlled	-	-	(468)	-	(198)	(666)
Other adjustments	-	-	1	-	5	6
Balance – December 31, 2017	\$ 11	\$ 36	\$ 1,470	\$ 25	\$ 165	\$ 1,707
Charged (credited) to net earnings	1	-	(120)	(6)	(52)	(177)
Charged (credited) to net earnings (discontinued operations)	-	-	(7)	8	-	1
Charged directly to equity	-	(10)	(1)	-	(1)	(12)
Exchange differences	-	(1)	(37)	(2)	(2)	(42)
Acquisition of subsidiaries	-	-	235	-	17	252
Disposition of subsidiaries	-	-	(4)	-	(1)	(5)
Operating company no longer controlled	-	-	(18)	-	(1)	(19)
Transfer to discontinued operations	-	-	(92)	-	(13)	(105)
Other adjustments	-	(1)	-	-	13	12
Balance – December 31, 2018	\$ 12	\$ 24	\$ 1,426	\$ 25	\$ 125	\$ 1,612

At December 31, 2018, Onex and its investment holding companies had \$1,358 of non-capital loss carryforwards and \$68 of capital loss carryforwards.

Deferred income tax assets are recognized for tax loss carryforwards to the extent that the realization of the related tax benefit through future taxable income is probable. At December 31, 2018, deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax asset has been recognized were \$6,163 (2017 – \$5,381), of which \$3,206 (2017 – \$2,238) had no expiry, \$579 (2017 – \$468) was available to reduce future income taxes between 2019 and 2025 (2017 – 2018 and 2024), inclusive, and \$2,378 (2017 – \$2,675) was available with expiration dates of 2026 through 2038 (2017 – 2025 through 2037).

At December 31, 2018, the aggregate amount of taxable temporary differences not recognized in association with investments in subsidiaries, joint ventures and associates was \$4,157 (2017 – \$5,072).

## 20. SHARE CAPITAL

a) The authorized share capital of the Company consists of:

*i)* 100,000 Multiple Voting Shares, which entitle their holders to elect 60% of the Company's Directors and carry such number of votes in the aggregate as represents 60% of the aggregate votes attached to all shares of the Company carrying voting rights. The Multiple Voting Shares have no entitlement to a distribution on winding up or dissolution other than the payment of their nominal paid-in value.

*ii)* An unlimited number of SVS, which carry one vote per share and as a class are entitled to 40% of the aggregate votes attached to all shares of the Company carrying voting rights to elect 40% of the Company's Directors and to appoint the auditors. These shares are entitled, subject to the prior rights of other classes, to distributions of the residual assets on winding up and to any declared but unpaid cash dividends. The shares are entitled to receive cash dividends, dividends in kind and stock dividends as and when declared by the Board of Directors.

The Multiple Voting Shares and SVS are subject to provisions whereby, if an event of change occurs (such as Mr. Schwartz, Chairman and CEO, ceasing to hold, directly or indirectly, more than 5,000,000 SVS or related events), the Multiple Voting Shares will thereupon be entitled to elect only 20% of the Company's Directors and otherwise will cease to have any general voting rights. The SVS would then carry 100% of the general voting rights and be entitled to elect 80% of the Company's Directors.

*iii)* An unlimited number of Senior and Junior Preferred Shares issuable in series. The Company's Directors are empowered to fix the rights to be attached to each series.

**b)** At December 31, 2018, the issued and outstanding share capital consisted of 100,000 Multiple Voting Shares (December 31, 2017 – 100,000) and 100,403,493 SVS (December 31, 2017 – 101,532,181). The Multiple Voting Shares have a nominal paid-in value in these consolidated financial statements.

There were no issued and outstanding Senior and Junior Preferred shares at December 31, 2018 or December 31, 2017.

The Company increased its quarterly dividend by 17% to C\$0.0875 per SVS beginning with the dividend declared by the Board of Directors in May 2018. Previously, the Company increased its quarterly dividend by 9% to C\$0.075 per SVS beginning with the dividend declared by the Board of Directors in May 2017.

**c)** During 2018, under the Dividend Reinvestment Plan, the Company issued 7,753 SVS (2017 – 7,581) at an average cost of C\$91.08 per share (2017 – C\$96.23). During 2018, 33,292 SVS (2017 – 10,181) were issued upon the exercise of stock options at an average cost of C\$81.72 per share (2017 – C\$93.33).

Onex renewed its Normal Course Issuer Bid in April 2018 for one year, permitting the Company to purchase on the Toronto Stock Exchange up to 10% of the public float of its SVS. The 10% limit represents approximately 8.3 million shares.

During 2018, the Company repurchased and cancelled 1,169,733 of its SVS at a cost of \$79 (C\$102). The excess of the purchase cost of these shares over the average paid-in amount was \$75 (C\$97), which was charged to retained earnings. The shares repurchased were comprised of: (i) 669,733 SVS repurchased under the Normal Course Issuer Bids for a total cost of \$42 (C\$55) or an average cost per share of \$63.30 (C\$82.14); and (ii) 500,000 SVS repurchased in a private transaction for a total cost of \$36 (C\$47) or an average cost per share of \$72.23 (C\$93.00). As at December 31, 2018, the Company had the capacity under the current Normal Course Issuer Bid to repurchase approximately 7,390,305 shares.

During 2017, the Company repurchased and cancelled 1,273,209 of its SVS at a cost of \$93 (C\$121). The excess of the purchase cost of these shares over the average paid-in amount was \$89 (C\$116), which was charged to retained earnings. The shares repurchased were comprised of: (i) 523,209 SVS repurchased under the Normal Course Issuer Bids for a total cost of \$39 (C\$50) or an average cost per share of \$75.07 (C\$95.04); and (ii) 750,000 SVS repurchased in a private transaction for a total cost of \$53 (C\$71) or an average cost per share of \$71.24 (C\$94.98).

**d)** The Company has a Director DSU Plan and a Management DSU Plan, as described in note 1.

Details of DSUs outstanding under the plans are as follows:

	Director DSU Plan		Management DSU Plan	
	Number of DSUs	Weighted Average Price	Number of DSUs	Weighted Average Price
Outstanding at December 31, 2016	665,871		635,326	
Granted	27,720	C\$ 100.74	-	-
Additional units issued in lieu of compensation and cash dividends	10,445	C\$ 96.69	30,595	C\$ 88.00
Outstanding at December 31, 2017	704,036		665,921	
Granted	<b>26,931</b>	<b>C\$ 93.88</b>	-	-
Redeemed	<b>(90,626)</b>	<b>C\$ 84.60</b>	-	-
Additional units issued in lieu of compensation and cash dividends	<b>13,069</b>	<b>C\$ 87.68</b>	<b>77,218</b>	<b>C\$ 90.48</b>
Outstanding at December 31, 2018	<b>653,410</b>		<b>743,139</b>	
Hedged with a counterparty financial institution at December 31, 2018	<b>(584,421)</b>		<b>(743,139)</b>	
Outstanding at December 31, 2018 – Unhedged	<b>68,989</b>		-	

e) The Company has a Plan under which options and/or share appreciation rights for a term not exceeding 10 years may be granted to Directors, officers and employees for the acquisition of SVS of the Company at a price not less than the market value of the shares on the business day preceding the day of the grant. Under the Plan, no options or share appreciation rights may be exercised unless the average market price of the SVS for the five previous business days exceeds the exercise price of the options or the share appreciation rights by at least 25% (the “hurdle price”). At December 31, 2018, 15,558,750 SVS (2017 – 15,598,750) were reserved for issuance under the Plan, against which options representing 13,491,917 shares (2017 – 12,318,442) were outstanding, of which 8,701,827 options were vested. The Plan provides that the number of options issued to certain individuals in aggregate may not exceed 10% of the shares outstanding at the time the options are issued.

Options granted vest at a rate of 20% per year from the date of grant, with the exception of 4,025,000 options, which vest at a rate of 15% per year during the first four years and 40% in the fifth year. When an option is exercised, the employee has the right to request that the Company repurchase the option for an amount equal to the difference between the fair value of the stock under the option and its exercise price. Upon receipt of such request, the Company has the right to settle its obligation to the employee by the payment of cash, the issuance of shares or a combination of cash and shares.

In addition to the options outstanding under the Plan, in January 2015, the Company issued 60,000 options to Onex Credit’s chief executive officer in connection with acquiring control of the Onex Credit asset management platform. The options vest at a rate of 20% per year from the grant date. The options are subject

to the same terms and conditions as the Company’s existing Plan; however, the options are also subject to an additional performance threshold specific to the Onex Credit asset management platform.

The details of the options outstanding were as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2016	12,943,183	C\$ 55.98
Granted	170,000	C\$ 100.90
Surrendered	(597,641)	C\$ 28.97
Exercised	(13,250)	C\$ 23.35
Expired	(123,850)	C\$ 68.31
Outstanding at December 31, 2017	12,378,442	C\$ 57.81
Granted in January 2018 <sup>(i)</sup>	<b>1,052,250</b>	<b>C\$ 92.15</b>
Granted in December 2018	<b>1,002,350</b>	<b>C\$ 78.64</b>
Other grants in 2018	<b>23,500</b>	<b>C\$ 93.08</b>
Surrendered	<b>(836,675)</b>	<b>C\$ 36.03</b>
Exercised	<b>(40,000)</b>	<b>C\$ 15.95</b>
Expired	<b>(87,950)</b>	<b>C\$ 86.58</b>
Outstanding at December 31, 2018	<b>13,491,917</b>	<b>C\$ 63.38</b>

(i) Options granted in January 2018 relate to services provided during the year ended December 31, 2017.

During 2018 and 2017, the total cash consideration paid on options surrendered was \$32 (C\$42) and \$30 (C\$40), respectively. This amount represents the difference between the market value of the SVS at the time of surrender and the exercise price, both as determined under the Plan. The weighted average share price at the date of exercise was C\$85.94 per share (2017 – C\$95.54).

Options outstanding at December 31, 2018 consisted of the following:

Exercise Prices	Number of Options Outstanding	Number of Options Exercisable	Hurdle Prices	Weighted Average Remaining Life (years)
C\$ 15.95 – C\$ 29.99	615,967	615,967	C\$ 29.19 – C\$ 36.61	1.5
C\$ 30.00 – C\$ 49.99	1,060,500	1,060,500	C\$ 41.39 – C\$ 50.44	3.6
C\$ 50.00 – C\$ 69.99	7,926,250	5,445,250	C\$ 71.15 – C\$ 85.71	5.1
C\$ 70.00 – C\$ 89.99	1,840,000	–	C\$ 93.59 – C\$ 103.00	8.6
C\$ 90.00 – C\$ 101.62	2,049,200	–	C\$ 114.48 – C\$ 127.03	8.6
Total	13,491,917	7,121,717		

## 21. NON-CONTROLLING INTERESTS

The Company's material non-controlling interests at December 31, 2018 and 2017 were associated with Celestica, Clarivate Analytics and SIG. There were no dividends paid by Celestica, Clarivate Analytics or SIG during 2018 or 2017. Summarized balance sheet information based on those amounts included in these consolidated financial statements for Celestica, Clarivate Analytics and SIG is as follows:

	Celestica		Clarivate Analytics		SIG	
	2018	2017	2018	2017	2018	2017
As at December 31						
Non-controlling interest	86%	87%	28%	28%	49%	1%
Current assets	\$ 2,824	\$ 2,477	\$ 419	\$ 458	\$ 646	\$ 653
Non-current assets	914	487	3,306	3,581	4,484	4,832
	3,738	2,964	3,725	4,039	5,130	5,485
Current liabilities	\$ 1,620	\$ 1,267	\$ 654	\$ 672	\$ 697	\$ 664
Non-current liabilities	786	327	2,018	2,067	2,264	3,577
	2,406	1,594	2,672	2,739	2,961	4,241
Net assets	\$ 1,332	\$ 1,370	\$ 1,053	\$ 1,300	\$ 2,169	\$ 1,244
Accumulated non-controlling interests	\$ 1,146	\$ 1,171	\$ 305	\$ 369	\$ 1,057	\$ 8

Financial information in the statements of earnings for Celestica (electronics manufacturing services segment) is presented in note 36. Summarized income statement information for Clarivate Analytics and SIG for the years ended December 31, 2018 and 2017 is as follows:

	Clarivate Analytics		SIG	
	2018	2017	2018	2017
Year ended December 31				
Revenue	\$ 963	\$ 920	\$ 1,974	\$ 1,888
Net loss	255	238	99	112

Summarized cash flows for Celestica, Clarivate Analytics and SIG are as follows:

	Celestica		Clarivate Analytics		SIG	
	2018	2017	2018	2017	2018	2017
Year ended December 31						
Cash flows from operating activities	\$ 33	\$ 127	\$ 87	\$ 111	\$ 531	\$ 441
Cash flows from (used in)						
financing activities	419	(80)	(152)	(94)	(264)	(232)
Cash flows from (used in)						
investing activities	(546)	(89)	34	(42)	(205)	(221)



22. REVENUE

The Company derives revenue primarily from the transfer of goods and services and has recognized the following amounts of revenue in the statements of earnings:

Year ended December 31, 2018	Electronics Manufacturing Services	Healthcare Imaging	Insurance Services	Packaging Products and Services	Business and Information Services	Food Retail and Restaurants	Credit Strategies	Other	Consolidated Total
<b>Type of revenue</b>									
Revenue from product sales	\$ 6,395	\$ 1,232	\$ -	\$ 2,498	\$ 187	\$ 2,403	\$ -	\$ 3,115	\$ 15,830
Revenue from the provision of services	238	369	790	161	1,460	55	3	2,260	5,336
Revenue from bundled product sales and services	-	-	-	-	-	2,007	-	418	2,425
Leasing revenue	-	-	3	92	-	2	-	70	167
Royalties	-	-	-	25	-	-	-	2	27
<b>Total revenues</b>	<b>\$ 6,633</b>	<b>\$ 1,601</b>	<b>\$ 793</b>	<b>\$ 2,776</b>	<b>\$ 1,647</b>	<b>\$ 4,467</b>	<b>\$ 3</b>	<b>\$ 5,865</b>	<b>\$ 23,785</b>
<b>Timing of revenue recognition</b>									
Revenue recognized at a point in time	\$ 317	\$ 1,601	\$ -	\$ 1,983	\$ 723	\$ 4,465	\$ -	\$ 3,043	\$ 12,132
Revenue recognized over time	6,316	-	793	793	924	2	3	2,822	11,653
<b>Total revenues</b>	<b>\$ 6,633</b>	<b>\$ 1,601</b>	<b>\$ 793</b>	<b>\$ 2,776</b>	<b>\$ 1,647</b>	<b>\$ 4,467</b>	<b>\$ 3</b>	<b>\$ 5,865</b>	<b>\$ 23,785</b>
<b>Year ended December 31, 2017</b>									
<b>Type of revenue</b>									
Revenue from product sales	\$ 5,943	\$ 1,443	\$ -	\$ 2,128	\$ 21	\$ 2,471	\$ -	\$ 2,910	\$ 14,916
Revenue from the provision of services	200	419	773	176	1,241	62	4	2,122	4,997
Revenue from bundled product sales and services	-	-	-	-	-	2,191	-	500	2,691
Leasing revenue	-	-	2	80	-	-	-	67	149
Royalties	-	-	-	11	-	-	-	3	14
<b>Total revenues</b>	<b>\$ 6,143</b>	<b>\$ 1,862</b>	<b>\$ 775</b>	<b>\$ 2,395</b>	<b>\$ 1,262</b>	<b>\$ 4,724</b>	<b>\$ 4</b>	<b>\$ 5,602</b>	<b>\$ 22,767</b>
<b>Timing of revenue recognition</b>									
Revenue recognized at a point in time	\$ 286	\$ 1,862	\$ -	\$ 1,695	\$ 526	\$ 4,724	\$ -	\$ 2,868	\$ 11,961
Revenue recognized over time	5,857	-	775	700	736	-	4	2,734	10,806
<b>Total revenues</b>	<b>\$ 6,143</b>	<b>\$ 1,862</b>	<b>\$ 775</b>	<b>\$ 2,395</b>	<b>\$ 1,262</b>	<b>\$ 4,724</b>	<b>\$ 4</b>	<b>\$ 5,602</b>	<b>\$ 22,767</b>

### Contract balances

The consolidated contract assets and contract liabilities of the Company are comprised of the following:

	December 31, 2018	December 31, 2017	January 1, 2017
<b>Contract Assets</b>			
Work in progress in advance of billing	\$ 338	\$ 327	\$ 295
Costs to obtain contracts	28	7	3
	<b>\$ 366</b>	<b>\$ 334</b>	<b>\$ 298</b>

	December 31, 2018	December 31, 2017	January 1, 2017
<b>Contract Liabilities</b>			
Customers' advanced payments	\$ 1,065	\$ 971	\$ 767
Rebate programs and other	30	13	10
	<b>\$ 1,095</b>	<b>\$ 984</b>	<b>\$ 777</b>

Contract assets primarily relate to the conditional right to consideration for completed performance under contracts for certain of Onex' operating companies and incurred costs to obtain or fulfill customer contracts. Accounts receivable are recognized when the right to consideration becomes unconditional. Contract liabilities primarily relate to payments received in advance of performance obligations having been satisfied under the associated contracts. Contract liabilities are recognized as revenue as those performance obligations are met.

The increase in contract assets and contract liabilities was primarily related to the acquisitions of AutoSource, KidsFoundation, Precision and SMG, which were partially offset by the disposition of Tecta and the classification of BrightSpring Health as a discontinued operation. During 2018, revenues recognized from amounts included in contract liabilities at the beginning of the year were \$891 (2017 – \$657) and revenues recognized related to performance obligations that were satisfied in previous periods were nil (2017 – \$1).

### Performance obligations

The timing of revenues expected to be recognized for performance obligations that are unsatisfied at December 31, 2018 is as follows:

	2018
Within one year	\$ 89
Within two to five years	116
Thereafter	29
	<b>\$ 234</b>

The preceding table excludes revenues from contracts with durations of one year or less and performance obligations which are satisfied as billed. In accordance with the transitional provisions in IFRS 15, the Company has elected to exclude the transaction price allocated to performance obligations that were unsatisfied at December 31, 2017.

### 23. EXPENSES BY NATURE

The nature of expenses in cost of sales and operating expenses, which excludes amortization of property, plant and equipment, intangible assets and deferred charges, consisted of the following:

Year ended December 31	2018	2017
Cost of inventory, raw materials and consumables used	\$ 12,334	\$ 11,781
Employee benefit expense <sup>(i)</sup>	4,821	4,550
Professional fees	1,270	1,262
Repairs, maintenance and utilities	733	655
Transportation	519	476
Operating lease payments	329	294
Provisions	161	186
Other expenses	1,473	1,323
Total cost of sales and operating expenses	<b>\$ 21,640</b>	<b>\$ 20,527</b>

(i) Employee benefit expense excludes employee costs capitalized into inventory and internally generated capital assets. Stock-based compensation is disclosed separately in the consolidated statements of earnings.

## 24. INTEREST EXPENSE

Year ended December 31	2018	2017
Interest on long-term debt	\$ 1,225	\$ 1,037
Interest on obligations under finance leases of operating companies	14	9
Other financing charges <sup>(i)</sup>	200	145
<b>Total interest expense</b>	<b>\$ 1,439</b>	<b>\$ 1,191</b>

(i) Other includes debt prepayment expense of \$35 (2017 – \$20).

## 25. STOCK-BASED COMPENSATION (RECOVERY) EXPENSE

Year ended December 31	2018	2017
Parent company <sup>(a)</sup>	\$ (141)	\$ 102
Celestica	33	30
Clarivate Analytics	13	18
Other	37	25
<b>Total stock-based compensation (recovery) expense</b>	<b>\$ (58)</b>	<b>\$ 175</b>

a) Parent company stock-based compensation primarily relates to Onex' stock option plan, as described in note 20, and the MIP, as described in note 33(d). The expense is determined based on the fair value of the liability at the end of each reporting period.

The fair value of Onex' stock option plan is determined using an option valuation model. The significant inputs into the model were the share price at December 31, 2018 of C\$74.35 (2017 – C\$92.19), the exercise price of the options, the remaining life of each option issuance, the volatility of each option issuance ranging from 16.09% to 22.43% (2017 – 15.35% to 15.46%), an average dividend yield of 0.47% (2017 – 0.45%) and a weighted average risk-free rate of 1.88% (2017 – 2.28%). The volatility is measured as the historical volatility based on the remaining life of each respective option issuance.

The fair values of the MIP options are determined using an internally developed valuation model. The significant inputs into the model are the fair value of the underlying investments, the time to expected exit from each investment, a risk-free rate of 1.88% and an industry comparable historical volatility for each investment.

## 26. OTHER GAINS

Year ended December 31	2018	2017
Gain on sale of Tecta <sup>(a)</sup>	\$ 261	\$ -
Gain from loss of control of Pinnacle Renewable Energy <sup>(b)</sup>	82	-
Gain on sales by Carestream Health <sup>(c)</sup>	-	731
<b>Total other gains</b>	<b>\$ 343</b>	<b>\$ 731</b>

a) In November 2018, the ONCAP III and ONCAP IV Groups sold Tecta, as described in note 2(o).

b) In February 2018, Pinnacle Renewable Energy completed an initial public offering, resulting in a gain of \$82 being recognized by the Company, as described in note 2(c).

c) During 2017, Carestream Health completed the sale of its Dental Digital business along with an additional transaction, as described in note 3(f).

## 27. OTHER EXPENSE

Year ended December 31	2018	2017
Losses on investments and long-term debt in credit strategies, net <sup>(a)</sup>	\$ 206	\$ 111
Transition, integration and other <sup>(b)</sup>	146	186
Derivatives losses (gains), net <sup>(c)</sup>	105	(22)
Restructuring <sup>(d)</sup>	87	125
Transaction costs <sup>(e)</sup>	82	62
Change in fair value of contingent consideration, net	(6)	(29)
Change in fair value of other investments, net	(11)	44
Foreign exchange losses (gains), net <sup>(f)</sup>	(22)	104
Carried interest charge (recovery) due to Onex and ONCAP management <sup>(g)</sup>	(42)	147
Other	(28)	(25)
<b>Total other expense</b>	<b>\$ 517</b>	<b>\$ 703</b>

a) Net losses of \$206 on investments and long-term debt in credit strategies during 2018 (2017 – \$111) were driven by net realized and unrealized gains and losses on the investments and long-term debt recognized at fair value through earnings in credit strategies.

b) Transition, integration and other expenses typically provide for the costs of establishing and transitioning from a prior parent company the activities of an operating company upon acquisition and to integrate new acquisitions at the operating companies. In addition, expenses may relate to the disposition and transition of business units at the operating companies. The costs may be incurred over several years as the establishment and transition of activities progress.

Transition, integration and other expenses for 2018 were primarily due to Carestream Health, Clarivate Analytics and Survitec. Transition, integration and other expenses for 2017 were primarily due to Carestream Health and Clarivate Analytics.

c) Derivatives losses (gains) during 2018 and 2017 were primarily related to embedded derivatives associated with debt agreements and foreign exchange hedges.

d) Restructuring expenses typically provide for the costs of facility consolidations and workforce reductions incurred at the operating companies.

Restructuring charges recorded at the operating companies were:

Year ended December 31	2018	2017
Celestica <sup>(i)</sup>	\$ 35	\$ 29
Carestream Health <sup>(ii)</sup>	23	1
Save-A-Lot <sup>(iii)</sup>	8	63
SIG <sup>(iv)</sup>	5	22
Other	16	10
	<b>\$ 87</b>	<b>\$ 125</b>

i) Celestica's restructuring charge during 2018 was primarily due to workforce reductions. Celestica's restructuring charge during 2017 was primarily related to organizational changes as a result of corporate initiatives.

ii) The charges recorded by Carestream Health in 2018 and 2017 primarily related to the reorganization of certain businesses and operations.

iii) Save-A-Lot's restructuring charge during 2018 was primarily related to the reorganization of the company's logistics operations. Save-A-Lot's restructuring charge during 2017 primarily related to costs associated with the closure of certain facilities.

iv) SIG's restructuring charges during 2018 and 2017 primarily related to the reorganization of certain corporate functions.

e) Transaction costs are incurred by Onex and its operating companies to complete business acquisitions, and typically include advisory, legal and other professional and consulting costs.

Transaction costs for 2018 were primarily due to the acquisitions of KidsFoundation, Precision, SMG and Walter Surface Technologies, in addition to acquisitions completed by the operating companies. Transaction costs for 2017 were primarily due to the acquisition of Parkdean Resorts, in addition to acquisitions completed by the operating companies.

f) For the year ended December 31, 2018, foreign exchange gains were primarily due to gains recognized by SIG, partially offset by the recognition of accumulated currency translation adjustments related to the loss of control over Pinnacle Renewable Energy. Foreign exchange losses for the year ended December 31, 2017 were primarily due to losses recognized by SIG.

g) Carried interest charge (recovery) reflects the change in the amount of carried interest due to Onex and ONCAP management through the Onex Partners and ONCAP Funds. Unrealized carried interest is calculated based on the current fair values of the Funds' investments and the overall unrealized gains in each respective Fund in accordance with the limited partnership agreements. The unrealized carried interest liability is recorded primarily in other non-current liabilities and reduces the Limited Partners' Interests, as described in note 17. The liability will ultimately be settled upon the realization of the underlying investments in each respective Onex Partners and ONCAP Fund.

During 2018, a recovery of \$42 (2017 – charge of \$147) was recorded in the consolidated statements of earnings for a decrease in management's share of the carried interest primarily due to a decrease in the fair value of certain of the investments in the Onex Partners and ONCAP Funds.

## 28. IMPAIRMENT OF GOODWILL, INTANGIBLE ASSETS AND LONG-LIVED ASSETS, NET

	2018	2017
Parkdean Resorts <sup>(a)</sup>	\$ 170	\$ 56
Save-A-Lot <sup>(b)</sup>	150	-
Survitec <sup>(c)</sup>	144	-
sgsco <sup>(d)</sup>	52	-
Schumacher <sup>(e)</sup>	50	106
Other, net	61	17
Total	<b>\$ 627</b>	<b>\$ 179</b>

a) During 2018, Parkdean Resorts recorded a non-cash goodwill impairment charge of \$170, measured in accordance with IAS 36, *Impairment of Assets*, primarily due to lower than expected caravan sales driven by a reduction in consumer spending in the United Kingdom, which is impacted by ongoing uncertainty surrounding the United Kingdom's pending withdrawal from the European Union. The impairment was calculated on a fair value less costs of disposal basis. The recoverable amount was a Level 3 measurement in the fair value hierarchy as a result of significant unobservable inputs used in determining the recoverable amount. The impairment charge was recorded in the other segment.

During 2017, Parkdean Resorts recorded a non-cash goodwill impairment charge of \$56, measured in accordance with IAS 36, *Impairment of Assets*, due to weaker than expected performance since acquisition, driven primarily by lower caravan sales. The impairment was calculated on a fair value less costs to sell basis. The recoverable amount was a Level 3 measurement in the fair value hierarchy as a result of significant unobservable inputs used in determining the recoverable amount. The impairment charge was recorded in the other segment.

b) During 2018, Save-A-Lot recorded a non-cash impairment charge of \$150 to impair certain of its intangible assets and property, plant and equipment as a result of lower sales at certain locations due to increased competition. The impairment charge was recorded in the food retail and restaurants segment.

c) During 2018, Survitec recorded a non-cash goodwill impairment charge of \$144, measured in accordance with IAS 36, *Impairment of Assets*. The impairment was calculated on a fair value less costs of disposal basis. The recoverable amount was a Level 3 measurement in the fair value hierarchy as a result of significant unobservable inputs used in determining the recoverable amount. The impairment charge was recorded in the other segment.

d) During 2018, sgsco recorded a non-cash goodwill impairment charge of \$52, measured in accordance with IAS 36, *Impairment of Assets*, primarily due to lower sales in the United States. The impairment was calculated using the value-in-use method. The recoverable amount was a Level 3 measurement in the fair value hierarchy as a result of significant unobservable inputs used in determining the recoverable amount. The impairment charge was recorded in the packaging products and services segment.

e) During 2018, Schumacher recorded a non-cash goodwill impairment charge of \$50, measured in accordance with IAS 36, *Impairment of Assets*, primarily due to lower patient volumes. The impairment was calculated on a fair value less costs of disposal basis. The recoverable amount was a Level 3 measurement in the fair value hierarchy as a result of significant unobservable inputs used in determining the recoverable amount. The impairment charge was recorded in the other segment.

During 2017, Schumacher recorded a non-cash goodwill impairment charge of \$106, measured in accordance with IAS 36, *Impairment of Assets*, primarily due to changes in customer mix related to the implementation of the Affordable Care Act. The impairment was calculated on a fair value less costs of disposal basis. The recoverable amount was a Level 3 measurement in the fair value hierarchy as a result of significant unobservable inputs used in determining the recoverable amount. The impairment charge was recorded in the other segment.

The value-in-use method is used to measure the recoverable amount for substantially all of the Company's goodwill and intangible assets with indefinite useful lives. The carrying value of goodwill and intangible assets with indefinite useful lives is allocated on a segment basis in note 36.

In measuring the recoverable amounts for goodwill and intangible assets at December 31, 2018, significant estimates include the growth rate and discount rate, which range from 0.0% to 16.5% and 5.8% to 16.0% (2017 – 0.5% to 20.0% and 9.5% to 17.0%), respectively.

## 29. NET EARNINGS (LOSS) PER SUBORDINATE VOTING SHARE

The weighted average number of SVS for the purpose of the earnings (loss) per share calculations was as follows:

Year ended December 31	2018	2017
Weighted average number of shares outstanding <i>(in millions)</i> :		
Basic	101	102
Diluted	101	102

30. FINANCIAL INSTRUMENTS

Financial assets held by the Company, presented by financial statement line item, were as follows:

	Fair Value through Net Earnings		Fair Value through OCI	Amortized Cost	Total
	Recognized	Designated			
<b>December 31, 2018</b>					
<b>Assets as per balance sheet</b>					
Cash and cash equivalents	\$ 2,680	\$ -	\$ -	\$ -	\$ 2,680
Short-term investments	60	-	17	-	77
Accounts receivable	63	-	-	3,123	3,186
Other current assets	197	-	2	431	630
Long-term investments	11,603	780	32	-	12,415
Other non-current assets	78	-	4	90	172
Financial assets held by discontinued operations	27	-	-	247	274
<b>Total</b>	<b>\$ 14,708</b>	<b>\$ 780</b>	<b>\$ 55</b>	<b>\$ 3,891<sup>(i)</sup></b>	<b>\$ 19,434</b>

(i) The carrying value of financial assets at amortized cost approximates their fair value.

	Fair Value through Net Earnings		Available- for-Sale	Loans and Receivables	Derivatives Used for Hedging	Total
	Recognized	Designated				
<b>December 31, 2017</b>						
<b>Assets as per balance sheet</b>						
Cash and cash equivalents	\$ -	\$ 3,376	\$ -	\$ -	\$ -	\$ 3,376
Short-term investments	247	-	11	-	-	258
Accounts receivable	-	-	-	3,320	-	3,320
Other current assets	2	150	-	430	31	613
Long-term investments	4,039	7,516	77	10	92	11,734
Other non-current assets	110	67	-	115	7	299
<b>Total</b>	<b>\$ 4,398</b>	<b>\$ 11,109</b>	<b>\$ 88</b>	<b>\$ 3,875<sup>(i)</sup></b>	<b>\$ 130</b>	<b>\$ 19,600</b>

(i) The carrying value of loans and receivables approximates their fair value.

	Fair Value through Net Earnings		Available- for-Sale	Loans and Receivables	Derivatives Used for Hedging	Total
	Recognized	Designated				
<b>January 1, 2017</b>						
<b>Assets as per balance sheet</b>						
Cash and cash equivalents	\$ -	\$ 2,371	\$ -	\$ -	\$ -	\$ 2,371
Short-term investments	147	-	7	-	-	154
Accounts receivable	-	-	-	3,873	-	3,873
Other current assets	9	314	-	514	13	850
Long-term investments	1,979	6,221	71	-	83	8,354
Other non-current assets	94	197	-	94	9	394
<b>Total</b>	<b>\$ 2,229</b>	<b>\$ 9,103</b>	<b>\$ 78</b>	<b>\$ 4,481<sup>(i)</sup></b>	<b>\$ 105</b>	<b>\$ 15,996</b>

(i) The carrying value of loans and receivables approximates their fair value.

Financial liabilities held by the Company, presented by financial statement line item, were as follows:

	Fair Value through Net Earnings		Amortized Cost	Total
	Recognized	Designated		
<b>December 31, 2018</b>				
<b>Liabilities as per balance sheet</b>				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 4,057	\$ 4,057
Other current liabilities	96	-	295	391
Long-term debt <sup>(i)</sup>	-	7,506	15,078	22,584
Obligations under finance leases	-	-	351	351
Other non-current liabilities	176	21	151	348
Limited Partners' Interests	-	7,679	-	7,679
Financial liabilities held by discontinued operations	1	-	602	603
<b>Total</b>	<b>\$ 273</b>	<b>\$ 15,206</b>	<b>\$ 20,534</b>	<b>\$ 36,013</b>

(i) Long-term debt is presented gross of financing charges.

	Fair Value through Net Earnings		Amortized Cost	Derivatives Used for Hedging	Total
	Recognized	Designated			
<b>December 31, 2017</b>					
<b>Liabilities as per balance sheet</b>					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 4,331	\$ -	\$ 4,331
Other current liabilities	11	19	184	10	224
Long-term debt <sup>(i)</sup>	-	7,575	14,782	-	22,357
Obligations under finance leases	-	-	392	-	392
Other non-current liabilities	386	11	135	14	546
Limited Partners' Interests	-	8,024	-	-	8,024
<b>Total</b>	<b>\$ 397</b>	<b>\$ 15,629</b>	<b>\$ 19,824</b>	<b>\$ 24</b>	<b>\$ 35,874</b>

(i) Long-term debt is presented gross of financing charges.

	Fair Value through Net Earnings		Amortized Cost	Derivatives Used for Hedging	Total
	Recognized	Designated			
<b>January 1, 2017</b>					
<b>Liabilities as per balance sheet</b>					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 4,059	\$ -	\$ 4,059
Other current liabilities	43	21	300	59	423
Long-term debt <sup>(i)</sup>	-	5,855	17,394	-	23,249
Obligations under finance leases	-	-	77	-	77
Other non-current liabilities	550	30	113	17	710
Limited Partners' Interests	-	8,474	-	-	8,474
<b>Total</b>	<b>\$ 593</b>	<b>\$ 14,380</b>	<b>\$ 21,943</b>	<b>\$ 76</b>	<b>\$ 36,992</b>

(i) Long-term debt is presented gross of financing charges.

Long-term debt recorded at fair value through net earnings at December 31, 2018 of \$7,506 (2017 – \$7,575) has contractual amounts due on maturity of \$7,690 (2017 – \$7,577).

The gains (losses) recognized by the Company related to financial assets and liabilities were as follows:

Year ended December 31	2018		2017	
	Earnings (Loss)	Comprehensive Earnings (Loss) <sup>(i)</sup>	Earnings (Loss)	Comprehensive Earnings (Loss) <sup>(i)</sup>
Fair value through net earnings (loss)	\$ 166 <sup>(a)</sup>	\$ n/a	\$ (722) <sup>(a)</sup>	\$ n/a
Fair value through OCI (2017 – available-for-sale)				
Fair value adjustments	n/a	(4)	n/a	4
Interest income	1	n/a	2	n/a
Impairments	-	n/a	-	n/a
Financial assets at amortized cost (2017 – loans and receivables)				
Provisions and other	(39)	n/a	(63)	n/a
Financial liabilities at amortized cost				
Interest expense	(1,439)	n/a	(1,191)	n/a
Other	1	n/a	-	n/a
Derivatives used for hedging	n/a	n/a	9	58
Total gains (losses) recognized	\$ (1,310)	\$ (4)	\$ (1,965)	\$ 62

(i) Amounts recognized in comprehensive earnings (loss) are presented gross of the income tax effect.

a) Primarily consists of a Limited Partners' Interests recovery of \$714 (2017 – charge of \$1,350), a carried interest recovery of \$42 (2017 – charge of \$147) and a decrease in value of investments in joint ventures and associates at fair value of \$585 (2017 – increase of \$760).

### 31. FAIR VALUE MEASUREMENTS

#### Fair values of financial instruments

The estimated fair values of financial instruments as at December 31, 2018 and December 31, 2017 are based on relevant market prices and information available at those dates. The carrying values of accounts receivable, accounts payable and accrued liabilities approximate the fair values of these financial instruments due to the short maturity of these instruments. The fair value of consolidated long-term debt at December 31, 2018 was \$21,621 (December 31, 2017 – \$22,258) compared to a carrying value of \$22,344 (December 31, 2017 – \$22,049). The fair value of consolidated long-term debt that is measured at amortized cost is substantially a Level 2 measurement in the fair value hierarchy and is calculated by discounting the expected future cash flows using an observable discount rate for instruments of similar maturity and credit risk. For certain operating companies, an adjustment is made by management for that operating company's own credit risk, resulting in a Level 3 measurement in the fair value hierarchy. The long-term debt issued by the CLOs is recognized at fair value using third-party pricing models without adjustment by the Company and is a Level 3 measurement in the fair value hierarchy. The valuation methodology is based on a projection of the future cash flows expected to be realized from the underlying collateral of the CLOs.

Financial instruments measured at fair value are allocated within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. Transfers between the three levels of the fair value hierarchy are recognized on the date of the event or change in circumstances that caused the transfer. There were no significant transfers between the three levels of the fair value hierarchy during 2018. During the first quarter of 2017, the liability for JELD-WEN's employee stock ownership plan was transferred from a Level 3 measurement to a Level 1 measurement as a result of JELD-WEN's initial public offering. The Company ceased to consolidate JELD-WEN, including the liability for JELD-WEN's employee stock ownership plan, after losing control of JELD-WEN in May 2017, as described in note 3(a). The three levels of the fair value hierarchy are as follows:

- Quoted prices in active markets for identical assets ("Level 1");
- Significant other observable inputs ("Level 2"); and
- Significant other unobservable inputs ("Level 3").



The allocation of financial assets in the fair value hierarchy, excluding financial assets held by discontinued operations and cash and cash equivalents, at December 31, 2018 was as follows:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through net earnings				
Investments in debt	\$ -	\$ 9,645	\$ 23	\$ 9,668
Investments in equities	40	60	194	294
Investments in joint ventures and associates	-	528	1,885	2,413
Restricted cash and other	248	149	9	406
Financial assets at fair value through OCI				
Investments in debt	10	37	-	47
Investments in equities	2	-	-	2
Other	-	6	-	6
Total financial assets at fair value	\$ 300	\$ 10,425	\$ 2,111	\$ 12,836

The allocation of financial assets in the fair value hierarchy, excluding cash and cash equivalents, at December 31, 2017 was as follows:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through net earnings				
Investments in debt	\$ -	\$ 9,446	\$ 16	\$ 9,462
Investments in equities	28	55	4	87
Investments in joint ventures and associates	-	1,230	1,022	2,252
Restricted cash and other	216	92	22	330
Available-for-sale financial assets				
Investments in debt	3	57	-	60
Investments in equities	27	-	-	27
Other	-	1	-	1
Total financial assets at fair value	\$ 274	\$ 10,881	\$ 1,064	\$ 12,219

The allocation of financial liabilities in the fair value hierarchy at December 31, 2018 was as follows:

	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through net earnings				
Limited Partners' Interests for Onex Partners and ONCAP Funds	\$ -	\$ -	\$ 7,179	\$ 7,179
Limited Partners' Interests for credit strategies	-	-	500	500
Unrealized carried interest due to Onex and ONCAP management	-	-	195	195
Long-term debt of credit strategies	-	-	7,506	7,506
Other	5	59	35	99
Total financial liabilities at fair value	\$ 5	\$ 59	\$ 15,415	\$ 15,479

The allocation of financial liabilities in the fair value hierarchy at December 31, 2017 was as follows:

	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through net earnings				
Limited Partners' Interests for Onex Partners and ONCAP Funds	\$ -	\$ -	\$ 7,563	\$ 7,563
Limited Partners' Interests for credit strategies	-	-	461	461
Unrealized carried interest due to Onex and ONCAP management	-	-	327	327
Long-term debt of credit strategies	-	-	7,575	7,575
Other	23	48	29	100
Total financial liabilities at fair value	\$ 23	\$ 48	\$ 15,955	\$ 16,026

Details of financial assets and liabilities measured at fair value with significant unobservable inputs (Level 3), excluding investments in joint ventures and associates recorded at fair value through earnings (note 10) and Limited Partners' Interests designated at fair value (note 17), are as follows:

	Financial Assets at Fair Value through Net Earnings	Long-Term Debt of Credit Strategies at Fair Value through Net Earnings	Other Financial Liabilities at Fair Value through Net Earnings
Balance – January 1, 2017	\$ 1	\$ 5,855	\$ 488
Change in fair value recognized in net earnings	12	97	156
Transfer to (from) Level 3	4	-	(86)
Additions	76	6,357	4
Acquisition of subsidiaries	-	-	5
Settlements	(63)	(4,785)	(200)
Foreign exchange	-	51	1
Other	12	-	(12)
Balance – December 31, 2017	42	7,575	356
Change in fair value recognized in net earnings	-	(206)	(48)
Transfer to (from) Level 3	4	-	-
Additions	185	2,147	15
Acquisitions of subsidiaries	-	-	11
Settlements	(5)	(1,971)	(111)
Disposition of subsidiaries	-	-	(23)
Foreign exchange	-	(39)	4
Other	-	-	26
Balance – December 31, 2018	\$ 226	\$ 7,506	\$ 230
Unrealized change in fair value of assets and liabilities held at the end of the reporting period	\$ -	\$ (198)	\$ (53)

Financial assets and liabilities measured at fair value with significant unobservable inputs (Level 3) are recognized in the consolidated statements of earnings in the following line items: (i) interest expense; (ii) increase (decrease) in value of investments in joint ventures and associates at fair value, net; (iii) other income (expense); and (iv) Limited Partners' Interests charge.

The valuation of investments in debt securities measured at fair value with significant other observable inputs (Level 2) is generally determined by obtaining quoted market prices or dealer quotes for identical or similar instruments in inactive markets, or other inputs that are observable or can be corroborated by observable market data.

The valuation of financial assets and liabilities measured at fair value with significant unobservable inputs (Level 3) is determined quarterly utilizing company-specific considerations and available market data of comparable public companies. The valuation of investments in the Onex Partners and ONCAP Funds is reviewed and approved by the General Partner of the respective Fund each quarter. The General Partners of the Onex Partners and ONCAP Funds are indirectly controlled by Onex Corporation.

The fair value measurement of the Limited Partners' Interests for the credit strategies is primarily driven by the underlying fair value of the investments in the Onex Credit Funds and OCLPI.

The fair value measurements for investments in joint ventures and associates, Limited Partners' Interests for the Onex Partners and ONCAP Funds, the MIP liability, and unrealized carried interest are primarily driven by the underlying fair value of the investments in the Onex Partners and ONCAP Funds. A change to reasonably possible alternative estimates and assumptions used in the valuation of non-public investments in the Onex Partners and ONCAP Funds may have a significant impact on the fair values calculated for these financial assets and liabilities. A change in the valuation of the underlying investments may have multiple impacts on Onex' consolidated financial statements and those impacts are dependent on the method of accounting used for that investment, the fund(s) within which that investment is held and the progress of that investment in meeting the MIP exercise hurdles. For example, an increase in the fair value of an investment in an associate would have the following impacts on Onex' consolidated financial statements:

- i) an increase in the unrealized value of investments in joint ventures and associates at fair value in the consolidated statements of earnings, with a corresponding increase in long-term investments in the consolidated balance sheets;
- ii) a charge would be recorded for the limited partners' share of the fair value increase of the investment in associate on the Limited Partners' Interests line in the consolidated statements of earnings, with a corresponding increase to the Limited Partners' Interests in the consolidated balance sheets;

- iii) a change in the calculation of unrealized carried interest in the respective Fund that holds the investment in associate may result in a recovery being recorded in the Limited Partners' Interests line in the consolidated statements of earnings, with a corresponding decrease to the Limited Partners' Interests in the consolidated balance sheets;
- iv) a charge may be recorded for the change in unrealized carried interest due to Onex and ONCAP management on the other income (expense) line in the consolidated statements of earnings, with a corresponding increase to other current or non-current liabilities in the consolidated balance sheets; and
- v) a change in the fair value of the vested investment rights held under the MIP may result in a charge being recorded on the stock-based compensation line in the consolidated statements of earnings, with a corresponding increase to other current or non-current liabilities in the consolidated balance sheets.

Valuation methodologies may include observations of the trading multiples of public companies considered comparable to the private companies being valued and discounted cash flows. The following table presents the significant unobservable inputs used to value the Company's private securities that impact the valuation of (i) investments in joint ventures and associates; (ii) unrealized carried interest liability due to Onex and ONCAP management; (iii) stock-based compensation liability for the MIP; and (iv) Limited Partners' Interests.

Valuation Technique	Significant Unobservable Inputs	Inputs at December 31, 2018	Inputs at December 31, 2017
Market comparable companies	Adjusted EBITDA multiple	7.1x - 12.3x	7.5x - 11.3x
Discounted cash flow	Weighted average cost of capital	11.3% - 18.5%	10.6% - 15.2%
	Exit multiple	5.3x - 15.0x	6.5x - 12.5x

In addition, at December 31, 2018 and December 31, 2017, the Company had an investment that was valued using market comparable transactions. At December 31, 2018, the Company also had an investment whose value was based on estimated sales proceeds.

Generally, adjusted EBITDA represents earnings before interest, taxes, depreciation and amortization as well as other adjustments. Other adjustments can include non-cash costs of stock-based compensation and retention plans, transition and restructuring expenses including severance payments, the impact of deriva-

tive instruments that no longer qualify for hedge accounting, the impacts of purchase accounting and other similar amounts. Adjusted EBITDA is a financial measurement that is not defined under IFRS.

The long-term debt issued by the CLOs is recognized at fair value using third-party pricing models without adjustments by the Company. The valuation methodology is based on a projection of the future cash flows expected to be realized from the underlying collateral of the CLOs.

## 32. FINANCIAL INSTRUMENT RISKS AND CAPITAL DISCLOSURES

### Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to perform its obligation and cause the Company to incur a loss.

Substantially all of the cash and cash equivalents consist of investments in debt securities. In addition, the long-term investments of CLOs and Onex Credit Lending Partners included in the long-term investments line in the consolidated balance sheets consist primarily of investments in debt securities. The investments in debt securities are subject to credit risk. A description of the investments held by the CLOs and Onex Credit Lending Partners is included in note 10(a).

At December 31, 2018, Onex, the parent company, had \$866 of cash on hand and \$573 of near-cash items at market value. Cash and cash equivalents are held with financial institutions having a current Standard & Poor's rating of A-1+ or above. Near-cash items include short- and long-term investments managed by third-party investment managers, as described below, \$89 invested in an unlevered fund managed by Onex Credit and \$205 in management fees receivable from limited partners of its private equity platforms. The short- and long-term investments have current Standard & Poor's ratings ranging from BBB to AAA. The portfolio concentration limits range from a maximum of 10% for BBB investments to 100% for AAA investments.

Accounts receivable and contract assets are also subject to credit risk. Note 13(a) includes the aging of consolidated accounts receivable at December 31, 2018.

### Liquidity risk

Liquidity risk is the risk that Onex and its operating companies will have insufficient funds on hand to meet their respective obligations as they come due. The operating companies operate autonomously and generally have restrictions on cash distributions to shareholders under their financing agreements. Onex needs to be in a position to support its operating companies when and if it is appropriate and reasonable for Onex, as an equity owner with paramount duties to act in the best interests of Onex shareholders, to do so. Maintaining sufficient liquidity at Onex is important because Onex, as a holding company, generally does not have guaranteed sources of meaningful cash flow.

In completing acquisitions, it is generally Onex' policy to finance a significant portion of the purchase price with debt provided by third-party lenders. This debt, sourced exclusively on the strength of the acquired company's financial condition and prospects, is debt of the acquired company at closing and is with-

out recourse to Onex Corporation, the ultimate parent company, or to its other operating companies or partnerships. The foremost consideration, however, in developing a financing structure for an acquisition is identifying the appropriate amount of equity to invest. In Onex' view, this should be the amount of equity that maximizes the risk/reward equation for both shareholders and the acquired company.

Accounts payable for the operating companies are primarily due within 90 days. The repayment schedules for long-term debt and leases of the operating companies are disclosed in notes 14 and 15, respectively. Onex Corporation, the ultimate parent company, has no debt and does not guarantee the debt of the operating companies.

### Market risk

Market risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market prices. The Company is primarily exposed to fluctuations in the foreign currency exchange rates associated with the Canadian and U.S. dollars, the pound sterling and the euro, as well as fluctuations in LIBOR, EURIBOR and the U.S. prime interest rate.

#### *Foreign currency exchange rates*

Onex' operating companies operate autonomously as self-sustaining companies. The functional currency of the majority of Onex' operating companies is the U.S. dollar. However, certain operating companies conduct business outside the United States and as a result are exposed to currency risk on the portion of business that is not based on the U.S. dollar. To manage foreign currency risk, certain operating companies use forward contracts to hedge all or a portion of forecasted revenues and/or costs outside their functional currencies. Additionally, where possible, Onex and its operating companies aim to reduce the exposure to foreign currency fluctuations through natural hedges by transacting in local currencies.

#### *Interest rates*

The Company is exposed to changes in future cash flows as a result of changes in the interest rate environment. The parent company is exposed to interest rate changes primarily through its cash and cash equivalents, which are held in short-term term deposits and commercial paper. Assuming no significant changes in cash balances held by the parent company from those at December 31, 2018, a 0.25% increase (0.25% decrease) in the interest rate (including the Canadian and U.S. prime rates) would result in a minimal impact on annual interest income. As all of the Canadian dollar cash and cash equivalents at the parent company are accounted for at fair value through net earnings, there would be no effect on other comprehensive earnings.

Onex, the parent company, has exposure to interest rate risk primarily through its short- and long-term investments managed by third-party investment managers. As interest rates change, the fair values of fixed income investments are inversely impacted. Investments with shorter durations are less impacted by changes in interest rates compared to investments with longer durations. At December 31, 2018, Onex' short- and long-term investments included \$216 of fixed income securities measured at fair value, which are subject to interest rate risk. These securities had a weighted average duration of 1.4 years. Other factors, including general economic conditions and political conditions, may also affect the value of fixed income securities. These risks are monitored on an ongoing basis and the short- and long-term investments may be repositioned in response to changes in market conditions.

The operating companies' results are also affected by changes in interest rates. A change in the interest rate (including the LIBOR, EURIBOR and U.S. prime interest rate) may result in a change in interest expense being recorded due to the variable-rate portion of the long-term debt of the operating companies. At December 31, 2018, excluding credit strategies, approximately 39% (2017 – 38%) of the operating companies' long-term debt had a fixed interest rate or an interest rate that was effectively fixed by interest rate swap contracts. The long-term debt of the operating companies is without recourse to Onex Corporation, the ultimate parent company.

#### *Commodity risk*

Certain of Onex' operating companies have exposure to commodities. In particular, silver is a significant commodity used in Carestream Health's manufacturing of x-ray film. The company's management continually monitors movements and trends in the silver market and enters into collar and forward agreements when considered appropriate to mitigate some of the risk of future price fluctuations, generally for periods of up to a year.

Resin and aluminum are significant commodities used by SIG. The company generally purchases commodities at spot market prices and actively uses derivative instruments to hedge the exposure in relation to the cost of resin (and its components) and aluminum. Due to this approach, the company has been able to fix prices one year forward for approximately 80% of its expected resin and aluminum purchases, which substantially minimizes the exposure to price fluctuations of the commodities over that period.

Rod, polymers and synthetic fibres are significant commodities used by WireCo in its manufacturing operations, in addition to certain energy sources, principally electricity, natural gas and propane. The company monitors the cost of raw materials and passes along price increases and decreases to its customers accordingly. The company does not enter into commodity contracts to manage the exposure on forecasted purchases of raw materials.

#### **Regulatory risk**

Certain of Onex' operating companies and investment advisor affiliates may be subject to extensive government regulations and oversight with respect to their business activities. Failure to comply with applicable regulations, obtain applicable regulatory approvals or maintain those approvals may subject the applicable operating company to civil penalties, suspension or withdrawal of any regulatory approval obtained, injunctions, operating restrictions and criminal prosecutions and penalties, which could, individually or in the aggregate, have a material adverse effect on Onex' consolidated financial position.

#### **Capital disclosures**

Onex considers the capital it manages to be the amounts it has in cash and cash equivalents, near-cash investments, short- and long-term investments managed by third-party investment managers and the investments made in the operating businesses, credit strategies and other investments. Onex also manages the capital of other investors in the Onex Partners and ONCAP Funds, and credit strategies. Onex' objectives in managing capital are to:

- preserve a financially strong parent company with appropriate liquidity and no, or a limited amount of, debt so that funds are available to pursue new acquisitions and growth opportunities as well as support expansion of its existing businesses. Onex generally does not have the ability to draw cash from its operating businesses. Accordingly, maintaining adequate liquidity at the parent company is important;
- achieve an appropriate return on capital invested commensurate with the level of assumed risk;
- build the long-term value of its operating businesses;
- control the risk associated with capital invested in any particular business or activity. All debt financing is within the operating companies and each operating company is required to support its own debt. Onex Corporation does not guarantee the debt of the operating businesses and there are no cross-guarantees of debt between the operating businesses; and
- have appropriate levels of committed limited partners' capital available to invest along with Onex' capital. This allows Onex to respond quickly to opportunities and pursue acquisitions of businesses of a size it could not achieve using only its own capital. The management of limited partners' capital also provides management fees to Onex and the ability to enhance Onex' returns by earning a carried interest on the profits of limited partners.

A portion of Onex, the parent company's, cash and cash equivalents is managed by third-party investment managers. At December 31, 2018, the fair value of investments, including cash yet to be deployed, managed by third-party investment managers was \$279. The investments are managed in a mix of short- and long-term portfolios. Short-term investments consist of liquid investments including money market instruments and commercial paper with original maturities of three months to one year. Long-term investments consist of securities that include money market instruments, federal and municipal debt instruments, corporate obligations and structured products with maturities of one year to five years. The investments are managed to maintain an overall weighted average duration of two years or less.

At December 31, 2018, Onex had access to uncalled committed limited partner capital for acquisitions through Onex Partners V (\$5,387) and ONCAP IV (\$330).

The strategy for risk management of capital has not changed significantly since December 31, 2017.

### 33. COMMITMENTS AND RELATED PARTY TRANSACTIONS

#### a) Letters of credit, letters of guarantee and other commitments

Contingent liabilities in the form of letters of credit, letters of guarantee and surety and performance bonds are primarily provided by certain operating companies to various third parties and include certain bank guarantees. At December 31, 2018, the amounts potentially payable in respect of these guarantees totalled \$924.

In February 2017, Mr. Gerald W. Schwartz assumed \$25 of Onex' commitment to Incline Aviation Fund, reducing the amount committed by Onex to \$50. At December 31, 2018, Onex' uncalled commitment to Incline Aviation Fund was \$31 (2017 – \$45).

Meridian Aviation has entered into guarantees in relation to aircraft financing transactions whereby the company would be required to fulfill obligations to unrelated third-party lenders should certain conditions not be met, or if specified events occur. The guarantees remain outstanding up until the guaranteed obligations are repaid. The total amount guaranteed by Meridian Aviation at December 31, 2018 is \$601 and no conditions have been broken or specified events have occurred which would require Meridian Aviation to make payments under these guarantees.

The Company, which includes the operating companies, has also provided certain indemnifications, including those related to businesses that have been sold. The maximum amounts from many of these indemnifications cannot be reasonably estimated at this time. However, in certain circumstances, the Company and its operating companies have recourse against other parties to mitigate the risk of loss from these indemnifications.

The Company, which includes the operating companies, has commitments with respect to operating leases, which are disclosed in note 15.

The aggregate commitments for capital assets at December 31, 2018 amounted to \$233, with the majority expected to be incurred between 2019 and 2020.

#### b) Legal contingencies

Onex and its operating companies are or may become parties to legal, product liability and warranty claims arising in the ordinary course of business. Certain operating companies, as conditions of acquisition agreements, have agreed to accept certain pre-acquisition liability claims against the acquired companies. The operating companies have recorded provisions based on their consideration and analysis of their exposure in respect of such claims. Such provisions are reflected, as appropriate, in Onex' consolidated financial statements, as described in note 13. Onex Corporation, the ultimate parent company, has not currently recorded any further provision and does not believe that the resolution of known claims would reasonably be expected to have a material adverse impact on Onex' consolidated financial position. However, the final outcome with respect to outstanding, pending or future actions cannot be predicted with certainty, and therefore there can be no assurance that their resolution will not have an adverse effect on Onex' consolidated financial position.

#### c) Environmental contingencies

The operating companies are subject to laws and regulations concerning the environment and to the risk of environmental liability inherent in activities relating to their past and present operations. As conditions of acquisition agreements, certain operating companies have agreed to accept certain pre-acquisition liability claims on the acquired companies after obtaining indemnification from previous owners.

The Company and its operating companies also have insurance to cover costs incurred for certain environmental matters. Although the effect on operating results and liquidity, if any, cannot be reasonably estimated, management of Onex and the operating companies believe, based on current information, that these environmental matters would not reasonably be expected to have a material adverse effect on the Company's consolidated financial condition.

#### d) Management Investment Plan

Under the terms of the MIP, management members of the Company invest in all of the operating entities acquired or invested in by the Company.

The aggregate investment by management members under the MIP is limited to 9% of Onex' interest in each acquisition. The form of the investment is a cash purchase for 1/6th (1.5%) of the MIP's share of the aggregate investment, and investment rights for the remaining 5/6ths (7.5%) of the MIP's share at the same price. Amounts invested under the minimum investment requirement in Onex Partners' transactions are allocated to meet

the 1.5% Onex investment requirement under the MIP. The investment rights to acquire the remaining 5/6ths vest equally over six years, with the investment rights vesting in full if the Company disposes of all of an investment before the seventh year. Under the MIP, the investment rights related to a particular acquisition are exercisable only if the Company realizes in cash the full return of its investment and earns a minimum 15% internal rate of return for the investment after giving effect to the investment rights.

Realizations under the MIP distributed in 2018 were \$22 (2017 – \$34).

#### e) Commitments to Onex Partners Funds

Onex Partners I, Onex Partners II, Onex Partners III, Onex Partners IV and Onex Partners V (the "Onex Partners Funds") were established to provide committed capital for Onex-sponsored acquisitions not related to Onex' operating companies at December 31, 2003 or ONCAP. Onex controls the General Partner and Manager of the Onex Partners Funds. The following tables provide information on the establishment, commitments and management fees of the Onex Partners Funds:

	Close Date	Total Commitments <sup>(i)</sup>	Onex Commitment	Basis of management fee <sup>(ii)</sup>	Management fee rate <sup>(iii)</sup>
Onex Partners I	February 2004	\$ 1,655	\$ 400	n/a <sup>(iii)</sup>	n/a <sup>(iii)</sup>
Onex Partners II	August 2006	\$ 3,450	\$ 1,407	Net funded commitments	1.0%
Onex Partners III	December 2009	\$ 4,700	\$ 1,200	Net funded commitments	1.0%
Onex Partners IV	May 2014	\$ 5,660	\$ 1,700 <sup>(iv)</sup>	Net funded commitments	1.0%
Onex Partners V	November 2017	\$ 7,150	\$ 2,000	Capital committed <sup>(v)</sup>	1.7% <sup>(v)</sup>

(i) Represents total commitments as at December 31, 2018 and excludes any additional commitments made by the General Partners of the Onex Partners Funds above their minimum commitments to the funds.

(ii) Represents management fees charged by the Onex Partners Funds as at December 31, 2018.

(iii) Management fees are no longer earned from Onex Partners I.

(iv) Onex' commitment does not include the additional commitment which was acquired by Onex from a limited partner in 2017.

(v) The annual management fee is reduced to 1% of the net funded commitments at the earlier of the end of the commitment period or when Onex accrues or receives management fees in respect of a successor fund. Beginning in November 2028, the management fee will be reduced to 0.5% of the net funded commitments. Beginning in November 2029, no management fee will be payable unless approved in accordance with the terms of the partnership agreement.

As at December 31	2018				2017			
	Total Commitments Invested <sup>(ii)</sup>	Onex Commitment Invested <sup>(ii)</sup>	Total Remaining Commitments <sup>(iii)</sup>	Onex Remaining Commitment <sup>(iii)</sup>	Total Commitments Invested <sup>(i)</sup>	Onex Commitment Invested <sup>(i)</sup>	Total Remaining Commitments <sup>(iii)</sup>	Onex Remaining Commitment <sup>(iii)</sup>
Onex Partners I	\$ 1,475	\$ 346	\$ 84	\$ 20	\$ 1,475	\$ 346	\$ 84	\$ 20
Onex Partners II	\$ 2,944	\$ 1,164	\$ 399	\$ 158	\$ 2,944	\$ 1,164	\$ 399	\$ 158
Onex Partners III	\$ 4,215	\$ 929	\$ 442	\$ 106	\$ 4,215	\$ 929	\$ 465	\$ 112
Onex Partners IV	\$ 5,390	\$ 1,670	\$ 376	\$ 121	\$ 3,789	\$ 1,152	\$ 1,382 <sup>(iv)</sup>	\$ 461 <sup>(iv)</sup>
Onex Partners V <sup>(v)</sup>	\$ 111	\$ 30	\$ 7,352	\$ 1,965	\$ -	\$ -	\$ 7,313	\$ 2,000

(i) Amounts include capitalized acquisition costs and bridge financing, where applicable.

(ii) Includes committed amounts from Onex, management of Onex and directors based on the assumption that all remaining limited partners' commitments are invested.

(iii) Onex' remaining commitment is calculated based on the assumption that all remaining limited partners' commitments are invested.

(iv) Remaining commitments are adjusted for the acquisition of SMG, which closed in January 2018.

(v) Amounts are presented after giving effect to borrowings under the revolving credit facility, as described in note 14(u).

The remaining commitments for Onex Partners I and Onex Partners II are for funding partnership expenses. The remaining commitments for Onex Partners III are for possible future funding of a remaining business and future funding of management fees and partnership expenses. The remaining commitments for Onex Partners IV are for possible future funding of remaining businesses and future funding of management fees and partnership expenses. The remaining commitments for Onex Partners V are primarily for funding future Onex-sponsored investments.

Onex management has committed, as a group, to invest a minimum percentage in each of the Onex Partners Funds. The minimum commitment to Onex Partners V for Onex management is 2%, which may be adjusted annually to a maximum of 10%. At December 31, 2018, Onex management and directors have committed 4% to Onex Partners V for new investments completed in 2019. The original amount invested at cost in the Onex Partners Funds' remaining investments by Onex management and directors at December 31, 2018 was \$513 (2017 – \$402), of which \$112 (2017 – \$18) was invested in the year ended December 31, 2018, including bridge financing where applicable.

Carried interest is received on the overall gains achieved by the Onex Partners Funds investors, other than Onex and Onex management, to the extent of 20% of the gains, provided that those investors have achieved a minimum 8% return on their investment in the individual Onex Partners Funds over the life of the funds. The investment by investors for this purpose takes into consideration management fees and expenses paid by the investors.

The returns to the investors, other than Onex and Onex management, are based on all investments made through the respective funds, with the result that the initial carried interest achieved by Onex on gains could be recovered from Onex if subsequent investments do not exceed the overall target return of 8%. Onex is allocated 40% of the Onex Partners Funds carried interest, with 60% allocated to Onex management. Carried interest received from Onex Partners I, Onex Partners II and Onex Partners III has fully vested for Onex management. Carried interest received from Onex Partners IV and Onex Partners V for management will vest equally over six years from August 2014 and November 2018, respectively. Carried interest received by Onex from the Onex Partners Funds for the year ended December 31, 2018 was \$8 (2017 – \$121), while Onex management received carried interest of \$13 (2017 – \$181).

#### f) Commitments to ONCAP Funds

ONCAP II, ONCAP III and ONCAP IV (the “ONCAP Funds”) were established to provide committed capital for acquisitions of small and medium-sized businesses. Onex controls the General Partner and Manager of the ONCAP Funds. The following tables provide information on the establishment, commitments and management fees of the ONCAP Funds:

	Close Date	Total Commitments <sup>(i)</sup>	Onex Commitment	Basis of management fee <sup>(ii)</sup>	Management fee rate <sup>(iii)</sup>
ONCAP II	May 2006	C\$ 574	C\$ 252	Net investment	2.0%
ONCAP III	September 2011	C\$ 800	C\$ 252	Net funded commitments	1.5%
ONCAP IV	November 2016	\$ 1,107	\$ 480	Capital committed <sup>(iii)</sup>	2.0% <sup>(iii)</sup>

(i) Represents total commitments as at December 31, 2018 and excludes any additional commitments made by the General Partners of the ONCAP Funds above their minimum commitments to the funds.

(ii) Represents management fees charged by the ONCAP Funds as at December 31, 2018.

(iii) The annual management fee is reduced to 1.5% of the net funded commitments at the earlier of the end of the commitment period or when Onex receives management fees in respect of a successor ONCAP Fund. Beginning in December 2028, no management fee will be payable unless approved in accordance with the terms of the partnership agreement.

As at December 31	2018				2017			
	Total Commitments Invested <sup>(i)</sup>	Onex Commitment Invested <sup>(i)</sup>	Total Remaining Commitments <sup>(ii)</sup>	Onex Remaining Commitment <sup>(iii)</sup>	Total Commitments Invested <sup>(i)</sup>	Onex Commitment Invested <sup>(i)</sup>	Total Remaining Commitments <sup>(ii)</sup>	Onex Remaining Commitment <sup>(iii)</sup>
ONCAP II	C\$ 483	C\$ 221	C\$ 3	C\$ 1	C\$ 483	C\$ 221	C\$ 3	C\$ 1
ONCAP III	C\$ 632	C\$ 186	C\$ 100	C\$ 30	C\$ 632	C\$ 186	C\$ 122	C\$ 36
ONCAP IV	\$ 595	\$ 234	\$ 548	\$ 218	\$ 282	\$ 111	\$ 922 <sup>(iv)</sup>	\$ 367 <sup>(iv)</sup>

(i) Amounts include capitalized acquisition costs and bridge financing, where applicable.

(ii) Includes committed amounts from Onex, management of Onex and ONCAP, and directors based on the assumption that all remaining limited partners' commitments are invested.

(iii) Onex' remaining commitment is calculated based on the assumption that all remaining limited partners' commitments are invested.

(iv) Remaining commitments are adjusted for the acquisition of Laces. The capital for Laces was called in January 2018.



The remaining commitments for ONCAP II are for future funding of partnership expenses. The remaining commitments for ONCAP III are for possible future funding of remaining businesses and future funding of management fees and partnership expenses. The remaining commitments for ONCAP IV are primarily for funding of future Onex-sponsored investments.

ONCAP management has committed, as a group, to invest a minimum percentage in each of the ONCAP Funds. The minimum commitment to ONCAP IV for ONCAP management is 2%. The commitment from management of Onex and ONCAP and directors may be increased to a maximum of 10% of ONCAP IV. At December 31, 2018, management of Onex and ONCAP and directors have committed 8% to ONCAP IV for new investments completed in 2019. The original amount invested at cost in the ONCAP Funds' remaining investments by management of Onex and ONCAP and directors at December 31, 2018 was \$113 (2017 – \$104), of which \$33 was invested in the year ended December 31, 2018 (2017 – \$23).

Carried interest is received on the overall gains achieved by the ONCAP Funds investors, other than management of ONCAP, to the extent of 20% of the gains, provided that those investors have achieved a minimum 8% return on their investment in the individual ONCAP Funds over the life of the funds. Once the ONCAP IV investors achieve a return of two times their aggregate capital contributions, carried interest participation increases to 25% of the overall gains for the ONCAP IV fund. The investment by investors in the ONCAP Funds for this purpose takes into consideration management fees and expenses paid by the investors.

The returns to the investors, other than management of ONCAP, are based on all investments made through the respective funds, with the result that the initial carried interest achieved by ONCAP on gains from investments made by ONCAP II and ONCAP III could be recovered if subsequent investments do not exceed the overall target return of 8%. For ONCAP IV, the initial carried interest achieved by ONCAP on gains could be recovered if subsequent investments do not exceed the lesser of the overall target return level of 8% and two times the aggregate capital contributions by limited partners of the fund. Onex is allocated 40% of the carried interest realized on limited partners' capital in the ONCAP Funds. ONCAP management is allocated 60% of the carried interest on limited partners' and Onex capital. Carried interest received from ONCAP II and ONCAP III has fully vested for ONCAP management. Carried interest received from ONCAP IV will vest equally over five years ending November 2021 for ONCAP management. Carried interest received by Onex from the ONCAP Funds for the year ended December 31, 2018 was \$29 (2017 – \$2), while ONCAP management received carried interest of \$77 (2017 – \$5).

#### **g) OCLP I**

In November 2018, Onex completed the final closing for OCLP I, as described in note 2(u). OCLP I provides committed capital for investments in senior secured loans and other loan investments in middle-market, upper middle-market and large private equity sponsor-owned portfolio companies and, selectively, other corporate borrowers. As at December 31, 2018, \$166 (2017 – \$55) has been called of the total capital committed. Onex has invested \$46 (2017 – \$18) of its \$100 commitment. Onex controls the General Partner and Manager of OCLP I. The Onex management team has committed, as a group, to invest \$75 in OCLP I. The total amount invested at cost in OCLP I by the Onex management team at December 31, 2018 was \$34 (2017 – \$7), of which \$27 was invested in the year ended December 31, 2018 (2017 – \$7). A portion of the remaining unfunded commitments will be used to repay borrowings under the revolving credit facility.

#### **h) Management investment in Onex Credit**

The Onex management team may invest in strategies managed by Onex Credit. At December 31, 2018, investments at market held by the Onex management team in Onex Credit strategies were approximately \$325 (2017 – \$355), including investments made in OCLP I.

#### **i) Management and Directors' investment in Incline Aviation Fund**

In February 2017, the Onex management team increased its commitment to invest in Incline Aviation Fund to \$40, which includes the \$25 commitment by Mr. Gerald W. Schwartz, as described in note 33(a).

At December 31, 2018, the total amount invested by the Onex management team in Incline Aviation Fund at cost, including the amounts invested under the minimum investment requirement of the MIP, was \$14 (2017 – \$2).

#### **j) Management reinvestment of MIP and carried interest**

Members of Onex management are required to reinvest 25% of the proceeds received related to their share of the MIP investment rights and carried interest to acquire Onex SVS in the market and/or management DSUs until they individually own at least one million Onex SVS and/or management DSUs. During 2018, Onex management reinvested C\$5 (2017 – C\$33) to acquire Onex SVS and/or management DSUs.

**k) Onex Credit management fees**

Onex Credit earns management fees on other investors' capital. Management fees earned on the capital invested by Onex, the parent company, are eliminated in the consolidated financial statements.

In addition, Onex Credit is entitled to incentive fees on certain other investors' capital. Incentive fees range between 15% and 20%. Certain incentive fees (including incentive fees on CLOs) are subject to a hurdle or minimum preferred return to investors.

During the year ended December 31, 2018, gross management and incentive fees earned by the credit strategies segment were \$50 and nil (2017 – \$43 and \$2), respectively, including management and incentive fees from Onex Credit Funds, Onex Credit Lending Partners and CLOs consolidated by Onex. The management and incentive fees from Onex Credit Funds, Onex Credit Lending Partners and CLOs consolidated by Onex, the parent company, were \$47 and nil (2017 – \$39 and \$2). Credit strategies segment revenues for 2018, net of management and incentive fees from Onex Credit Funds, Onex Credit Lending Partners and CLOs consolidated by Onex, were \$3 (2017 – \$4).

**l) Tax loss transactions with a related party**

During 2018 and 2017, Onex entered into the sale of entities, the sole assets of which were certain tax losses, to companies controlled by Mr. Gerald W. Schwartz, who is Onex' controlling shareholder. Onex has significant non-capital and capital losses available; however, Onex does not expect to generate sufficient taxable income to fully utilize these losses in the foreseeable future. As such, no benefit has been recognized in the consolidated financial statements for these losses. In connection with these transactions, an independent accounting firm retained by Onex' Audit and Corporate Governance Committee provided opinions that the values received by Onex for the tax losses were fair from a financial point of view. Onex' Audit and Corporate Governance Committee, all the members of which are independent Directors, unanimously approved the transactions. The following transactions were completed during 2018 and 2017:

- In 2018, Onex received \$4 in cash for tax losses of \$41. The entire \$4 was recorded as a gain and included in other income (expense) in the consolidated statements of earnings.
- In 2017, Onex received \$5 in cash for tax losses of \$48. The entire \$5 was recorded as a gain and included in other income (expense) in the consolidated statements of earnings.

**m) Private share repurchase**

In May 2018, Onex repurchased in a private transaction 500,000 (March 2017 – 750,000) of its SVS that were held indirectly by Mr. Gerald W. Schwartz. The private transaction was approved by the disinterested directors of the Board of Directors of the Company. The shares were repurchased at a cash cost of \$72.23 (C\$93.00) (2017 – \$71.24 (C\$94.98)) per share or a total cost of \$36 (C\$47) (2017 – \$53 (C\$71)), which represents a slight discount to the trading price of Onex shares at that date.

**n) Celestica real property sale**

In July 2015, Celestica entered into an agreement of purchase and sale to sell certain of its real property to a special-purpose entity to be formed by a consortium of real estate developers (the "Property Purchaser"). Mr. Gerald W. Schwartz, who is Onex' controlling shareholder and who was a director of Celestica until December 31, 2016, has an indirect interest in the Property Purchaser.

In September 2018, the agreement of purchase and sale was assigned to a new purchaser who is unrelated to the Property Purchaser, Celestica or Onex. The Property Purchaser may be granted an option to retain a minimal interest in the transaction, subject to certain terms and conditions.

**o) Remuneration to key management**

The Company's key management consists of the senior executives of Onex, ONCAP, Onex Credit and its operating companies. Also included are the Directors of Onex Corporation. Carried interest and MIP payments to former senior executives of Onex and ONCAP are excluded from the aggregate payments below. Aggregate payments to the Company's key management were as follows:

Year ended December 31	2018	2017
Short-term employee benefits and costs	\$ 110	\$ 167
Share-based payments <sup>(ii)</sup>	100	236
Termination benefits	5	6
Post-employment benefits	2	2
Other long-term benefits	1	-
<b>Total</b>	<b>\$ 218</b>	<b>\$ 411</b>

(ii) Share-based payments include \$29 (2017 – \$24) paid on the exercise of Onex stock options (note 20), \$10 (2017 – \$148) of carried interest paid to Onex management and \$16 (2017 – \$26) of amounts paid under the MIP to Onex management. During 2018, Onex, the parent company, received carried interest of \$37 (2017 – \$121).

### 34. PENSION AND NON-PENSION POST-RETIREMENT BENEFITS

The operating companies have a number of defined benefit and defined contribution plans providing pension, other retirement and post-employment benefits to certain of their employees. The non-pension post-retirement benefits include retirement and termination benefits, health, dental and group life. The plans at the operating companies are independent and surpluses within certain plans cannot be used to offset deficits in other plans. The benefit payments from the plans are typically made from trustee-administered funds; however, there are certain unfunded plans, primarily related to non-pension post-retirement benefits, that are funded as benefit payment obligations are required. Onex Corporation, the ultimate parent company, does not provide pension, other retirement or post-retirement benefits to the employees of the operating companies.

The plans are exposed to market risks, such as changes in interest rates, inflation and fluctuations in investment values. The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if the plan assets fail to achieve this yield, this will create or increase a plan deficit. A decrease in corporate bond yields would have the effect of increasing the benefit obligations; however, this would be partially offset by a fair value increase in the value of debt securities held in the plans' assets. For certain plans, the benefit obligations are linked to inflation, and higher inflation will result in a greater benefit obligation.

The plans are also exposed to non-financial risks, such as the membership's mortality and demographic changes, as well as regulatory changes. An increase in life expectancy will result in an increase in benefit obligations.

The total costs during 2018 for defined contribution pension plans and multi-employer plans were \$88 (2017 – \$84).

Accrued benefit obligations and the fair value of plan assets for accounting purposes are measured at December 31 of each year. The most recent actuarial valuations of the largest pension plans for funding purposes were in 2018, and the next required valuations will be in 2019. The Company estimates that in 2019 the minimum funding requirement for the defined benefit pension plans will be \$10.

In 2018, total cash payments for employee future benefits, consisting of cash contributed by the operating companies to their funded pension plans, cash payments directly to beneficiaries for their unfunded other benefit plans and cash contributed to their defined contribution plans, were \$114 (2017 – \$108). Included in the total was \$2 (2017 – \$6) contributed to multi-employer plans.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For defined benefit pension plans and non-pension post-retirement plans, the estimated present value of accrued benefit obligations and the estimated market value of the net assets available to provide these benefits were as follows:

As at December 31	Pension Plans in which Assets Exceed Accumulated Benefits		Pension Plans in which Accumulated Benefits Exceed Assets		Non-Pension Post-Retirement Benefits	
	2018	2017	2018	2017	2018	2017
Accrued benefit obligations:						
Opening benefit obligations	\$ 877	\$ 848	\$ 450	\$ 737	\$ 84	\$ 74
Current service cost	6	7	10	9	3	2
Interest cost	5	12	15	7	3	3
Contributions by plan participants	2	2	-	-	-	-
Benefits paid	(29)	(42)	(29)	(13)	(3)	(4)
Actuarial (gain) loss from demographic assumptions	(6)	13	1	-	-	-
Actuarial (gain) loss from financial assumptions	(4)	2	(34)	1	(3)	3
Foreign currency exchange rate changes	(9)	58	(33)	34	(5)	5
Acquisition of subsidiaries	-	-	8	106	8	-
Disposition of subsidiaries	-	-	-	(14)	-	-
Operating company no longer under control	-	(12)	-	(425)	-	-
Plan amendments	-	(12)	(2)	(6)	(1)	(2)
Settlements/curtailments	-	-	-	-	(1)	-
Reclassification of plans	(312)	-	312	-	-	-
Other	-	1	4	14	(2)	3
Closing benefit obligations	\$ 530	\$ 877	\$ 702	\$ 450	\$ 83	\$ 84
Plan assets:						
Opening plan assets	\$ 1,106	\$ 1,053	\$ 169	\$ 365	\$ -	\$ -
Interest income	6	15	11	2	-	-
Actual return on plan assets in excess of interest income	(16)	34	(86)	2	-	-
Contributions by employer	2	2	14	11	2	2
Contributions by plan participants	2	2	1	-	-	-
Benefits paid	(29)	(42)	(29)	(12)	(2)	(2)
Foreign currency exchange rate changes	(10)	70	(23)	7	-	-
Acquisition of subsidiaries	-	-	4	87	-	-
Disposition of subsidiaries	-	-	-	(1)	-	-
Operating company no longer under control	-	(14)	-	(296)	-	-
Settlements/curtailments	-	(12)	-	(1)	(3)	(2)
Reclassification of plans	(370)	-	370	-	-	-
Other	(1)	(2)	(2)	5	3	2
Closing plan assets	\$ 690	\$ 1,106	\$ 429	\$ 169	\$ -	\$ -

Asset Category	Percentage of Plan Assets	
	2018	2017
Quoted Market Prices:		
Equity investment funds	18%	17%
Debt investment funds	26%	41%
Equity securities	2%	2%
Debt securities	6%	5%
Non-Quoted Market Prices:		
Other investment funds	16%	14%
Real estate	2%	2%
Other	30%	19%
	100%	100%

Equity securities do not include direct investments in the shares of the Company or its subsidiaries, but may be invested indirectly as a result of the inclusion of the Company's and its subsidiaries' shares in certain market investment funds.

The funded status of the plans of the operating companies was as follows:

As at December 31	Pension Plans in which Assets Exceed Accumulated Benefits		Pension Plans in which Accumulated Benefits Exceed Assets		Non-Pension Post-Retirement Benefits	
	2018	2017	2018	2017	2018	2017
Deferred benefit amount:						
Plan assets, at fair value	\$ 690	\$ 1,106	\$ 429	\$ 169	\$ -	\$ -
Accrued benefit obligation	(530)	(877)	(702)	(450)	(83)	(84)
Plan surplus (deficit)	160	229	(273)	(281)	(83)	(84)
Valuation allowance	(8)	(9)	-	-	-	-
Deferred benefit amount – asset (liability)	\$ 152	\$ 220	\$ (273)	\$ (281)	\$ (83)	\$ (84)

The deferred benefit asset of \$152 (2017 – \$220) is included in the Company's consolidated balance sheets within other non-current assets (note 11). The total deferred benefit liabilities of \$356 (2017 – \$365) are included in the Company's consolidated balance sheets within other non-current liabilities (note 18) and other current liabilities. Of the total deferred benefit liabilities, \$1 (2017 – \$1) was recorded as a current liability.

The following assumptions were used to account for the plans:

Year ended December 31	Pension Benefits		Non-Pension Post-Retirement Benefits	
	2018	2017	2018	2017
Accrued benefit obligation				
Weighted average discount rate <sup>(i)</sup>	0.5%–3.7%	0.6%–3.5%	3.8%	3.6%
Weighted average rate of compensation increase	0.5%–4.2%	1.0%–4.0%	4.6%	4.6%

(i) Weighted average discount rate includes inflation, where applicable to a benefit plan.

	2018	2017
Assumed healthcare cost trend rates		
Initial healthcare cost rate	5.7%	5.8%
Cost trend rate declines to	4.0%	4.5%
Year that the rate reaches the rate it is assumed to remain at	2040	2030

The assumptions underlying the discount rates, rates of compensation increase and healthcare cost trend rates have a significant effect on the amounts reported for the pension and post-retirement benefit plans. A 1% change in these assumed rates would increase (decrease) the benefit obligations as follows:

As at December 31, 2018	Pension Plans in which Assets Exceed Accumulated Benefits		Pension Plans in which Accumulated Benefits Exceed Assets		Non-Pension Post-Retirement Benefits	
	1% Increase	1% Decrease	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount rate	\$ (16)	\$ 24	\$ (100)	\$ 121	\$ (8)	\$ 10
Rate of compensation increase	\$ 3	\$ (2)	\$ 15	\$ (13)	\$ 2	\$ (2)
Healthcare cost trend rate	n/a	n/a	n/a	n/a	\$ 6	\$ (5)

As at December 31, 2017	Pension Plans in which Assets Exceed Accumulated Benefits		Pension Plans in which Accumulated Benefits Exceed Assets		Non-Pension Post-Retirement Benefits	
	1% Increase	1% Decrease	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount rate	\$ (73)	\$ 99	\$ (57)	\$ 64	\$ (9)	\$ 12
Rate of compensation increase	\$ 4	\$ (3)	\$ 16	\$ (16)	\$ 2	\$ (2)
Healthcare cost trend rate	n/a	n/a	n/a	n/a	\$ 9	\$ (7)

The sensitivity analysis above is based on changing one assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in certain assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to changes in significant actuarial assumptions, the same method used for calculating the benefit obligation liabilities in the consolidated financial statements has been applied.

### 35. SUBSEQUENT EVENTS

#### a) Pending merger of Clarivate Analytics with Churchill

In January 2019, Clarivate Analytics entered into an agreement to merge with Churchill, as described in note 2(r).

#### b) Pending merger of SMG with AEG Facilities

In February 2019, SMG entered into an agreement to merge with AEG Facilities, as described in note 2(s).

### 36. INFORMATION BY INDUSTRY SEGMENT

Onex' reportable segments operate through autonomous companies and strategic partnerships. Operating companies are aggregated into one reportable segment based on the nature of the products and services, production process, customer base, distribution model and regulatory environment at the operating companies, as well as key financial metrics such as gross margin and projected long-term revenue growth.

The Company had eight reportable segments in 2018 (2017 – nine). In December 2018, the Company entered into an agreement to sell BrightSpring Health, as described in note 2(q). The results of operations of BrightSpring Health, which were previously included in the health and human services segment, are presented in the other segment as a discontinued operation.

The information by segment is presented in the chronological order in which the operating segments become reportable. The Company's reportable segments at December 31, 2018 consisted of:

Electronics Manufacturing Services	<ul style="list-style-type: none"> <li>• <b>Celestica</b>, a global provider of electronics manufacturing services.</li> </ul>
Healthcare Imaging	<ul style="list-style-type: none"> <li>• <b>Carestream Health</b>, a global provider of medical and dental imaging and healthcare information technology solutions.</li> </ul>
Insurance Services	<ul style="list-style-type: none"> <li>• <b>York</b>, an integrated provider of insurance solutions to property, casualty and workers' compensation specialty markets primarily in the United States.</li> </ul>
Packaging Products and Services	<ul style="list-style-type: none"> <li>• <b>IntraPac</b> (since December 2017), a designer and manufacturer of specialty rigid packaging solutions.</li> <li>• <b>Precision</b> (since August 2018), a global manufacturer of dispensing solutions.</li> <li>• <b>sgsco</b>, a global leader in providing fully integrated marketing solutions, digital imaging and design-to-print graphic services to branded consumer products companies, retailers and the printers that service them.</li> <li>• <b>SIG</b>, a world-leading provider of aseptic carton packaging solutions for beverages and liquid food.</li> </ul>
Business and Information Services	<ul style="list-style-type: none"> <li>• <b>Clarivate Analytics</b>, owner and operator of a collection of leading subscription-based businesses focused on scientific and academic research, patent analytics and regulatory standards, pharmaceutical and biotech intelligence, trademark protection, domain brand protection and intellectual property management.</li> <li>• <b>Emerald Expositions</b>, a leading operator of business-to-business trade shows in the United States.</li> <li>• <b>SMG</b> (since January 2018), a leading global manager of convention centres, stadiums, arenas, theatres, performing arts centres and other venues.</li> </ul>
Food Retail and Restaurants	<ul style="list-style-type: none"> <li>• <b>Jack's</b>, a regional premium quick-service restaurant operator based in the United States.</li> <li>• <b>Save-A-Lot</b>, one of the largest hard-discount grocery retailers for value-seeking shoppers in the United States.</li> </ul>
Credit Strategies	<ul style="list-style-type: none"> <li>• <b>Onex Credit Manager</b> specializes in managing non-investment grade debt.</li> <li>• <b>Onex Credit Collateralized Loan Obligations</b>, leveraged structured vehicles that hold a widely diversified collateral asset portfolio funded through the issuance of long-term debt in a series of rated tranches of secured notes and equity.</li> <li>• <b>Onex Credit Funds</b>, investment funds, other than the CLOs and Private Lending, providing exposure to the performance of actively managed, diversified portfolios.</li> <li>• <b>Private Lending</b>, primarily consisting of <b>Onex Credit Lending Partners</b>, a private debt fund which focuses on providing credit to middle-market, upper middle-market and large private equity sponsor-owned portfolio companies and, selectively, other corporate borrowers predominantly in the United States and, selectively, in Canada and Europe.</li> </ul>
Other	<ul style="list-style-type: none"> <li>• <b>KidsFoundation</b> (since November 2018), a leading childcare provider in the Netherlands.</li> <li>• <b>Meridian Aviation</b>, an aircraft investment company managed by BBAM and established by Onex Partners III.</li> <li>• <b>Parkdean Resorts</b> (since March 2017), a leading operator of caravan holiday parks in the United Kingdom.</li> <li>• <b>Schumacher</b>, a leading provider of emergency and hospital medicine physician practice management services in the United States.</li> <li>• <b>Survitec</b>, a market-leading provider of mission-critical marine, defence and aerospace survival equipment.</li> <li>• <b>WireCo</b>, a leading global manufacturer of mission-critical steel wire rope, synthetic rope, specialty wire and engineered products.</li> <li>• <b>Operating companies of ONCAP II</b>: EnGlobe, Pinnacle Renewable Energy and PURE Canadian Gaming.</li> <li>• <b>Operating companies of ONCAP III</b>: Hopkins, PURE Canadian Gaming, Davis-Standard, Bradshaw, Venanpri Group, Chatters and Tecta (up to November 2018).</li> <li>• <b>Operating companies of ONCAP IV</b>: Tecta (up to November 2018), Laces (since December 2017), AutoSource (since May 2018), Walter (since September 2018) and Wyse (since November 2018). The other segment excludes IntraPac and Precision, which are included in the packaging products and services reportable segment.</li> <li>• <b>Joint ventures and associates at fair value:</b> <ul style="list-style-type: none"> <li>• <b>AIT</b>, a leading provider of automation, factory integration and tooling dedicated to the global aerospace, defence and space launch industries.</li> <li>• <b>BBAM</b>, a dedicated manager of leased aircraft.</li> <li>• <b>Incline Aviation Fund</b>, an aircraft investment fund managed by BBAM and focused on investments in leased commercial jet aircraft.</li> <li>• <b>Venanpri Group</b>, a global leader in the manufacturing of consumable wear components that are embedded into agricultural soil preparation and seeding equipment implements.</li> <li>• <b>JELD-WEN</b>, one of the world's largest manufacturers of interior and exterior doors, windows and related products for use primarily in the residential and light commercial new construction and remodelling markets.</li> <li>• <b>Pinnacle Renewable Energy</b>, a leading wood pellet producer in Western Canada.</li> <li>• <b>PowerSchool</b> (since August 2018), a leading education technology platform for K-12 schools.</li> <li>• <b>Ryan</b> (since October 2018), a leading global tax services and software provider with an integrated suite of federal, state, local and international tax services, and the largest firm in the world dedicated exclusively to business taxes.</li> <li>• <b>Wyse</b> (since November 2018), a leading provider of innovative submetering and utility expense management solutions for the multi-residential, condominium and commercial markets in Canada.</li> </ul> </li> <li>• <b>Onex Real Estate:</b> <ul style="list-style-type: none"> <li>• <b>Flushing Town Center</b>, a three million-square-foot development located on approximately 14 acres in Flushing, New York.</li> </ul> </li> <li>• <b>Onex Corporation</b>, the parent company.</li> <li>• <b>Discontinued operations:</b> BrightSpring Health (up to December 2018), USI (up to May 2017) and JELD-WEN (up to May 2017).</li> </ul>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A number of operating companies, by the nature of their businesses, individually serve major customers that account for a large portion of their revenues. During 2018 and 2017, no customers represented more than 10% of the Company's consolidated revenues.

2018 Industry Segments

	Electronics Manufacturing Services	Healthcare Imaging	Insurance Services	Packaging Products and Services	Business and Information Services	Food Retail and Restaurants	Credit Strategies	Other	Consolidated Total
Revenues	\$ 6,633	\$ 1,601	\$ 793	\$ 2,776	\$ 1,647	\$ 4,467	\$ 3	\$ 5,865	\$ 23,785
Cost of sales (excluding amortization of property, plant and equipment, intangible assets and deferred charges)	(6,117)	(959)	-	(1,839)	(699)	(3,838)	-	(4,111)	(17,563)
Operating expenses	(226)	(424)	(700)	(328)	(518)	(597)	(49)	(1,235)	(4,077)
Interest income	1	4	-	2	-	1	499	31	538
Amortization of property, plant and equipment	(74)	(62)	(9)	(238)	(14)	(87)	-	(159)	(643)
Amortization of intangible assets and deferred charges	(15)	(25)	(47)	(163)	(318)	(18)	(5)	(153)	(744)
Interest expense	(26)	(98)	(74)	(307)	(201)	(85)	(324)	(324)	(1,439)
Decrease in value of investments in joint ventures and associates at fair value, net	-	-	-	-	-	-	-	(585)	(585)
Stock-based compensation recovery (expense)	(33)	(4)	(4)	(2)	(23)	(7)	-	131	58
Other gains	-	-	-	-	-	-	-	343	343
Other expense	(61)	(74)	-	(65)	(96)	(8)	(206)	(7)	(517)
Impairment of goodwill, intangible assets and long-lived assets, net	-	-	-	(52)	(39)	(150)	-	(386)	(627)
Limited Partners' Interests recovery (charge)	-	-	-	-	-	-	(1)	715	714
Earnings (loss) before income taxes and discontinued operations	82	(41)	(41)	(216)	(261)	(322)	(83)	125	(757)
Recovery of (provision for) income taxes	17	(18)	(9)	(4)	(3)	(49)	-	(23)	(89)
Earnings (loss) from continuing operations	99	(59)	(50)	(220)	(264)	(371)	(83)	102	(846)
Earnings from discontinued operations <sup>(a)</sup>	-	-	-	-	-	-	-	50	50
Net earnings (loss)	\$ 99	\$ (59)	\$ (50)	\$ (220)	\$ (264)	\$ (371)	\$ (83)	\$ 152	\$ (796)
<b>Net earnings (loss) attributable to:</b>									
Equity holders of Onex Corporation	\$ 14	\$ (52)	\$ (44)	\$ (163)	\$ (197)	\$ (372)	\$ (83)	\$ 234	\$ (663)
Non-controlling interests	85	(7)	(6)	(57)	(67)	1	-	(82)	(133)
Net earnings (loss)	\$ 99	\$ (59)	\$ (50)	\$ (220)	\$ (264)	\$ (371)	\$ (83)	\$ 152	\$ (796)

(in millions of U.S. dollars)  
As at December 31, 2018

	Electronics Manufacturing Services	Healthcare Imaging	Insurance Services	Packaging Products and Services	Business and Information Services	Food Retail and Restaurants	Credit Strategies	Other	Consolidated Total
Total assets	\$ 3,738	\$ 1,192	\$ 1,487	\$ 6,771	\$ 6,526	\$ 1,784	\$ 10,247	\$ 13,672	\$ 45,417
Long-term debt <sup>(b)</sup>	\$ 747	\$ 1,149	\$ 950	\$ 2,762	\$ 3,088	\$ 953	\$ 8,420	\$ 4,275	\$ 22,344
Property, plant and equipment additions <sup>(c)</sup>	\$ 88	\$ 41	\$ 6	\$ 299	\$ 14	\$ 81	\$ 3	\$ 189	\$ 721
Intangible assets with indefinite life	\$ -	\$ 8	\$ 148	\$ 438	\$ 308	\$ 436	\$ -	\$ 421	\$ 1,759
Goodwill additions from acquisitions <sup>(c)</sup>	\$ 175	\$ -	\$ 1	\$ 86	\$ 433	\$ -	\$ -	\$ 556	\$ 1,251
Goodwill	\$ 198	\$ 227	\$ 615	\$ 2,278	\$ 2,685	\$ 230	\$ 62	\$ 1,918	\$ 8,213

(a) Represents the after-tax results of BrightSpring Health (up to December 2018), as described in note 8.

(b) Includes the current portion of long-term debt, excludes finance leases and is net of financing charges.

(c) Amounts for 2018 include BrightSpring Health (up to December 2018), which is a discontinued operation, as described in note 8.



2017 Industry Segments

	Electronics Manufacturing Services	Healthcare Imaging	Insurance Services	Packaging Products and Services	Business and Information Services	Food Retail and Restaurants	Credit Strategies	Other	Consolidated Total
Revenues	\$ 6,143	\$ 1,862	\$ 775	\$ 2,395	\$ 1,262	\$ 4,724	\$ 4	\$ 5,602	\$ 22,767
Cost of sales (excluding amortization of property, plant and equipment, intangible assets and deferred charges)	(5,645)	(1,068)	-	(1,528)	(517)	(3,984)	-	(3,882)	(16,624)
Operating expenses	(209)	(507)	(696)	(302)	(414)	(572)	(64)	(1,139)	(3,903)
Interest income	2	2	-	2	-	1	346	23	376
Amortization of property, plant and equipment	(68)	(62)	(6)	(199)	(8)	(105)	-	(164)	(612)
Amortization of intangible assets and deferred charges	(9)	(47)	(46)	(150)	(253)	(18)	(5)	(134)	(662)
Interest expense	(12)	(145)	(72)	(223)	(176)	(82)	(211)	(270)	(1,191)
Increase in value of investments in joint ventures and associates at fair value, net	-	-	-	-	-	-	-	760	760
Stock-based compensation expense	(30)	(4)	(3)	(1)	(20)	(6)	-	(111)	(175)
Other gain	-	731	-	-	-	-	-	-	731
Other expense	(39)	(9)	(3)	(107)	(77)	(69)	(111)	(288)	(703)
Impairment of goodwill, intangible assets and long-lived assets, net	-	-	-	(2)	(7)	(5)	-	(165)	(179)
Limited Partners' Interests charge	-	-	-	-	-	-	(20)	(1,330)	(1,350)
Earnings (loss) before income taxes and discontinued operations	133	753	(51)	(115)	(210)	(116)	(61)	(1,098)	(765)
Recovery of (provision for) income taxes	(27)	(61)	60	18	48	32	-	(4)	66
Earnings (loss) from continuing operations	106	692	9	(97)	(162)	(84)	(61)	(1,102)	(699)
Earnings from discontinued operations <sup>(a)</sup>	-	-	-	-	-	-	-	3,103	3,103
Net earnings (loss)	\$ 106	\$ 692	\$ 9	\$ (97)	\$ (162)	\$ (84)	\$ (61)	\$ 2,001	\$ 2,404

Net earnings (loss) attributable to:

Equity holders of Onex Corporation	\$ 14	\$ 630	\$ 7	\$ (98)	\$ (114)	\$ (85)	\$ (61)	\$ 2,108	\$ 2,401
Non-controlling interests	92	62	2	1	(48)	1	-	(107)	3
Net earnings (loss)	\$ 106	\$ 692	\$ 9	\$ (97)	\$ (162)	\$ (84)	\$ (61)	\$ 2,001	\$ 2,404

(in millions of U.S. dollars)  
As at December 31, 2017

	Electronics Manufacturing Services	Healthcare Imaging	Insurance Services	Packaging Products and Services	Business and Information Services	Food Retail and Restaurants	Credit Strategies	Other	Consolidated Total
Total assets	\$ 2,964	\$ 1,321	\$ 1,524	\$ 6,808	\$ 5,656	\$ 2,094	\$ 10,048	\$ 14,281	\$ 44,696
Long-term debt <sup>(b)</sup>	\$ 187	\$ 1,132	\$ 939	\$ 3,770	\$ 2,566	\$ 943	\$ 7,877	\$ 4,635	\$ 22,049
Property, plant and equipment additions <sup>(c)</sup>	\$ 95	\$ 64	\$ 6	\$ 269	\$ 8	\$ 48	\$ 1	\$ 261	\$ 752
Intangible assets with indefinite life	\$ -	\$ 8	\$ 148	\$ 443	\$ 458	\$ 436	\$ -	\$ 564	\$ 2,057
Goodwill additions from acquisitions	\$ -	\$ -	\$ 1	\$ -	\$ 72	\$ -	\$ -	\$ 495	\$ 568
Goodwill	\$ 23	\$ 227	\$ 616	\$ 2,327	\$ 2,304	\$ 230	\$ 62	\$ 2,434	\$ 8,223

(a) Represents the after-tax results of BrightSpring Health, JELD-WEN (up to May 2017) and USI (up to May 2017), as described in note 8.

(b) Long-term debt includes current portion, excludes finance leases and is net of financing charges.

(c) Amounts for 2017 include BrightSpring Health, JELD-WEN (up to May 2017) and USI (up to May 2017), which are discontinued operations, as described in note 8.

Geographic Segments

	2018					2017						
	Canada	U.S.	Europe	Asia and Oceania	Other <sup>(a)</sup>	Total	Canada	U.S.	Europe	Asia and Oceania	Other <sup>(a)</sup>	Total
Revenue <sup>(b)</sup>	\$ 932	\$ 12,608	\$ 4,033	\$ 4,737	\$ 1,475	\$ 23,785	\$ 778	\$ 12,287	\$ 3,655	\$ 4,567	\$ 1,480	\$ 22,767
Property, plant and equipment <sup>(c)</sup>	\$ 205	\$ 1,017	\$ 2,515	\$ 888	\$ 288	\$ 4,913	\$ 389	\$ 1,226	\$ 2,589	\$ 779	\$ 343	\$ 5,326
Intangible assets <sup>(c)</sup>	\$ 580	\$ 3,856	\$ 3,323	\$ 171	\$ 118	\$ 8,048	\$ 508	\$ 3,489	\$ 3,580	\$ 170	\$ 140	\$ 7,887
Goodwill <sup>(c)</sup>	\$ 377	\$ 5,132	\$ 1,935	\$ 606	\$ 163	\$ 8,213	\$ 357	\$ 4,982	\$ 2,079	\$ 658	\$ 147	\$ 8,223

(a) Other consists primarily of operations in Central and South America, Mexico and Africa.

(b) Revenues exclude discontinued operations, as described in note 8. Revenues are attributed to geographic areas based on the destinations of the products and/or services.

(c) Amounts for 2018 exclude BrightSpring Health, which is a discontinued operation, as described in note 8.

# SHAREHOLDER INFORMATION

## Year-End Closing Share Price

As at December 31 ( <i>in Canadian dollars</i> )	2018	2017	2016	2015	2014
Toronto Stock Exchange	\$ 74.35	\$ 92.19	\$ 91.38	\$ 84.82	\$ 67.46

## Shares

The Subordinate Voting Shares of the Company are listed and traded on the Toronto Stock Exchange.

## Share Symbol

ONEX

## Dividends

Dividends on the Subordinate Voting Shares are payable quarterly on or about January 31, April 30, July 31 and October 31 of each year. At December 31, 2018, the indicated dividend rate for each Subordinate Voting Share was C\$0.35 per annum. Registered shareholders can elect to receive dividend payments in U.S. dollars by submitting a completed currency election form to AST Trust Company (Canada) five business days before the record date of the dividend. Non-registered shareholders who wish to receive dividend payments in U.S. dollars should contact their broker to submit their currency election.

## Shareholder Dividend Reinvestment Plan

The Dividend Reinvestment Plan provides shareholders of record who are resident in Canada a means to reinvest cash dividends in new Subordinate Voting Shares of Onex Corporation at a market-related price and without payment of brokerage commissions. To participate, registered shareholders should contact Onex' share registrar, AST Trust Company (Canada). Non-registered shareholders who wish to participate should contact their investment dealer or broker.

## Corporate Governance Policies

A presentation of Onex' corporate governance policies is included in the Management Information Circular that is mailed to all shareholders and is available on Onex' website.

## Registrar and Transfer Agent

AST Trust Company (Canada)  
P.O. Box 700  
Postal Station B  
Montreal, Quebec H3B 3K3  
(416) 682-3860  
or call toll-free throughout Canada and the United States  
1-800-387-0825  
www.astfinancial.com/ca  
or inquiries@astfinancial.com

All questions about accounts, stock certificates or dividend cheques should be directed to the Registrar and Transfer Agent.

## Electronic Communications with Shareholders

We encourage individuals to receive Onex' shareholder communications electronically. You can submit your request online by visiting the AST Trust Company (Canada) website, www.astfinancial.com/ca, or contacting them at 1-800-387-0825.

## Investor Relations Contact

Requests for copies of this report, other annual reports, quarterly reports and other corporate communications should be directed to:  
Investor Relations  
Onex Corporation  
161 Bay Street  
P.O. Box 700  
Toronto, Ontario M5J 2S1  
(416) 362-7711

## Website

www.onex.com

## Auditor

PricewaterhouseCoopers LLP  
Chartered Professional Accountants

## Duplicate Communication

Registered holders of Onex Corporation shares may receive more than one copy of shareholder mailings. Every effort is made to avoid duplication, but when shares are registered under different names and/or addresses, multiple mailings result. Shareholders who receive but do not require more than one mailing for the same ownership are requested to write to the Registrar and Transfer Agent and arrangements will be made to combine the accounts for mailing purposes.

## Shares Held in Nominee Name

To ensure that shareholders whose shares are not held in their name receive all Company reports and releases on a timely basis, a direct mailing list is maintained by the Company. If you would like your name added to this list, please forward your request to Investor Relations at Onex.

## Annual Meeting of Shareholders

Onex Corporation's Annual Meeting of Shareholders will be held on May 9, 2019 at 10:00 a.m. (Eastern Daylight Time) at the Hockey Hall of Fame, 30 Yonge Street, Toronto, Ontario.

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