

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The interim Management's Discussion and Analysis ("MD&A") provides a review of Onex Corporation's ("Onex") unaudited interim consolidated financial results for the nine months ended September 30, 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 unaudited interim consolidated statements of earnings, unaudited interim consolidated statements of comprehensive earnings, unaudited interim consolidated balance sheets and unaudited interim consolidated statements of cash flows of Onex. As such, this interim MD&A should be read in conjunction with the unaudited interim 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' unaudited interim 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 interim MD&A is the responsibility of management and is as of November 8, 2018. Preparation of the interim 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 interim MD&A by the Board of Directors. The Board of Directors has approved this disclosure.

The interim MD&A is presented in the following sections:

10	Our Business, Our Objective and Our Strategies	27	Financial Review
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Onex Corporation's financial filings, including the 2018 Third Quarter interim MD&A and Financial Statements and Annual Report, Annual Information Form and Management Information Circular, are available on Onex' website, www.onex.com, and on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

Forward-Looking/Safe Harbour Statements

This interim 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 interim MD&A.

Non-GAAP Financial Measures

This interim 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 unaudited interim 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 interim MD&A and unaudited interim 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
- **"Genesis Healthcare"** – Genesis Healthcare, Inc.
- **"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 Holdings, 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
- **"York"** – York Risk Services Holding Corp.

A glossary of terms commonly used within the interim MD&A is included on page 60.

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 2.7 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' 98 investment professionals are each dedicated to a separate investment platform: Onex Partners (56), ONCAP (21) and Onex Credit (21). 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 \$1.3 billion of cash and near-cash items after completing the investment in Ryan and proceeds received from the initial public offering completed by SIG, and no debt at the parent company;
- \$208 million of limited partner uncalled capital available for future Onex Partners IV investments after completing the investment in Ryan;
- \$5.5 billion of limited partner uncalled capital available for future Onex Partners V investments;
- \$378 million of limited partner uncalled capital available for future ONCAP IV investments; and
- \$141 million of limited partner uncalled capital for Onex Credit Lending Partners ("OCLP I").

In June 2018, Onex completed the third closing for OCLP I, reaching aggregate commitments to date of \$362 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 September 30, 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 \$475 million; and
- had a total investment in credit strategies at market value of approximately \$340 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 to date 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 September 30, 2018, Onex' capital per share was \$65.61 (C\$84.93) (December 31, 2017 – \$64.79 (C\$81.28)). The following table outlines the increase in Onex' capital per share and the return from Onex' private equity investments as of September 30, 2018.

	Nine months ended September 30, 2018	Twelve months ended September 30, 2018	Five years ended September 30, 2018 ⁽¹⁾
Increase in value of Onex' private equity investments in U.S. dollars ⁽²⁾	7%	9%	16%
Increase in capital per share in U.S. dollars ⁽³⁾	2%	3%	7%
Increase in capital per share in Canadian dollars ⁽³⁾	5%	7%	12%

(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 ⁽¹⁾	103 ⁽¹⁾
RSG	Direct investment	Original investment	Jun '18	175 ⁽²⁾	172 ⁽²⁾
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 ⁽³⁾	41	16
Total				\$ 2,080	\$ 810

(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 32 of this interim 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) Onex transferred its investment in AutoSource to the ONCAP IV Group in September 2018, as described on page 30 of this interim MD&A.

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

In August 2018, the ONCAP IV Group completed the acquisition of Precision, a leading global manufacturer of dispensing solutions. The ONCAP IV Group's total investment was \$111 million for an economic interest of 99%. Onex' share of the investment was \$44 million for an 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 addition, in July 2018 the Onex Partners platform entered into an agreement to acquire KidsFoundation for €246 million. KidsFoundation is a leading provider of childcare services in the Netherlands. The Onex Partners platform expects to invest approximately \$175 million for an economic interest of 98%. Onex' share of the investment is expected to be approximately \$50 million. The transaction is expected to close during the fourth quarter of 2018, subject to customary conditions and regulatory approvals.

Today, we have approximately \$8.4 billion of uncalled capital available to deploy for new private equity investments, including \$2.3 billion of Onex commitments and prior to giving effect to the pending acquisition of KidsFoundation. 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 the first nine months of 2018, 14 of our operating businesses completed 28 follow-on acquisitions for total consideration of approximately \$860 million. In addition, in October 2018, Celestica entered into an agreement to acquire Impakt, a vertically integrated manufacturer in the semiconductor and display industries, for \$329 million. Our existing operating businesses also collectively raised or refinanced a total of \$4.4 billion of debt, in part due to strong credit markets during the period. In addition, our existing businesses paid down debt totalling approximately \$220 million.

Realizing on value

The table below presents the significant proceeds received to date in 2018 from realizations and cash distributions primarily from private equity activity.

Company	Fund	Transaction	Period	Total Amount (\$ millions)	Onex' Share ⁽¹⁾ (\$ millions)
Mavis Discount Tire	ONCAP III	Sale of business	Mar '18	\$ 518 ⁽²⁾	\$ 173
SIG	Onex Partners IV	Initial public offering	Oct '18	511 ⁽²⁾	180
Emerald Expositions	Onex Partners III	Secondary offering and dividends	Various	130	35
Onex Real Estate	Direct investment	Distributions	Various	116	101
Parkdean Resorts	Onex Partners IV	Repayment of loan note	Feb '18	74 ⁽²⁾	22
Pinnacle Renewable Energy	ONCAP II	Repayment of shareholder subordinated debt, secondary offering and dividends	Various	55	25
BBAM	Onex Partners III	Distributions	Jun '18 and Sep '18	30	10
Meridian Aviation	Onex Partners III	Distribution	Sep '18	25	8
Total				\$ 1,459	\$ 554

(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 3.5 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 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 45.7 million ordinary shares in the transaction for net proceeds of CHF 503 million (\$511 million). Onex' portion of the net proceeds was CHF 177 million (\$180 million). The Onex Partners IV Group continues to hold approximately 162.7 million ordinary shares in SIG for an economic and voting interest of 51%. Onex continues to hold approximately 57.4 million ordinary shares for an 18% economic interest in SIG.

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 64%. Onex continues to hold approximately 11.4 million shares for a 16% economic interest in Emerald Expositions.

During 2018, Flushing Town Center distributed \$116 million of proceeds primarily from the sale of residential condominium units. Onex' share of the distributions was \$101 million.

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 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 of Pinnacle Renewable Energy for an economic interest of 15%.

To date in 2018, BBAM has distributed \$30 million to the Onex Partners III Group, of which Onex' share was \$10 million, including \$2 million of carried interest. The distribution was funded by the company's free cash flow.

To date in 2018, Meridian Aviation has 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 October 2018, the ONCAP III Group and ONCAP IV Group entered into an agreement to sell Tecta. Onex' expected net proceeds from the sale will be approximately \$130 million, including carried interest and after a reduction for amounts to be paid to the Onex and ONCAP management teams. The transaction is expected to close during the fourth quarter of 2018 and is subject to customary closing conditions and regulatory approvals.

Managing and growing fund investor capital

Over the years, Onex has raised \$27.6 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 September 30, 2018 managed \$9.4 billion of fund investor capital through its collateralized loan obligations, private debt and other credit strategies.

To date, Onex Credit has closed 17 CLOs and at September 30, 2018, capital under management related to the remaining CLOs was \$8.5 billion, including \$503 million of Onex capital.

Onex is currently raising its first Onex Credit Lending Partners fund, which is a natural extension of its credit business and leverages the firm's infrastructure and knowledge of the loan market. To date, OCLP I has aggregate commitments of \$362 million, including \$100 million from Onex and \$75 million from the Onex management team. The strategy employs leverage and at September 30, 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 \$21.6 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 \$145 million in management fees during the 12 months ended September 30, 2018 (December 31, 2017 – \$148 million), and today has run-rate management fees of \$148 million. Onex expects future management fees, carried interest and incentive fees will offset operating expenses.

Our private equity funds contribute \$96 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 expects its run-rate management fees will increase when fees begin to accrue from Onex Partners V.

Onex Credit contributes \$52 million to the run-rate management fees, which includes \$3 million of management fees earned on Onex' capital invested in Onex Credit Lending Partners and Onex Credit Funds.

At September 30, 2018, Onex' share of the unrealized carried interest on Onex Partners' and ONCAP's operating businesses based on their fair values was \$155 million compared to \$185 million at December 31, 2017. The unrealized carried interest decreased since December 31, 2017 primarily due to \$25 million of carried interest received during the first nine months of 2018, driven primarily by the sale of Mavis Discount Tire, the partial sales of Emerald Expositions and Pinnacle Renewable Energy, and distributions from BBAM and Meridian Aviation. The actual amount of carried interest realized by Onex will depend on the ultimate performance of each fund.

At September 30, 2018, Onex managed \$24.9 billion of fund investor capital, in addition to Onex' capital.

Fund Investor Capital Under Management⁽¹⁾⁽²⁾							
<i>(Unaudited) (\$ millions)</i>							
	Total		Change in Total	Fee-Generating		Uncalled Commitments	
	September 30, 2018⁽³⁾	December 31, 2017⁽³⁾		September 30, 2018	December 31, 2017	September 30, 2018⁽³⁾	December 31, 2017⁽³⁾
Funds							
Onex Partners	\$ 13,852	\$ 13,787	–	\$ 11,393	\$ 11,666	\$ 6,220⁽⁴⁾	\$ 6,787
ONCAP ⁽⁵⁾	1,631	1,788	(9)%	1,349	1,479	437	606
Onex Credit	9,397	8,644	9 %	8,907	8,534	141	175
Total	\$ 24,880	\$ 24,219	3 %	\$ 21,649	\$ 21,679	\$ 6,798	\$ 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. 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 September 30, 2018 are reduced for management fees receivable of \$162 million (December 31, 2017 – \$107 million), which are included in Onex capital.

(4) Includes uncalled commitments relating to the investment made in Ryan in October 2018, as described on page 32 of this interim MD&A.

(5) 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 September 30, 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. For the 12 months ended September 30, 2018, fee-generating capital under management increased by 12% primarily due to our successful fundraising for Onex Partners V, CLOs and Onex Credit Lending Partners, partially offset by the sale of Mavis Discount Tire and the partial sales of BBAM, Emerald Expositions, JELD-WEN and Pinnacle Renewable Energy. Over the past five years, fee-generating capital under management has increased by 18% 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 September 30, 2018.

Performance Returns ⁽¹⁾⁽²⁾					
	Vintage	Gross IRR	Net IRR ⁽³⁾	Gross MOC	Net MOC ⁽³⁾
Funds					
Onex Partners I	2003	55%	38%	3.9x	3.0x
Onex Partners II	2006	17%	13%	2.3x	1.9x
Onex Partners III	2009	20%	14%	2.3x	1.9x
Onex Partners IV	2014	8%	3%	1.2x	1.1x
ONCAP I ⁽⁴⁾⁽⁵⁾	1999	43%	33%	4.1x	3.1x
ONCAP II ⁽⁴⁾	2006	30%	21%	4.1x	2.8x
ONCAP III ⁽⁴⁾	2011	27%	20%	3.0x	2.2x
ONCAP IV	2016	42%	23%	1.3x	1.1x

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

(2) Onex Partners V has been excluded from the table as no investments have been made through the fund as of September 30, 2018.

(3) 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' commitment as a limited partner in each fund.

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

(5) ONCAP I has been fully realized.

Credit

As of September 30, 2018, Onex had a net investment of \$550 million in CLOs after dispositions and distributions, including \$69 million for 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 losses of \$7 million on a mark-to-market basis on its CLO investments during the nine months ended September 30, 2018 (2017 – gain of \$14 million). Investments in our two fully realized CLOs generated a Net IRR of approximately 15%.

All of Onex' CLOs remain onside with their various coverage tests. Onex received \$44 million of distributions from its CLO investments during the first nine months of the year. Onex remains a long-term investor in its CLOs.

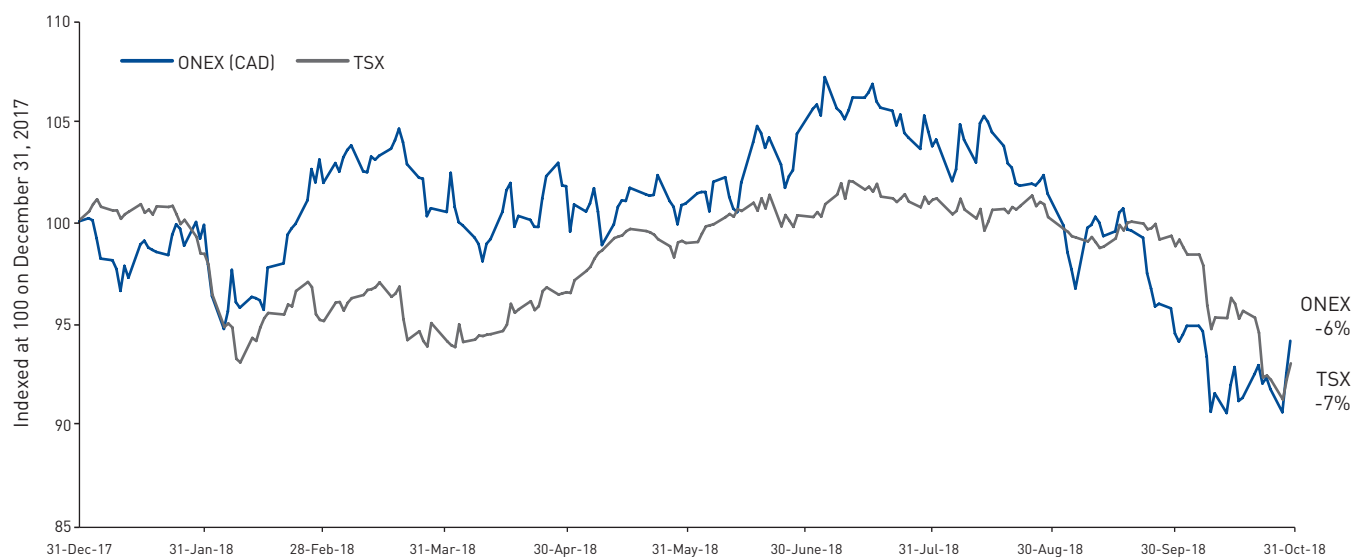
Share price

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. Year-to-date through October 31, 2018, \$19 million was returned to shareholders through dividends and Onex repurchased and cancelled 815,658 SVS at a total cost of \$58 million (C\$74 million), or an average purchase price of \$71.44 (C\$91.19) per share.

At October 31, 2018, Onex' SVS closed at C\$86.55, a 6% decrease from December 31, 2017. This compares to a 7% decrease in the S&P/TSX Composite Index ("TSX").

The chart below shows the performance of Onex' SVS during the first 10 months of 2018 relative to the TSX.

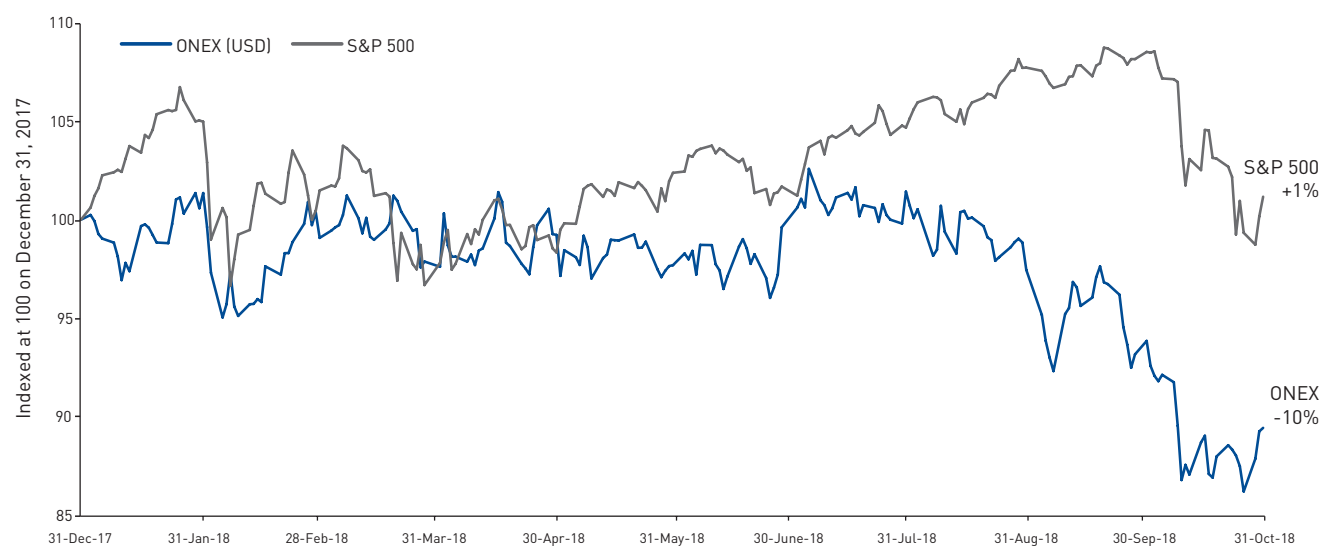
Onex Relative Performance (CAD) (December 31, 2017 to October 31, 2018)



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 the 10 months ended October 31, 2018, the value of Onex' SVS decreased by 10% in U.S. dollars compared to a 1% increase in the Standard & Poor's 500 Index ("S&P 500").

The chart below shows the performance of Onex' SVS in U.S. dollars during the first 10 months of 2018 relative to the S&P 500.

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



INDUSTRY SEGMENTS

At September 30, 2018, Onex had nine 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. 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. We manage our investments and measure performance based on each operating business' individual results.

Industry Segments	Companies	Onex' & Limited Partners' Economic Ownership	Onex' Economic/ Voting Ownership
Electronics Manufacturing Services	Celestica Inc. (TSX/NYSE: CLS), a global provider of electronics manufacturing services (www.celestica.com). Onex shares held: 18.0 million^(a)	13% ^(a)	13% ^(a) /80%
Healthcare Imaging	Carestream Health, Inc. , a global provider of medical and dental imaging and healthcare information technology solutions (www.carestream.com). Total Onex Partners II Group investment at original cost: \$471 million Onex portion at cost: \$186 million Onex Partners II portion subject to a carried interest: \$266 million	91%	33% ^(a) /100%
Health and Human Services	BrightSpring Health (formerly ResCare) , a leading provider of residential, training, educational and support services for people with disabilities and special needs in the United States (www.brightspringhealth.com). Total Onex Partners I and Onex Partners III Groups investment at original cost: \$204 million Onex portion at cost: \$41 million Onex Partners I portion subject to a carried interest: \$61 million Onex Partners III portion subject to a carried interest: \$94 million	98%	20%/100%
Insurance Services	York Risk Services Holding Corp. , an integrated provider of insurance solutions to property, casualty and workers' compensation specialty markets primarily in the United States (www.yorkrsg.com). Total Onex Partners III Group investment at original cost: \$521 million Onex portion at cost: \$173 million Onex Partners III portion subject to a carried interest: \$279 million	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	IntraPac International Corporation , a designer and manufacturer of specialty rigid packaging solutions (www.intrapacinternational.com).	98%	38%/98%
	Total ONCAP IV Group investment at original cost: \$118 million Onex portion at cost: \$46 million ONCAP IV portion subject to a carried interest: \$58 million		
	Precision Global , a global manufacturer of dispensing solutions (www.precisionglobal.com).	99%	39%/99%
	Total ONCAP IV Group investment at original cost: \$111 million Onex portion at cost: \$44 million ONCAP IV portion subject to a carried interest: \$55 million		
	SGS International, LLC , 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.sgsco.com).	92%	23%/92%
	Total Onex Partners III Group investment at original cost: \$260 million Onex portion at cost: \$66 million Onex Partners III portion subject to a carried interest: \$183 million		
Business and Information Services	SIG Combibloc Group AG , (SIX: SIGN), a world-leading provider of aseptic carton packaging solutions for beverages and liquid food (www.sig.biz).	99% ^(a)	35% ^(a) /97% ^(a)
	Total Onex Partners IV Group investment at original cost: \$1,215 million Onex portion at cost: \$428 million Onex Partners IV portion subject to a carried interest: \$383 million		
	Clarivate Analytics , 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).	72%	27%/72%
	Total Onex Partners IV Group investment at original cost: \$1,177 million Onex portion at cost: \$445 million Onex Partners IV portion subject to a carried interest: \$418 million		
	Emerald Expositions Events, Inc. ^(b) (NYSE: EEX), a leading operator of business-to-business trade shows in the United States (www.emeraldexpositions.com).	64%	16%/64%
	Total Onex Partners III Group shares held: 47.1 million Onex shares held: 11.4 million Onex Partners III shares subject to a carried interest: 33.1 million		
	SMG Holdings Inc. , a leading global manager of convention centres, stadiums, arenas, theatres, performing arts centres and other venues (www.smgworld.com).	99%	32%/99%
	Total Onex Partners IV Group investment at original cost: \$429 million Onex portion at cost: \$139 million Onex Partners IV portion subject to a carried interest: \$261 million		

(a) In October 2018, SIG completed an initial public offering, as described on page 31 of this interim MD&A. Subsequent to the initial public offering, the Onex Partners IV Group continues to hold approximately 162.7 million ordinary shares in SIG for an economic and voting interest of 51%. Onex continues to hold 57.4 million ordinary shares for an 18% economic interest in SIG.

(b) In March 2018, Emerald Expositions completed a secondary offering, as described on page 30 of this interim MD&A.

Industry Segments	Companies	Onex' & Limited Partners' Economic Ownership	Onex' Economic/ Voting Ownership
Food Retail and Restaurants	Jack's Family Restaurants , a regional premium quick-service restaurant operator based in the United States (www.eatatjacks.com).	95%	31%/100%
	Total Onex Partners IV Group investment at original cost: \$234 million Onex portion at cost: \$76 million Onex Partners IV portion subject to a carried interest: \$140 million		
	Save-A-Lot , one of the largest hard-discount grocery retailers for value-seeking shoppers in the United States (www.save-a-lot.com).	99%	32%/99%
	Total Onex Partners IV Group investment at original cost: \$660 million Onex portion at cost: \$210 million Onex Partners IV portion subject to a carried interest: \$394 million		
Credit Strategies	Credit Strategies , a platform that is comprised of:		
	Onex Credit Manager specializes in managing non-investment grade debt.	100%	100%/(a)
	Onex Credit Collateralized Loan Obligations , 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.		
	Total Onex investment in collateralized loan obligations, including warehouse facilities, at market value: \$571 million Onex Credit Funds , investment funds, other than the CLOs and Private Lending, providing exposure to the performance of actively managed, diversified portfolios. Onex investment in Onex Credit Funds at market value: \$350 million, of which \$187 million is invested in a unlevered senior secured loan portfolio that purchases assets with greater liquidity and \$163 million is invested in other Onex Credit Funds. Private Lending , primarily consisting of Onex Credit Lending Partners , 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. Onex investment in Private Lending at market value: \$49 million		

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

Industry Segments	Companies	Onex' & Limited Partners' Economic Ownership	Onex' Economic/ Voting Ownership
Other Businesses			
• <i>Aerospace Automation, Tooling and Components</i>	Advanced Integration Technology LP, a leading provider of automation, factory integration and tooling dedicated to the global aerospace, defence and space launch industries (www.aint.com). Total Onex Partners IV Group investment at original cost: \$204 million Onex portion at cost: \$53 million Onex Partners IV portion subject to a carried interest: \$134 million	50%	13%/50% ^(a)
• <i>Aircraft Leasing & Management</i>	BBAM Limited Partnership, the world's largest dedicated manager of leased aircraft (www.bbam.com). Total Onex Partners III Group remaining investment at original cost: \$143 million Onex portion at cost: \$36 million Onex Partners III portion subject to a carried interest: \$101 million 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. Meridian Aviation Partners Limited and affiliates, an aircraft investment company managed by BBAM and established by the Onex Partners III Group. Total Onex Partners III Group investment at original cost: \$77 million Onex portion at cost: \$19 million Onex Partners III portion subject to a carried interest: \$54 million	35% ^(a)	9%/(a)
• <i>Building Products</i>	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). Total Onex Partners III Group shares held: 32.9 million Onex shares held: 8.1 million Onex Partners III shares subject to a carried interest: 20.3 million	100%	25%/100%
• <i>Holiday Parks</i>	Parkdean Resorts, a leading operator of caravan holiday parks in the United Kingdom (www.parkdeanresorts.co.uk). Total Onex Partners IV Group investment at original cost: \$551 million^{(c)(d)} Onex portion at cost: \$164 million^{(c)(d)} Onex Partners IV portion subject to a carried interest: \$233 million^{(c)(d)}	32%	8%/32%
		94% ^(c)	28% ^(c) /80%

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

(b) The Onex Partners III Group's investment in JELD-WEN is accounted for at fair value in Onex' unaudited interim consolidated financial statements.

(c) 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 29 of this interim MD&A.

(d) 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.

Industry Segments	Companies	Onex' & Limited Partners' Economic Ownership	Onex' Economic/ Voting Ownership
Other Businesses (cont'd)			
• <i>Education Software</i>	PowerSchool Group LLC, a leading education technology platform for K-12 schools (www.powerschool.com). Total Onex Partners IV Group investment at original cost: \$872 million Onex portion at cost: \$283 million Onex Partners IV portion subject to a carried interest: \$530 million	50%	16%/50% ^(a)
• <i>Hospital Management Services</i>	Schumacher Clinical Partners, a leading provider of emergency and hospital medicine physician practice management services in the United States (www.schumacherclinical.com). Total Onex Partners IV Group investment at original cost: \$323 million Onex portion at cost: \$105 million Onex Partners IV portion subject to a carried interest: \$193 million	68%	22%/68%
• <i>Survival Equipment</i>	Survitec Group Limited, a market-leading provider of mission-critical marine, defence and aerospace survival equipment (www.survitecgroup.com). Total Onex Partners IV Group investment at original cost: \$390 million^(b) Onex portion at cost: \$103 million^(b) Onex Partners IV portion subject to a carried interest: \$256 million^(b)	79%	21%/68%
• <i>Industrial Products</i>	WireCo WorldGroup, a leading global manufacturer of mission-critical steel wire rope, synthetic rope, specialty wire and engineered products (www.wirecoworldgroup.com). Total Onex Partners IV Group investment at original cost: \$270 million Onex portion at cost: \$86 million Onex Partners IV portion subject to a carried interest: \$161 million	71%	23%/71%
• <i>Middle-Market Opportunities</i>	ONCAP, private equity funds focused on acquiring and building the value of mid-market companies based in North America (www.oncap.com). ONCAP II ONCAP II actively manages investments in EnGlobe (www.englobecorp.com), Pinnacle Renewable Energy^(d) (www.pinnaclepellet.com) (TSX: PL) and PURE Canadian Gaming (www.purecanadiangaming.com). Total ONCAP II Group unrealized investments at original cost: \$212 million (C\$218 million) Onex portion at cost: \$100 million (C\$102 million) ONCAP II limited partners portion at cost: \$92 million (C\$94 million)	100%	47% ^(c) /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' unaudited interim consolidated financial statements.

(b) 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.

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

(d) In February 2018 and June 2018, Pinnacle Renewable Energy completed initial and secondary offerings, as described on page 29 of this interim MD&A.

Industry Segments	Companies	Onex' & Limited Partners' Economic Ownership	Onex' Economic/ Voting Ownership
Other Businesses (cont'd)			
• <i>Middle-Market Opportunities (cont'd)</i>	ONCAP III 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), Chatters (www.chatters.ca) and Tecta (www.tectaamerica.com). Total ONCAP III Group unrealized investments at original cost: \$435 million (C\$481 million) Onex portion at cost: \$128 million (C\$142 million) ONCAP III limited partners portion at cost: \$266 million (C\$294 million)	100%	29%/100%
	ONCAP IV ONCAP IV actively manages investments in AutoSource (www.myautosource.com), Laces (www.maytex.com), Tecta (www.tectaamerica.com) and Walter Surface Technologies (www.walter.com). ONCAP IV also actively manages investments in IntraPac and Precision, which are included in the Packaging Products and Services industry segment. Total ONCAP IV Group unrealized investments at original cost: \$340 million^(a) Onex portion at cost: \$134 million^(a) ONCAP IV limited partners portion at cost: \$171 million^(a)	100%	39%/100%
• <i>Real Estate</i>	Flushing Town Center, 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. Onex' remaining investment in Flushing Town Center at fair value: \$164 million	88%	88%/100%

(a) 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' unaudited interim consolidated statements of earnings for the three and nine months ended September 30, 2018 compared to those for the same periods ended September 30, 2017, the unaudited interim consolidated statements of cash flows for the nine months ended September 30, 2018 compared to the same period of 2017, and compares Onex' financial condition at September 30, 2018 to that at December 31, 2017.

CONSOLIDATED OPERATING RESULTS

This section should be read in conjunction with Onex' unaudited interim consolidated statements of earnings for the three and nine months ended September 30, 2018 and 2017, the corresponding notes thereto and the December 31, 2017 audited annual consolidated financial statements.

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.

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.

As a result of adopting IFRS 15, total equity on January 1, 2017 has increased by \$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.

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

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 in the process of executing its implementation plan and intends to adopt IFRS 16 on January 1, 2019 on a modified retrospective basis. The 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 \$1.8 billion 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;
- Amortization expense for right-of-use assets will be recognized within the consolidated statements of earnings; and
- Interest expense will be recognized for lease liabilities within the consolidated statements of earnings.

Variability of results

Onex' unaudited interim 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 unaudited interim 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 to fund 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. Subsequent to the transaction, 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 unaudited interim 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 interim consolidated statement 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 carried interest received was C\$1 million (\$1 million) and was included in the net proceeds to Onex. ONCAP management's share of 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 an economic interest of 15%.

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 64% 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 unaudited interim 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 interim consolidated statement 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 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 unaudited interim 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%.

Onex consolidates the operations of AutoSource, which is included in 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 unaudited interim consolidated statements of earnings.

Pending acquisition of KidsFoundation

In July 2018, the Onex Partners platform entered into an agreement to acquire KidsFoundation for €246 million. KidsFoundation is a leading provider of childcare services in the Netherlands. The Onex Partners platform expects to invest approximately \$175 million for an economic interest of 98%. Onex' share of the investment is expected to be approximately \$50 million. In connection with this transaction, the Onex Partners platform entered into an agreement to hedge its commitment to pay the purchase price denominated in euros against fluctuations in value relative to the U.S. dollar. The transaction is expected to close during the fourth quarter of 2018, subject to customary conditions and regulatory approvals.

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 unaudited interim 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 economic interest of 99%. Onex' share of the investment was \$44 million for an 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 \$135 million (C\$175 million) for an economic interest of 94%. Onex' share of the investment was \$53 million (C\$69 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 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 45.7 million ordinary shares in the transaction for net proceeds of CHF 503 million (\$511 million). Onex' portion of the net proceeds was CHF 177 million (\$180 million).

The Onex Partners IV Group continues to hold approximately 162.7 million ordinary shares in SIG for a 51% economic and voting interest. Onex continues to hold approximately 57.4 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 will be recorded as a transfer from the equity holders of Onex Corporation to non-controlling interests in the unaudited interim consolidated financial statements, with the cash proceeds received in excess of the historical accounting carrying value being recorded directly to retained earnings.

Pending sale of Tecta

In October 2018, the ONCAP III Group and ONCAP IV Group entered into an agreement to sell Tecta. Onex' expected net proceeds from the sale will be approximately \$130 million, including carried interest and after a reduction for amounts to be paid to the Onex and ONCAP management teams. The transaction is expected to close during the fourth quarter

of 2018 and is subject to customary closing conditions and regulatory approvals.

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. At September 30, 2018, included in other current assets and other current liabilities in the interim consolidated balance sheet are assets held for sale totalling \$425 million and liabilities held for sale totalling \$263 million, respectively.

Pending acquisition of Impakt by Celestica

In October 2018, Celestica entered into an agreement to acquire Impakt Holdings, LLC ("Impakt"), a vertically integrated manufacturer in the semiconductor and display industries, for \$329 million. The purchase price is expected to be financed with borrowings under Celestica's existing secured credit facility. The transaction is expected to close during the fourth quarter of 2018, subject to customary conditions and regulatory approvals.

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 to fund 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 will be recorded as a long-term investment at fair value with changes in fair value recognized in the unaudited interim consolidated statements of earnings.

Distributions from operating businesses

To date in 2018, Onex and its partners have received distributions of \$283 million from certain operating businesses. Onex' portion of the distributions was \$156 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 29 of this interim MD&A. The other significant distributions received by the Company are described below.

To date in 2018, Flushing Town Center has distributed \$116 million of proceeds primarily from the sale of residential condominium units, of which Onex' share was \$101 million.

To date in 2018, BBAM has distributed \$30 million to the Onex Partners III Group, of which Onex' share was \$10 million. The distribution was funded by the company's free cash flow.

To date in 2018, Meridian Aviation has 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 nine months ended September 30, 2018, Onex invested €40 million (\$49 million) to support the warehouse facility and a financial institution provided borrowing capacity of up to €160 million (\$186 million) backed by the underlying collateral.

Onex consolidated 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.

Fund closing for OCLP I

In June 2018, Onex completed the third closing for OCLP I, reaching aggregate commitments of \$362 million, including Onex' commitment of \$100 million. At September 30, 2018, Onex' remaining unfunded commitment for OCLP I was \$54 million.

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 nine months ended September 30, 2018, Onex invested \$20 million to support the warehouse facility and a financial institution provided borrowing capacity of up to \$80 million backed by the underlying collateral.

Onex consolidated the warehouse facility for CLO-16.

Distributions

During the nine months ended September 30, 2018, Onex received \$44 million of distributions from CLO investments.

REVIEW OF SEPTEMBER 30, 2018 UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The discussions that follow identify those material factors that affected Onex' operating segments and Onex' unaudited interim consolidated results for the three and nine months ended September 30, 2018.

Discontinued operations for the three and nine months ended September 30, 2017 represent the results of operations of JELD-WEN (up to May 2017) and USI (up to May 2017). There are no discontinued operations for the three and nine months ended September 30, 2018.

Consolidated revenues and cost of sales

Table 1 provides revenues and cost of sales by industry segment for the three and nine months ended September 30, 2018 and 2017.

Revenues and Cost of Sales by Industry Segment for the Three Months Ended September 30

TABLE 1	(Unaudited) (\$ millions)		Revenues		Cost of Sales		
Three months ended September 30	2018	2017	Change	2018	2017	Change	
Electronics Manufacturing Services	\$ 1,711	\$ 1,534	12 %	\$ 1,579	\$ 1,409	12 %	
Healthcare Imaging	388	467	(17)%	240	262	(8)%	
Health and Human Services	466	444	5 %	354	335	6 %	
Insurance Services	199	195	2 %	–	–	n/a	
Packaging Products and Services ^(a)	649	609	7 %	425	384	11 %	
Business and Information Services ^(b)	410	333	23 %	127	136	(7)%	
Food Retail and Restaurants ^(c)	1,110	1,269	(13)%	942	1,081	(13)%	
Credit Strategies ^(d)	1	1	–	–	–	n/a	
Other ^(e)	1,637	1,508	9 %	1,131	999	13 %	
Total	\$ 6,571	\$ 6,360	3 %	\$ 4,798	\$ 4,606	4 %	

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

(a) The packaging products and services segment consists of IntraPac, Precision, sgsc 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.

(b) 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.

(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 (since May 2017). Costs of the credit strategies segment are recorded in operating expenses.

(e) 2018 and 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 Precision) and the parent company.

Revenues and Cost of Sales by Industry Segment for the Nine Months Ended September 30

TABLE 1	(Unaudited) (\$ millions)		Revenues			Cost of Sales		
Nine months ended September 30	2018	2017	Change	2018	2017	Change		
Electronics Manufacturing Services	\$ 4,906	\$ 4,573	7 %	\$ 4,532	\$ 4,197	8 %		
Healthcare Imaging	1,180	1,392	(15)%	702	802	(12)%		
Health and Human Services	1,346	1,327	1 %	1,016	1,004	1 %		
Insurance Services	596	574	4 %	-	-	n/a		
Packaging Products and Services ^(a)	1,932	1,681	15 %	1,274	1,083	18 %		
Business and Information Services ^(b)	1,243	977	27 %	533	399	34 %		
Food Retail and Restaurants ^(c)	3,371	3,585	(6)%	2,859	3,023	(5)%		
Credit Strategies ^(d)	3	3	-	-	-	n/a		
Other ^(e)	4,464	4,138	8 %	3,096	2,871	8 %		
Total	\$ 19,041	\$ 18,250	4 %	\$14,012	\$ 13,379	5 %		

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

(a) The packaging products and services segment consists of IntraPac, Precision, sgsc 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.

(b) 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.

(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 (since May 2017). Costs of the credit strategies segment are recorded in operating expenses.

(e) 2018 and 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 Precision) and the parent company.

Electronics Manufacturing Services

Celestica's revenues during the third quarter of 2018 were up 12%, or \$177 million, compared to the same period in 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 semiconductor capital equipment business.

Cost of sales for the third quarter of 2018 increased by 12%, or \$170 million. Gross profit increased by 6% to \$132 million compared to the same period in 2017. Gross profit was positively impacted by the 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 the lower demand from the semiconductor capital equipment business.

For the nine months ended September 30, 2018, revenues increased by 7%, or \$333 million, to \$4.9 billion and cost of sales increased by 8%, or \$335 million, to \$4.5 billion. 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 demand strength in semiconductor capital equipment, primarily during the first half of 2018. Gross profit decreased by 1% to \$374 million compared to the same period in 2017 as unfavourable changes in overall mix, increased pricing pressures and higher inventory provisions more than offset the increases in gross profit attributable to new programs and acquisitions.

Healthcare Imaging

Carestream Health's revenues for the third quarter of 2018 decreased by 17%, or \$79 million, and cost of sales decreased by 8%, or \$22 million, compared to the same period in 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 \$9 million.

During the first nine months of 2018, revenues decreased by 15%, or \$212 million, and cost of sales decreased by 12%, or \$100 million, compared to the same period in 2017. The same factors that contributed to the decrease in revenues and cost of sales for the third quarter of 2018 drove the change in revenues and cost of sales for the nine months ended September 30, 2018, partially offset by higher volumes in Film, primarily during the first half of 2018.

Health and Human Services

During the third quarter of 2018, BrightSpring Health Services' revenues increased by 5%, or \$22 million, compared to the same period in 2017. The increase in revenue was primarily due to increased revenue in the Residential and HomeCare segments and by acquisitions within the HomeCare, SpringHealth and Pediatric Therapy segments, partially offset by the loss of contracts in the Workforce segment.

Cost of sales for the third quarter of 2018 increased by 6%, or \$19 million, compared to the same period in 2017. The increase in cost of sales was primarily due to acquisitions within the HomeCare, SpringHealth and Pediatric Therapy segments, partially offset by the loss of contracts in the Workforce segment.

During the first nine months of 2018, revenues increased by 1%, or \$19 million, to \$1,346 million and cost of sales increased by 1%, or \$12 million, to \$1,016 million. Increased revenue in the Residential segment and by acquisitions within the HomeCare, SpringHealth and Pediatric Therapy segments were partially offset by lower revenues from exiting the skilled line of business in the HomeCare segment and the loss of contracts in the Workforce segment.

Insurance Services

York's revenues for the three months ended September 30, 2018 increased by 2%, or \$4 million, to \$199 million compared to the third quarter of 2017. The increase in revenues was primarily driven by organic growth.

For the first nine months of 2018, York reported revenues of \$596 million, an increase of 4%, or \$22 million,

compared to the same period in 2017. The increase in revenues during the nine months ended September 30, 2018 was primarily due to organic growth. York records its cost of services in operating costs.

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 three months ended September 30, 2018, the packaging products and services segment reported an increase in revenues of 7%, or \$40 million, and an increase in cost of sales of 11%, or \$41 million, compared to the same period in 2017. Excluding the impact of foreign exchange translation, the increase in revenues and cost of sales was primarily due to the inclusion of IntraPac.

For the nine months ended September 30, 2018, revenues increased by 15%, or \$251 million, to \$1.9 billion compared to the same period in 2017. Cost of sales of \$1.3 billion increased by 18%, or \$191 million, during the first nine months of 2018 compared to the first nine months of 2017. The same factors that contributed to the increase in revenues and cost of sales for the third quarter of 2018 drove the change in revenues and cost of sales for the nine months ended September 30, 2018.

Business and Information Services

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

During the three months ended September 30, 2018, the business and information services segment reported an increase in revenues of 23%, or \$77 million, and a decrease in cost of sales of 7%, or \$9 million, compared to the same period in 2017. The increase in revenues and gross profit was primarily driven by the inclusion of the results of SMG.

For the nine months ended September 30, 2018, the business and information services segment reported an increase in revenues of 27%, or \$266 million, and an increase in cost of sales of 34%, or \$134 million, compared to the same period in 2017. The increase in revenues and gross profit was primarily driven by the inclusion of the results of SMG.

Food Retail and Restaurants

The food retail and restaurants segment consists of the operations of Jack's and Save-A-Lot.

During the three months ended September 30, 2018, the food retail and restaurants segment reported a decrease in revenues of 13%, or \$159 million, and a decrease in cost of sales of 13%, or \$139 million, compared to the same period in 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 strategic closure of underperforming stores.

During the first nine months of 2018, revenues for the food retail and restaurants segment decreased by 6%, or \$214 million, to \$3.4 billion compared to the first nine months of 2017. Cost of sales for the first nine months of 2018 was \$2.9 billion, a decrease of 5%, or \$164 million, compared to the same period in 2017. The same factors that contributed to the decrease in revenues and cost of sales for the third quarter of 2018 drove the decrease in revenues and cost of sales for the nine months ended September 30, 2018.

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 the three months ended September 30, 2018 were \$12 million compared to \$11 million in the same period in 2017. For the three months ended September 30, 2018, gross revenues include less than \$1 million earned on investments in Onex Credit Funds held by Onex, the parent company, unchanged from the same period in 2017. Credit strategies segment revenue for the third quarter of 2018, net of management and incentive fees from credit strategies which are eliminated upon consolidation, was \$1 million, unchanged from the third quarter of 2017.

Gross revenues earned by Onex Credit Manager during the nine months ended September 30, 2018 increased by \$6 million to \$37 million compared to \$31 million during the same period in 2017. The increase in revenues was primarily due to the growth in the CLO platform. For the nine months ended September 30, 2018, gross revenues include \$2 million earned on investments in Onex Credit Funds held by Onex, the parent company, unchanged from the same period in 2017. Credit strategies segment revenue for the first nine months of 2018, net of management and incentive fees from credit strategies which are eliminated upon consolidation, was \$3 million, unchanged compared to the same period in 2017. Costs of the credit strategies segment are recorded in operating expenses.

Other Businesses

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

During the three months ended September 30, 2018, revenues increased by 9%, or \$129 million, to \$1.6 billion compared to the same period in 2017. Cost of sales during the three months ended September 30, 2018 increased by 13%, or \$132 million, to \$1.1 billion compared to the same period in 2017. The increase in revenues and cost of sales was primarily driven by the inclusion of the results of Laces and AutoSource, which were acquired in December 2017 and May 2018, respectively.

During the nine months ended September 30, 2018, revenues increased by 8%, or \$326 million, to \$4.5 billion compared to the same period in 2017. Cost of sales during the nine months ended September 30, 2018 increased by 8%, or \$225 million, to \$3.1 billion compared to the same period in 2017. The increase in revenues and cost of sales was primarily driven by the inclusion of the results of Laces and AutoSource, which were acquired in December 2017 and May 2018, respectively, and the inclusion of a full half-year's results of Parkdean Resorts, which was acquired in March 2017.

Interest expense of operating companies and credit strategies

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 three months ended September 30, 2018 was \$348 million, up \$47 million, or 16%, from the same period in 2017. The increase was primarily due to: (i) the inclusion of interest expense for SMG, which was acquired in January 2018; and (ii) additional debt from CLOs.

Consolidated interest expense for the nine months ended September 30, 2018 was \$999 million, up \$117 million, or 13%, from the same period in 2017. The increase was primarily due to: (i) the inclusion of interest expense for Parkdean Resorts and SMG, which were acquired in March 2017 and January 2018, respectively; and (ii) additional debt from CLOs.

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 unaudited interim 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) and Venanpri Group.

During the three months ended September 30, 2018, Onex recorded a net decrease in the fair value of investments in joint ventures and associates of \$46 million compared to a \$279 million increase for the same period in 2017. The decrease was primarily due to the decrease in the public share price of JELD-WEN.

Of the total net fair value decrease recorded during the third quarter of 2018, \$39 million (2017 – increase of \$207 million) is attributable to the limited partners in the Onex Partners and ONCAP Funds, which impacts the Limited Partners' Interests charge discussed on page 42 of this interim MD&A. Onex' share of the total net fair value decrease was \$7 million (2017 – increase of \$72 million).

During the nine months ended September 30, 2018, Onex recorded a net decrease in the fair value of investments in joint ventures and associates of \$201 million compared to a \$399 million increase for the same period in 2017. The decrease was primarily due to the decrease in the public share price of JELD-WEN.

Of the total net fair value decrease recorded during the nine months ended September 30, 2018, \$177 million (2017 – increase of \$296 million) is attributable to the limited partners in the Onex Partners and ONCAP Funds, which impacts the Limited Partners' Interests charge discussed on page 42 of this interim MD&A. Onex' share of the total fair value decrease was \$24 million (2017 – increase of \$103 million).

Stock-based compensation expense (recovery)

Onex recorded a consolidated stock-based compensation recovery of \$26 million during the third quarter of 2018 compared to a \$2 million expense in the same period in 2017. Stock option and MIP equity interests of Onex, the parent company, represented a recovery of \$48 million (2017 – \$16 million).

The recovery recorded by Onex, the parent company, on its stock options during the third quarter of 2018 was primarily due to the 8% decrease in the market value of Onex' shares to C\$88.33 at September 30, 2018 from C\$96.49 at June 30, 2018. This compares to a 7% decrease during the same period in 2017.

During the first nine months of 2018, Onex recorded a consolidated stock-based compensation expense of \$65 million compared to a \$180 million expense in the same period in 2017. Stock option and MIP equity interests of Onex, the parent company, represented a recovery of \$2 million (2017 – expense of \$145 million).

The recovery recorded by Onex, the parent company, on its stock options during the first nine months of 2018 was primarily due to the 4% decrease in the market value of Onex' shares since December 31, 2017, partially offset by additional vesting of stock options. This compares to a 5% increase in the market value during the same period in 2017.

Table 2 details the change in stock-based compensation of Onex, the parent company, and Onex' operating companies for the three and nine months ended September 30, 2018 and 2017.

Stock-Based Compensation Expense (Recovery)

TABLE 2	(Unaudited) (\$ millions)	Three months ended September 30			Nine months ended September 30		
		2018	2017	Change	2018	2017	Change
Onex, the parent company, stock options	\$ (50)		\$ (24)	\$ (26)	\$ (13)	\$ 98	\$ (111)
Onex, the parent company, MIP equity interests	2		8	(6)	11	47	(36)
Onex operating companies ^(a)	22		18	4	67	35	32
Total stock-based compensation	\$ (26)		\$ 2	\$ (28)	\$ 65	\$ 180	\$ (115)

(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 recognized during the three and nine months ended September 30, 2018 and 2017.

Other Gains

TABLE 3	(Unaudited) (\$ millions)	Three months ended September 30		Nine months ended September 30	
		2018	2017	2018	2017
Gain from loss of control of Pinnacle Renewable Energy	\$ -		\$ -	\$ 82	\$ -
Gain on sale by Carestream Health	-		658	-	658
Total other gains	\$ -		\$ 658	\$ 82	\$ 658

Gain from loss of control of Pinnacle Renewable Energy

In February 2018, Pinnacle Renewable Energy completed an initial public offering, as described on page 29 of this interim MD&A. As a result of this transaction, the ONCAP II Group no longer controls Pinnacle Renewable Energy. 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.

Gain on sale 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 \$782 million from the sale. The sale of the Dental Digital business resulted in the recognition of a pre-tax gain of \$658 million.

Other expense (income)

Table 4 provides a breakdown of and the change in other expense (income) for the three and nine months ended September 30, 2018 and 2017.

Other Expense (Income)

TABLE 4	(Unaudited) (\$ millions)	Three months ended September 30			Nine months ended September 30		
	2018	2017	Change	2018	2017	Change	
Transition, integration and other	\$ 31	\$ 45	\$ (14)	\$ 115	\$ 127	\$ (12)	
Transaction costs	33	10	23	57	46	11	
Restructuring	30	52	(22)	55	112	(57)	
Carried interest charge (recovery) due to Onex and ONCAP management	(10)	36	(46)	11	119	(108)	
Change in fair value of contingent consideration, net	–	(7)	7	(6)	(25)	19	
Foreign exchange losses (gains), net	(39)	97	(136)	(6)	54	(60)	
Derivatives gains, net	(23)	(49)	26	(14)	(16)	2	
Change in fair value of other investments, net	(12)	5	(17)	(15)	41	(56)	
Losses (gains) on investments and long-term debt in credit strategies, net	(79)	21	(100)	(82)	88	(170)	
Other	(1)	(11)	10	(48)	(17)	(31)	
Total other expense (income)	\$ (70)	\$ 199	\$ (269)	\$ 67	\$ 529	\$ (462)	

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 the nine months ended September 30, 2018 were primarily due to Clarivate Analytics, Carestream Health and Survitec. Transition, integration and other expenses for the nine months ended September 30, 2017 were primarily due to Clarivate Analytics and Carestream Health.

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 the nine months ended September 30, 2018 were primarily due to the acquisitions of Precision, SMG and Walter Surface Technologies, in addition to acquisitions completed by the operating companies. Transaction costs for the nine months ended September 30, 2017 were primarily due to the acquisition of Parkdean Resorts, in addition to acquisitions completed by the operating companies.

Restructuring

Restructuring expenses typically provide for the costs of facility consolidations and workforce reductions incurred at the operating companies.

The operating companies with restructuring activities at December 31, 2017 continue to implement their restructuring activities. During the first nine months of 2018, restructuring expenses were primarily due to Carestream Health associated with the reorganization of certain business functions and Celestica associated with workforce reductions. Restructuring expenses for the first nine months of 2017 were primarily due to Save-A-Lot, associated with its closure of facilities, and SIG, associated with the reorganization of certain corporate functions.

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 of 20% on the realized net gains of the limited partners in each fund, in accordance with the limited partnership agreements. Onex is allocated 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 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. Onex' share of the carried interest change is recorded as an offset in the Limited Partners' Interests amount in the unaudited interim 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 the nine months ended September 30, 2018, a charge of \$11 million (2017 – \$119 million) was recorded in the unaudited interim consolidated statements of earnings for management's share of carried interest primarily due to an increase 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.

Foreign exchange losses (gains), net

Net foreign exchange gains during the three and nine months ended September 30, 2018 were primarily due to gains recognized by SIG. Foreign exchange losses during the three and nine months ended September 30, 2017 were primarily due to losses recognized by SIG.

Derivatives gains, net

Net derivatives gains for the three and nine months ended September 30, 2018 and 2017 were primarily related to embedded derivatives associated with debt agreements and foreign exchange hedges.

Losses (gains) on investments and long-term debt in credit strategies, net

Net gains of \$82 million on investments and long-term debt in credit strategies during the first nine months of 2018 (2017 – losses of \$88 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.

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

Table 5 provides a breakdown of the net impairment of goodwill, intangible assets and long-lived assets by operating company for the three and nine months ended September 30, 2018 and 2017.

Impairment of Goodwill, Intangible Assets and Long-Lived Assets, Net

TABLE 5	(Unaudited) (\$ millions)	Three months ended September 30		Nine months ended September 30	
		2018	2017	2018	2017
Parkdean Resorts		\$ 170	\$ -	\$ 170	\$ -
Save-A-Lot		70	-	71	-
Schumacher		50	103	50	103
Other, net		13	(15)	12	14
Total		\$ 303	\$ 88	\$ 303	\$ 117

Parkdean Resorts

During the third quarter of 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.

Note 12 to the unaudited interim consolidated financial statements provides additional information on the impairment calculation.

Save-A-Lot

During the third quarter of 2018, Save-A-Lot recorded a non-cash impairment charge of \$70 million to impair certain of its 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.

Schumacher

During the third quarter of 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. Note 12 to the unaudited interim consolidated financial statements provides additional information on the impairment calculation.

During the third quarter of 2017, Schumacher recorded a non-cash goodwill impairment charge of \$103 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 12 to the unaudited interim consolidated financial statements provides additional information on the impairment calculation.

Limited Partners' Interests charge

The Limited Partners' Interests charge in Onex' unaudited interim 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' unaudited interim 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 the three and nine months ended September 30, 2018, Onex recorded a charge of \$138 million (2017 – \$285 million) and \$198 million (2017 – \$1.1 billion), respectively, for Limited Partners' Interests for the Onex Partners and ONCAP Funds. The net increase in the fair value of certain of the investments held in the Onex Partners and ONCAP Funds contributed to the Limited Partners' Interests charge for the Onex Partners and ONCAP Funds recorded in the three and nine months ended September 30, 2018 and 2017.

Included in the Limited Partners' Interests charge for the Onex Partners and ONCAP Funds is a decrease of \$26 million (2017 – increase of \$53 million) and \$12 million (2017 – increase of \$188 million) in carried interest for the three and nine months ended September 30, 2018, respectively. Onex' share of the change in carried interest for the third quarter of 2018 was a decrease of \$11 million (2017 – increase of \$19 million). For the first nine months of 2018, Onex' share of the change in carried interest was a decrease of \$5 million (2017 – increase of \$71 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 the first nine months of 2018 due to a lower net increase in the fair value of certain of the investments in the Onex Partners and ONCAP Funds compared to the same period in 2017. 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 the three and nine months ended September 30, 2018, Onex recorded a charge of \$18 million (2017 – \$3 million) and \$35 million (2017 – \$16 million), respectively, for Limited Partners' Interests for the credit strategies.

Earnings (loss) from continuing operations

Onex recorded a loss from continuing operations of \$458 million during the third quarter of 2018 compared to earnings of \$368 million during the same period in 2017. The loss from continuing operations attributable to equity holders of Onex Corporation was \$425 million (\$4.22 per share) compared to earnings of \$324 million (\$3.18 per share) in the third quarter of 2017.

For the nine months ended September 30, 2018, Onex recorded a loss from continuing operations of \$884 million compared to \$942 million in the same period in 2017. The loss from continuing operations attributable to equity holders of Onex Corporation was \$836 million (\$8.28 per share) compared to \$984 million (\$9.62 per share) during the same period in 2017. Note 18 to the unaudited interim consolidated financial statements shows the earnings (loss) from continuing operations by industry segment for the three and nine months ended September 30, 2018 and 2017.

Included in the loss from continuing operations for the third quarter of 2018 was a loss of \$336 million recorded in the other segment compared to \$91 million recorded during the same period in 2017. The loss from continuing operations recorded in the other segment for the nine months ended September 30, 2018 was \$602 million compared to \$1.2 billion during the same period in 2017. Table 6 shows the major components of the loss from continuing operations recorded in the other segment for the three and nine months ended September 30, 2018 and 2017.

Loss from Continuing Operations Recorded in the Other Segment

	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Loss from continuing operations – other:				
Impairment of goodwill, intangible assets and long-lived assets, net	\$ 233	\$ 107	\$ 232	\$ 110
Interest expense of operating companies	78	66	228	189
Decrease (increase) in value of investments in joint ventures and associates at fair value, net	46	(279)	201	(399)
Limited Partners' Interests charge	138	285	198	1,148
Unrealized carried interest due to Onex and ONCAP management	(10)	36	11	119
Stock-based compensation expense (recovery)	(45)	(14)	4	131
Other gain	–	–	(82)	–
Other	(104)	(110)	(190)	(106)
Loss from continuing operations – other segment	\$ 336	\$ 91	\$ 602	\$ 1,192

Earnings from discontinued operations

The loss of control by the Company over Pinnacle Renewable Energy, as described on page 29 of this interim MD&A, and the pending sale of Tecta, as described on page 31 of this interim MD&A, did not represent separate major lines of business, and as a result, have not been presented as discontinued operations. Onex did not record any results from discontinued operations during the first nine months of 2018 or the third quarter of 2017.

Onex recorded after-tax earnings from discontinued operations of \$3.0 billion during the first nine months of 2017. The after-tax earnings from discontinued operations attributable to equity holders of Onex Corporation were \$3.1 billion (\$30.42 per share) during the nine months ended September 30, 2017. Earnings from discontinued operations for the nine months ended September 30, 2017 represent the results of operations of JELD-WEN and USI.

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 unaudited interim consolidated statements of earnings and cash flows for the nine months ended September 30, 2017.

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 unaudited interim consolidated statements of earnings and cash flows for the nine months ended September 30, 2017.

Consolidated net earnings (loss)

Onex recorded a consolidated net loss of \$458 million during the third quarter of 2018 compared to earnings of \$368 million in the same period in 2017. The net loss attributable to equity holders of Onex Corporation was \$425 million (\$4.22 per share) during the third quarter of 2018 compared to earnings of \$324 million (\$3.18 per share) in the third quarter of 2017.

Onex recorded a consolidated net loss of \$884 million during the first nine months of 2018 compared to earnings of \$2.1 billion in the same period in 2017. The net loss attributable to equity holders of Onex Corporation was \$836 million (\$8.28 per share) during the first nine months of 2018 compared to earnings of \$2.1 billion (\$20.80 per share) in the same period of 2017.

Note 18 to the unaudited interim 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 three and nine months ended September 30, 2018 and 2017.

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 three months ended September 30, 2018, Onex reported an other comprehensive loss of \$52 million compared to other comprehensive earnings of \$209 million in the same period last year. The loss recorded during the third quarter of 2018 was largely due to unfavourable currency translation adjustments on foreign operations of \$66 million (2017 – favourable adjustments of \$190 million).

For the nine months ended September 30, 2018, Onex reported an other comprehensive loss of \$262 million compared to other comprehensive earnings of \$549 million during the same period in 2017. The loss recorded during the first nine months of 2018 was largely due to unfavourable currency translation adjustments of \$195 million (2017 – favourable adjustments of \$333 million) and unfavourable remeasurements for post-employment benefit plans of \$56 million (2017 – favourable remeasurements of \$7 million). In addition, the first nine months of 2017 included other comprehensive earnings from discontinued operations of \$174 million.

SUMMARY OF QUARTERLY INFORMATION

Table 7 summarizes Onex' key consolidated financial information for the last eight quarters. Historical financial information has been restated for discontinued operations.

Consolidated Quarterly Financial Information

TABLE 7	(Unaudited) (\$ millions except per share amounts)			2017 ^[a]				2016
	Sept.	June	March	Dec.	Sept.	June	March	Dec.
Revenues	\$ 6,571	\$ 6,448	\$ 6,022	\$ 6,281	\$ 6,360	\$ 6,199	\$ 5,691	\$ 5,347
Earnings (loss) from continuing operations	\$ (458)	\$ (262)	\$ (164)	\$ 304	\$ 368	\$ (506)	\$ (804)	\$ (246)
Net earnings (loss)	\$ (458)	\$ (262)	\$ (164)	\$ 304	\$ 368	\$ 2,668	\$ (936)	\$ (152)
Net earnings (loss) attributable to:								
Equity holders of Onex Corporation	\$ (425)	\$ (253)	\$ (158)	\$ 276	\$ 324	\$ 2,712	\$ (911)	\$ (135)
Non-controlling Interests	(33)	(9)	(6)	28	44	(44)	(25)	(17)
Net earnings (loss)	\$ (458)	\$ (262)	\$ (164)	\$ 304	\$ 368	\$ 2,668	\$ (936)	\$ (152)
Earnings (loss) per SVS of Onex Corporation								
Earnings (loss) from continuing operations	\$ (4.22)	\$ (2.50)	\$ (1.56)	\$ 2.73	\$ 3.18	\$ (5.05)	\$ (7.70)	\$ (2.07)
Earnings (loss) from discontinued operations	–	–	–	–	–	31.65	(1.18)	0.76
Net earnings (loss)	\$ (4.22)	\$ (2.50)	\$ (1.56)	\$ 2.73	\$ 3.18	\$ 26.60	\$ (8.88)	\$ (1.31)

[a] The 2017 quarterly financial information has been restated to conform with IFRS 15, *Revenue from Contracts with Customers*, which was adopted by the Company retrospectively on January 1, 2018, as described on page 27 of this interim MD&A.

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 \$46.3 billion at September 30, 2018 compared to \$44.7 billion at December 31, 2017. Onex' consolidated assets increased primarily due to the acquisitions of AutoSource, Precision, SMG and Walter Surface Technologies, along with the investment in PowerSchool and the closing of CLO-15. The increase was partially offset by the loss of control over Pinnacle Renewable Energy.

Table 8 shows consolidated assets by industry segment as at September 30, 2018 and December 31, 2017. The industry segment percentages of consolidated assets are also shown.

Consolidated Assets by Industry Segment

TABLE 8	(Unaudited) (\$ millions)	As at September 30, 2018	Percentage Breakdown	As at December 31, 2017	Percentage Breakdown
	Electronics Manufacturing Services	\$ 3,316	7%	\$ 2,964	7%
	Healthcare Imaging	1,229	3%	1,321	3%
	Health and Human Services	1,135	3%	971	2%
	Insurance Services	1,506	3%	1,524	3%
	Packaging Products and Services ^(a)	6,974	15%	6,808	15%
	Business and Information Services ^(b)	6,592	14%	5,656	13%
	Food Retail and Restaurants ^(c)	1,885	4%	2,094	5%
	Credit Strategies ^(d)	10,922	24%	10,048	22%
	Other ^(e)	12,701	27%	13,310	30%
	Total consolidated assets	\$ 46,260	100%	\$ 44,696	100%

(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.

(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.

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

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 \$23.5 billion at September 30, 2018 compared to \$22.0 billion at December 31, 2017. The current portion of long-term debt was \$1.2 billion at September 30, 2018 compared to \$333 million at December 31, 2017. The increase in the current portion of long-term debt was driven by Carestream Health's first lien term loan, which matures in June 2019.

The following describes significant changes to the consolidated long-term debt of the operating companies from the information provided in the 2017 audited annual consolidated financial statements.

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 September 30, 2018, no amounts were outstanding under the revolving credit facility.

ONCAP IV (Other segment)

In January 2018, ONCAP IV repaid \$64 million under its existing credit facility from capital contributions made primarily by the limited partners of ONCAP IV. At September 30, 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 29 of this interim 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 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 September 30, 2018, \$413 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 29 of this interim MD&A. At September 30, 2018, \$44 million was outstanding under the 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 September 30, 2018, \$571 million was outstanding under the first lien term loan, including the delayed draw term loan, and \$22 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. At

September 30, 2018, \$1.1 billion was outstanding under the U.S. dollar-denominated term loan. In addition, \$1.2 billion (€1.0 billion) was outstanding under the euro-denominated term loan and \$783 million (€675 million) was outstanding under the senior notes.

In October 2018, SIG entered into a new senior secured credit facility consisting of a €1.25 billion first term loan, a €350 million second term loan and a €300 million revolving credit facility. Borrowings under the first 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 first term loan matures in October 2023. Borrowings under the second 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 second 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 31 of this interim MD&A, were used to repay borrowings under the existing credit facility and senior notes.

BrightSpring Health (Health and Human Services segment)

In March 2018, BrightSpring Health (formerly ResCare) 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 September 30, 2018, \$380 million was outstanding under the term loan and \$70 million was outstanding under the revolving credit facility.

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 September 30, 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 September 30, 2018, \$451 million was outstanding under the first lien term loan. In addition, \$135 million was outstanding under the second lien term loan and \$53 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.

At September 30, 2018, \$350 million was outstanding under the term loan and \$55 million was outstanding under the revolving credit facility.

Survitec (Other segment)

As a result of recent 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 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 loan; 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 September 30, 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) \$183 million (£140 million) under the pound sterling-denominated term loan; (ii) \$357 million (€308 million) under the euro-denominated term loan; (iii) \$19 million (£14 million) under the pound sterling-denominated acquisition facility; and (iv) \$21 million (£16 million) under the pound sterling-denominated 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 September 30, 2018, \$440 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 32 of this interim MD&A. The secured notes were offered in an aggregate principal amount of \$550 million and are due in July 2031. The floating rate

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 unaudited interim 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.

The secured notes of CLO-15 are secured by, and only have recourse to, the assets of CLO-15.

Table 9 details the aggregate debt maturities as at September 30, 2018 for Onex' operating businesses for each of the years up to 2022 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 9	(Unaudited) (\$ millions)	2018	2019	2020	2021	2022	Thereafter	Total
Consolidated operating companies ^(a)		\$ 150	\$ 1,409	\$ 303	\$ 1,278	\$ 4,546	\$ 7,631	\$ 15,317
Investments in joint ventures and associates ^(a)		27	76	133	66	265	2,714	3,281
Total		\$ 177	\$ 1,485	\$ 436	\$ 1,344	\$ 4,811	\$ 10,345	\$ 18,598

(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 amounts 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 10 shows the change in Limited Partners' Interests from December 31, 2016 to September 30, 2018.

Limited Partners' Interests

TABLE 10	(Unaudited) (\$ millions)	Onex Partners and ONCAP Funds			Credit Strategies	Total
		Gross Limited Partners' Interests	Carried Interest	Net Limited Partners' Interests	Net Limited Partners' Interests ^(a)	
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 ^(b)		(156)	–	(156)	–	(156)
Balance – December 31, 2017 ^(c)		8,027	(464)	7,563	461	8,024
Limited Partners' Interests charge		186	12	198	35	233
Contributions by Limited Partners		1,150	–	1,150	129	1,279
Distributions paid to Limited Partners		(603)	54	(549)	(92)	(641)
Balance – September 30, 2018		8,760	(398)	8,362	533	8,895
Current portion of Limited Partners' Interests ^(d)		(456)	43	(413)	–	(413)
Non-current portion of Limited Partners' Interests		\$ 8,304	\$ (355)	\$ 7,949	\$ 533	\$ 8,482

(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) redemptions received by certain Onex Credit Funds.

(d) At September 30, 2018, the current portion of the Limited Partners' Interests was \$413 million. The current portion consisted primarily of the limited partners' share of proceeds from SIG's October 2018 initial public offering and expected proceeds from the pending sale of Tecta.

The Limited Partners' Interests charge is discussed in detail on page 42 of this interim MD&A.

Contributions by limited partners

The Limited Partners' Interests liability for the Onex Partners and ONCAP Funds increased by \$1.2 billion for contributions made by the limited partners in the first nine months of 2018, which related primarily to the acquisitions of AutoSource, Laces, Precision, SMG and Walter Surface Technologies, in addition to the investment in PowerSchool.

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 Parkdean Resorts and IntraPac.

Distributions to limited partners

The Limited Partners' Interests liability for the Onex Partners and ONCAP Funds was reduced by distributions of \$549 million in the first nine months of 2018, primarily from: (i) the sale of Mavis Discount Tire; (ii) net proceeds from the sale of shares in Emerald Expositions' and Pinnacle Renewable Energy's secondary offerings in March 2018 and June 2018, respectively; (iii) the repayment of the shareholder loan note by Parkdean Resorts; (iv) the repayment of shareholder subordinated debt by Pinnacle Renewable Energy; and (v) 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.

Equity

Table 11 provides a reconciliation of the change in equity from December 31, 2017 to September 30, 2018.

Change in Equity

TABLE 11 | (Unaudited) (\$ millions)

Balance – December 31, 2017	\$ 5,038
Change in accounting policy	12
Dividends declared	(19)
Repurchase and cancellation of shares	(54)
Investments in operating companies by shareholders other than Onex	176
Distributions to non-controlling interests	(17)
Repurchase of shares of operating companies	(75)
Sale of interests in operating company under continuing control	120
Non-controlling interests derecognized on loss of control of investment in operating company	(48)
Net loss for the period	(884)
Other comprehensive loss for the period, net of tax	(262)
Equity as at September 30, 2018	\$ 3,987

Change in accounting policy

On January 1, 2018, Onex adopted IFRS 9, *Financial Instruments*, as described on page 27 of this interim 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 12 presents Onex' dividend paid per share for the last twelve months ended September 30 during the past five years. The table reflects the increase in the dividend per share over this time.

TABLE 12 (Unaudited) (\$ per share amounts)	Dividend Paid per Share
Last twelve months ended September 30:	
2014	C\$ 0.16
2015	C\$ 0.21
2016	C\$ 0.26
2017	C\$ 0.28
2018	C\$ 0.31

Shares outstanding

At September 30, 2018, Onex had 100,000 Multiple Voting Shares outstanding, which have a nominal paid-in value reflected in Onex' unaudited interim consolidated financial statements. Onex also had 100,783,293 SVS issued and outstanding. Note 8 to the unaudited interim consolidated financial statements provides additional information on Onex' share capital. There was no change in the Multiple Voting Shares outstanding during the first nine months of 2018.

Table 13 shows the change in the number of SVS outstanding from December 31, 2017 to October 31, 2018.

			Average Price per Share		Total Cost	
TABLE 13	(\$ millions except per share amounts)	Number of SVS	(USD)	(CAD)	(USD)	(CAD)
SVS outstanding at December 31, 2017		101,532,181				
Shares repurchased and cancelled:						
Normal Course Issuer Bid	(315,658)		\$ 70.19	\$ 88.33	\$ 22	\$ 28
Private transaction	(500,000)		\$ 72.23	\$ 93.00	\$ 36	\$ 47
Issuance of shares:						
Dividend Reinvestment Plan	7,753		\$ 70.68	\$ 91.08	\$ 1	\$ 1
SVS outstanding at October 31, 2018		100,724,276				

Shares repurchased and cancelled

The private transaction represents the repurchase of SVS that were held indirectly by Mr. Gerald W. Schwartz, Onex' controlling shareholder, as described on page 59 of this interim MD&A.

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.

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 October 31, 2018, Onex issued 7,753 SVS at an average cost of C\$91.08 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 \$176 million during the first nine months of 2018 primarily due to acquisitions completed by Onex and its operating companies, in addition to stock-based compensation provided to employees of the operating companies.

Repurchase of shares of operating companies

Onex reported a decrease in equity of \$75 million during the first nine months of 2018 primarily due to shares repurchased by Celestica.

Sale of interests in operating company under continuing control

Onex reported an increase in equity of \$120 million during the first nine months of 2018 due to the sale of shares by the Onex Partners III Group in the March 2018 secondary offering of Emerald Expositions, as described on page 30 of this interim MD&A.

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

Onex recorded a decrease in equity of \$48 million during the nine months ended September 30, 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

At September 30, 2018, Onex had 12,999,537 options outstanding to acquire SVS, of which 6,959,517 options were vested and exercisable. During the third quarter of 2018, 153,075 options were surrendered at a weighted average exercise price of C\$33.18 for aggregate cash consideration of \$7 million (C\$10 million) and 42,780 options expired. During the first nine months of 2018, 379,475 options were surrendered at a weighted average exercise price of C\$27.82 for aggregate cash consideration of \$20 million (C\$26 million) and 75,180 options expired.

During the first nine months of 2018, Onex issued 1,075,750 options to acquire SVS with a weighted average exercise price of C\$92.17 per share, of which 8,500 options were issued during the third quarter of 2018 with a weighted average exercise price of C\$94.93. The options vest at a rate of 20% per year from the date of grant.

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 September 30, 2018, there were 739,953 Director DSUs outstanding. Onex has economically hedged 583,831 of the outstanding Director DSUs with a counterparty financial institution.

Management Deferred Share Unit Plan

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 September 30, 2018, there were 742,388 (December 31, 2017 – 665,921) Management DSUs outstanding.

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 have not changed since December 31, 2017.

At September 30, 2018, Onex, the parent company, had \$621 million of cash and cash equivalents on hand and \$626 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, \$187 million invested in a unlevered fund managed by Onex Credit and \$162 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 September 30, 2018, the fair value of investments, including cash yet to be deployed, managed by third-party investment managers was \$277 million (December 31, 2017 – \$1.1 billion). The decrease in investments managed by third-party investment managers was primarily driven by redemptions by Onex to fund investments completed during the nine months ended September 30, 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.

Today, Onex has access to uncalled committed limited partner capital for investments through Onex Partners IV (\$208 million), Onex Partners V (\$5.5 billion), ONCAP IV (\$378 million) and OCLP I (\$141 million).

Non-controlling interests

Non-controlling interests in equity in Onex' unaudited interim consolidated balance sheets as at September 30, 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 \$2.1 billion at September 30, 2018 and at December 31, 2017. The balance remained relatively unchanged as the decrease due to the derecognition of non-controlling interests from the loss of control over Pinnacle Renewable Energy was substantially offset by the increase due to the sale of common stock in Emerald Expositions' March 2018 secondary offering by the Onex Partners III Group.

LIQUIDITY AND CAPITAL RESOURCES

Major cash flow components

This section should be read in conjunction with the unaudited interim consolidated statements of cash flows and the corresponding notes thereto. Table 14 summarizes the major consolidated cash flow components for the nine months ended September 30, 2018 and 2017.

Major Cash Flow Components

TABLE 14	(Unaudited) (\$ millions) Nine months ended September 30	2018	2017
Cash from operating activities	\$ 1,090	\$ 1,211	
Cash from (used in) financing activities	\$ 1,751	\$ (2,149)	
Cash from (used in) investing activities	\$ (3,614)	\$ 900	
Consolidated cash and cash equivalents held by continuing operations	\$ 2,570	\$ 2,361	

Cash from operating activities

Table 15 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 nine months ended September 30, 2018 and 2017.

Components of Cash from Operating Activities

TABLE 15	(Unaudited) (\$ millions) Nine months ended September 30	2018	2017
Cash generated from operations	\$ 1,301	\$ 1,205	
Changes in non-cash working capital items:			
Accounts receivable	(27)	80	
Inventories	(350)	(63)	
Other current assets	(11)	(3)	
Accounts payable, accrued liabilities and other current liabilities	210	(56)	
Decrease in cash and cash equivalents due to changes in non-cash working capital items	(178)	(42)	
Increase (decrease) in other operating activities	(33)	38	
Cash from operating activities of discontinued operations	-	10	
Cash from operating activities	\$ 1,090	\$ 1,211	

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 nine months ended September 30, 2018 were:

- a \$350 million increase in inventory primarily at Carestream Health, Celestica and SIG, partially offset by a decrease in inventory at Flushing Town Center; and
- a \$210 million increase in accounts payable, accrued liabilities and other current liabilities primarily at Celestica and Parkdean Resorts, partially offset by a decrease at Clarivate Analytics and Onex, the parent company.

Cash from (used in) financing activities

Cash from financing activities was \$1.8 billion for the first nine months of 2018 compared to cash used in financing activities of \$2.1 billion for the same period in 2017. Cash from financing activities for the nine months ended September 30, 2018 included:

- \$2.0 billion of net new long-term debt primarily from new long-term debt at Precision, SMG and Walter Surface Technologies, the closing of a new CLO and an increase in outstanding debt at Celestica primarily related to an acquisition;
- \$1.3 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 51 of this interim MD&A; and
- \$120 million of proceeds from the Onex Partners III Group's sale of a portion of its shares in Emerald Expositions' March 2018 secondary offering.

Partially offsetting these were:

- \$916 million of cash interest paid;
- \$658 million of distributions primarily to the limited partners of the Onex Partners and ONCAP Funds, as discussed under the Limited Partners' Interests on page 51 of this interim MD&A; and
- \$75 million of cash used for share repurchases primarily by Celestica.

For the nine months ended September 30, 2017, cash used in financing activities was \$2.1 billion and included:

- \$1.9 billion of distributions primarily to the limited partners of the Onex Partners and ONCAP Funds;
- \$787 million of cash interest paid;
- \$354 million of cash used by Onex, the parent company, to acquire an interest in Onex Partners IV from a limited partner, of which \$198 million was subsequently received by Onex, the parent company, in October 2017 from the sale of a portion of the acquired interest in Onex Partners IV to certain limited partners; and
- \$129 million of net repayments of long-term debt primarily due to the term loan repayments by Carestream Health, Emerald Expositions and Flushing Town Center, partially offset by the issuance of debt primarily due to the closings and warehouse facilities of CLOs and financing facilities of OCLP-1, and an increase in outstanding debt at Bradshaw associated with an acquisition and the company's distribution.

Partially offsetting these were:

- \$540 million of contributions received from the limited partners of the Onex Partners and ONCAP Funds;
- \$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;
- \$196 million from the issuance of share capital primarily due to Emerald Expositions' issuance of treasury shares in its initial public offering; and
- \$26 million from financing activities of discontinued operations.

Cash from (used in) investing activities

Cash used in investing activities totalled \$3.6 billion for the nine months ended September 30, 2018 compared to cash from investing activities of \$900 million during the same period in 2017. Cash used in investing activities during the nine months ended September 30, 2018 primarily consisted of:

- \$2.0 billion used to fund acquisitions primarily related to the Onex Partners IV Group's investment in SMG, the ONCAP IV Group's investments in AutoSource, Precision and Walter Surface Technologies and Celestica's acquisition of Atrenne Integrated Solutions;
- \$1.8 billion of net purchases of investments and securities by the credit strategies;
- \$899 million for investments in joint ventures and associates, of which \$872 million related to the Onex Partners IV Group's investment in PowerSchool; and
- \$521 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:

- \$590 million of net proceeds received primarily from third-party investment managers from the sales of investments and securities primarily 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; and
- \$375 million of cash interest received primarily by the CLOs in credit strategies.

Cash from investing activities totalled \$900 million for the nine months ended September 30, 2017 and consisted primarily of:

- \$3.1 billion from the sale of companies and businesses no longer controlled, representing the sale of USI, the sale of common stock of JELD-WEN in its secondary offering and the sale by Carestream Health of its Dental Digital business;
- \$273 million of cash interest received primarily by the CLOs in credit strategies; and
- \$58 million of distributions received from investments in joint ventures and associates, primarily from BBAM.

Partially offsetting these were:

- \$724 million used to fund acquisitions primarily related to the Onex Partners IV Group's investment in Parkdean Resorts;
- \$569 million of net purchases of investments and securities primarily by Onex, the parent company, through its third-party investment managers;
- \$518 million of net purchases of investments and securities by the credit strategies;
- \$496 million used for the purchase of property, plant and equipment primarily at Carestream Health, Celestica, Pinnacle Renewable Energy, SIG and Survitec; and
- \$240 million used in investing activities of discontinued operations.

Consolidated cash resources

At September 30, 2018, consolidated cash held by continuing operations decreased to \$2.6 billion from \$3.4 billion at December 31, 2017. The major component at September 30, 2018 was \$621 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 \$626 million of near-cash items at September 30, 2018 (December 31, 2017 – \$1.3 billion). Near-cash items at September 30, 2018 include short- and long-term investments managed by third-party investment managers, as described on page 53 of this interim MD&A, \$187 million (December 31, 2017 – \$181 million) invested in a unlevered fund managed by Onex Credit and \$162 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 16 provides a reconciliation of the change in cash and near-cash at Onex, the parent company, from December 31, 2017 to September 30, 2018.

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

TABLE 16	(Unaudited) (\$ millions)	Amount
Cash and near-cash on hand at		
December 31, 2017^(a)		\$ 1,947
Private equity realizations:		
Mavis Discount Tire sale	173	
Emerald Expositions secondary offering and dividends	35	
Pinnacle Renewable Energy repayment of shareholder subordinated debt, secondary offering and dividends	25	
Parkdean Resorts repayment of loan note	22	
BBAM distributions	10	
Meridian Aviation distribution	8	
Other	7	280
Private equity investments:		
Investment in PowerSchool	(283)	
Investment in RSG	(172)	
Acquisition of SMG	(139)	
Acquisition of Walter Surface Technologies	(53)	
Acquisition of Precision	(44)	
Acquisition of AutoSource	(16)	
Other	(5)	(712)
Flushing Town Center distributions		80
Net credit strategies investment activity, including warehouse facilities		(121)
Onex share repurchases, options exercised and dividends		(94)
Investment in Incline Aviation Fund		(15)
Net other, including capital expenditures, management fees, operating costs and treasury income ^(b)		(118)
Cash and near-cash on hand at		
September 30, 2018^{(a)(b)}		\$ 1,247

(a) Includes \$277 million (December 31, 2017 – \$1.0 billion) of short- and long-term investments managed by third-party investment managers, \$187 million (December 31, 2017 – \$181 million) invested in a Onex Credit unlevered senior secured loan strategy fund and \$162 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.

During October 2018, Onex, the parent company, received net proceeds of \$180 million from the initial public offering completed by SIG, as described on page 31 of this interim MD&A, and invested cash of \$86 million as part of its investment in Ryan, as described on page 32 of this interim MD&A.

ADDITIONAL USES OF CASH

Onex' commitment to the Funds

Onex, the parent company, is the largest limited partner in each of the Onex Partners and ONCAP Funds. Table 17 presents the commitment and the uncalled committed capital of Onex, the parent company, in these funds at September 30, 2018.

Commitment and Uncalled Committed Capital of Onex, the Parent Company, at September 30, 2018

TABLE 17	(Unaudited) (\$ millions)	Fund Size	Onex' Commitment	Onex' Uncalled Committed Capital ^(a)
Onex Partners I		\$ 1,655	\$ 400	\$ 20 ^(b)
Onex Partners II		\$ 3,450	\$ 1,407	\$ 158 ^(b)
Onex Partners III		\$ 4,700	\$ 1,200	\$ 112
Onex Partners IV		\$ 5,660	\$ 1,700	\$ 99 ^(c)
Onex Partners V		\$ 7,150	\$ 2,000	\$ 2,000
ONCAP II		C\$ 574	C\$ 252	C\$ 1 ^(b)
ONCAP III		C\$ 800	C\$ 252	C\$ 32
ONCAP IV		\$ 1,107	\$ 480	\$ 250

(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) The remaining uncalled committed capital balance is adjusted for the interest acquired in Ryan, which closed in October 2018.

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 18 provides a summary of the remaining commitments available from limited partners at September 30, 2018. The remaining commitments for Onex Partners IV, 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 from limited partners of ONCAP II are for possible future funding of management fees and partnership expenses. The remaining commitments from limited partners of Onex Partners III 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 September 30, 2018

TABLE 18	(Unaudited) (\$ millions)	Available Uncalled Committed Capital (excluding Onex) ^(a)
Onex Partners I		\$ 64
Onex Partners II		\$ 241
Onex Partners III		\$ 353
Onex Partners IV		\$ 208 ^(b)
Onex Partners V		\$ 5,483
ONCAP II		C\$ 2
ONCAP III		C\$ 76
ONCAP IV		\$ 378

(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) The remaining uncalled committed capital balance is adjusted for the interest acquired in Ryan, which closed in October 2018.

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

Carried interest participation

The General Partners of the Onex Partners and ONCAP Funds, which are controlled by Onex, are entitled to a carried interest, as described on page 40 of this interim MD&A.

Table 19 shows the amount of net carried interest received by Onex, the parent company, by year since 2014 and up to September 30, 2018.

Carried Interest

TABLE 19	(Unaudited) (\$ millions)	Carried Interest Received
2014		\$ 171
2015		1
2016		14
2017		121
2018 (up to September 30)		25
Total		\$ 332

During the first nine months of 2018, Onex, the parent company, received carried interest totalling \$25 million primarily from the sale of Mavis Discount Tire; the partial sales of Emerald Expositions and Pinnacle Renewable Energy; and distributions from BBAM and Meridian Aviation. Onex has the potential to receive \$155 million of carried interest on its businesses in the Onex Partners and ONCAP Funds based on their fair values as determined at September 30, 2018.

During the year ended December 31, 2017, Onex, the parent company, received carried interest of \$121 million primarily related to the sale of USI and the partial sales of BBAM, Emerald Expositions and JELD-WEN.

During the nine months ended September 30, 2018, management of Onex and ONCAP received carried interest totalling \$57 million primarily from the sale of Mavis Discount Tire; 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 \$281 million of carried interest on businesses in the Onex Partners and ONCAP Funds based on their values as determined at September 30, 2018.

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

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, 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 September 30, 2018, the management fees of Onex Partners IV and ONCAP IV are determined based on limited partners' committed capital. The management fees for Onex Partners V had not begun to accrue at September 30, 2018.

Following the termination of the initial fee period, Onex becomes entitled to a management fee based on limited partners' net funded commitments. At September 30, 2018, the management fees of Onex Partners III 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 decline.

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 September 30, 2018, \$162 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 \$8.9 billion of fund investor capital as of September 30, 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 \$8.5 billion of fund investor capital that it manages as of September 30, 2018. Incentive fees range between 5% and 20%. Certain incentive fees are subject to a hurdle or minimum preferred return to investors.

RELATED PARTY TRANSACTIONS

Private share repurchase

In May 2018, Onex repurchased in a private transaction 500,000 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 a cash cost of \$72.23 (C\$93.00) per share or a total cost of \$36 million (C\$47 million), which represents a slight discount to the trading price of Onex shares at that date.

Tax loss transaction with related party

In August 2018, Onex entered into the sale of an entity, whose sole assets were certain tax losses, to a company 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 unaudited interim consolidated financial statements for these losses. In connection with this transaction, an independent accounting firm retained by Onex' Audit and Corporate Governance Committee provided an opinion that the amount received by Onex for the tax losses was fair from a financial point of view. Onex' Audit and Corporate Governance Committee, all the members of which are independent Directors, unanimously approved the transaction. Onex received \$4 million in cash for tax losses of \$41 million, of which the entire \$4 million was recorded as a gain and included in other income (expense) in the unaudited interim consolidated statements of earnings.

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 three 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.

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.

GLOSSARY

The following is a list of commonly used terms in Onex' interim MD&A and unaudited interim 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.