

## CONSOLIDATED BALANCE SHEETS

| <i>(Unaudited)</i><br><i>(in millions of U.S. dollars)</i>                                                                    | <b>As at<br/>September 30,<br/>2018</b> | As at<br>December 31,<br>2017 | As at<br>January 1,<br>2017 |
|-------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-------------------------------|-----------------------------|
| <b>Assets</b>                                                                                                                 |                                         |                               |                             |
| <b>Current assets</b>                                                                                                         |                                         |                               |                             |
| Cash and cash equivalents                                                                                                     | \$ 2,570                                | \$ 3,376                      | \$ 2,371                    |
| Short-term investments                                                                                                        | 82                                      | 258                           | 154                         |
| Accounts receivable                                                                                                           | 3,310                                   | 3,320                         | 3,873                       |
| Inventories                                                                                                                   | 2,706                                   | 2,248                         | 2,510                       |
| Other current assets                                                                                                          | 1,659                                   | 1,119                         | 1,412                       |
|                                                                                                                               | <b>10,327</b>                           | 10,321                        | 10,320                      |
| Property, plant and equipment                                                                                                 | 5,071                                   | 5,326                         | 4,275                       |
| Long-term investments (note 5)                                                                                                | 13,431                                  | 12,114                        | 8,672                       |
| Other non-current assets                                                                                                      | 732                                     | 825                           | 1,194                       |
| Intangible assets                                                                                                             | 8,354                                   | 7,887                         | 9,286                       |
| Goodwill                                                                                                                      | 8,345                                   | 8,223                         | 9,174                       |
|                                                                                                                               | <b>\$ 46,260</b>                        | \$ 44,696                     | \$ 42,921                   |
| <b>Liabilities and Equity</b>                                                                                                 |                                         |                               |                             |
| <b>Current liabilities</b>                                                                                                    |                                         |                               |                             |
| Accounts payable and accrued liabilities                                                                                      | \$ 4,376                                | \$ 4,396                      | \$ 4,294                    |
| Current portion of provisions                                                                                                 | 195                                     | 235                           | 305                         |
| Other current liabilities                                                                                                     | 1,906                                   | 1,470                         | 1,579                       |
| Current portion of long-term debt of operating companies and credit strategies, without recourse to Onex Corporation (note 6) | 1,199                                   | 333                           | 407                         |
| Current portion of Limited Partners' Interests (note 7)                                                                       | 413                                     | 59                            | 89                          |
|                                                                                                                               | <b>8,089</b>                            | 6,493                         | 6,674                       |
| Non-current portion of provisions                                                                                             | 216                                     | 243                           | 340                         |
| Long-term debt of operating companies and credit strategies, without recourse to Onex Corporation (note 6)                    | 22,317                                  | 21,716                        | 22,456                      |
| Other non-current liabilities                                                                                                 | 1,939                                   | 2,051                         | 2,169                       |
| Deferred income taxes                                                                                                         | 1,230                                   | 1,190                         | 1,533                       |
| Limited Partners' Interests (note 7)                                                                                          | 8,482                                   | 7,965                         | 8,385                       |
|                                                                                                                               | <b>42,273</b>                           | 39,658                        | 41,557                      |
| <b>Equity</b>                                                                                                                 |                                         |                               |                             |
| Share capital (note 8)                                                                                                        | 319                                     | 321                           | 324                         |
| Non-controlling interests                                                                                                     | 2,106                                   | 2,145                         | 1,857                       |
| Retained earnings (deficit) and accumulated other comprehensive earnings (loss)                                               | 1,562                                   | 2,572                         | (817)                       |
|                                                                                                                               | <b>3,987</b>                            | 5,038                         | 1,364                       |
|                                                                                                                               | <b>\$ 46,260</b>                        | \$ 44,696                     | \$ 42,921                   |

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

These unaudited interim consolidated financial statements should be read in conjunction with the 2017 audited annual consolidated financial statements.

## CONSOLIDATED STATEMENTS OF EARNINGS

| (Unaudited)<br>(in millions of U.S. dollars except per share data)                                              | Three months ended<br>September 30 |          | Nine months ended<br>September 30 |           |
|-----------------------------------------------------------------------------------------------------------------|------------------------------------|----------|-----------------------------------|-----------|
|                                                                                                                 | 2018                               | 2017     | 2018                              | 2017      |
| <b>Revenues (note 9)</b>                                                                                        | <b>\$ 6,571</b>                    | \$ 6,360 | <b>\$ 19,041</b>                  | \$ 18,250 |
| Cost of sales (excluding amortization of property, plant and equipment, intangible assets and deferred charges) | (4,798)                            | (4,606)  | (14,012)                          | (13,379)  |
| Operating expenses                                                                                              | (1,121)                            | (1,056)  | (3,272)                           | (3,116)   |
| Interest income (note 1)                                                                                        | 143                                | 97       | 389                               | 272       |
| Amortization of property, plant and equipment                                                                   | (163)                              | (166)    | (502)                             | (479)     |
| Amortization of intangible assets and deferred charges                                                          | (185)                              | (172)    | (566)                             | (501)     |
| Interest expense of operating companies and credit strategies                                                   | (348)                              | (301)    | (999)                             | (882)     |
| Increase (decrease) in value of investments in joint ventures and associates at fair value, net (note 5)        | (46)                               | 279      | (201)                             | 399       |
| Stock-based compensation recovery (expense)                                                                     | 26                                 | (2)      | (65)                              | (180)     |
| Other gains (note 10)                                                                                           | -                                  | 658      | 82                                | 658       |
| Other income (expense) (note 11)                                                                                | 70                                 | (199)    | (67)                              | (529)     |
| Impairment of goodwill, intangible assets and long-lived assets, net (note 12)                                  | (303)                              | (88)     | (303)                             | (117)     |
| Limited Partners' Interests charge (note 7)                                                                     | (156)                              | (288)    | (233)                             | (1,164)   |
| <b>Earnings (loss) before income taxes and discontinued operations</b>                                          | <b>(310)</b>                       | 516      | <b>(708)</b>                      | (768)     |
| Provision for income taxes                                                                                      | (148)                              | (148)    | (176)                             | (174)     |
| <b>Earnings (loss) from continuing operations</b>                                                               | <b>(458)</b>                       | 368      | <b>(884)</b>                      | (942)     |
| Earnings from discontinued operations (note 4)                                                                  | -                                  | -        | -                                 | 3,042     |
| <b>Net Earnings (Loss)</b>                                                                                      | <b>\$ (458)</b>                    | \$ 368   | <b>\$ (884)</b>                   | \$ 2,100  |

|                                                                    |                 |        |                 |          |
|--------------------------------------------------------------------|-----------------|--------|-----------------|----------|
| <b>Earnings (Loss) from Continuing Operations attributable to:</b> |                 |        |                 |          |
| Equity holders of Onex Corporation                                 | \$ (425)        | \$ 324 | \$ (836)        | \$ (984) |
| Non-controlling Interests                                          | (33)            | 44     | (48)            | 42       |
| <b>Earnings (Loss) from Continuing Operations</b>                  | <b>\$ (458)</b> | \$ 368 | <b>\$ (884)</b> | \$ (942) |

|                                             |                 |        |                 |          |
|---------------------------------------------|-----------------|--------|-----------------|----------|
| <b>Net Earnings (Loss) attributable to:</b> |                 |        |                 |          |
| Equity holders of Onex Corporation          | \$ (425)        | \$ 324 | \$ (836)        | \$ 2,125 |
| Non-controlling Interests                   | (33)            | 44     | (48)            | (25)     |
| <b>Net Earnings (Loss)</b>                  | <b>\$ (458)</b> | \$ 368 | <b>\$ (884)</b> | \$ 2,100 |

|                                                                                       |                  |         |                  |           |
|---------------------------------------------------------------------------------------|------------------|---------|------------------|-----------|
| <b>Net Earnings (Loss) per Subordinate Voting Share of Onex Corporation (note 13)</b> |                  |         |                  |           |
| Basic and Diluted:                                                                    |                  |         |                  |           |
| Continuing operations                                                                 | \$ (4.22)        | \$ 3.18 | \$ (8.28)        | \$ (9.62) |
| Discontinued operations                                                               | -                | -       | -                | 30.42     |
| <b>Net Earnings (Loss) per Subordinate Voting Share</b>                               | <b>\$ (4.22)</b> | \$ 3.18 | <b>\$ (8.28)</b> | \$ 20.80  |

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

These unaudited interim consolidated financial statements should be read in conjunction with the 2017 audited annual consolidated financial statements.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

| <i>(Unaudited)</i><br><i>(in millions of U.S. dollars)</i>                        | Three months ended<br>September 30 |        | Nine months ended<br>September 30 |          |
|-----------------------------------------------------------------------------------|------------------------------------|--------|-----------------------------------|----------|
|                                                                                   | 2018                               | 2017   | 2018                              | 2017     |
| <b>Net earnings (loss)</b>                                                        | <b>\$ (458)</b>                    | \$ 368 | <b>\$ (884)</b>                   | \$ 2,100 |
| <b>Other comprehensive earnings (loss), net of tax</b>                            |                                    |        |                                   |          |
| Items that may be reclassified to net earnings (loss):                            |                                    |        |                                   |          |
| Currency translation adjustments                                                  | (66)                               | 190    | (195)                             | 333      |
| Change in fair value of derivatives designated as hedges                          | 4                                  | 12     | (10)                              | 34       |
| Unrealized gains (losses) on financial assets                                     | 1                                  | –      | (1)                               | 1        |
|                                                                                   | (61)                               | 202    | (206)                             | 368      |
| Items that will not be reclassified to net earnings (loss):                       |                                    |        |                                   |          |
| Remeasurements for post-employment benefit plans                                  | 9                                  | 7      | (56)                              | 7        |
| Other comprehensive earnings from discontinued operations,<br>net of tax (note 4) | –                                  | –      | –                                 | 174      |
| <b>Other comprehensive earnings (loss), net of tax</b>                            | <b>(52)</b>                        | 209    | <b>(262)</b>                      | 549      |
| <b>Total Comprehensive Earnings (Loss)</b>                                        | <b>\$ (510)</b>                    | \$ 577 | <b>\$(1,146)</b>                  | \$ 2,649 |

|                                                             |                 |        |                  |          |
|-------------------------------------------------------------|-----------------|--------|------------------|----------|
| <b>Total Comprehensive Earnings (Loss) attributable to:</b> |                 |        |                  |          |
| Equity holders of Onex Corporation                          | \$ (481)        | \$ 522 | <b>\$(1,023)</b> | \$ 2,626 |
| Non-controlling Interests                                   | (29)            | 55     | (123)            | 23       |
| <b>Total Comprehensive Earnings (Loss)</b>                  | <b>\$ (510)</b> | \$ 577 | <b>\$(1,146)</b> | \$ 2,649 |

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# CONSOLIDATED STATEMENTS OF EQUITY

| <i>(Unaudited)</i><br><i>(in millions of U.S. dollars except per share data)</i>                         | Share<br>Capital<br>(note 8) | Retained<br>Earnings<br>(Deficit) | Accumulated<br>Other<br>Comprehensive<br>Earnings<br>(Loss) | Total Equity<br>Attributable to<br>Equity Holders<br>of Onex<br>Corporation | Non-<br>controlling<br>Interests | Total<br>Equity |
|----------------------------------------------------------------------------------------------------------|------------------------------|-----------------------------------|-------------------------------------------------------------|-----------------------------------------------------------------------------|----------------------------------|-----------------|
| <b>Balance – January 1, 2017</b>                                                                         | \$ 324                       | \$ (305)                          | \$ (509) <sup>(a)</sup>                                     | \$ (490)                                                                    | \$ 1,841                         | \$ 1,351        |
| Change in accounting policy (note 1)                                                                     | –                            | (3)                               | –                                                           | (3)                                                                         | 16                               | 13              |
| Dividends declared <sup>(b)</sup>                                                                        | –                            | (17)                              | –                                                           | (17)                                                                        | –                                | (17)            |
| Repurchase and cancellation of shares (note 8)                                                           | (3)                          | (75)                              | –                                                           | (78)                                                                        | –                                | (78)            |
| Investments in operating companies by shareholders<br>other than Onex <sup>(c)</sup>                     | –                            | 355                               | –                                                           | 355                                                                         | 425                              | 780             |
| Distributions to non-controlling interests                                                               | –                            | –                                 | –                                                           | –                                                                           | (8)                              | (8)             |
| Repurchase of shares of operating companies                                                              | –                            | –                                 | –                                                           | –                                                                           | (29)                             | (29)            |
| Sale of interests in operating companies under<br>continuing control <sup>(d)</sup>                      | –                            | 185                               | –                                                           | 185                                                                         | 74                               | 259             |
| Non-controlling interests derecognized on sale<br>of investments in operating companies (note 4)         | –                            | –                                 | –                                                           | –                                                                           | (213)                            | (213)           |
| <b>Comprehensive Earnings (Loss)</b>                                                                     |                              |                                   |                                                             |                                                                             |                                  |                 |
| Net earnings (loss)                                                                                      | –                            | 2,125                             | –                                                           | 2,125                                                                       | (25)                             | 2,100           |
| Other comprehensive earnings (loss), net of tax:                                                         |                              |                                   |                                                             |                                                                             |                                  |                 |
| Currency translation adjustments                                                                         | –                            | –                                 | 310                                                         | 310                                                                         | 23                               | 333             |
| Change in fair value of derivatives designated<br>as hedges                                              | –                            | –                                 | 14                                                          | 14                                                                          | 20                               | 34              |
| Unrealized gains on financial assets                                                                     | –                            | –                                 | 1                                                           | 1                                                                           | –                                | 1               |
| Remeasurements for post-employment benefit plans                                                         | –                            | 22                                | –                                                           | 22                                                                          | (15)                             | 7               |
| Other comprehensive earnings from<br>discontinued operations, net of tax (note 4)                        | –                            | 1                                 | 153                                                         | 154                                                                         | 20                               | 174             |
| <b>Balance – September 30, 2017</b>                                                                      | \$ 321                       | \$ 2,288                          | \$ (31) <sup>(e)</sup>                                      | \$ 2,578                                                                    | \$ 2,129                         | \$ 4,707        |
| <b>Balance – December 31, 2017</b>                                                                       | \$ 321                       | \$ 2,547                          | \$ 25 <sup>(f)</sup>                                        | \$ 2,893                                                                    | \$ 2,145                         | \$ 5,038        |
| Change in accounting policy (note 1)                                                                     | –                            | 11                                | –                                                           | 11                                                                          | 1                                | 12              |
| Dividends declared <sup>(b)</sup>                                                                        | –                            | (19)                              | –                                                           | (19)                                                                        | –                                | (19)            |
| Repurchase and cancellation of shares (note 8)                                                           | (2)                          | (52)                              | –                                                           | (54)                                                                        | –                                | (54)            |
| Investments in operating companies by shareholders<br>other than Onex                                    | –                            | 24                                | –                                                           | 24                                                                          | 152                              | 176             |
| Distributions to non-controlling interests                                                               | –                            | –                                 | –                                                           | –                                                                           | (17)                             | (17)            |
| Repurchase of shares of operating companies <sup>(g)</sup>                                               | –                            | –                                 | –                                                           | –                                                                           | (75)                             | (75)            |
| Sale of interest in operating company under<br>continuing control (note 2)                               | –                            | 49                                | –                                                           | 49                                                                          | 71                               | 120             |
| Non-controlling interests derecognized on loss of<br>control of investment in operating company (note 2) | –                            | –                                 | –                                                           | –                                                                           | (48)                             | (48)            |
| <b>Comprehensive Loss</b>                                                                                |                              |                                   |                                                             |                                                                             |                                  |                 |
| Net loss                                                                                                 | –                            | (836)                             | –                                                           | (836)                                                                       | (48)                             | (884)           |
| Other comprehensive loss, net of tax:                                                                    |                              |                                   |                                                             |                                                                             |                                  |                 |
| Currency translation adjustments                                                                         | –                            | –                                 | (184)                                                       | (184)                                                                       | (11)                             | (195)           |
| Change in fair value of derivatives<br>designated as hedges                                              | –                            | –                                 | (1)                                                         | (1)                                                                         | (9)                              | (10)            |
| Unrealized losses on financial assets                                                                    | –                            | –                                 | (1)                                                         | (1)                                                                         | –                                | (1)             |
| Remeasurements for post-employment benefit plans                                                         | –                            | (1)                               | –                                                           | (1)                                                                         | (55)                             | (56)            |
| <b>Balance – September 30, 2018</b>                                                                      | \$ 319                       | \$ 1,723                          | \$ (161) <sup>(h)</sup>                                     | \$ 1,881                                                                    | \$ 2,106                         | \$ 3,987        |

(a) Accumulated Other Comprehensive Earnings (Loss) as at January 1, 2017 consisted of currency translation adjustments of negative \$473, unrealized losses on the effective portion of cash flow hedges of \$38 and unrealized gains on financial assets of \$2. Accumulated Other Comprehensive Earnings (Loss) as at January 1, 2017 included \$153 of net losses related to discontinued operations. Income taxes did not have a significant effect on these items.

(b) Dividends declared per Subordinate Voting Share were C\$0.25 for the nine months ended September 30, 2018 (2017 – C\$0.21875). In 2018, shares issued under the dividend reinvestment plan amounted to less than \$1 (2017 – less than \$1). There are no tax effects for Onex on the declaration or payment of dividends.

(c) Investments in operating companies by shareholders other than Onex for the nine months ended September 30, 2017 included the issuance of new shares by JELD-WEN and Emerald Expositions in their initial public offerings and a transfer of the historical accounting carrying values associated with those ownership interests.

(d) The sale of interests in operating companies under continuing control for the nine months ended September 30, 2017 represents the proceeds received in excess of the historical accounting carrying value of the investments sold in the initial public offerings of JELD-WEN and Emerald Expositions in January 2017 and April 2017, respectively.

(e) Accumulated Other Comprehensive Earnings (Loss) as at September 30, 2017 consisted of currency translation adjustments of negative \$9, unrealized losses on the effective portion of cash flow hedges of \$24 and unrealized gains on financial assets of \$2. Income taxes did not have a significant effect on these items.

(f) Accumulated Other Comprehensive Earnings (Loss) as at December 31, 2017 consisted of currency translation adjustments of positive \$33, unrealized losses on the effective portion of cash flow hedges of \$11 and unrealized gains on financial assets of \$3. Income taxes did not have a significant effect on these items.

(g) Repurchase of shares of operating companies during the first nine months of 2018 consisted primarily of shares repurchased by Celestica.

(h) Accumulated Other Comprehensive Earnings (Loss) as at September 30, 2018 consisted of currency translation adjustments of negative \$151, unrealized losses on the effective portion of cash flow hedges of \$12 and unrealized gains on financial assets of \$2. Income taxes did not have a significant effect on these items.

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# CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(in millions of U.S. dollars)

Nine months ended September 30

|                                                                                                          | 2018            | 2017            |
|----------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| <b>Operating Activities</b>                                                                              |                 |                 |
| Loss for the period from continuing operations                                                           | \$ (884)        | \$ (942)        |
| Adjustments to loss from continuing operations:                                                          |                 |                 |
| Provision for income taxes                                                                               | 176             | 174             |
| Interest income                                                                                          | (389)           | (272)           |
| Interest expense of operating companies and credit strategies                                            | 999             | 882             |
| Loss before interest and provision for income taxes                                                      | (98)            | (158)           |
| Cash taxes paid                                                                                          | (179)           | (165)           |
| Items not affecting cash and cash equivalents:                                                           |                 |                 |
| Amortization of property, plant and equipment                                                            | 502             | 479             |
| Amortization of intangible assets and deferred charges                                                   | 566             | 501             |
| Decrease (increase) in value of investments in joint ventures and associates at fair value, net (note 5) | 201             | (399)           |
| Stock-based compensation expense                                                                         | 28              | 126             |
| Other gains (note 10)                                                                                    | (82)            | (658)           |
| Foreign exchange (gain) loss                                                                             | (21)            | 30              |
| Impairment of goodwill, intangible assets and long-lived assets, net                                     | 303             | 117             |
| Limited Partners' Interests charge (note 7)                                                              | 233             | 1,164           |
| Change in provisions                                                                                     | 41              | 45              |
| Change in carried interest                                                                               | (40)            | (25)            |
| Other                                                                                                    | (153)           | 148             |
|                                                                                                          | 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 flows from operating activities of discontinued operations (note 4)                                 | -               | 10              |
|                                                                                                          | (1,090)         | 1,211           |
| <b>Financing Activities</b>                                                                              |                 |                 |
| Issuance of long-term debt                                                                               | 4,064           | 2,929           |
| Repayment of long-term debt                                                                              | (2,076)         | (3,058)         |
| Cash interest paid                                                                                       | (916)           | (787)           |
| Cash dividends paid                                                                                      | (18)            | (16)            |
| Repurchase of share capital of Onex Corporation                                                          | (54)            | (78)            |
| Repurchase of share capital of operating companies                                                       | (75)            | (29)            |
| Contributions by Limited Partners (note 7)                                                               | 1,279           | 540             |
| Issuance of share capital by operating companies                                                         | 70              | 196             |
| Proceeds from sale of interests in operating companies under continuing control (note 2)                 | 120             | 259             |
| Proceeds from sale-leaseback transaction                                                                 | -               | 91              |
| Distributions paid to non-controlling interests and Limited Partners (note 7)                            | (658)           | (1,866)         |
| Limited Partnership interest acquired by Onex, the parent company                                        | -               | (354)           |
| Increase (decrease) due to other financing activities                                                    | 15              | (2)             |
| Cash flows from financing activities of discontinued operations (note 4)                                 | -               | 26              |
|                                                                                                          | 1,751           | (2,149)         |
| <b>Investing Activities</b>                                                                              |                 |                 |
| Acquisitions, net of cash and cash equivalents in acquired companies of \$63 (2017 - \$69) (note 3)      | (1,999)         | (724)           |
| Purchase of property, plant and equipment                                                                | (521)           | (496)           |
| Proceeds from sales of operating companies and businesses no longer controlled (note 4)                  | -               | 3,137           |
| Proceeds from sales of investments in joint ventures and associates (note 5)                             | 570             | -               |
| Distributions received from investments in joint ventures and associates (note 5)                        | 51              | 58              |
| Purchase of investments in joint ventures and associates (note 5)                                        | (899)           | (6)             |
| Cash interest received                                                                                   | 375             | 273             |
| Cash dividends received                                                                                  | 18              | 44              |
| Change in restricted cash                                                                                | (2)             | (59)            |
| Net purchases of investments and securities for credit strategies (note 5)                               | (1,777)         | (518)           |
| Net sales (purchases) of investments and securities at parent company and operating companies (note 5)   | 590             | (569)           |
| Decrease due to other investing activities                                                               | (20)            | -               |
| Cash flows used in investing activities of discontinued operations (note 4)                              | -               | (240)           |
|                                                                                                          | (3,614)         | 900             |
| <b>Decrease in Cash and Cash Equivalents for the Period</b>                                              | <b>(773)</b>    | <b>(38)</b>     |
| Increase (decrease) in cash due to changes in foreign exchange rates                                     | (31)            | 28              |
| Cash and cash equivalents, beginning of the period - continuing operations                               | 3,376           | 2,169           |
| Cash and cash equivalents, beginning of the period - discontinued operations (note 4)                    | -               | 202             |
| <b>Cash and Cash Equivalents</b>                                                                         | <b>2,572</b>    | <b>2,361</b>    |
| <b>Cash and cash equivalents held by disposal group</b>                                                  | <b>2</b>        | <b>-</b>        |
| <b>Cash and Cash Equivalents Held by Continuing Operations</b>                                           | <b>\$ 2,570</b> | <b>\$ 2,361</b> |

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

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# NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

*(Unaudited) (in millions of U.S. dollars except per share data)*

Onex Corporation and its subsidiaries (collectively, the “Company”) is a diversified company with operations in a range of industries including electronics manufacturing services, healthcare imaging, health and human services, insurance services, packaging products and services, business and information services, food retail and restaurants, aerospace automation, tooling and components, aircraft leasing and management, building products, holiday parks, education software, hospital management services, survival equipment and industrial products, and in various middle-market private equity opportunities. Additionally, the Company has investments in credit strategies and real estate. Throughout these statements, the term “Onex” refers to Onex Corporation, the ultimate parent company.

Onex Corporation is a Canadian corporation domiciled in Canada and is listed on the Toronto Stock Exchange under the symbol ONEX. Onex Corporation’s shares are traded in Canadian dollars. The registered address for Onex Corporation is 161 Bay Street, Toronto, Ontario. Mr. Gerald W. Schwartz controls Onex Corporation by indirectly holding all of the outstanding Multiple Voting Shares of the corporation and also indirectly holds 12% of the outstanding Subordinate Voting Shares of the corporation as at September 30, 2018.

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

The unaudited interim consolidated financial statements were authorized for issue by the Board of Directors on November 8, 2018.

## 1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

### STATEMENT OF COMPLIANCE

The unaudited interim consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards (“IFRS”) and its interpretations adopted by the International Accounting Standards Board (“IASB”). Accordingly, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with IFRS have been omitted or condensed. These unaudited interim consolidated financial statements were prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through total comprehensive earnings.

The U.S. dollar is Onex’ functional currency. As such, the financial statements have been reported on a U.S. dollar basis.

### CONSOLIDATION

The unaudited interim consolidated financial statements represent the accounts of Onex and its subsidiaries, including its controlled operating companies. Onex also controls and consolidates the operations of Onex Partners LP (“Onex Partners I”), Onex Partners II LP (“Onex Partners II”), Onex Partners III LP (“Onex Partners III”), Onex Partners IV LP (“Onex Partners IV”) and Onex Partners V LP (“Onex Partners V”), referred to collectively as “Onex Partners”, and ONCAP II L.P. (“ONCAP II”), ONCAP III LP

(“ONCAP III”) and ONCAP IV LP (“ONCAP IV”), referred to collectively as “ONCAP” (as described in note 32 to the 2017 audited annual consolidated financial statements). In addition, Onex controls and consolidates the operations of the Onex Credit asset management platform, certain funds managed by Onex Credit (“Onex Credit Funds”) in which Onex, the parent company, holds investments, collateralized loan obligations (“CLOs”) of Onex Credit and Onex Credit Lending Partners, referred to collectively as “Onex Credit” or “credit strategies”.

The results of operations of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant inter-company balances and transactions have been eliminated.

Certain investments in operating companies over which the Company has joint control or significant influence, but not control, are measured at fair value through earnings. These investments are recorded at fair value in the unaudited interim consolidated balance sheets, with changes in fair value recognized in the unaudited interim consolidated statements of earnings.

References to the Onex management team include the management of Onex, ONCAP and Onex Credit. References to management without the use of team include only the relevant group. References to the Onex Partners Groups represent Onex, the limited partners of the relevant Onex Partners Fund, the Onex management team and, where applicable, certain other limited partners as investors. References to the ONCAP Groups represent Onex, the limited partners of the relevant ONCAP Fund, the Onex management team and, where applicable, certain other limited partners as investors.

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The principal operating companies and Onex' economic ownership, Onex' and the limited partners' economic ownership and voting interests in these entities are as follows:

| September 30, 2018                                                          |                    |                                       |                    | December 31, 2017  |                                       |                    |
|-----------------------------------------------------------------------------|--------------------|---------------------------------------|--------------------|--------------------|---------------------------------------|--------------------|
|                                                                             | Onex' Ownership    | Onex' and Limited Partners' Ownership | Voting             | Onex' Ownership    | Onex' and Limited Partners' Ownership | Voting             |
| <i>Investment made through Onex</i>                                         |                    |                                       |                    |                    |                                       |                    |
| Celestica Inc. ("Celestica")                                                | 14%                | 14%                                   | 80%                | 13%                | 13%                                   | 79%                |
| <i>Investments made through Onex and Onex Partners II</i>                   |                    |                                       |                    |                    |                                       |                    |
| Carestream Health, Inc. ("Carestream Health")                               | 36%                | 91%                                   | 100%               | 36%                | 91%                                   | 100%               |
| <i>Investments made through Onex and Onex Partners III</i>                  |                    |                                       |                    |                    |                                       |                    |
| BBAM Limited Partnership ("BBAM")                                           | 9%                 | 35%                                   | {a}                | 9%                 | 35%                                   | {a}                |
| Emerald Expositions Events, Inc. ("Emerald Expositions") <sup>{b}</sup>     | 16%                | 64%                                   | 64%                | 18%                | 74%                                   | 74%                |
| JELD-WEN Holding, Inc. ("JELD-WEN")                                         | 8%                 | 32%                                   | 32% <sup>{a}</sup> | 8%                 | 31%                                   | 31% <sup>{a}</sup> |
| Meridian Aviation Partners Limited and affiliates ("Meridian Aviation")     | 25%                | 100%                                  | 100%               | 25%                | 100%                                  | 100%               |
| SGS International, LLC ("sgsco")                                            | 23%                | 92%                                   | 92%                | 24%                | 94%                                   | 94%                |
| York Risk Services Holding Corp. ("York")                                   | 29%                | 88%                                   | 100%               | 29%                | 88%                                   | 100%               |
| <i>Investments made through Onex, Onex Partners I and Onex Partners III</i> |                    |                                       |                    |                    |                                       |                    |
| BrightSpring Health Services ("BrightSpring Health") <sup>{c}</sup>         | 20%                | 98%                                   | 100%               | 20%                | 98%                                   | 100%               |
| <i>Investments made through Onex and Onex Partners IV</i>                   |                    |                                       |                    |                    |                                       |                    |
| Advanced Integration Technology LP ("AIT")                                  | 13%                | 50%                                   | 50% <sup>{a}</sup> | 13%                | 50%                                   | 50% <sup>{a}</sup> |
| Clarivate Analytics                                                         | 27%                | 72%                                   | 72%                | 27%                | 72%                                   | 72%                |
| Jack's Family Restaurants ("Jack's")                                        | 31%                | 95%                                   | 100%               | 31%                | 95%                                   | 100%               |
| Parkdean Resorts                                                            | 28% <sup>{d}</sup> | 94% <sup>{d}</sup>                    | 80%                | 28% <sup>{d}</sup> | 93% <sup>{d}</sup>                    | 80%                |
| PowerSchool Group LLC ("PowerSchool") <sup>{e}</sup>                        | 16%                | 50%                                   | 50% <sup>{a}</sup> | —                  | —                                     | —                  |
| Save-A-Lot                                                                  | 32%                | 99%                                   | 99%                | 32%                | 99%                                   | 99%                |
| Schumacher Clinical Partners ("Schumacher")                                 | 22%                | 68%                                   | 68%                | 22%                | 68%                                   | 68%                |
| SIG Combibloc Group AG ("SIG") <sup>{f}</sup>                               | 35%                | 99%                                   | 97%                | 35%                | 99%                                   | 94%                |
| SMG Holdings Inc. ("SMG") <sup>{g}</sup>                                    | 32%                | 99%                                   | 99%                | —                  | —                                     | —                  |
| Survitec Group Limited ("Survitec")                                         | 21%                | 79%                                   | 68%                | 21%                | 79%                                   | 68%                |
| WireCo WorldGroup ("WireCo")                                                | 23%                | 71%                                   | 71%                | 23%                | 71%                                   | 71%                |
| <i>Investment made through Onex Real Estate</i>                             |                    |                                       |                    |                    |                                       |                    |
| Flushing Town Center                                                        | 88%                | 88%                                   | 100%               | 88%                | 88%                                   | 100%               |
| <i>Other investments</i>                                                    |                    |                                       |                    |                    |                                       |                    |
| ONCAP II Fund ("ONCAP II")                                                  | 47% <sup>{h}</sup> | 100%                                  | 100%               | 47% <sup>{h}</sup> | 100%                                  | 100%               |
| ONCAP III Fund ("ONCAP III")                                                | 29%                | 100%                                  | 100%               | 29%                | 100%                                  | 100%               |
| ONCAP IV Fund ("ONCAP IV")                                                  | 39%                | 100%                                  | 100%               | 39%                | 100%                                  | 100%               |

(a) Onex exerts joint control or significant influence over these investments, which are measured at fair value through earnings, through its right to appoint members to the boards of directors of these entities.

(b) Emerald Expositions completed a secondary offering in March 2018, as described in note 2(d).

(c) BrightSpring Health was formerly referred to as ResCare.

(d) Ownership interests reflect the conversion of the loan note held by the Onex Partners IV Group into additional equity in Parkdean Resorts in February 2018, as described in note 2(b).

(e) The interest in PowerSchool was acquired in August 2018, as described in note 2(i).

(f) SIG completed an initial public offering in October 2018, as described in note 2(l). Subsequent to the initial public offering, the Onex Partners IV Group continues to hold a 51% economic and voting interest in SIG, of which Onex' share is an 18% economic interest.

(g) SMG was acquired in January 2018, as described in note 2(a).

(h) Represents Onex' blended economic ownership in the ONCAP II investments.

The ownership percentages are before the effect of any potential dilution relating to the Management Investment Plan (the "MIP"), as described in note 32(d) to the 2017 audited annual consolidated financial statements. The allocation of net earnings (loss) and comprehensive earnings (loss) attributable to equity holders of Onex Corporation and non-controlling interests is calculated using the economic ownership of Onex and the limited partners.

The voting interests include shares that Onex has the right to vote through contractual arrangements or through multiple voting rights attached to particular shares. In certain circumstances, the voting arrangements give Onex the right to elect the majority of the boards of directors of the companies. Onex may also control a company through contractual rights.

## SIGNIFICANT ACCOUNTING POLICIES

The disclosures contained in these unaudited interim consolidated financial statements do not include all the requirements of IFRS for annual financial statements. The unaudited interim consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2017.

The unaudited interim consolidated financial statements are based on accounting policies, as described in note 1 to the 2017 audited annual consolidated financial statements, except as described below.

## CHANGES IN ACCOUNTING POLICIES

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

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

IFRS 15, *Revenue from Contracts with Customers*, supersedes IAS 18, *Revenue*, and provides a comprehensive five-step revenue recognition model for all contracts with customers. On January 1, 2018, and in accordance with the transition provisions in IFRS 15, the standard was adopted retrospectively and comparative period information has been restated.

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.

### 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 ("OCI"); 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 due to adjustments related to previous modifications of long-term debt which did not result in derecognition.

Financial assets were assessed to determine which measurement category they apply to, resulting in the following reclassifications:

|                                                                               | Fair Value through Net Earnings |               | Fair Value through OCI (2017 – Available-for-Sale) | Amortized Cost (2017 – Loans and Receivables) | Derivatives Used for Hedging | Total            |
|-------------------------------------------------------------------------------|---------------------------------|---------------|----------------------------------------------------|-----------------------------------------------|------------------------------|------------------|
|                                                                               | Recognized                      | Designated    |                                                    |                                               |                              |                  |
| <b>January 1, 2018</b>                                                        |                                 |               |                                                    |                                               |                              |                  |
| Opening balance – IAS 39                                                      | \$ 4,398                        | \$ 11,109     | \$ 88                                              | \$ 3,875                                      | \$ 130                       | \$ 19,600        |
| Reclassification of investments held by Onex credit strategies <sup>(a)</sup> | 7,142                           | (7,142)       | –                                                  | –                                             | –                            | –                |
| Reclassification of cash and cash equivalents <sup>(a)</sup>                  | 3,376                           | (3,376)       | –                                                  | –                                             | –                            | –                |
| Other                                                                         | 408                             | (220)         | 11                                                 | (69)                                          | (130)                        | –                |
| <b>Opening balance – IFRS 9</b>                                               | <b>\$ 15,324</b>                | <b>\$ 371</b> | <b>\$ 99</b>                                       | <b>\$ 3,806</b>                               | <b>\$ –</b>                  | <b>\$ 19,600</b> |

a) Under IFRS 9, financial assets that are managed and whose performance is measured on a fair value basis are required to be measured at fair value through net earnings. The Company previously made an election under IAS 39 to measure these financial assets at fair value through net earnings.

Financial assets held by the Company, presented by financial statement line item, immediately following the adoption of IFRS 9 on January 1, 2018 were as follows:

|                                    | Fair Value through Net Earnings |               | Fair Value through OCI | Amortized Cost  | Total            |
|------------------------------------|---------------------------------|---------------|------------------------|-----------------|------------------|
|                                    | Recognized                      | Designated    |                        |                 |                  |
| <b>January 1, 2018</b>             |                                 |               |                        |                 |                  |
| <b>Assets as per balance sheet</b> |                                 |               |                        |                 |                  |
| Cash and cash equivalents          | \$ 3,376                        | \$ –          | \$ –                   | \$ –            | \$ 3,376         |
| Short-term investments             | 247                             | –             | 11                     | –               | 258              |
| Accounts receivable                | 69                              | –             | –                      | 3,251           | 3,320            |
| Other current assets               | 172                             | –             | 11                     | 430             | 613              |
| Long-term investments              | 11,276                          | 371           | 77                     | 10              | 11,734           |
| Other non-current assets           | 184                             | –             | –                      | 115             | 299              |
| <b>Total</b>                       | <b>\$ 15,324</b>                | <b>\$ 371</b> | <b>\$ 99</b>           | <b>\$ 3,806</b> | <b>\$ 19,600</b> |

There were no significant changes to the classification of financial liabilities as a result of adopting IFRS 9.

### RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

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

##### IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16, *Leases*, which replaces IAS 17, *Leases*. The standard provides an updated definition of a lease contract, including guidance on the combination and separation of contracts. The standard requires lessees to recognize a right-of-use asset and a lease liability for substantially all lease contracts. The accounting for lessors is substantially unchanged from IAS 17. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted. The Company is

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 totaling approximately \$1,800 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.

## 2. SIGNIFICANT TRANSACTIONS

### a) Acquisition of SMG

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

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

### b) Partial loan note repayment by Parkdean Resorts

In February 2018, Parkdean Resorts made a partial repayment of a loan note outstanding with the Onex Partners IV Group totalling £52 (\$74), including accrued interest, with net proceeds from a sale-leaseback transaction completed for certain parks in August 2017. Onex' share of the repayment was £15 (\$22). The remaining principal balance of £25 (\$31) outstanding under the loan note, of which Onex' share was £7 (\$9), was converted into additional equity of Parkdean Resorts in accordance with the loan note agreement. As of September 30, 2018, the Onex Partners IV Group has a 94% economic interest in Parkdean Resorts, of which Onex' share is 28%.

### c) Initial and secondary offerings by Pinnacle Renewable Energy

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

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

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

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

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

### d) Secondary offering by Emerald Expositions

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

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

The Onex Partners III Group continues to hold approximately 47.1 million shares of Emerald Expositions' common stock for a 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 being recorded directly to retained earnings.

#### **e) Sale of Mavis Discount Tire**

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

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

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

#### **f) Acquisition of AutoSource**

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

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

Onex consolidates the operations of AutoSource, which is included in the other segment.

#### **g) Investment in Ryan Specialty Group**

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

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

#### **h) Pending acquisition of KidsFoundation**

In July 2018, the Onex Partners platform entered into an agreement to acquire KidsFoundation Holdings B.V. ("KidsFoundation") for €246. KidsFoundation is a leading provider of childcare services in the Netherlands. The Onex Partners platform expects to invest approximately \$175 for an economic interest of 98%. Onex' share of the investment is expected to be approximately \$50. 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.

#### **i) Investment in PowerSchool**

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

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

#### **j) Acquisition of Precision**

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

#### **k) 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 (C\$175) for an economic interest of 94%. Onex' share of the investment was \$53 (C\$69) 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.

**l) Initial public offering by SIG**

In October 2018, SIG completed an initial public offering of approximately 151.8 million ordinary shares (SIX: SIGN), including the exercise of an over-allotment option. The offering was priced at CHF 11.25 per share for gross proceeds of CHF 1,708. As part of the offering, SIG issued 105 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 shares in the transaction for net proceeds of CHF 503 (\$511). Onex' portion of the net proceeds was CHF 177 (\$180).

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.

**m) Pending sale of Tecta**

In October 2018, the ONCAP III Group and ONCAP IV Group entered into an agreement to sell Tecta America Corporation ("Tecta"). Onex' expected net proceeds from the sale will be approximately \$130, 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 and liabilities held for sale totalling \$263, respectively.

**n) 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. 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.

**o) Investment in Ryan**

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

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

**p) Distributions from operating businesses**

Year-to-date through November 8, 2018, Onex and its partners have received distributions of \$283 from certain operating businesses. Onex' portion of the distributions was \$156, including carried interest. The distributions include the repayment of a loan note by Parkdean Resorts, as previously described in note 2(b), and the repayment of existing shareholder subordinated debt by Pinnacle Renewable Energy, as previously described in note 2(c). The other significant distributions received by the Company are described below.

Year-to-date through November 8, 2018, Flushing Town Center has distributed \$116 of proceeds primarily from the sale of residential condominium units, of which Onex' share was \$101.

Year-to-date through November 8, 2018, BBAM has distributed \$30 to the Onex Partners III Group, of which Onex' share was \$10. The distribution was funded by the company's free cash flow.

Year-to-date through November 8, 2018, Meridian Aviation has distributed \$25 to the Onex Partners III Group, of which Onex' share was \$8. The distribution was funded primarily from proceeds from aircraft sales.

**q) 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 (\$49) to support the warehouse facility and a financial institution provided borrowing capacity of up to €160 (\$186) 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.

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

#### *Fund closing for OCLP I*

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

#### *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 to support the warehouse facility and a financial institution provided borrowing capacity of up to \$80 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 of distributions from its CLO investments.

### 3. ACQUISITIONS

Acquisitions completed by Onex are generally financed with proceeds from the Onex Partners and ONCAP Funds along with debt provided by third-party lenders. Debt provided by third-party lenders is held within the acquired companies and is without recourse to Onex Corporation, the ultimate parent company. This debt, along with debt incurred to finance acquisitions made by existing Onex subsidiaries, is excluded from the purchase price allocation table below.

During the first nine months of 2018, 24 acquisitions were completed by Onex and its subsidiaries. Details of the purchase price and allocation to the assets and liabilities acquired are as follows:

|                                                            | SMG <sup>(a)</sup> | ONCAP <sup>(b)</sup> | Celestica <sup>(c)</sup> | Other <sup>(d)</sup> | Total    |
|------------------------------------------------------------|--------------------|----------------------|--------------------------|----------------------|----------|
| Cash and cash equivalents                                  | \$ 51              | \$ 7                 | \$ 1                     | \$ 4                 | \$ 63    |
| Other current assets                                       | 60                 | 253                  | 31                       | 34                   | 378      |
| Intangible assets with limited life                        | 638                | 219                  | 51                       | 121                  | 1,029    |
| Intangible assets with indefinite life                     | -                  | 28                   | -                        | 16                   | 44       |
| Goodwill                                                   | 366                | 208                  | 64                       | 134                  | 772      |
| Property, plant and equipment and other non-current assets | 54                 | 137                  | 8                        | 5                    | 204      |
|                                                            | 1,169              | 852                  | 155                      | 314                  | 2,490    |
| Current liabilities                                        | (86)               | (147)                | (8)                      | (20)                 | (261)    |
| Non-current liabilities                                    | (78)               | (35)                 | (4)                      | (2)                  | (119)    |
| Interests in net assets acquired                           | 1,005              | 670                  | 143                      | 292                  | 2,110    |
| Non-controlling interests in net assets acquired           | (1)                | (51)                 | -                        | (30)                 | (82)     |
|                                                            | \$ 1,004           | \$ 619               | \$ 143                   | \$ 262               | \$ 2,028 |

a) In January 2018, the Company acquired SMG, as described in note 2(a).

b) ONCAP includes the acquisitions of AutoSource, Precision and Walter Surface Technologies, as described in notes 2(f), 2(j) and 2(k), respectively, in addition to acquisitions made by Chatters Canada, Davis-Standard Holdings, Inc., EnGlobe Corp., Hopkins Manufacturing Corporation and Tecta America Corporation for total consideration of \$63, of which \$5 was non-cash consideration.

c) In April 2018, Celestica acquired Atrenne Integrated Solutions, Inc. for total consideration of \$143.

d) Other consists of acquisitions made by BrightSpring Health (formerly ResCare), Clarivate Analytics, Emerald Expositions, sgsco and York for total consideration of \$262, of which \$43 was non-cash consideration.

Included in the acquisitions above are gross receivables due from customers of \$158, of which all contractual cash flows are expected to be recovered. The fair value of these receivables at the dates of acquisition was determined to be \$158.

Revenue and net losses from the date of acquisition for these acquisitions to September 30, 2018 were \$447 and \$31, respectively.

The Company estimates it would have reported consolidated revenues of approximately \$19,370 and a net loss of approximately \$860 for the nine months ended September 30, 2018 if acquisitions completed during 2018 had been acquired on January 1, 2018.

Goodwill of the acquisitions was attributable primarily to the skills and competence of the acquired workforce, non-contractual established supplier and customer bases and technological knowledge of the acquired companies. Goodwill of the acquisitions that is expected to be deductible for tax purposes is \$323.

#### 4. DISCONTINUED OPERATIONS

The following table shows revenues, expenses and net after-tax results from discontinued operations for the nine months ended September 30, 2017. The loss of control by the Company over Pinnacle Renewable Energy, as described in note 2(c), and the pending sale of Tecta, as described in note 2(m), did not represent separate major lines of business, and as a result have not been presented as discontinued operations. The Company did not record any results from discontinued operations for the three and nine months ended September 30, 2018, or the three months ended September 30, 2017.

| Nine months ended September 30, 2017 |                    |                         |          |
|--------------------------------------|--------------------|-------------------------|----------|
|                                      | USI <sup>(a)</sup> | JELD-WEN <sup>(b)</sup> | Total    |
| Revenues                             | \$ 400             | \$ 1,393                | \$ 1,793 |
| Expenses                             | (510)              | (1,580)                 | (2,090)  |
| Loss before income taxes             | (110)              | (187)                   | (297)    |
| Recovery of income taxes             | 13                 | 15                      | 28       |
| Gain, net of tax                     | 1,797              | 1,514                   | 3,311    |
| Net earnings for the period          | \$ 1,700           | \$ 1,342                | \$ 3,042 |

##### a) 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.

##### b) 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.

There are no assets or liabilities of discontinued operations at September 30, 2018 or December 31, 2017, as USI was sold in May 2017 and the Company ceased to consolidate JELD-WEN after losing control in May 2017.

The following table presents the summarized aggregate cash flows from (used in) discontinued operations of USI (up to May 2017) and JELD-WEN (up to May 2017).

| For the nine months ended September 30, 2017                    | USI      | JELD-WEN | Total    |
|-----------------------------------------------------------------|----------|----------|----------|
| Operating activities                                            | \$ 109   | \$ (99)  | \$ 10    |
| Financing activities                                            | (53)     | 79       | 26       |
| Investing activities                                            | (155)    | (85)     | (240)    |
| Decrease in cash and cash equivalents for the period            | (99)     | (105)    | (204)    |
| Increase in cash due to changes in foreign exchange rates       | -        | 2        | 2        |
| Cash and cash equivalents, beginning of the period              | 99       | 103      | 202      |
| Cash and cash equivalents, end of the period                    | -        | -        | -        |
| Proceeds from sales of operating companies no longer controlled | 1,889    | 466      | 2,355    |
|                                                                 | \$ 1,889 | \$ 466   | \$ 2,355 |

## 5. LONG-TERM INVESTMENTS

Long-term investments comprised the following:

|                                                                                              | September 30, 2018 | December 31, 2017 | January 1, 2017 |
|----------------------------------------------------------------------------------------------|--------------------|-------------------|-----------------|
| Long-term investments held by credit strategies <sup>(a)</sup>                               | \$ 9,994           | \$ 8,491          | \$ 7,025        |
| Investments in joint ventures and associates – at fair value through earnings <sup>(b)</sup> | 2,465              | 2,252             | 751             |
| Onex Corporation investments in managed accounts <sup>(c)</sup>                              | 214                | 774               | 325             |
| Investments in joint ventures and associates – equity-accounted <sup>(d)</sup>               | 385                | 380               | 318             |
| Other <sup>(e)</sup>                                                                         | 373                | 217               | 253             |
| Total                                                                                        | \$ 13,431          | \$ 12,114         | \$ 8,672        |

### a) Long-term investments held by credit strategies

During the nine months ended September 30, 2018, Onex completed certain transactions which impacted the balance of long-term investments held by credit strategies. These transactions are described in note 2(q) and include the closing of CLO-15, establishing the warehouse facilities for EURO CLO-3 and CLO-16, and continued investing activity for OCLP I.

### b) Investments in joint ventures and associates – at fair value through earnings

Certain investments in joint ventures and associates over which the Company has joint control or significant influence, but not control, are measured at fair value. The fair value of these investments in joint ventures and associates is assessed at each reporting date, with changes to the values being recorded through earnings.

Investments in joint ventures and associates measured at fair value through earnings primarily include investments in AIT, BBAM, JELD-WEN (since May 2017), Mavis Discount Tire (up to March 2018), Pinnacle Renewable Energy (since February 2018), PowerSchool (since August 2018) and Venanpri Group. With the exception of JELD-WEN and Pinnacle Renewable Energy, the fair value measurements for these investments include significant unobservable inputs (Level 3 of the fair value hierarchy). The fair value measurements for the investments in JELD-WEN and Pinnacle Renewable Energy include significant other observable inputs (Level 2 of the fair value hierarchy), as a marketability factor is applied to JELD-WEN and Pinnacle Renewable Energy's publicly traded share price. The joint ventures and associates typically have financing arrangements that restrict their ability to transfer cash and other assets to the Company.

Details of changes in investments in joint ventures and associates at fair value through earnings are as follows:

|                                                                             |          |
|-----------------------------------------------------------------------------|----------|
| Balance – January 1, 2017                                                   | \$ 751   |
| Purchase of investments                                                     | 6        |
| Transfer of investment in JELD-WEN no longer under control                  | 1,397    |
| Distributions received                                                      | (58)     |
| Increase in fair value of investments, net                                  | 399      |
| Balance – September 30, 2017                                                | 2,495    |
| Distributions received                                                      | (13)     |
| Sale of investments                                                         | (591)    |
| Increase in fair value of investments, net                                  | 361      |
| Balance – December 31, 2017                                                 | \$ 2,252 |
| Transfer of investment in Pinnacle Renewable Energy no longer under control | 136      |
| Distributions received                                                      | (51)     |
| Purchase of investments                                                     | 899      |
| Sale of investments                                                         | (570)    |
| Decrease in fair value of investments, net                                  | (201)    |
| Balance – September 30, 2018                                                | \$ 2,465 |

### Pinnacle Renewable Energy

In February 2018, Pinnacle Renewable Energy completed an initial public offering of approximately 15.3 million common shares. As a result of this transaction, the ONCAP II Group no longer controls Pinnacle Renewable Energy, as described in note 2(c). The interest held by the Company has been recorded as a long-term investment at fair value, with changes in fair value recognized in the unaudited interim consolidated statements of earnings.

In June 2018, Pinnacle Renewable Energy completed a secondary offering, as described in note 2(c).

### Mavis Discount Tire

In March 2018, the ONCAP III Group sold its entire investment in Mavis Discount Tire, as described in note 2(e).

### PowerSchool

In August 2018, the Onex Partners IV Group acquired an interest in PowerSchool, as described in note 2(i).

**c) Onex Corporation investments in managed accounts**

Long-term investments consist of securities that include money market instruments, federal and municipal debt instruments, corporate obligations and structured products with maturities of one year to five years. Short-term investments consist of liquid investments that include money market instruments and commercial paper with original maturities of three months to one year. The investments are managed to maintain an overall weighted average duration of two years or less. At September 30, 2018, the fair value of investments managed by third-party investment managers was \$274 (December 31, 2017 – \$1,021), of which \$60 (December 31, 2017 – \$247) was included in short-term investments and \$214 (December 31, 2017 – \$774) was included in long-term investments. The decrease in investments in managed accounts was primarily driven by redemptions by Onex to fund investments completed during the nine months ended September 30, 2018.

**d) Investments in joint ventures and associates – equity-accounted**

Certain investments in joint ventures and associates over which the Company has joint control or significant influence, but not control, are initially recognized at cost, and the carrying amount of the investment is adjusted to recognize the Company's share of the profit or loss in the investment from the date that joint control or significant influence commences until the date that joint control or significant influence ceases. The Company's share of the profit or loss is recognized in other income (expense) and any distributions received reduce the carrying amount of the investment.

At September 30, 2018 and December 31, 2017, the balances consisted primarily of investments in joint ventures and associates held by Meridian Aviation and SIG.

**e) Other long-term investments**

At September 30, 2018, the balance consisted primarily of Onex' investment in RSG, as described in note 2(g), forward contracts to economically hedge the Company's exposure to changes in the market value of Onex' SVS associated with the outstanding Deferred Share Units ("DSUs"), as described in note 1 to the 2017 audited annual consolidated financial statements, and long-term investments held by certain operating companies. At December 31, 2017, the balance consisted primarily of DSU forward contracts held by Onex, the parent company, and long-term investments held by certain operating companies.

**6. LONG-TERM DEBT OF OPERATING COMPANIES AND CREDIT STRATEGIES, WITHOUT RECOURSE TO ONEX CORPORATION**

The following describes the significant changes to Onex Corporation's long-term debt from the information provided in the 2017 audited annual consolidated financial statements, in chronological order.

**a) Onex Partners V**

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

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

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

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

**b) ONCAP IV**

In January 2018, ONCAP IV repaid \$64 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.

**c) SMG**

The Onex Partners IV Group acquired SMG in January 2018, as described in note 2(a). In January 2018, SMG entered into a senior secured credit facility consisting of a \$415 first lien term loan, a \$180 second lien term loan and a \$55 revolving credit facility. 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 was outstanding under the first lien term loan, \$180 was outstanding under the second lien term loan, of which \$44 was held by the Onex Partners IV Group, and no amounts were outstanding under the revolving credit facility.

**d) Onex Partners IV**

In January 2018, Onex Partners IV entered into a revolving credit facility, as described in note 2(a). At September 30, 2018, \$44 was outstanding under the revolving credit facility.

**e) sgsco**

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

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

At September 30, 2018, \$571 was outstanding under the first lien term loan, including the delayed draw term loan, and \$22 was outstanding under the revolving credit facility. In addition, \$105 was outstanding under the second lien term loan.

**f) SIG**

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, \$1,092 was outstanding under the U.S. dollar-denominated term loan. In addition, \$1,176 (€1,013) was outstanding under the euro-denominated term loan and \$783 (€675) was outstanding under the senior notes.

In October 2018, SIG entered into a new senior secured credit facility consisting of a €1,250 first term loan, a €350 second term loan and a €300 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 in note 2(l), were used to repay borrowings under the existing credit facility and senior notes.

**g) BrightSpring Health**

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

At September 30, 2018, \$380 was outstanding under the term loan and \$70 was outstanding under the revolving credit facility.

**h) Jack's**

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 was outstanding under the term loan and no amounts were outstanding under the revolving credit facility.

**i) WireCo**

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 was outstanding under the first lien term loan. In addition, \$135 was outstanding under the second lien term loan and \$53 was outstanding under the revolving credit facility.

**j) Celestica**

In June 2018, Celestica entered into a new \$800 secured credit facility consisting of a \$350 term loan and a \$450 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 was outstanding under the term loan and \$55 was outstanding under the revolving credit facility.

**k) Survitec**

As a result of operational difficulties driven by the ongoing integration of Wilhelmsen Safety, Survitec was not in compliance with its debt covenant ratio at June 30, 2018. In July 2018, the company amended its senior secured credit facility to revise its debt covenant ratio such that it did not have an event of default. In addition, the rate at which borrowings under the company's senior secured credit facility 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 (£140) under the pound sterling-denominated term loan; (ii) \$357 (€308) under the euro-denominated term loan; (iii) \$19 (£14) under the pound sterling-denominated acquisition facility; and (iv) \$21 (£16) under the pound sterling-denominated revolving credit facility.

**l) Credit Strategies*****OCLP I***

In February 2018, OCLP I amended its asset backed financing facility to increase the size of the facility to \$700. At September 30, 2018, \$440 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 in note 2(q). The secured notes were offered in an aggregate principal amount of \$550 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 prepayment provisions, including mandatory redemption, if certain coverage tests are not met by CLO-15. Optional redemption of the secured notes is available beginning in July 2020. Optional repricing for certain secured obligations is available subject to certain customary terms and conditions being met by CLO-15.

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

## 7. LIMITED PARTNERS' INTERESTS

The investments in the Onex Partners, ONCAP, Onex Credit Lending Partners and Onex Credit Funds by those other than Onex are presented within Limited Partners' Interests. Details of the change in Limited Partners' Interests are as follows:

|                                                                                  | Onex Partners and ONCAP Funds     |                  |                                 | Credit Strategies                              | Total           |
|----------------------------------------------------------------------------------|-----------------------------------|------------------|---------------------------------|------------------------------------------------|-----------------|
|                                                                                  | Gross Limited Partners' Interests | Carried Interest | Net Limited Partners' Interests | Net Limited Partners' Interests <sup>(i)</sup> |                 |
| Balance – January 1, 2017                                                        | \$ 8,660                          | \$ (556)         | \$ 8,104                        | \$ 370                                         | \$ 8,474        |
| Limited Partners' Interests charge <sup>(a)</sup>                                | 1,336                             | (188)            | 1,148                           | 16                                             | 1,164           |
| Contributions by Limited Partners <sup>(b)</sup>                                 | 485                               | –                | 485                             | 55                                             | 540             |
| Distributions paid to Limited Partners <sup>(c)</sup>                            | (2,083)                           | 238              | (1,845)                         | (13)                                           | (1,858)         |
| Limited partnership interest acquired by Onex, the parent company <sup>(d)</sup> | (354)                             | –                | (354)                           | –                                              | (354)           |
| Balance – September 30, 2017                                                     | 8,044                             | (506)            | 7,538                           | 428                                            | 7,966           |
| Limited Partners' Interests charge <sup>(a)</sup>                                | 209                               | (27)             | 182                             | 4                                              | 186             |
| Contributions by Limited Partners <sup>(b)</sup>                                 | 75                                | –                | 75                              | 58                                             | 133             |
| Distributions paid to Limited Partners <sup>(c)</sup>                            | (499)                             | 69               | (430)                           | (29)                                           | (459)           |
| Limited partnership interest sold by Onex, the parent company <sup>(d)</sup>     | 198                               | –                | 198                             | –                                              | 198             |
| Balance – December 31, 2017 <sup>(e)</sup>                                       | 8,027                             | (464)            | 7,563                           | 461                                            | 8,024           |
| Limited Partners' Interests charge <sup>(a)</sup>                                | <b>186</b>                        | <b>12</b>        | <b>198</b>                      | <b>35</b>                                      | <b>233</b>      |
| Contributions by Limited Partners <sup>(b)</sup>                                 | <b>1,150</b>                      | <b>–</b>         | <b>1,150</b>                    | <b>129</b>                                     | <b>1,279</b>    |
| Distributions paid to Limited Partners <sup>(c)</sup>                            | <b>(603)</b>                      | <b>54</b>        | <b>(549)</b>                    | <b>(92)</b>                                    | <b>(641)</b>    |
| Balance – September 30, 2018                                                     | <b>8,760</b>                      | <b>(398)</b>     | <b>8,362</b>                    | <b>533</b>                                     | <b>8,895</b>    |
| Current portion of Limited Partners' Interests <sup>(e)</sup>                    | <b>(456)</b>                      | <b>43</b>        | <b>(413)</b>                    | <b>–</b>                                       | <b>(413)</b>    |
| Non-current portion of Limited Partners' Interests                               | <b>\$ 8,304</b>                   | <b>\$ (355)</b>  | <b>\$ 7,949</b>                 | <b>\$ 533</b>                                  | <b>\$ 8,482</b> |

(i) Net of incentive fees in the credit strategies.

**a)** The gross Limited Partners' Interests charge for the Onex Partners and ONCAP Funds is primarily due to net fair value increases of the underlying investments in the Onex Partners and ONCAP Funds. Onex' share of the change in carried interest was a decrease of \$5 for the nine months ended September 30, 2018 (2017 – an increase of \$71) and an increase of \$84 for the year ended December 31, 2017.

**b)** The following tables show contributions by limited partners of the Onex Partners and ONCAP Funds for the nine months ended September 30, 2018 and 2017 and for the year ended December 31, 2017.

| Company                                                | Fund             | Transaction         | Contribution    |
|--------------------------------------------------------|------------------|---------------------|-----------------|
| PowerSchool                                            | Onex Partners IV | Original investment | <b>\$ 589</b>   |
| SMG                                                    | Onex Partners IV | Original investment | <b>290</b>      |
| Walter Surface Technologies                            | ONCAP IV         | Original investment | <b>82</b>       |
| Precision                                              | ONCAP IV         | Original investment | <b>67</b>       |
| Laces <sup>(i)</sup>                                   | ONCAP IV         | Original investment | <b>60</b>       |
| AutoSource                                             | ONCAP IV         | Original investment | <b>25</b>       |
| Management fees, partnership expenses and other        | Various          | Various             | <b>37</b>       |
| Contributions by Limited Partners – September 30, 2018 |                  |                     | <b>\$ 1,150</b> |

(i) Contributions received were used to repay borrowings under the ONCAP IV credit facility, as described in note 6(b).

| Company                                                | Fund             | Transaction         | Contribution |
|--------------------------------------------------------|------------------|---------------------|--------------|
| Parkdean Resorts <sup>(i)</sup>                        | Onex Partners IV | Original investment | \$ 446       |
| Management fees, partnership expenses and other        | Various          | Various             | 39           |
| Contributions by Limited Partners – September 30, 2017 |                  |                     | \$ 485       |
| IntraPac                                               | ONCAP IV         | Original investment | 72           |
| Management fees, partnership expenses and other        | Various          | Various             | 3            |
| Contributions by Limited Partners – December 31, 2017  |                  |                     | \$ 560       |

(i) Includes amounts from certain limited partners and others.

c) The following tables show distributions made to limited partners of the Onex Partners and ONCAP Funds for the nine months ended September 30, 2018 and 2017 and the year ended December 31, 2017.

| Company                                                | Fund              | Transaction                                                                    | Distribution |
|--------------------------------------------------------|-------------------|--------------------------------------------------------------------------------|--------------|
| Mavis Discount Tire <sup>(i)</sup>                     | ONCAP III         | Sale of business                                                               | \$ 311       |
| Emerald Expositions                                    | Onex Partners III | Secondary offering and dividends                                               | 85           |
| Parkdean Resorts <sup>(i)</sup>                        | Onex Partners IV  | Repayment of loan note                                                         | 52           |
| Pinnacle Renewable Energy                              | ONCAP II          | Repayment of shareholder subordinated debt,<br>secondary offering and dividend | 25           |
| BBAM                                                   | Onex Partners III | Distributions                                                                  | 22           |
| PURE Canadian Gaming                                   | ONCAP II & III    | Distribution                                                                   | 20           |
| Meridian Aviation                                      | Onex Partners III | Distribution                                                                   | 15           |
| Other                                                  | Various           | Various                                                                        | 19           |
| Distributions to Limited Partners – September 30, 2018 |                   |                                                                                | \$ 549       |

(i) Includes amounts distributed to certain limited partners and others.

| Company                                                | Fund              | Transaction                               | Distribution |
|--------------------------------------------------------|-------------------|-------------------------------------------|--------------|
| USI <sup>(i)</sup>                                     | Onex Partners III | Sale of business                          | \$ 1,198     |
| JELD-WEN <sup>(ii)</sup>                               | Onex Partners III | Initial and secondary offerings           | 393          |
| Emerald Expositions                                    | Onex Partners III | Initial public offering and dividend      | 86           |
| Jack's                                                 | Onex Partners IV  | Distribution                              | 58           |
| Hopkins                                                | ONCAP III         | Distribution                              | 41           |
| Tecta <sup>(iii)</sup>                                 | ONCAP III         | Syndication                               | 24           |
| BBAM                                                   | Onex Partners III | Distribution                              | 21           |
| Genesis Healthcare                                     | Onex Partners I   | Sale of shares                            | 13           |
| PURE Canadian Gaming                                   | ONCAP II & III    | Distribution                              | 6            |
| Other                                                  | Various           | Various                                   | 5            |
| Distributions to Limited Partners – September 30, 2017 |                   |                                           | \$ 1,845     |
| JELD-WEN <sup>(ii)</sup>                               | Onex Partners III | Secondary offering                        | 298          |
| BBAM                                                   | Onex Partners III | Distribution and partial sale of business | 88           |
| Emerald Expositions                                    | Onex Partners III | Dividends                                 | 6            |
| Bradshaw                                               | ONCAP III         | Distribution                              | 34           |
| Other                                                  | Various           | Various                                   | 4            |
| Distributions to Limited Partners – December 31, 2017  |                   |                                           | \$ 2,275     |

(i) Includes amounts distributed to certain limited partners and others.

(ii) Represents contributions returned to the limited partners of ONCAP III from the syndication of a portion of the Tecta investment to ONCAP IV in 2016.

d) In September 2017, Onex, the parent company, acquired an interest in Onex Partners IV from a limited partner.

In October 2017, Onex, the parent company, sold a portion of the acquired interest in Onex Partners IV to certain limited partners.

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

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

## 8. SHARE CAPITAL

a) At September 30, 2018, the issued and outstanding share capital consisted of 100,000 Multiple Voting Shares (December 31, 2017 – 100,000) and 100,783,293 SVS (December 31, 2017 – 101,532,181). The Multiple Voting Shares have a nominal paid-in value in these unaudited interim consolidated financial statements.

There were no issued and outstanding Senior and Junior Preferred shares at September 30, 2018 or December 31, 2017.

The Company increased its quarterly dividend by 17% to C\$0.0875 per SVS beginning with the dividend declared by the Board of Directors in May 2018.

b) During the first nine months of 2018, under the Dividend Reinvestment Plan, the Company issued 5,440 SVS (2017 – 5,643) at an average cost of C\$93.70 per share (2017 – C\$95.64). In the first nine months of 2018 and 2017, no SVS were issued upon the exercise of stock options.

Onex renewed its Normal Course Issuer Bid in April 2018 for one year, permitting the Company to purchase on the Toronto Stock Exchange up to 10% of the public float of its SVS. The 10% limit represents approximately 8.3 million shares.

During the first nine months of 2018, the Company repurchased and cancelled 754,328 of its SVS at a cost of \$54 (C\$69). The excess of the purchase cost of these shares over the average paid-in amount was \$52 (C\$66), which was charged to retained earnings. The shares repurchased were comprised of: (i) 254,328 SVS repurchased under the Normal Course Issuer Bids for a total cost of \$18 (C\$23) or an average cost per share of \$71.60 (C\$89.34); and (ii) 500,000 SVS repurchased in a private transaction for a total cost of \$36 (C\$47) or an average cost per share of \$72.23 (C\$93.00).

During the first nine months of 2017, the Company repurchased and cancelled 1,080,395 of its SVS at a cost of \$78 (C\$103). The excess of the purchase cost of these shares over the average paid-in amount was \$75 (C\$99), which was charged to retained earnings. The shares repurchased were comprised of: (i) 330,395 SVS repurchased under the Normal Course Issuer Bids for a total cost of \$25 (C\$32) or an average cost per share of \$76.36 (C\$96.71); and (ii) 750,000 SVS repurchased in a private transaction for a total cost of \$53 (C\$71) or an average cost per share of \$71.24 (C\$94.98).

c) During the first nine months of 2018, the total cash consideration paid on 379,475 options (2017 – 503,841) surrendered was \$20 (C\$26) (2017 – \$25 (C\$34)). This amount represents the difference between the market value of the SVS at the time of surrender and the exercise price, both as determined under Onex' Stock Option plan, as described in note 20(e) to the 2017 audited annual consolidated financial statements.

During the first nine months of 2018, the Company issued 1,075,750 options to acquire SVS with a weighted average exercise price of C\$92.17 per share. The options vest at a rate of 20% per year from the date of grant.

In addition, 75,180 options (2017 – 119,300) expired during the first nine months of 2018. At September 30, 2018, the Company had 12,999,537 options (December 31, 2017 – 12,378,442) outstanding to acquire SVS, of which 6,959,517 options were vested and exercisable. The exercisable options at September 30, 2018 had a weighted average exercise price of C\$50.90.

d) During the second quarter of 2018, an annual grant of 26,931 DSUs (2017 – 27,720) was issued to the Directors. During the first nine months of 2018 and 2017, no DSUs were redeemed. At September 30, 2018, 739,953 Director DSUs were outstanding (December 31, 2017 – 704,036).

Certain members of Onex management have chosen in prior years to apply a portion of their annual compensation earned to acquire DSUs based on the market value of Onex shares at the time. In early 2018, 74,646 DSUs (2017 – 28,670) were issued to certain members of Onex management in lieu of a portion of cash compensation for the prior fiscal year. At September 30, 2018, 742,388 Management DSUs were outstanding (December 31, 2017 – 665,921).

The Company has entered into forward agreements with a counterparty financial institution to hedge the Company's exposure to changes in the market value of Onex' SVS associated with 79% of the outstanding Director DSUs and all of the outstanding Management DSUs, as described in note 1 to the 2017 audited annual consolidated financial statements.

## 9. REVENUE

The Company derives revenue primarily from the transfer of goods and services and has recognized the following amounts of revenue in the statements of earnings:

| Three months ended<br>September 30, 2018           | Electronics<br>Manufacturing<br>Services | Healthcare<br>Imaging | Health<br>and Human<br>Services | Insurance<br>Services | Packaging<br>Products<br>and<br>Services | Business<br>and<br>Information<br>Services | Food<br>Retail and<br>Restaurants | Credit<br>Strategies | Other           | Consolidated<br>Total |
|----------------------------------------------------|------------------------------------------|-----------------------|---------------------------------|-----------------------|------------------------------------------|--------------------------------------------|-----------------------------------|----------------------|-----------------|-----------------------|
| <b>Type of revenue</b>                             |                                          |                       |                                 |                       |                                          |                                            |                                   |                      |                 |                       |
| Revenue from product sales                         | \$ 1,647                                 | \$ 300                | \$ 31                           | \$ -                  | \$ 560                                   | \$ 34                                      | \$ 605                            | \$ -                 | \$ 827          | \$ 4,004              |
| Revenue from the provision<br>of services          | 64                                       | 88                    | 435                             | 198                   | 62                                       | 376                                        | 13                                | 1                    | 628             | 1,865                 |
| Revenue from bundled product<br>sales and services | -                                        | -                     | -                               | -                     | -                                        | -                                          | 492                               | -                    | 162             | 654                   |
| Leasing revenue                                    | -                                        | -                     | -                               | 1                     | 22                                       | -                                          | -                                 | -                    | 20              | 43                    |
| Royalties                                          | -                                        | -                     | -                               | -                     | 5                                        | -                                          | -                                 | -                    | -               | 5                     |
| <b>Total revenues</b>                              | <b>\$ 1,711</b>                          | <b>\$ 388</b>         | <b>\$ 466</b>                   | <b>\$ 199</b>         | <b>\$ 649</b>                            | <b>\$ 410</b>                              | <b>\$ 1,110</b>                   | <b>\$ 1</b>          | <b>\$ 1,637</b> | <b>\$ 6,571</b>       |

### Timing of revenue recognition

|                                          |                 |               |               |               |               |               |                 |             |                 |                 |
|------------------------------------------|-----------------|---------------|---------------|---------------|---------------|---------------|-----------------|-------------|-----------------|-----------------|
| Revenue recognized at<br>a point in time | \$ 81           | \$ 388        | \$ 466        | \$ -          | \$ 589        | \$ 170        | \$ 1,110        | \$ -        | \$ 886          | \$ 3,690        |
| Revenue recognized over time             | 1,630           | -             | -             | 199           | 60            | 240           | -               | 1           | 751             | 2,881           |
| <b>Total revenues</b>                    | <b>\$ 1,711</b> | <b>\$ 388</b> | <b>\$ 466</b> | <b>\$ 199</b> | <b>\$ 649</b> | <b>\$ 410</b> | <b>\$ 1,110</b> | <b>\$ 1</b> | <b>\$ 1,637</b> | <b>\$ 6,571</b> |

| Three months ended<br>September 30, 2017           | Electronics<br>Manufacturing<br>Services | Healthcare<br>Imaging | Health<br>and Human<br>Services | Insurance<br>Services | Packaging<br>Products<br>and<br>Services | Business<br>and<br>Information<br>Services | Food<br>Retail and<br>Restaurants | Credit<br>Strategies | Other           | Consolidated<br>Total |
|----------------------------------------------------|------------------------------------------|-----------------------|---------------------------------|-----------------------|------------------------------------------|--------------------------------------------|-----------------------------------|----------------------|-----------------|-----------------------|
| <b>Type of revenue</b>                             |                                          |                       |                                 |                       |                                          |                                            |                                   |                      |                 |                       |
| Revenue from product sales                         | \$ 1,481                                 | \$ 363                | \$ 24                           | \$ -                  | \$ 540                                   | \$ 6                                       | \$ 661                            | \$ -                 | \$ 785          | \$ 3,860              |
| Revenue from the provision<br>of services          | 53                                       | 104                   | 420                             | 194                   | 44                                       | 327                                        | 17                                | 1                    | 572             | 1,732                 |
| Revenue from bundled product<br>sales and services | -                                        | -                     | -                               | -                     | -                                        | -                                          | 591                               | -                    | 145             | 736                   |
| Leasing revenue                                    | -                                        | -                     | -                               | 1                     | 19                                       | -                                          | -                                 | -                    | 5               | 25                    |
| Royalties                                          | -                                        | -                     | -                               | -                     | 6                                        | -                                          | -                                 | -                    | 1               | 7                     |
| <b>Total revenues</b>                              | <b>\$ 1,534</b>                          | <b>\$ 467</b>         | <b>\$ 444</b>                   | <b>\$ 195</b>         | <b>\$ 609</b>                            | <b>\$ 333</b>                              | <b>\$ 1,269</b>                   | <b>\$ 1</b>          | <b>\$ 1,508</b> | <b>\$ 6,360</b>       |

### Timing of revenue recognition

|                                          |                 |               |               |               |               |               |                 |             |                 |                 |
|------------------------------------------|-----------------|---------------|---------------|---------------|---------------|---------------|-----------------|-------------|-----------------|-----------------|
| Revenue recognized at<br>a point in time | \$ 79           | \$ 467        | \$ 444        | \$ -          | \$ 554        | \$ 135        | \$ 1,269        | \$ -        | \$ 776          | \$ 3,724        |
| Revenue recognized over time             | 1,455           | -             | -             | 195           | 55            | 198           | -               | 1           | 732             | 2,636           |
| <b>Total revenues</b>                    | <b>\$ 1,534</b> | <b>\$ 467</b> | <b>\$ 444</b> | <b>\$ 195</b> | <b>\$ 609</b> | <b>\$ 333</b> | <b>\$ 1,269</b> | <b>\$ 1</b> | <b>\$ 1,508</b> | <b>\$ 6,360</b> |

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

| Nine months ended<br>September 30, 2018            | Electronics<br>Manufacturing<br>Services | Healthcare<br>Imaging | Health<br>and Human<br>Services | Insurance<br>Services | Packaging<br>Products<br>and<br>Services | Business<br>and<br>Information<br>Services | Food<br>Retail and<br>Restaurants | Credit<br>Strategies | Other           | Consolidated<br>Total |
|----------------------------------------------------|------------------------------------------|-----------------------|---------------------------------|-----------------------|------------------------------------------|--------------------------------------------|-----------------------------------|----------------------|-----------------|-----------------------|
| <b>Type of revenue</b>                             |                                          |                       |                                 |                       |                                          |                                            |                                   |                      |                 |                       |
| Revenue from product sales                         | \$ 4,731                                 | \$ 907                | \$ 87                           | \$ -                  | \$ 1,672                                 | \$ 123                                     | \$ 1,812                          | \$ -                 | \$ 2,268        | \$ 11,600             |
| Revenue from the provision<br>of services          | 175                                      | 273                   | 1,259                           | 594                   | 177                                      | 1,120                                      | 43                                | 3                    | 1,712           | 5,356                 |
| Revenue from bundled product<br>sales and services | -                                        | -                     | -                               | -                     | -                                        | -                                          | 1,515                             | -                    | 418             | 1,933                 |
| Leasing revenue                                    | -                                        | -                     | -                               | 2                     | 64                                       | -                                          | 1                                 | -                    | 65              | 132                   |
| Royalties                                          | -                                        | -                     | -                               | -                     | 19                                       | -                                          | -                                 | -                    | 1               | 20                    |
| <b>Total revenues</b>                              | <b>\$ 4,906</b>                          | <b>\$ 1,180</b>       | <b>\$ 1,346</b>                 | <b>\$ 596</b>         | <b>\$ 1,932</b>                          | <b>\$ 1,243</b>                            | <b>\$ 3,371</b>                   | <b>\$ 3</b>          | <b>\$ 4,464</b> | <b>\$ 19,041</b>      |

### Timing of revenue recognition

|                                          |                 |                 |                 |               |                 |                 |                 |             |                 |                  |
|------------------------------------------|-----------------|-----------------|-----------------|---------------|-----------------|-----------------|-----------------|-------------|-----------------|------------------|
| Revenue recognized at<br>a point in time | \$ 233          | \$ 1,180        | \$ 1,346        | \$ -          | \$ 1,755        | \$ 561          | \$ 3,370        | \$ -        | \$ 2,248        | \$ 10,693        |
| Revenue recognized over time             | 4,673           | -               | -               | 596           | 177             | 682             | 1               | 3           | 2,216           | 8,348            |
| <b>Total revenues</b>                    | <b>\$ 4,906</b> | <b>\$ 1,180</b> | <b>\$ 1,346</b> | <b>\$ 596</b> | <b>\$ 1,932</b> | <b>\$ 1,243</b> | <b>\$ 3,371</b> | <b>\$ 3</b> | <b>\$ 4,464</b> | <b>\$ 19,041</b> |

| Nine months ended<br>September 30, 2017            | Electronics<br>Manufacturing<br>Services | Healthcare<br>Imaging | Health<br>and Human<br>Services | Insurance<br>Services | Packaging<br>Products<br>and<br>Services | Business<br>and<br>Information<br>Services | Food<br>Retail and<br>Restaurants | Credit<br>Strategies | Other           | Consolidated<br>Total |
|----------------------------------------------------|------------------------------------------|-----------------------|---------------------------------|-----------------------|------------------------------------------|--------------------------------------------|-----------------------------------|----------------------|-----------------|-----------------------|
| <b>Type of revenue</b>                             |                                          |                       |                                 |                       |                                          |                                            |                                   |                      |                 |                       |
| Revenue from product sales                         | \$ 4,424                                 | \$ 1,073              | \$ 75                           | \$ -                  | \$ 1,493                                 | \$ 16                                      | \$ 1,885                          | \$ -                 | \$ 2,136        | \$ 11,102             |
| Revenue from the provision<br>of services          | 149                                      | 319                   | 1,252                           | 572                   | 125                                      | 961                                        | 47                                | 3                    | 1,597           | 5,025                 |
| Revenue from bundled product<br>sales and services | -                                        | -                     | -                               | -                     | -                                        | -                                          | 1,652                             | -                    | 364             | 2,016                 |
| Leasing revenue                                    | -                                        | -                     | -                               | 2                     | 56                                       | -                                          | 1                                 | -                    | 39              | 98                    |
| Royalties                                          | -                                        | -                     | -                               | -                     | 7                                        | -                                          | -                                 | -                    | 2               | 9                     |
| <b>Total revenues</b>                              | <b>\$ 4,573</b>                          | <b>\$ 1,392</b>       | <b>\$ 1,327</b>                 | <b>\$ 574</b>         | <b>\$ 1,681</b>                          | <b>\$ 977</b>                              | <b>\$ 3,585</b>                   | <b>\$ 3</b>          | <b>\$ 4,138</b> | <b>\$ 18,250</b>      |

### Timing of revenue recognition

|                                          |                 |                 |                 |               |                 |               |                 |             |                 |                  |
|------------------------------------------|-----------------|-----------------|-----------------|---------------|-----------------|---------------|-----------------|-------------|-----------------|------------------|
| Revenue recognized at<br>a point in time | \$ 220          | \$ 1,392        | \$ 1,327        | \$ -          | \$ 1,533        | \$ 435        | \$ 3,584        | \$ -        | \$ 2,126        | \$ 10,617        |
| Revenue recognized over time             | 4,353           | -               | -               | 574           | 148             | 542           | 1               | 3           | 2,012           | 7,633            |
| <b>Total revenues</b>                    | <b>\$ 4,573</b> | <b>\$ 1,392</b> | <b>\$ 1,327</b> | <b>\$ 574</b> | <b>\$ 1,681</b> | <b>\$ 977</b> | <b>\$ 3,585</b> | <b>\$ 3</b> | <b>\$ 4,138</b> | <b>\$ 18,250</b> |

## 10. OTHER GAINS

|                                                                       | Three months ended September 30 |               | Nine months ended September 30 |               |
|-----------------------------------------------------------------------|---------------------------------|---------------|--------------------------------|---------------|
|                                                                       | 2018                            | 2017          | 2018                           | 2017          |
| Gain from loss of control of Pinnacle Renewable Energy <sup>(a)</sup> | \$ -                            | \$ -          | \$ 82                          | \$ -          |
| Gain on sale by Carestream Health <sup>(b)</sup>                      | -                               | 658           | -                              | 658           |
| <b>Total other gains</b>                                              | <b>\$ -</b>                     | <b>\$ 658</b> | <b>\$ 82</b>                   | <b>\$ 658</b> |

a) In February 2018, Pinnacle Renewable Energy completed an initial public offering, resulting in a gain of \$82 being recognized by the Company, as described in note 2(c).

b) In September 2017, Carestream Health completed the sale of its Dental Digital business for an enterprise value of \$810. Carestream Health received net proceeds of \$782 from the sale. The sale of the Dental Digital business resulted in the recognition of a pre-tax gain of \$658.

## 11. OTHER EXPENSE (INCOME)

|                                                                                           | Three months ended September 30 |        | Nine months ended September 30 |        |
|-------------------------------------------------------------------------------------------|---------------------------------|--------|--------------------------------|--------|
|                                                                                           | 2018                            | 2017   | 2018                           | 2017   |
| Transition, integration and other <sup>(a)</sup>                                          | \$ 31                           | \$ 45  | \$ 115                         | \$ 127 |
| Transaction costs <sup>(b)</sup>                                                          | 33                              | 10     | 57                             | 46     |
| Restructuring <sup>(c)</sup>                                                              | 30                              | 52     | 55                             | 112    |
| Carried interest charge (recovery) due to Onex and ONCAP management <sup>(d)</sup>        | (10)                            | 36     | 11                             | 119    |
| Change in fair value of contingent consideration, net                                     | -                               | (7)    | (6)                            | (25)   |
| Foreign exchange losses (gains), net <sup>(e)</sup>                                       | (39)                            | 97     | (6)                            | 54     |
| Derivatives gains, net <sup>(f)</sup>                                                     | (23)                            | (49)   | (14)                           | (16)   |
| Change in fair value of other investments, net                                            | (12)                            | 5      | (15)                           | 41     |
| Losses (gains) on investments and long-term debt in credit strategies, net <sup>(g)</sup> | (79)                            | 21     | (82)                           | 88     |
| Other                                                                                     | (1)                             | (11)   | (48)                           | (17)   |
| Total other expense (income)                                                              | \$ (70)                         | \$ 199 | \$ 67                          | \$ 529 |

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

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

b) 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.

c) 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.

The closing balance of restructuring provisions, including amounts from acquisitions, consisted of the following at:

|                                         | September 30, 2018 | December 31, 2017 | January 1, 2017 |
|-----------------------------------------|--------------------|-------------------|-----------------|
| Employee termination costs              | \$ 37              | \$ 51             | \$ 40           |
| Lease and other contractual obligations | 9                  | 15                | 7               |
| Facility exit costs and other           | 3                  | 4                 | 3               |
|                                         | \$ 49              | \$ 70             | \$ 50           |

d) Carried interest charge reflects the change in the amount of carried interest due to Onex and ONCAP management through the Onex Partners and ONCAP Funds. Unrealized carried interest is calculated based on the current fair values of the Funds' investments and the overall unrealized gains in each respective Fund in accordance with the limited partnership agreements. The unrealized carried interest liability is recorded primarily in other non-current liabilities and reduces the Limited Partners' Interests, as described in note 7. The liability will ultimately be settled upon the realization of the underlying investments in each respective Onex Partners and ONCAP Fund.

During the nine months ended September 30, 2018, a charge of \$11 (2017 – \$119) was recorded in the consolidated statements of earnings for an increase in management's share of the carried interest primarily due to an increase in the fair value of certain of the investments in the Onex Partners and ONCAP Funds.

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

f) Derivatives gains primarily relate to embedded derivatives associated with debt agreements and foreign exchange hedges.

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

## 12. IMPAIRMENT OF GOODWILL, INTANGIBLE ASSETS AND LONG-LIVED ASSETS, NET

|                                 | Three months ended September 30 |       | Nine months ended September 30 |        |
|---------------------------------|---------------------------------|-------|--------------------------------|--------|
|                                 | 2018                            | 2017  | 2018                           | 2017   |
| Parkdean Resorts <sup>(a)</sup> | \$ 170                          | \$ -  | \$ 170                         | \$ -   |
| Save-A-Lot <sup>(b)</sup>       | 70                              | -     | 71                             | -      |
| Schumacher <sup>(c)</sup>       | 50                              | 103   | 50                             | 103    |
| Other, net                      | 13                              | (15)  | 12                             | 14     |
| Total                           | \$ 303                          | \$ 88 | \$ 303                         | \$ 117 |

a) During the third quarter of 2018, Parkdean Resorts recorded a non-cash goodwill impairment charge of \$170, measured in accordance with IAS 36, *Impairment of Assets*, primarily due to lower than expected caravan sales driven by a reduction in consumer spending in the United Kingdom which is impacted by ongoing uncertainty surrounding the United Kingdom's pending withdrawal from the European Union. The impairment was calculated on a fair value less costs of disposal basis. The recoverable amount was a Level 3 measurement in the fair value hierarchy as a result of significant unobservable inputs used in determining the recoverable amount. The impairment charge was recorded in the other segment.

b) During the third quarter of 2018, Save-A-Lot recorded a non-cash impairment charge of \$70 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.

c) During the third quarter of 2018, Schumacher recorded a non-cash goodwill impairment charge of \$50, measured in accordance with IAS 36, *Impairment of Assets*, primarily due to lower patient volumes. The impairment was calculated on a fair value less costs of disposal basis. The recoverable amount was a Level 3 measurement in the fair value hierarchy as a result of significant unobservable inputs used in determining the recoverable amount. The impairment charge was recorded in the other segment.

During the third quarter of 2017, Schumacher recorded a non-cash goodwill impairment charge of \$103, measured in accordance with IAS 36, *Impairment of Assets*, primarily due to changes in customer mix related to the implementation of the Affordable Care Act. The impairment was calculated on a fair value less costs of disposal basis. The recoverable amount was a Level 3 measurement in the fair value hierarchy as a result of significant unobservable inputs used in determining the recoverable amount. The impairment charge was recorded in the other segment.

## 13. NET EARNINGS (LOSS) PER SUBORDINATE VOTING SHARE

The weighted average number of SVS for the purpose of the loss per share calculations was as follows:

|                                                                      | Three months ended September 30 |      | Nine months ended September 30 |      |
|----------------------------------------------------------------------|---------------------------------|------|--------------------------------|------|
|                                                                      | 2018                            | 2017 | 2018                           | 2017 |
| Weighted average number of shares outstanding <i>(in millions)</i> : |                                 |      |                                |      |
| Basic                                                                | 101                             | 102  | 101                            | 102  |
| Diluted                                                              | 101                             | 102  | 101                            | 102  |

# 14. FINANCIAL INSTRUMENTS

Financial assets held by the Company, presented by financial statement line item, were as follows:

|                                    | Fair Value<br>through Net Earnings |               | Fair Value<br>through OCI | Amortized<br>Cost             | Total            |
|------------------------------------|------------------------------------|---------------|---------------------------|-------------------------------|------------------|
|                                    | Recognized                         | Designated    |                           |                               |                  |
| <b>September 30, 2018</b>          |                                    |               |                           |                               |                  |
| <b>Assets as per balance sheet</b> |                                    |               |                           |                               |                  |
| Cash and cash equivalents          | \$ 2,570                           | \$ -          | \$ -                      | \$ -                          | \$ 2,570         |
| Short-term investments             | 70                                 | -             | 12                        | -                             | 82               |
| Accounts receivable                | 13                                 | -             | -                         | 3,297                         | 3,310            |
| Other current assets               | 194                                | -             | 2                         | 574                           | 770              |
| Long-term investments              | 12,250                             | 768           | 28                        | -                             | 13,046           |
| Other non-current assets           | 150                                | -             | 9                         | 117                           | 276              |
| <b>Total</b>                       | <b>\$ 15,247</b>                   | <b>\$ 768</b> | <b>\$ 51</b>              | <b>\$ 3,988<sup>(i)</sup></b> | <b>\$ 20,054</b> |

(i) The carrying value of financial assets at amortized cost approximates their fair value.

|                                    | Fair Value<br>through Net Earnings |                  | Available-<br>for-Sale | Loans and<br>Receivables      | Derivatives<br>Used for<br>Hedging | Total            |
|------------------------------------|------------------------------------|------------------|------------------------|-------------------------------|------------------------------------|------------------|
|                                    | Recognized                         | Designated       |                        |                               |                                    |                  |
| <b>December 31, 2017</b>           |                                    |                  |                        |                               |                                    |                  |
| <b>Assets as per balance sheet</b> |                                    |                  |                        |                               |                                    |                  |
| Cash and cash equivalents          | \$ -                               | \$ 3,376         | \$ -                   | \$ -                          | \$ -                               | \$ 3,376         |
| Short-term investments             | 247                                | -                | 11                     | -                             | -                                  | 258              |
| Accounts receivable                | -                                  | -                | -                      | 3,320                         | -                                  | 3,320            |
| Other current assets               | 2                                  | 150              | -                      | 430                           | 31                                 | 613              |
| Long-term investments              | 4,039                              | 7,516            | 77                     | 10                            | 92                                 | 11,734           |
| Other non-current assets           | 110                                | 67               | -                      | 115                           | 7                                  | 299              |
| <b>Total</b>                       | <b>\$ 4,398</b>                    | <b>\$ 11,109</b> | <b>\$ 88</b>           | <b>\$ 3,875<sup>(i)</sup></b> | <b>\$ 130</b>                      | <b>\$ 19,600</b> |

(i) The carrying value of loans and receivables approximates their fair value.

|                                    | Fair Value<br>through Net Earnings |                 | Available-<br>for-Sale | Loans and<br>Receivables      | Derivatives<br>Used for<br>Hedging | Total            |
|------------------------------------|------------------------------------|-----------------|------------------------|-------------------------------|------------------------------------|------------------|
|                                    | Recognized                         | Designated      |                        |                               |                                    |                  |
| <b>January 1, 2017</b>             |                                    |                 |                        |                               |                                    |                  |
| <b>Assets as per balance sheet</b> |                                    |                 |                        |                               |                                    |                  |
| Cash and cash equivalents          | \$ -                               | \$ 2,371        | \$ -                   | \$ -                          | \$ -                               | \$ 2,371         |
| Short-term investments             | 147                                | -               | 7                      | -                             | -                                  | 154              |
| Accounts receivable                | -                                  | -               | -                      | 3,873                         | -                                  | 3,873            |
| Other current assets               | 9                                  | 314             | -                      | 514                           | 13                                 | 850              |
| Long-term investments              | 1,979                              | 6,221           | 71                     | -                             | 83                                 | 8,354            |
| Other non-current assets           | 94                                 | 197             | -                      | 94                            | 9                                  | 394              |
| <b>Total</b>                       | <b>\$ 2,229</b>                    | <b>\$ 9,103</b> | <b>\$ 78</b>           | <b>\$ 4,481<sup>(i)</sup></b> | <b>\$ 105</b>                      | <b>\$ 15,996</b> |

(i) The carrying value of loans and receivables approximates their fair value.

Financial liabilities held by the Company, presented by financial statement line item, were as follows:

|                                          | Fair Value<br>through Net Earnings |                  | Financial<br>Liabilities at<br>Amortized Cost | Total            |
|------------------------------------------|------------------------------------|------------------|-----------------------------------------------|------------------|
|                                          | Recognized                         | Designated       |                                               |                  |
| <b>September 30, 2018</b>                |                                    |                  |                                               |                  |
| <b>Liabilities as per balance sheet</b>  |                                    |                  |                                               |                  |
| Accounts payable and accrued liabilities | \$ -                               | \$ -             | \$ 4,310                                      | \$ 4,310         |
| Other current liabilities                | 59                                 | 1                | 353                                           | 413              |
| Long-term debt <sup>(i)</sup>            | -                                  | 7,948            | 15,851                                        | 23,799           |
| Obligations under finance leases         | -                                  | -                | 383                                           | 383              |
| Other non-current liabilities            | 283                                | 24               | 150                                           | 457              |
| Limited Partners' Interests              | -                                  | 8,895            | -                                             | 8,895            |
| <b>Total</b>                             | <b>\$ 342</b>                      | <b>\$ 16,868</b> | <b>\$ 21,047</b>                              | <b>\$ 38,257</b> |

(i) Long-term debt is presented gross of financing charges.

| Fair Value<br>through Net Earnings       |               | Financial<br>Liabilities at<br>Amortized Cost | Derivatives Used<br>for Hedging | Total        |                  |
|------------------------------------------|---------------|-----------------------------------------------|---------------------------------|--------------|------------------|
| Recognized                               | Designated    |                                               |                                 |              |                  |
| <b>December 31, 2017</b>                 |               |                                               |                                 |              |                  |
| <b>Liabilities as per balance sheet</b>  |               |                                               |                                 |              |                  |
| Accounts payable and accrued liabilities | \$ -          | \$ -                                          | \$ 4,331                        | \$ -         | \$ 4,331         |
| Other current liabilities                | 11            | 19                                            | 184                             | 10           | 224              |
| Long-term debt <sup>(ii)</sup>           | -             | 7,575                                         | 14,782                          | -            | 22,357           |
| Obligations under finance leases         | -             | -                                             | 392                             | -            | 392              |
| Other non-current liabilities            | 386           | 11                                            | 135                             | 14           | 546              |
| Limited Partners' Interests              | -             | 8,024                                         | -                               | -            | 8,024            |
| <b>Total</b>                             | <b>\$ 397</b> | <b>\$ 15,629</b>                              | <b>\$ 19,824</b>                | <b>\$ 24</b> | <b>\$ 35,874</b> |

(i) Long-term debt is presented gross of financing charges.

| Fair Value<br>through Net Earnings       |               | Financial<br>Liabilities at<br>Amortized Cost | Derivatives Used<br>for Hedging | Total        |                  |
|------------------------------------------|---------------|-----------------------------------------------|---------------------------------|--------------|------------------|
| Recognized                               | Designated    |                                               |                                 |              |                  |
| <b>January 1, 2017</b>                   |               |                                               |                                 |              |                  |
| <b>Liabilities as per balance sheet</b>  |               |                                               |                                 |              |                  |
| Accounts payable and accrued liabilities | \$ -          | \$ -                                          | \$ 4,059                        | \$ -         | \$ 4,059         |
| Other current liabilities                | 43            | 21                                            | 300                             | 59           | 423              |
| Long-term debt <sup>(i)</sup>            | -             | 5,855                                         | 17,394                          | -            | 23,249           |
| Obligations under finance leases         | -             | -                                             | 77                              | -            | 77               |
| Other non-current liabilities            | 550           | 30                                            | 113                             | 17           | 710              |
| Limited Partners' Interests              | -             | 8,474                                         | -                               | -            | 8,474            |
| <b>Total</b>                             | <b>\$ 593</b> | <b>\$ 14,380</b>                              | <b>\$ 21,943</b>                | <b>\$ 76</b> | <b>\$ 36,992</b> |

(i) Long-term debt is presented gross of financing charges.

## 15. FAIR VALUE MEASUREMENTS

### Fair values of financial instruments

The estimated fair values of financial instruments as at September 30, 2018 and December 31, 2017 are based on relevant market prices and information available at those dates. The carrying values of accounts receivable, accounts payable and accrued liabilities approximate the fair values of these financial instruments due to the short maturity of these instruments. The fair value of consolidated long-term debt at September 30, 2018 was \$23,640 (December 31, 2017 – \$22,258) compared to a carrying value of \$23,516 (December 31, 2017 – \$22,049). The fair value of consolidated long-term debt that is measured at amortized cost is substantially a Level 2 measurement in the fair value hierarchy and is calculated by discounting the expected future cash flows using an observable discount rate for instruments of similar maturity and credit risk. For certain operating companies, an adjustment is made by management for that operating company's own credit risk, resulting in a Level 3 measurement in the

fair value hierarchy. The long-term debt issued by the CLOs is recognized at fair value using third-party pricing models without adjustment by the Company and is a Level 3 measurement in the fair value hierarchy. The valuation methodology is based on a projection of the future cash flows expected to be realized from the underlying collateral of the CLOs.

Financial instruments measured at fair value are allocated within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. Transfers between the three levels of the fair value hierarchy are recognized on the date of the event or change in circumstances that caused the transfer. There were no significant transfers between the three levels of the fair value hierarchy during the third quarter of 2018. The three levels of the fair value hierarchy are as follows:

- Quoted prices in active markets for identical assets ("Level 1");
- Significant other observable inputs ("Level 2"); and
- Significant other unobservable inputs ("Level 3").

The allocation of financial assets in the fair value hierarchy, excluding cash and cash equivalents, at September 30, 2018 was as follows:

|                                                     | Level 1 | Level 2   | Level 3  | Total     |
|-----------------------------------------------------|---------|-----------|----------|-----------|
| Financial assets at fair value through net earnings |         |           |          |           |
| Investments in debt                                 | \$ -    | \$ 10,193 | \$ 26    | \$ 10,219 |
| Investments in equities                             | 43      | 80        | 190      | 313       |
| Investments in joint ventures and associates        | -       | 894       | 1,571    | 2,465     |
| Restricted cash and other                           | 203     | 234       | 11       | 448       |
| Financial assets at fair value through OCI          |         |           |          |           |
| Investments in debt                                 | 11      | 27        | -        | 38        |
| Investments in equities                             | 3       | -         | -        | 3         |
| Other                                               | -       | 10        | -        | 10        |
| Total financial assets at fair value                | \$ 260  | \$ 11,438 | \$ 1,798 | \$ 13,496 |

The allocation of financial assets in the fair value hierarchy, excluding cash and cash equivalents, at December 31, 2017 was as follows:

|                                                     | Level 1 | Level 2   | Level 3  | Total     |
|-----------------------------------------------------|---------|-----------|----------|-----------|
| Financial assets at fair value through net earnings |         |           |          |           |
| Investments in debt                                 | \$ -    | \$ 9,446  | \$ 16    | \$ 9,462  |
| Investments in equities                             | 28      | 55        | 4        | 87        |
| Investments in joint ventures and associates        | -       | 1,230     | 1,022    | 2,252     |
| Restricted cash and other                           | 216     | 92        | 22       | 330       |
| Available-for-sale financial assets                 |         |           |          |           |
| Investments in debt                                 | 3       | 57        | -        | 60        |
| Investments in equities                             | 27      | -         | -        | 27        |
| Other                                               | -       | 1         | -        | 1         |
| Total financial assets at fair value                | \$ 274  | \$ 10,881 | \$ 1,064 | \$ 12,219 |

The allocation of financial liabilities in the fair value hierarchy at September 30, 2018 was as follows:

|                                                               | Level 1 | Level 2 | Level 3   | Total     |
|---------------------------------------------------------------|---------|---------|-----------|-----------|
| Financial liabilities at fair value through net earnings      |         |         |           |           |
| Limited Partners' Interests for Onex Partners and ONCAP Funds | \$ -    | \$ -    | \$ 8,362  | \$ 8,362  |
| Limited Partners' Interests for credit strategies             | -       | -       | 533       | 533       |
| Unrealized carried interest due to Onex and ONCAP management  | -       | -       | 287       | 287       |
| Long-term debt of credit strategies                           | -       | -       | 7,948     | 7,948     |
| Other                                                         | 9       | 38      | 33        | 80        |
| Total financial liabilities at fair value                     | \$ 9    | \$ 38   | \$ 17,163 | \$ 17,210 |

The allocation of financial liabilities in the fair value hierarchy at December 31, 2017 was as follows:

|                                                               | Level 1 | Level 2 | Level 3   | Total     |
|---------------------------------------------------------------|---------|---------|-----------|-----------|
| Financial liabilities at fair value through net earnings      |         |         |           |           |
| Limited Partners' Interests for Onex Partners and ONCAP Funds | \$ -    | \$ -    | \$ 7,563  | \$ 7,563  |
| Limited Partners' Interests for credit strategies             | -       | -       | 461       | 461       |
| Unrealized carried interest due to Onex and ONCAP management  | -       | -       | 327       | 327       |
| Long-term debt of credit strategies                           | -       | -       | 7,575     | 7,575     |
| Other                                                         | 23      | 48      | 29        | 100       |
| Total financial liabilities at fair value                     | \$ 23   | \$ 48   | \$ 15,955 | \$ 16,026 |

Details of financial assets and liabilities measured at fair value with significant unobservable inputs (Level 3), excluding investments in joint ventures and associates recorded at fair value through earnings (note 5) and Limited Partners' Interests designated at fair value (note 7), are as follows:

|                                                                                                      | Financial Assets<br>at Fair Value through<br>Net Earnings | Long-Term Debt<br>of Credit Strategies<br>at Fair Value through<br>Net Earnings | Other<br>Financial Liabilities<br>at Fair Value through<br>Net Earnings |
|------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|---------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| Balance – January 1, 2017                                                                            | \$ 1                                                      | \$ 5,855                                                                        | \$ 488                                                                  |
| Change in fair value recognized in net earnings                                                      | 12                                                        | 97                                                                              | 156                                                                     |
| Transfer to (from) Level 3                                                                           | 4                                                         | -                                                                               | (86)                                                                    |
| Additions                                                                                            | 76                                                        | 6,357                                                                           | 4                                                                       |
| Acquisition of subsidiaries                                                                          | -                                                         | -                                                                               | 5                                                                       |
| Settlements                                                                                          | (63)                                                      | (4,785)                                                                         | (200)                                                                   |
| Foreign exchange                                                                                     | -                                                         | 51                                                                              | 1                                                                       |
| Other                                                                                                | 12                                                        | -                                                                               | (12)                                                                    |
| Balance – December 31, 2017                                                                          | 42                                                        | 7,575                                                                           | 356                                                                     |
| Change in fair value recognized in net earnings                                                      | (3)                                                       | (50)                                                                            | 9                                                                       |
| Transfer to Level 3                                                                                  | 4                                                         | -                                                                               | 1                                                                       |
| Additions                                                                                            | 185                                                       | 1,647                                                                           | 6                                                                       |
| Acquisitions of subsidiaries                                                                         | -                                                         | -                                                                               | 4                                                                       |
| Settlements                                                                                          | (1)                                                       | (1,195)                                                                         | (66)                                                                    |
| Disposition of subsidiaries                                                                          | -                                                         | -                                                                               | (17)                                                                    |
| Foreign exchange                                                                                     | -                                                         | (29)                                                                            | -                                                                       |
| Other                                                                                                | -                                                         | -                                                                               | 27                                                                      |
| Balance – September 30, 2018                                                                         | \$ 227                                                    | \$ 7,948                                                                        | \$ 320                                                                  |
| Unrealized change in fair value of assets and liabilities<br>held at the end of the reporting period | \$ (3)                                                    | \$ (50)                                                                         | \$ 5                                                                    |

Financial assets and liabilities measured at fair value with significant unobservable inputs (Level 3) are recognized in the unaudited interim consolidated statements of earnings in the following line items: (i) interest expense of operating companies and credit strategies; (ii) increase (decrease) in value of investments in joint ventures and associates at fair value, net; (iii) other income (expense); and (iv) Limited Partners' Interests charge.

The valuation of investments in debt securities measured at fair value with significant other observable inputs (Level 2) is generally determined by obtaining quoted market prices or dealer quotes for identical or similar instruments in inactive markets, or other inputs that are observable or can be corroborated by observable market data.

The valuation of financial assets and liabilities measured at fair value with significant unobservable inputs (Level 3) is determined quarterly utilizing company-specific considerations and available market data of comparable public companies. The valuation of investments in the Onex Partners and ONCAP Funds is reviewed and approved by the General Partner of the respective Fund each quarter. The General Partners of the Onex Partners and ONCAP Funds are indirectly controlled by Onex Corporation.

The fair value measurement of the Limited Partners' Interests for the credit strategies is primarily driven by the underlying fair value of the investments in the Onex Credit Funds and Private Lending.

The fair value measurements for investments in joint ventures and associates, Limited Partners' Interests for the Onex Partners and ONCAP Funds and unrealized carried interest are primarily driven by the underlying fair value of the investments in the Onex Partners and ONCAP Funds. A change to reasonably possible alternative estimates and assumptions used in the valuation of non-public investments in the Onex Partners and ONCAP Funds may have a significant impact on the fair values calculated

for these financial assets and liabilities. A change in the valuation of the underlying investments may have multiple impacts on Onex' consolidated financial statements and those impacts are dependent on the method of accounting used for that investment, the fund(s) within which that investment is held and the progress of that investment in meeting the MIP exercise hurdles. For example, an increase in the fair value of an investment in an associate would have the following impacts on Onex' consolidated financial statements:

- i) an increase in the unrealized value of investments in joint ventures and associates at fair value in the consolidated statements of earnings, with a corresponding increase in long-term investments in the consolidated balance sheets;
- ii) a charge would be recorded for the limited partners' share of the fair value increase of the investment in associate on the Limited Partners' Interests line in the consolidated statements of earnings, with a corresponding increase to the Limited Partners' Interests in the consolidated balance sheets;
- iii) a change in the calculation of unrealized carried interest in the respective Fund that holds the investment in associate may result in a recovery being recorded in the Limited Partners' Interests line in the consolidated statements of earnings, with a corresponding decrease to the Limited Partners' Interests in the consolidated balance sheets;
- iv) a charge may be recorded for the change in unrealized carried interest due to Onex and ONCAP management on the other income (expense) line in the consolidated statements of earnings, with a corresponding increase to other current or non-current liabilities in the consolidated balance sheets; and
- v) a change in the fair value of the vested investment rights held under the MIP may result in a charge being recorded on the stock-based compensation line in the consolidated statements of earnings, with a corresponding increase to other current or non-current liabilities in the consolidated balance sheets.

Valuation methodologies may include observations of the trading multiples of public companies considered comparable to the private companies being valued and discounted cash flows. The following table presents the significant unobservable inputs used to value the Company's private securities that impact the valuation of (i) investments in joint ventures and associates; (ii) unrealized carried interest liability due to Onex and ONCAP management; (iii) stock-based compensation liability for the MIP; and (iv) Limited Partners' Interests.

| Valuation Technique         | Significant Unobservable Inputs  | Inputs at September 30, 2018 | Inputs at December 31, 2017 |
|-----------------------------|----------------------------------|------------------------------|-----------------------------|
| Market comparable companies | Adjusted EBITDA multiple         | 7.3x – 11.9x                 | 7.5x – 11.3x                |
| Discounted cash flow        | Weighted average cost of capital | 12.0% – 17.5%                | 10.6% – 15.2%               |
|                             | Exit multiple                    | 5.3x – 15.0x                 | 6.5x – 12.5x                |

In addition, at September 30, 2018 and December 31, 2017, the Company has an investment that was valued using market comparable transactions. At September 30, 2018, the Company also had an investment whose value was based on estimated sales proceeds.

Generally, adjusted EBITDA represents earnings before interest, taxes, depreciation and amortization as well as other adjustments. Other adjustments can include non-cash costs of stock-based compensation and retention plans, transition and restructuring expenses including severance payments, the impact of derivative instruments that no longer qualify for hedge accounting, the impacts of purchase accounting and other similar amounts. Adjusted EBITDA is a financial measurement that is not defined under IFRS.

The long-term debt issued by the CLOs is recognized at fair value using third-party pricing models without adjustments by the Company. The valuation methodology is based on a projection of the future cash flows expected to be realized from the underlying collateral of the CLOs.

## 16. COMMITMENTS AND RELATED PARTY TRANSACTIONS

### a) 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 (C\$47), which represents a slight discount to the trading price of Onex shares at that date.

### b) Tax loss transaction with a 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. 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 in cash for tax losses of \$41, of which the entire \$4 was recorded as a gain and included in other income (expense) in the unaudited interim consolidated statements of earnings.

### c) 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.

### d) KidsFoundation

Commitments at September 30, 2018 included the pending acquisition of KidsFoundation, as described in note 2(h).

## 17. SUBSEQUENT EVENTS

### a) Initial public offering by SIG

In October 2018, SIG completed an initial public offering, as described in note 2(l).

### b) Pending sale of Tecta

In October 2018, the ONCAP III Group and ONCAP IV Group entered into an agreement to sell Tecta, as described in note 2(m).

### c) Pending acquisition of Impakt by Celestica

In October 2018, Celestica entered into an agreement to acquire Impakt, as described in note 2(n).

### d) Investment in Ryan

In October 2018, the Onex Partners IV Group acquired an interest in Ryan, as described in note 2(o).

## 18. INFORMATION BY INDUSTRY SEGMENT

In January 2018, the Onex Partners IV Group completed the acquisition of SMG, as described in note 2(a). The results of SMG have been presented in the business and information services industry segment. In August 2018, the ONCAP IV Group completed the acquisition of Precision, as described in note 2(j). The results of Precision 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, as described in note 2(k). The results of Walter Surface Technologies have been presented in the other industry segment. In September 2018, the ONCAP IV Group acquired an economic interest in AutoSource. The results of AutoSource have been presented in the other industry segment.

## 2018 Industry Segments

| <i>(Unaudited)</i><br><i>(in millions of U.S. dollars)</i><br>Three months ended<br>September 30, 2018                   |                                          |                       |                                 |                       |                                          |                                            |                                   |                      |                      |                       |
|--------------------------------------------------------------------------------------------------------------------------|------------------------------------------|-----------------------|---------------------------------|-----------------------|------------------------------------------|--------------------------------------------|-----------------------------------|----------------------|----------------------|-----------------------|
|                                                                                                                          | Electronics<br>Manufacturing<br>Services | Healthcare<br>Imaging | Health<br>and Human<br>Services | Insurance<br>Services | Packaging<br>Products<br>and<br>Services | Business<br>and<br>Information<br>Services | Food<br>Retail and<br>Restaurants | Credit<br>Strategies | Other <sup>(a)</sup> | Consolidated<br>Total |
| Revenues                                                                                                                 | \$ 1,711                                 | \$ 388                | \$ 466                          | \$ 199                | \$ 649                                   | \$ 410                                     | \$ 1,110                          | \$ 1                 | \$ 1,637             | \$ 6,571              |
| Cost of sales (excluding<br>amortization of property, plant<br>and equipment, intangible assets<br>and deferred charges) | (1,579)                                  | (240)                 | (354)                           | –                     | (425)                                    | (127)                                      | (942)                             | –                    | (1,131)              | (4,798)               |
| Operating expenses                                                                                                       | (56)                                     | (99)                  | (76)                            | (175)                 | (77)                                     | (157)                                      | (148)                             | (12)                 | (321)                | (1,121)               |
| Interest income                                                                                                          | –                                        | –                     | –                               | –                     | –                                        | –                                          | 1                                 | 135                  | 7                    | 143                   |
| Amortization of property, plant<br>and equipment                                                                         | (18)                                     | (14)                  | (7)                             | (2)                   | (57)                                     | (5)                                        | (24)                              | –                    | (36)                 | (163)                 |
| Amortization of intangible<br>assets and deferred charges                                                                | (3)                                      | (4)                   | (6)                             | (12)                  | (39)                                     | (80)                                       | (4)                               | (1)                  | (36)                 | (185)                 |
| Interest expense of operating companies<br>and credit strategies                                                         | (7)                                      | (24)                  | (6)                             | (19)                  | (57)                                     | (49)                                       | (22)                              | (86)                 | (78)                 | (348)                 |
| Decrease in value of investments in<br>joint ventures and associates at<br>fair value, net                               | –                                        | –                     | –                               | –                     | –                                        | –                                          | –                                 | –                    | (46)                 | (46)                  |
| Stock-based compensation recovery<br>(expense)                                                                           | (7)                                      | –                     | (2)                             | (2)                   | (1)                                      | (6)                                        | (1)                               | –                    | 45                   | 26                    |
| Other income (expense)                                                                                                   | (19)                                     | (35)                  | (1)                             | 2                     | 49                                       | (17)                                       | (2)                               | 79                   | 14                   | 70                    |
| Impairment of goodwill, intangible assets<br>and long-lived assets, net                                                  | –                                        | –                     | –                               | –                     | –                                        | –                                          | (70)                              | –                    | (233)                | (303)                 |
| Limited Partners' Interests charge                                                                                       | –                                        | –                     | –                               | –                     | –                                        | –                                          | –                                 | (18)                 | (138)                | (156)                 |
| Earnings (loss) before income taxes                                                                                      | 22                                       | (28)                  | 14                              | (9)                   | 42                                       | (31)                                       | (102)                             | 98                   | (316)                | (310)                 |
| Provision for income taxes                                                                                               | (13)                                     | (9)                   | (2)                             | (1)                   | (22)                                     | (2)                                        | (79)                              | –                    | (20)                 | (148)                 |
| Net earnings (loss)                                                                                                      | \$ 9                                     | \$ (37)               | \$ 12                           | \$ (10)               | \$ 20                                    | \$ (33)                                    | \$ (181)                          | \$ 98                | \$ (336)             | \$ (458)              |
| <b>Net earnings (loss) attributable to:</b>                                                                              |                                          |                       |                                 |                       |                                          |                                            |                                   |                      |                      |                       |
| Equity holders of Onex Corporation                                                                                       | \$ 1                                     | \$ (34)               | \$ 12                           | \$ (9)                | \$ 21                                    | \$ (26)                                    | \$ (181)                          | \$ 98                | \$ (307)             | \$ (425)              |
| Non-controlling interests                                                                                                | 8                                        | (3)                   | –                               | (1)                   | (1)                                      | (7)                                        | –                                 | –                    | (29)                 | (33)                  |
| Net earnings (loss)                                                                                                      | \$ 9                                     | \$ (37)               | \$ 12                           | \$ (10)               | \$ 20                                    | \$ (33)                                    | \$ (181)                          | \$ 98                | \$ (336)             | \$ (458)              |

(a) Includes Flushing Town Center, Meridian Aviation, Parkdean Resorts, Survitec, Schumacher, WireCo, the operating companies of ONCAP II, III and IV (excluding IntraPac and Precision) and the parent company. Investments in joint ventures and associates recorded at fair value include AIT, BBAM, Incline Aviation Fund, JELD-WEN, Pinnacle Renewable Energy, PowerSchool (since August 2018) and Venanpri Group.

## 2017 Industry Segments

| <i>(Unaudited)</i><br><i>(in millions of U.S. dollars)</i><br>Three months ended<br>September 30, 2017                   |                                          |                       |                                 |                       |                                          |                                            |                                   |                      |                      |                       |
|--------------------------------------------------------------------------------------------------------------------------|------------------------------------------|-----------------------|---------------------------------|-----------------------|------------------------------------------|--------------------------------------------|-----------------------------------|----------------------|----------------------|-----------------------|
|                                                                                                                          | Electronics<br>Manufacturing<br>Services | Healthcare<br>Imaging | Health<br>and Human<br>Services | Insurance<br>Services | Packaging<br>Products<br>and<br>Services | Business<br>and<br>Information<br>Services | Food<br>Retail and<br>Restaurants | Credit<br>Strategies | Other <sup>(a)</sup> | Consolidated<br>Total |
| Revenues                                                                                                                 | \$ 1,534                                 | \$ 467                | \$ 444                          | \$ 195                | \$ 609                                   | \$ 333                                     | \$ 1,269                          | \$ 1                 | \$ 1,508             | \$ 6,360              |
| Cost of sales (excluding<br>amortization of property, plant<br>and equipment, intangible assets<br>and deferred charges) | (1,409)                                  | (262)                 | (335)                           | –                     | (384)                                    | (136)                                      | (1,081)                           | –                    | (999)                | (4,606)               |
| Operating expenses                                                                                                       | (50)                                     | (127)                 | (74)                            | (170)                 | (71)                                     | (108)                                      | (155)                             | (14)                 | (287)                | (1,056)               |
| Interest income                                                                                                          | –                                        | 1                     | –                               | –                     | –                                        | –                                          | –                                 | 89                   | 7                    | 97                    |
| Amortization of property, plant<br>and equipment                                                                         | (16)                                     | (15)                  | (7)                             | (3)                   | (51)                                     | (1)                                        | (29)                              | –                    | (44)                 | (166)                 |
| Amortization of intangible<br>assets and deferred charges                                                                | (1)                                      | (11)                  | (4)                             | (12)                  | (39)                                     | (70)                                       | (4)                               | (1)                  | (30)                 | (172)                 |
| Interest expense of operating companies<br>and credit strategies                                                         | (3)                                      | (40)                  | (6)                             | (19)                  | (54)                                     | (35)                                       | (23)                              | (55)                 | (66)                 | (301)                 |
| Increase in value of investments<br>in joint ventures and<br>associates at fair value, net                               | –                                        | –                     | –                               | –                     | –                                        | –                                          | –                                 | –                    | 279                  | 279                   |
| Stock-based compensation recovery<br>(expense)                                                                           | (6)                                      | (1)                   | (3)                             | (1)                   | 1                                        | (6)                                        | –                                 | –                    | 14                   | (2)                   |
| Other gain                                                                                                               | –                                        | 658                   | –                               | –                     | –                                        | –                                          | –                                 | –                    | –                    | 658                   |
| Other income (expense)                                                                                                   | (6)                                      | (5)                   | (1)                             | 2                     | (105)                                    | 21                                         | (27)                              | (21)                 | (57)                 | (199)                 |
| Recovery (impairment) of goodwill,<br>intangible assets and long-lived<br>assets, net                                    | –                                        | –                     | –                               | –                     | (1)                                      | –                                          | 20                                | –                    | (107)                | (88)                  |
| Limited Partners' Interests charge                                                                                       | –                                        | –                     | –                               | –                     | –                                        | –                                          | –                                 | (3)                  | (285)                | (288)                 |
| Earnings (loss) before income taxes<br>and discontinued operations                                                       | 43                                       | 665                   | 14                              | (8)                   | (95)                                     | (2)                                        | (30)                              | (4)                  | (67)                 | 516                   |
| Recovery of (provision for)<br>income taxes                                                                              | (8)                                      | (107)                 | (4)                             | 3                     | (5)                                      | (16)                                       | 13                                | –                    | (24)                 | (148)                 |
| Net earnings (loss)                                                                                                      | \$ 35                                    | \$ 558                | \$ 10                           | \$ (5)                | \$ (100)                                 | \$ (18)                                    | \$ (17)                           | \$ (4)               | \$ (91)              | \$ 368                |
| <b>Net earnings (loss) attributable to:</b>                                                                              |                                          |                       |                                 |                       |                                          |                                            |                                   |                      |                      |                       |
| Equity holders of Onex Corporation                                                                                       | \$ 5                                     | \$ 507                | \$ 9                            | \$ (4)                | \$ (100)                                 | \$ (12)                                    | \$ (17)                           | \$ (4)               | \$ (60)              | \$ 324                |
| Non-controlling interests                                                                                                | 30                                       | 51                    | 1                               | (1)                   | –                                        | (6)                                        | –                                 | –                    | (31)                 | 44                    |
| Net earnings (loss)                                                                                                      | \$ 35                                    | \$ 558                | \$ 10                           | \$ (5)                | \$ (100)                                 | \$ (18)                                    | \$ (17)                           | \$ (4)               | \$ (91)              | \$ 368                |

(a) Includes Flushing Town Center, Meridian Aviation, Parkdean Resorts, Survitec, Schumacher, WireCo, the operating companies of ONCAP II, III and IV and the parent company. Investments in joint ventures and associates recorded at fair value include AIT, BBAM, Incline Aviation Fund, JELD-WEN (since May 2017), Mavis Discount Tire and Venanpri Group.

# NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## 2018 Industry Segments

| <i>(Unaudited)</i><br><i>(in millions of U.S. dollars)</i><br>Nine months ended<br>September 30, 2018                    |                                          |                       |                                 |                       |                                          |                                            |                                   |                      |                      |                       |
|--------------------------------------------------------------------------------------------------------------------------|------------------------------------------|-----------------------|---------------------------------|-----------------------|------------------------------------------|--------------------------------------------|-----------------------------------|----------------------|----------------------|-----------------------|
|                                                                                                                          | Electronics<br>Manufacturing<br>Services | Healthcare<br>Imaging | Health<br>and Human<br>Services | Insurance<br>Services | Packaging<br>Products<br>and<br>Services | Business<br>and<br>Information<br>Services | Food<br>Retail and<br>Restaurants | Credit<br>Strategies | Other <sup>(a)</sup> | Consolidated<br>Total |
| Revenues                                                                                                                 | \$ 4,906                                 | \$ 1,180              | \$ 1,346                        | \$ 596                | \$ 1,932                                 | \$ 1,243                                   | \$ 3,371                          | \$ 3                 | \$ 4,464             | \$ 19,041             |
| Cost of sales (excluding<br>amortization of property, plant<br>and equipment, intangible assets<br>and deferred charges) | (4,532)                                  | (702)                 | (1,016)                         | –                     | (1,274)                                  | (533)                                      | (2,859)                           | –                    | (3,096)              | (14,012)              |
| Operating expenses                                                                                                       | (164)                                    | (316)                 | (232)                           | (528)                 | (243)                                    | (367)                                      | (454)                             | (37)                 | (931)                | (3,272)               |
| Interest income                                                                                                          | 1                                        | 2                     | –                               | –                     | 2                                        | –                                          | 1                                 | 361                  | 22                   | 389                   |
| Amortization of property, plant<br>and equipment                                                                         | (55)                                     | (47)                  | (21)                            | (6)                   | (172)                                    | (12)                                       | (68)                              | –                    | (121)                | (502)                 |
| Amortization of intangible<br>assets and deferred charges                                                                | (9)                                      | (22)                  | (14)                            | (35)                  | (121)                                    | (237)                                      | (13)                              | (4)                  | (111)                | (566)                 |
| Interest expense of operating companies<br>and credit strategies                                                         | (16)                                     | (71)                  | (19)                            | (55)                  | (172)                                    | (145)                                      | (64)                              | (229)                | (228)                | (999)                 |
| Decrease in value of investments in<br>joint ventures and associates at<br>fair value, net                               | –                                        | –                     | –                               | –                     | –                                        | –                                          | –                                 | –                    | (201)                | (201)                 |
| Stock-based compensation expense                                                                                         | (25)                                     | (4)                   | (5)                             | (4)                   | (2)                                      | (16)                                       | (5)                               | –                    | (4)                  | (65)                  |
| Other gain                                                                                                               | –                                        | –                     | –                               | –                     | –                                        | –                                          | –                                 | –                    | 82                   | 82                    |
| Other income (expense)                                                                                                   | (44)                                     | (28)                  | (2)                             | 4                     | 23                                       | (81)                                       | –                                 | 83                   | (22)                 | (67)                  |
| Impairment of goodwill, intangible assets<br>and long-lived assets, net                                                  | –                                        | –                     | –                               | –                     | –                                        | –                                          | (71)                              | –                    | (232)                | (303)                 |
| Limited Partners' Interests charge                                                                                       | –                                        | –                     | –                               | –                     | –                                        | –                                          | –                                 | (35)                 | (198)                | (233)                 |
| Earnings (loss) before income taxes                                                                                      | 62                                       | (8)                   | 37                              | (28)                  | (27)                                     | (148)                                      | (162)                             | 142                  | (576)                | (708)                 |
| Provision for income taxes                                                                                               | (23)                                     | (17)                  | (2)                             | (5)                   | (28)                                     | (17)                                       | (58)                              | –                    | (26)                 | (176)                 |
| Net earnings (loss)                                                                                                      | \$ 39                                    | \$ (25)               | \$ 35                           | \$ (33)               | \$ (55)                                  | \$ (165)                                   | \$ (220)                          | \$ 142               | \$ (602)             | \$ (884)              |
| <b>Net earnings (loss) attributable to:</b>                                                                              |                                          |                       |                                 |                       |                                          |                                            |                                   |                      |                      |                       |
| Equity holders of Onex Corporation                                                                                       | \$ 5                                     | \$ (22)               | \$ 34                           | \$ (29)               | \$ (53)                                  | \$ (128)                                   | \$ (221)                          | \$ 142               | \$ (564)             | \$ (836)              |
| Non-controlling interests                                                                                                | 34                                       | (3)                   | 1                               | (4)                   | (2)                                      | (37)                                       | 1                                 | –                    | (38)                 | (48)                  |
| Net earnings (loss)                                                                                                      | \$ 39                                    | \$ (25)               | \$ 35                           | \$ (33)               | \$ (55)                                  | \$ (165)                                   | \$ (220)                          | \$ 142               | \$ (602)             | \$ (884)              |

| <i>(Unaudited)</i><br><i>(in millions of U.S. dollars)</i><br>As at September 30, 2018 |                                          |                       |                                 |                       |                                          |                                            |                                   |                      |                      |                       |
|----------------------------------------------------------------------------------------|------------------------------------------|-----------------------|---------------------------------|-----------------------|------------------------------------------|--------------------------------------------|-----------------------------------|----------------------|----------------------|-----------------------|
|                                                                                        | Electronics<br>Manufacturing<br>Services | Healthcare<br>Imaging | Health<br>and Human<br>Services | Insurance<br>Services | Packaging<br>Products<br>and<br>Services | Business<br>and<br>Information<br>Services | Food<br>Retail and<br>Restaurants | Credit<br>Strategies | Other <sup>(a)</sup> | Consolidated<br>Total |
| Total assets                                                                           | \$ 3,316                                 | \$ 1,229              | \$ 1,135                        | \$ 1,506              | \$ 6,974                                 | \$ 6,592                                   | \$ 1,885                          | \$ 10,922            | \$ 12,701            | \$ 46,260             |
| Long-term debt <sup>(b)</sup>                                                          | \$ 400                                   | \$ 1,136              | \$ 448                          | \$ 949                | \$ 3,953                                 | \$ 3,084                                   | \$ 916                            | \$ 8,650             | \$ 3,980             | \$ 23,516             |

(a) Includes Flushing Town Center, Meridian Aviation, Parkdean Resorts, Survitec, Schumacher, WireCo, the operating companies of ONCAP II, III and IV (excluding IntraPac and Precision) and the parent company. Investments in joint ventures and associates recorded at fair value include AIT, BBAM, Incline Aviation Fund, JELD-WEN, Mavis Discount Tire (up to March 2018), Pinnacle Renewable Energy (since February 2018), PowerSchool (since August 2018) and Venanpri Group.

(b) Long-term debt includes current portion, excludes finance leases and is net of financing charges.

## 2017 Industry Segments

| <i>(Unaudited)</i><br><i>(in millions of U.S. dollars)</i><br>Nine months ended<br>September 30, 2017                    | Electronics<br>Manufacturing<br>Services | Healthcare<br>Imaging | Health<br>and Human<br>Services | Insurance<br>Services | Packaging<br>Products<br>and<br>Services | Business<br>and<br>Information<br>Services | Food<br>Retail and<br>Restaurants | Credit<br>Strategies | Other <sup>(a)</sup> | Consolidated<br>Total |
|--------------------------------------------------------------------------------------------------------------------------|------------------------------------------|-----------------------|---------------------------------|-----------------------|------------------------------------------|--------------------------------------------|-----------------------------------|----------------------|----------------------|-----------------------|
| Revenues                                                                                                                 | \$ 4,573                                 | \$ 1,392              | \$ 1,327                        | \$ 574                | \$ 1,681                                 | \$ 977                                     | \$ 3,585                          | \$ 3                 | \$ 4,138             | \$ 18,250             |
| Cost of sales (excluding<br>amortization of property, plant<br>and equipment, intangible assets<br>and deferred charges) | (4,197)                                  | (802)                 | (1,004)                         | –                     | (1,083)                                  | (399)                                      | (3,023)                           | –                    | (2,871)              | (13,379)              |
| Operating expenses                                                                                                       | (157)                                    | (392)                 | (230)                           | (503)                 | (221)                                    | (315)                                      | (430)                             | (39)                 | (829)                | (3,116)               |
| Interest income                                                                                                          | 1                                        | 2                     | –                               | –                     | 2                                        | –                                          | –                                 | 252                  | 15                   | 272                   |
| Amortization of property, plant<br>and equipment                                                                         | (49)                                     | (46)                  | (22)                            | (7)                   | (148)                                    | (6)                                        | (79)                              | –                    | (122)                | (479)                 |
| Amortization of intangible<br>assets and deferred charges                                                                | (6)                                      | (37)                  | (11)                            | (34)                  | (112)                                    | (187)                                      | (13)                              | (4)                  | (97)                 | (501)                 |
| Interest expense of operating companies<br>and credit strategies                                                         | (9)                                      | (116)                 | (16)                            | (55)                  | (155)                                    | (127)                                      | (61)                              | (154)                | (189)                | (882)                 |
| Increase in value of investments<br>in joint ventures and<br>associates at fair value, net                               | –                                        | –                     | –                               | –                     | –                                        | –                                          | –                                 | –                    | 399                  | 399                   |
| Stock-based compensation expense                                                                                         | (23)                                     | (4)                   | (3)                             | (2)                   | –                                        | (15)                                       | (2)                               | –                    | (131)                | (180)                 |
| Other gain                                                                                                               | –                                        | 658                   | –                               | –                     | –                                        | –                                          | –                                 | –                    | –                    | 658                   |
| Other expense                                                                                                            | (21)                                     | (8)                   | (3)                             | (3)                   | (78)                                     | (44)                                       | (74)                              | (88)                 | (210)                | (529)                 |
| Impairment of goodwill, intangible assets<br>and long-lived assets, net                                                  | –                                        | –                     | (1)                             | –                     | (2)                                      | –                                          | (4)                               | –                    | (110)                | (117)                 |
| Limited Partners' Interests charge                                                                                       | –                                        | –                     | –                               | –                     | –                                        | –                                          | –                                 | (16)                 | (1,148)              | (1,164)               |
| Earnings (loss) before income taxes<br>and discontinued operations                                                       | 112                                      | 647                   | 37                              | (30)                  | (116)                                    | (116)                                      | (101)                             | (46)                 | (1,155)              | (768)                 |
| Recovery of (provision for)<br>income taxes                                                                              | (20)                                     | (120)                 | (12)                            | 10                    | (6)                                      | (33)                                       | 44                                | –                    | (37)                 | (174)                 |
| Earnings (loss) from continuing<br>operations                                                                            | 92                                       | 527                   | 25                              | (20)                  | (122)                                    | (149)                                      | (57)                              | (46)                 | (1,192)              | (942)                 |
| Earnings from discontinued operations <sup>(b)</sup>                                                                     | –                                        | –                     | –                               | –                     | –                                        | –                                          | –                                 | –                    | 3,042                | 3,042                 |
| Net earnings (loss)                                                                                                      | \$ 92                                    | \$ 527                | \$ 25                           | \$ (20)               | \$ (122)                                 | \$ (149)                                   | \$ (57)                           | \$ (46)              | \$ 1,850             | \$ 2,100              |
| <b>Net earnings (loss) attributable to:</b>                                                                              |                                          |                       |                                 |                       |                                          |                                            |                                   |                      |                      |                       |
| Equity holders of Onex Corporation                                                                                       | \$ 12                                    | \$ 480                | \$ 24                           | \$ (18)               | \$ (122)                                 | \$ (105)                                   | \$ (57)                           | \$ (46)              | \$ 1,957             | \$ 2,125              |
| Non-controlling interests                                                                                                | 80                                       | 47                    | 1                               | (2)                   | –                                        | (44)                                       | –                                 | –                    | (107)                | (25)                  |
| Net earnings (loss)                                                                                                      | \$ 92                                    | \$ 527                | \$ 25                           | \$ (20)               | \$ (122)                                 | \$ (149)                                   | \$ (57)                           | \$ (46)              | \$ 1,850             | \$ 2,100              |

| <i>(Unaudited)</i><br><i>(in millions of U.S. dollars)</i><br>As at December 31, 2017 | Electronics<br>Manufacturing<br>Services | Healthcare<br>Imaging | Health<br>and Human<br>Services | Insurance<br>Services | Packaging<br>Products<br>and<br>Services | Business<br>and<br>Information<br>Services | Food<br>Retail and<br>Restaurants | Credit<br>Strategies | Other <sup>(a)</sup> | Consolidated<br>Total |
|---------------------------------------------------------------------------------------|------------------------------------------|-----------------------|---------------------------------|-----------------------|------------------------------------------|--------------------------------------------|-----------------------------------|----------------------|----------------------|-----------------------|
| Total assets                                                                          | \$ 2,964                                 | \$ 1,321              | \$ 971                          | \$ 1,524              | \$ 6,808                                 | \$ 5,656                                   | \$ 2,094                          | \$ 10,048            | \$ 13,310            | \$ 44,696             |
| Long-term debt <sup>(c)</sup>                                                         | \$ 187                                   | \$ 1,132              | \$ 379                          | \$ 939                | \$ 3,770                                 | \$ 2,566                                   | \$ 943                            | \$ 7,877             | \$ 4,256             | \$ 22,049             |

(a) Includes Flushing Town Center, Meridian Aviation, Parkdean Resorts (since March 2017), Survitec, Schumacher, WireCo, the operating companies of ONCAP II, III and IV and the parent company. Investments in joint ventures and associates recorded at fair value include AIT, BBAM, Incline Aviation Fund, JELD-WEN (since May 2017), Mavis Discount Tire and Venanpri Group.

(b) Represents the after-tax results of JELD-WEN and USI.

(c) Long-term debt includes current portion, excludes finance leases and is net of financing charges.