ONEX

2019 Annual Report

CHAIRMAN'S LETTER

Dear Shareholders,

The year just past was an active and productive one for Onex. Our private equity platforms invested $2.7 billion. Of that amount, $1.1 billion came from our limited partners, about $470 million from Onex Corporation and $1.2 billion from certain other investors. The most notable investments were the acquisition of WestJet, Canada's second largest airline, and the launch of Convex, a specialty insurance provider being built with top industry entrepreneurs. The unusually high amount of capital from investors outside our funds stemmed from various motivations and highlights the strong partnerships we've built with our investors.

We were even more active with private equity realizations, with the Onex Group total coming in at $3.7 billion – the second-largest amount in our history. Onex Corporation's share was $1.2 billion. Contributing to the great year were the sales of Jack's Family Restaurants and BrightSpring Health and secondary share sales of Clarivate Analytics and SIG Combibloc. Together with the increase in value of our unrealized investments, the gross value of Onex' private equity investments climbed 21% in 2019.

We also made an important strategic acquisition. In June, we acquired Gluskin Sheff + Associates Inc. ("Gluskin Sheff"), Canada's pre-eminent wealth management firm. Our goal is to build a comprehensive wealth manager with institutional-calibre public and private market strategies, and best-in-class financial planning offerings tailored to sophisticated high net worth clients. Our new partners at Gluskin Sheff are just beginning to introduce their clients to the benefits of being part of the Onex family, but we're already excited by the prospects. A growing number of high net worth investors and family offices want both publicly traded and private market investment opportunities. The combination of Gluskin Sheff with Onex creates one of the few platforms in North America fully capable of meeting that market demand. Gluskin Sheff finished the year with C$8.3 billion of fee-generating client capital, an increase of approximately 2% since our acquisition.

Our private credit platform grew fee-generating assets under management by 16% to $10.5 billion in 2019. This was driven by the issuance of three collateralized loan obligations and the introduction of Senior Credit funds to Gluskin Sheff clients in September. We have also begun to add to our direct origination capabilities in middle-market lending in anticipation of the launch of Onex Credit's second direct lending fund.

Lastly, we've made good progress to further integrate environmental, social and governance ("ESG") considerations across the organization. In 2019 we established an ESG Committee, comprised of representatives from all Onex platforms and our corporate office, which is focused on enhancing the firm's holistic approach to ESG. We also became an Alliance Member of the Sustainability Accounting Standards Board ("SASB") and are incorporating SASB standards throughout the investing lifecycle. These steps do not mark a change in how we do business or our view as to the importance of responsible investing, but rather are formal acknowledgements of the standards we've always believed are fundamental to successful investing.

At Onex, we pride ourselves on the strength of our team, our successful long-term track record, our entrepreneurial culture and our strong partnerships. As I hope all of you know, alignment between Onex, our team and our shareholders is core to our culture and critical to our success. This is evidenced by the Onex management team's $1.9 billion investment in Onex shares, DSUs and various Onex funds.

Overall, 2019 was a good year for Onex. As we enter a new decade, we'd like to thank you – whether you've been with us throughout the past 10 years or are just starting to support us in 2020 – for entrusting Onex with your capital. We are committed to delivering results that will make you proud of your decision to invest with us.

[signed]

Gerald W. Schwartz
Chairman and Chief Executive Officer, Onex Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The Management's Discussion and Analysis ("MD&A") provides a review of Onex Corporation's ("Onex") consolidated financial results for the year ended December 31, 2019 and assesses factors that may affect future results. The financial condition and results of operations are analyzed noting the significant factors that impacted the consolidated statements of earnings, consolidated statements of comprehensive earnings, consolidated balance sheets, consolidated statement of equity and consolidated statements of cash flows of Onex. As such, this MD&A should be read in conjunction with the consolidated financial statements and notes thereto included in this report. The financial results have been prepared using accounting policies that are consistent with International Financial Reporting Standards ("IFRS") to provide information about Onex and should not be considered as providing sufficient information to make an investment or lending decision in regard to any particular Onex operating business, private equity fund, credit strategy or other investments.

The following MD&A is the responsibility of management and is as of February 27, 2020. Preparation of the MD&A includes the review of the disclosures by senior management of Onex and by the Onex Disclosure Committee. The Board of Directors carries out its responsibility for the review of this disclosure through its Audit and Corporate Governance Committee, composed exclusively of independent directors. The Audit and Corporate Governance Committee has reviewed and recommended approval of the MD&A by the Board of Directors. The Board of Directors has approved this disclosure.

The MD&A is presented in the following sections:

Onex Corporation's financial filings, including the 2019 Annual Report, interim quarterly reporting, Annual Information Form and Management Information Circular, are available on Onex' website, www.onex.com, and on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

Forward-Looking/Safe Harbour Statements

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

Non-GAAP Financial Measures

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

References

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

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

A glossary of terms commonly used within the MD&A is included on page 67.

COMPANY OVERVIEW

Onex is a public company, the shares of which trade on the Toronto Stock Exchange under the symbol ONEX. The Company manages and invests capital in its private equity, credit and wealth management platforms on behalf of shareholders, institutional investors and high net worth families from its offices in Toronto, New York, New Jersey and London.

Onex is an investor first and foremost, with $7.2 billion of shareholder capital ($69.47 or C$90.23 per fully diluted share) at December 31, 2019, primarily invested in or committed to its private equity and credit platforms. As at December 31, 2019, Onex also managed $31.2 billion of invested and committed capital on behalf of institutional investors and high net worth families from around the world, including public and private pension plans, sovereign wealth funds, insurance companies and family offices that have chosen to invest alongside us. Onex' policy is to maintain a financially strong parent company with funds available to meet capital commitments to its investing platforms and to support the growth of its asset and wealth management businesses.

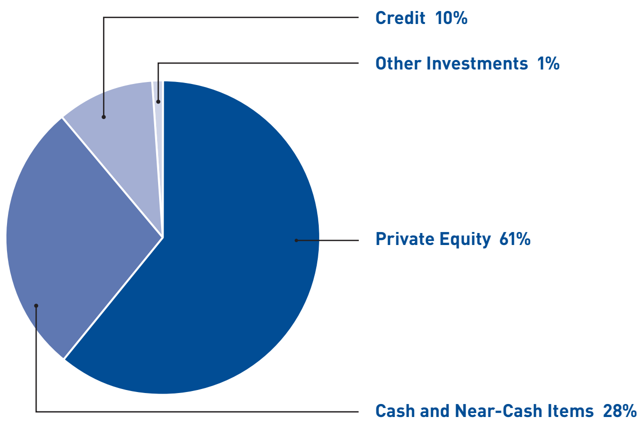
Critical to Onex' success is the strong alignment of interests between shareholders, limited partners, clients and the Onex management team. Onex' distinctive ownership culture is evidenced by the Onex management team's $1.9 billion investment in Onex shares, DSUs and various Onex funds.

With an experienced management team, significant financial resources and no external debt, Onex is well-positioned to continue building shareholder value through its investment activities and its asset and wealth management platforms.

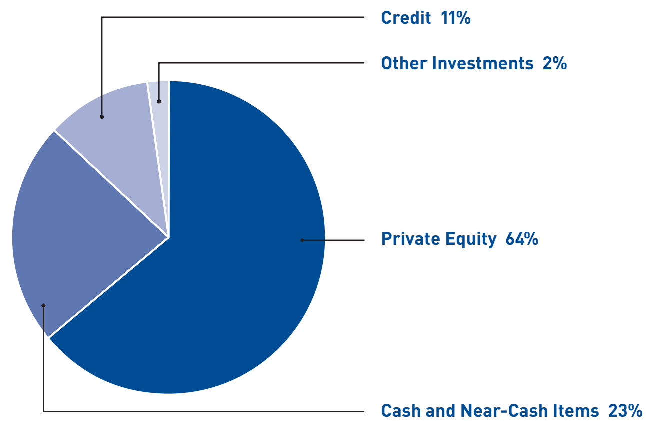
INVESTING

At December 31, 2019, substantially all of Onex' shareholder capital was invested in or committed to its private equity and credit platforms.

Onex' Investment Allocation at December 31, 2019



Onex' Investment Allocation at December 31, 2018



Private Equity

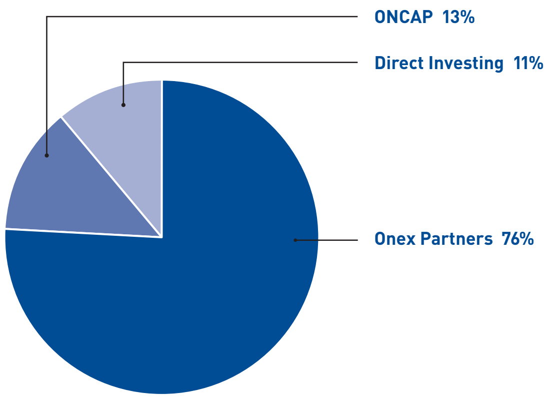
Founded in 1984, Onex is one of the oldest and most successful private equity firms. Today, the Company primarily invests in its two private equity platforms: Onex Partners for larger transactions and ONCAP for middle-market and smaller transactions. Onex' private equity funds acquire and build high-quality businesses in partnership with talented management teams and focus on execution theses rather than macro-economic or industry trends. Onex has always been the largest limited partner in each of its private equity funds.

Onex' private equity funds typically acquire control positions, which allow the funds to drive important strategic decisions and effect change at the operating businesses. The Onex management team and Onex private equity funds do not get involved in the daily decisions of the operating businesses.

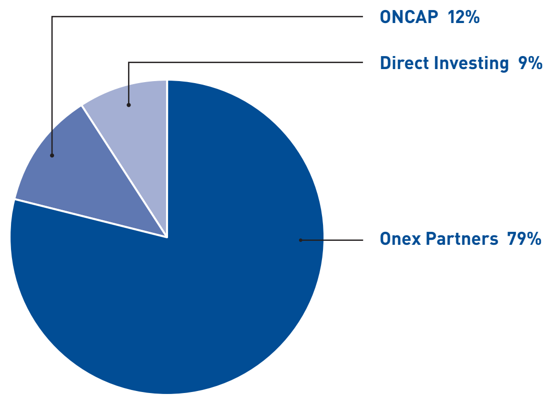
Over 35 years, Onex has built more than 105 operating businesses, completing about 655 acquisitions with a total value of $81 billion. Since inception, Onex has generated a Gross MOC of 2.5 times, resulting in a 27% Gross IRR on realized, substantially realized and publicly traded investments.

As at December 31, 2019, Onex' investments in private equity totalled $4.0 billion (2018 – $4.0 billion).

Onex' $4.0 billion Investment in Private Equity at December 31, 2019



Onex' $4.0 billion Investment in Private Equity at December 31, 2018



Credit

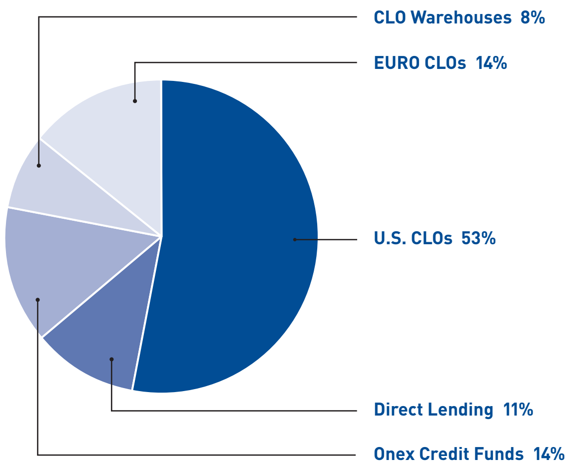
Established in 2007, Onex Credit invests primarily in non-investment grade debt through collateralized loan obligations ("CLOs"), direct lending and other credit strategies. Onex Credit practises value-oriented investing, employing a bottom-up, fundamental and structural analysis of the underlying borrowers. Stringent oversight of portfolio profile and construction risk, along with liquidity management, complement Onex Credit's approach to investment research. The Onex Credit team maintains disciplined risk management, with a focus on capital preservation across all strategies, and targets strong risk-adjusted and absolute returns across market cycles. Onex is a significant investor across its private credit strategies.

Onex Credit's senior loan strategies, which represent the vast majority of its assets under management, have generated strong risk-adjusted returns, low defaults and low loan losses. Since December 2007 and up to December 2019, Onex Credit has invested $32 billion across more than 920 borrowers in North America and, selectively, in Europe. During this period, those strategies experienced very few defaults, representing an annualized principal default rate of 0.36%[(1)], well below the leveraged loan market default rate of 2.88%[(1)] over the same period.

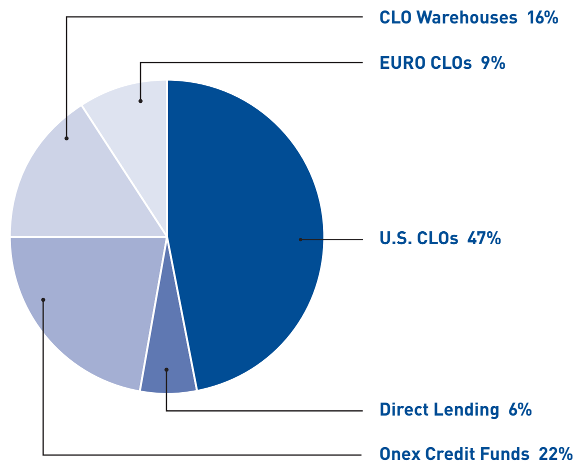
(1) The annualized principal and leveraged loan market default rates are calculated as the average default rate for each 12-month period since December 2007. The leveraged loan market default rate is based on historical default rates reported by J.P. Morgan's U.S. High-Yield and Leveraged Loan Strategy.

As at December 31, 2019, Onex' investments in Onex Credit strategies totalled $649 million (2018 – $726 million). In addition, Onex had $97 million (2018 – $89 million) invested in an Onex Credit strategy included in cash and near-cash items.

Onex' $649 million Investment in Onex Credit Strategies at December 31, 2019



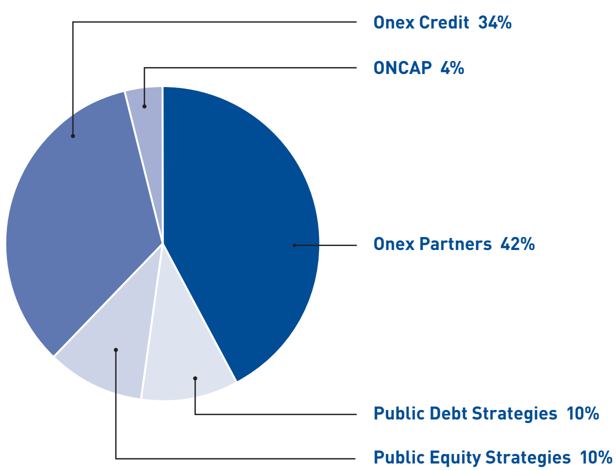
Onex' $726 million Investment in Onex Credit Strategies at December 31, 2018



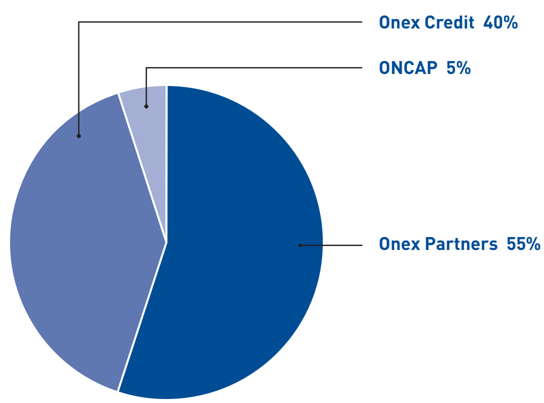
ASSET MANAGEMENT

As of December 31, 2019, Onex managed $31.2 billion (2018 – $23.2 billion) of invested and committed capital on behalf of institutional investors and high net worth families from around the world.

Onex' $31.2 billion of Investor Capital at December 31, 2019



Onex' $23.2 billion of Investor Capital at December 31, 2018



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

Managing investor capital provides Onex with two significant financial benefits: (i) a committed stream of annual management fees and (ii) the opportunity to share in investors' gains. Onex has run-rate management fees from investor capital of $256 million, consisting of $134 million from private equity, $69 million from public equity and public debt strategies and $53 million from private credit. Onex had $25.7 billion of assets under management subject to carried interest or performance fees at December 31, 2019.

Private Equity

In private equity, Onex has raised nine Onex Partners and ONCAP Funds since 1999 and is currently investing Onex Partners V, a $7.15 billion fund, and ONCAP IV, a $1.1 billion fund.

During the initial fee period of the Onex Partners and ONCAP Funds, Onex receives a management fee based on limited partners' committed capital. At December 31, 2019, the management fees of Onex Partners V and ONCAP IV were determined on this basis, with management fee rates of 1.7% and 2.0%, respectively.

Following the termination of the initial fee period, Onex is entitled to a management fee based on limited partners' net funded commitments. At December 31, 2019, management fees were determined on this basis for Onex Partners III (1.0%), Onex Partners IV (1.0%), ONCAP II (2.0%) and ONCAP III (1.5%). As realizations occur in these funds, the management fees earned by Onex will decrease.

Onex is entitled to 40% of the carried interest realized from limited partners in the Onex Partners and ONCAP Funds, while Onex, Onex Partners and ONCAP management are entitled to the remaining 60%. Carried interest is calculated as 20% of the realized net gains of the limited partners in each Fund, provided the limited partners have achieved a minimum 8% net compound annual return on their investment. For ONCAP IV, carried interest participation increases from 20% to 25% of the realized net gains in ONCAP IV once investors achieve a net return of two times their aggregate capital contributions. The following table presents carried interest received by Onex since 2015.

($ millions)	Carried Interest Received
2015	$ 1
2016	14
2017	121
2018	37
2019	43
Total	$ 216

The amount of carried interest ultimately received by Onex is based on realizations, the timing of which can vary significantly from year to year.

Onex' ability to raise new private equity capital is primarily dependent on the general fundraising environment and Onex' investment track record. The following table summarizes the performance of the Onex Partners and ONCAP Funds from their inception up to December 31, 2019. The Net IRR and Net MOC represent the performance for fee-paying limited partners of the Onex Partners and ONCAP Funds.

		Performance Returns[1]			
	Vintage	Gross IRR	Net IRR[2]	Gross MOC	Net MOC[2]
Onex Partners Funds – Invested					
Onex Partners I[3]	2003	55%	38%	4.0x	3.1x
Onex Partners II	2006	17%	13%	2.2x	1.9x
Onex Partners III	2009	18%	12%	2.2x	1.8x
Onex Partners IV	2014	9%	5%	1.3x	1.2x
Total Onex Partners Funds – Invested[4]		26%	n/a	2.0x	n/a
ONCAP Funds – Invested					
ONCAP I[3][5]	1999	43%	33%	4.1x	3.1x
ONCAP II[5]	2006	30%	21%	4.1x	2.8x
ONCAP III[5]	2011	24%	18%	3.0x	2.2x
Total ONCAP Funds – Invested[4][5]		39%	n/a	3.5x	n/a
Onex Partners and ONCAP Funds – Investing					
Onex Partners V[6]	2018	–	–	1.1x	1.0x
ONCAP IV	2016	12%	2%	1.1x	1.0x

(1) Performance returns are non-GAAP financial measures. Onex management believes that performance returns are useful to investors since Onex' ability to raise capital in new funds may be materially impacted by the performance returns of current and prior funds.

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

(3) Onex Partners I is substantially realized and ONCAP I has been fully realized.

(4) Represents the aggregate performance returns for all invested Onex Partners and ONCAP Funds. Invested funds are those funds that do not have uncalled commitments that can be used for future Onex-sponsored investments. Net IRR and Net MOC are not calculable across the aggregate Onex Partners and ONCAP Funds.

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

(6) Performance returns reflect the short operating period of Onex Partners V. Cash outflows occurred in November 2018 to fund the first investment made by the Fund. The Gross IRR and Net IRR are not presented as they are not meaningful. The Net MOC is 1.0x for an Onex Partners V limited partner that elected to participate in the credit facility of Onex Partners V.

Private Credit

Onex Credit continues to grow the product lines and distribution channels for its non-investment grade credit investing. To date, Onex Credit has closed 20 CLOs, raised its first direct lending fund with an investing capacity of $1.1 billion and has several other active credit strategies.

As of December 31, 2019, Onex Credit earns run-rate management fees of $53 million on $10.5 billion of fee-generating assets under management:

As at December 31, 2019	Fee-Generating Assets Under Management	Management Fee Basis	Management Fee %
CLOs	$ 8,990	Collateral principal balance	up to 0.50%
Onex Credit Funds	$ 969	Net asset value or	0.45% to 1.50%
		Gross invested assets	0.55%
Direct lending	$ 532	Funded commitments	up to 1.25%
		Unfunded commitments	up to 0.50%

Onex Credit is also entitled to performance fees on $9.5 billion of assets under management as at December 31, 2019. Performance fees range between 15% and 20% of net gains and are generally subject to a hurdle or minimum preferred return to investors.

WEALTH MANAGEMENT

In June 2019, Onex acquired Gluskin Sheff, a Canadian wealth management firm serving high net worth families and institutional investors, as described on page 29 of this MD&A. Gluskin Sheff invests the capital of its clients mainly across a number of public debt and public equity strategies and earns revenue primarily from base management fees and performance fees. As at December 31, 2019, Gluskin Sheff had total fee-generating client capital of $6.4 billion (C$8.3 billion).

As of December 31, 2019, Gluskin Sheff earns base management fees of up to 1.50% on assets under management, with run-rate management fees of $69 million (C$90 million). Gluskin Sheff is also entitled to performance fees on $5.1 billion (C$6.7 billion) of assets under management, which range between 10% and 25% and may be subject to performance hurdles.

FIRM RESOURCES

Experienced team with significant depth

Onex is led by an Executive Committee comprised of the firm's founder and CEO, Gerry Schwartz, and four Senior Managing Directors. Collectively, these executives have more than 155 years of investing experience and have worked at Onex for an average of 28 years. Onex' stability results from its ownership culture, rigorous recruiting standards and highly collegial environment.

Onex' 130 investment professionals are each dedicated to a separate investment platform: Onex Partners (63), ONCAP (21), Onex Credit (27) and Wealth Management (19). These investment teams are supported by approximately 175 professionals dedicated to Onex' corporate functions and investment platforms.

Substantial financial resources available for future growth

Onex seeks to maintain a financially strong parent company with funds available to meet its capital commitments to its investing platforms and to support the growth of its asset and wealth management businesses. Onex' financial strength comes from both its own capital as well as the capital committed by its investors. Today, Onex has substantial financial resources available to support its investing platforms with:

- approximately $1.8 billion of cash and near-cash items and no external debt;
- $4.0 billion of limited partner uncalled capital available for future Onex Partners V investments; and
- $235 million of limited partner uncalled capital available for future ONCAP IV investments.

Strong alignment of interests

Critical to Onex' success is the strong alignment of interests between shareholders, limited partners and the Onex management team. In addition to Onex being the largest limited partner in each private equity fund and having meaningful investments in its private credit platform, the Company's distinctive ownership culture requires the Onex management team to have a significant ownership in Onex shares and to invest meaningfully in each private equity investment. At December 31, 2019, the Onex management team:

- was the largest shareholder in Onex, with a combined holding of approximately 15.8 million shares, or 16% of outstanding shares, and 0.7 million DSUs;
- had a total investment in Onex' private equity investments at market value of approximately $500 million;
- had a total investment in Onex Credit strategies at market value of approximately $280 million; and
- had a total investment managed by Gluskin Sheff at market value of approximately $65 million.

Onex and Onex Partners management are also required to reinvest up to 25% of all Onex Partners carried interest and MIP distributions in Onex shares and must hold these shares for at least three years.

OUR OBJECTIVE

Onex works to create long-term value for shareholders and to have that value reflected in its share price. Onex delivers this value by (i) investing Onex' shareholder capital primarily in Onex' private equity funds and Onex Credit strategies and (ii) managing and growing the third-party capital invested in and committed to its private equity, public equity and credit platforms. Onex believes it has the investment philosophy, talent, financial resources and track record to continue to deliver on this objective.

2019 ACTIVITY

PRIVATE EQUITY INVESTING

Capital Deployment

The table below presents the significant private equity investments made since January 1, 2019.

Fund	Company	Transaction	Period	Onex' Share ($ millions)
Onex Partners V	WestJet	Original investment	Dec '19	$ 261
Onex Partners V	Convex	Original investment	Apr '19	124
ONCAP IV	Enertech	Original investment	Nov '19	39
Direct investment	RSG	Add-on investment	Mar '19	25
Onex Partners IV	PowerSchool	Add-on investment	Nov '19	13
ONCAP IV	ILAC	Original investment	Aug '19	7
Total				$ 469

In March 2019, Onex invested an additional $25 million in common equity of RSG to support the company's acquisition activities.

In April 2019, Onex invested $124 million in Onex Partners V as its share of the fund's investment in Convex, a de novo specialty property and casualty insurance company.

In August 2019, Onex invested $7 million in ONCAP IV as its share of the fund's investment in ILAC, an English language school in Canada.

In November 2019, Onex invested $39 million in ONCAP IV as its share of the fund's investment in Enertech, a provider of wireless infrastructure services to telecommunications carriers and tower owners in the United States.

In November 2019, Onex invested an additional $13 million in Onex Partners IV to support PowerSchool's acquisition activities.

In December 2019, Onex invested $261 million in Onex Partners V as its share of the fund's investment in WestJet, a Canadian airline based in Calgary, Alberta.

At December 31, 2019, Onex had uncalled committed capital of $1.5 billion to Onex Partners V and $162 million to ONCAP IV.

Realizations

The table below presents the significant private equity realizations and distributions during the year ended December 31, 2019.

Fund	Company	Transaction	Period	Onex' Share[1] ($ millions)
Onex Partners IV	Clarivate Analytics	Secondary offerings and distribution	Various	$ 441
Onex Partners IV	SIG	Secondary offerings and dividend	Various	296
Onex Partners IV	Jack's	Sale of business and distributions	Various	231
Onex Partners I	BrightSpring Health	Sale of business	Mar '19	99
Onex Partners III	BrightSpring Health	Sale of business	Mar '19	92
Direct investment	RSG	Distributions	Various	19
ONCAP II	PURE Canadian Gaming	Distribution	Jul '19	14
ONCAP III	PURE Canadian Gaming	Distribution	Jul '19	3
Onex Partners III	BBAM	Distributions	Various	10
Total				$ 1,205

(1) Includes carried interest received by Onex and is reduced for amounts paid under management incentive programs, if applicable. Includes Onex' share of proceeds as a co-investor, if applicable.

In March 2019, the Onex Partners I and Onex Partners III Groups sold BrightSpring Health (formerly ResCare), a provider of residential, training, educational and support services for people with disabilities and special needs in the United States, for an enterprise value of approximately $1.3 billion. Onex' share of the net proceeds from Onex Partners I and Onex Partners III was $99 million and $92 million, respectively, including carried interest of $39 million and net of the MIP distribution of $12 million. The investment in BrightSpring Health generated a Gross MOC of 5.7 times and a Gross IRR of 17%.

In August 2019, the Onex Partners IV Group sold Jack's, a regional quick-service restaurant operator. Onex' share of the net proceeds from Onex Partners IV as a result of this sale was $224 million, net of the MIP distribution of $12 million. The investment in Jack's generated a Gross MOC of 3.6 times and a Gross IRR of 38%.

In September 2019, the Onex Partners IV Group sold approximately 30.0 million shares of SIG at a price of CHF 12.00 per share and in November 2019, the Onex Partners IV Group sold approximately 31.4 million shares of SIG at a price of CHF 13.30 per share. SIG is a leading systems and solutions provider for aseptic carton packaging. Onex' combined share of the net proceeds from the Onex Partners IV Group was CHF 273 million ($276 million). No amounts were paid on account of the MIP as the required realized investment return hurdle for Onex was not met on realizations to date.

In September 2019, the Onex Partners IV Group sold approximately 27.5 million ordinary shares of Clarivate Analytics at a price of $16.00 per share and in December 2019, the Onex Partners IV Group sold approximately 49.7 million ordinary shares of Clarivate Analytics at a price of $17.25 per share. Clarivate Analytics is a global analytics provider. Onex' combined share of the net proceeds from the Onex Partners IV Group was $387 million. No amounts were paid on account of the MIP as the required realized investment return hurdle for Onex was not met on realizations to date.

In November 2019, the Onex Partners IV Group received a distribution from Clarivate Analytics in relation to the settlement of a tax receivable agreement that was entered into with the company in connection with Clarivate Analytics' initial public offering in January 2019. The agreement entitled the Onex Partners IV Group to a portion of the tax benefits realized by Clarivate Analytics relating to tax attributes that were present at the time of the initial public offering. Onex' share of the distribution was $54 million.

Fund-level Developments

During the year ended December 31, 2019, the Onex Partners and ONCAP operating businesses continued to execute on their investment theses:

- completing follow-on acquisitions for total consideration of approximately $545 million;
- collectively raising or refinancing approximately $3.2 billion of debt;
- paying down debt totalling approximately $385 million;
- in Onex Partners III, York was acquired by Sedgwick Claims Management Services in exchange for equity in the combined business;
- in Onex Partners IV, Clarivate Analytics merged with Churchill Capital Corp and publicly listed its shares on the New York Stock Exchange under the symbol CCC. Additionally, in early October 2019, SMG merged with AEG Facilities to form ASM Global; and
- in Onex Partners IV and Onex Partners V, KidsFoundation completed in January 2020 its acquisition of Partou Holding B.V., the second-largest childcare provider in the Netherlands.

Performance

During the year ended December 31, 2019, Onex' investment segment had net gains from private equity investments of $683 million, which included a decrease of $66 million in the fair value of corporate investments related to changes to the Onex management team's participation, as described on page 62 of this MD&A. The following table presents the recent gross performance of Onex' private equity investments:

	Year Ended December 31, 2019
Increase in value of Onex' private equity investments in U.S. dollars(1):	
Onex Partners	**25%**
ONCAP	**3%**
Direct investments	**12%**
Total private equity investments	**21%**

(1) Adjusted for capital deployed, realizations and distributions. Performance results are gross of management incentive programs and an allocation of management fees and carried interest on Onex' capital.

PRIVATE CREDIT INVESTING

Capital Deployment

During 2019, Onex invested $197 million in Onex Credit strategies, including the following:

Strategy	Transaction	Period	Amount Invested *($ millions)*
Direct lending	OCLP I and origination investments	Various	**$ 45**
EURO CLO-3	Equity investment	May '19	**40**[1]
CLO-18 warehouse	Warehouse investments	Various	**30**
CLO-17 warehouse	Warehouse investments	Various	**24**
CLO-17	Equity investment	Jul '19	**23**
EURO CLO-4 warehouse	Warehouse investments	Various	**22**[1]
CLO-16	Equity investment	Mar '19	**13**
Total			**$ 197**

(1) The investments made by Onex in EURO CLO-3 and the warehouse for EURO CLO-4 were made in euros and totalled €35 million and €20 million, respectively.

On closing, Onex received approximately $50 million and $24 million plus interest for the investments that supported the warehouse facilities for CLO-16 and CLO-17, respectively, and €55 million ($61 million) plus interest for the investment that supported the warehouse facility for EURO CLO-3.

At December 31, 2019, Onex had a net investment of $503 million in its CLOs, including $52 million in two warehouse facilities.

Realizations

Onex receives regular quarterly distributions from its CLO investments, including $85 million during the year ended December 31, 2019 (2018 – $59 million). Additionally, Onex received distributions of $4 million from CLO-2, which was redeemed in November 2018, and distributions totalling $25 million from direct lending.

During the fourth quarter of 2019, Onex received distributions totalling $71 million from the Onex Debt Opportunity Fund. The distributions received were in connection with the dissolution of the Fund, which is expected to be completed during 2020.

Performance

During the year ended December 31, 2019, Onex had net gains of $64 million on its Onex Credit strategies investments, representing a 7% increase in value.

Onex primarily invests in the equity tranches of its CLOs. Market pricing for CLO equity is more volatile than the underlying leveraged loan market due to the leverage employed in a CLO and the relative illiquidity of CLO equity. CLO equity pricing may also be affected by changes in fixed income market sentiment and investors' general appetite for risk. Onex' long-term target Net IRR for its CLO equity investments is 12%.

Onex had mark-to-market net gains of $9 million on its CLO investments during the three months ended December 31, 2019 (2018 – net losses of $69 million) and generated mark-to-market net gains of $41 million during the year ended December 31, 2019 (2018 – net losses of $76 million). All of the Onex Credit CLOs remain onside with their various coverage tests and Onex remains a long-term investor in its CLOs. To date, Onex has fully realized three CLOs, generating a Net IRR of approximately 12%.

INVESTMENT SEGMENT EARNINGS

During the three months ended December 31, 2019, Onex' investing segment generated net earnings of $160 million ($1.55 per fully diluted share), which was primarily driven by $145 million of net gains from private equity investments. Onex' investing segment net earnings for the three months ended December 31, 2019 were reduced by an allocation to the asset and wealth management segment of $16 million, representing management fees and carried interest that would have been earned by the asset and wealth management segment had Onex' capital been subject to management fees and carried interest under the same terms as third-party limited partners of the Onex Partners and ONCAP Funds. These allocations were made in accordance with IFRS 8, *Operating segments* ("IFRS 8") as this presentation of segmented results is used by management, in part, to assess the performance of Onex.

During the year ended December 31, 2019, Onex' investing segment generated net earnings of $756 million ($7.33 per fully diluted share), which was primarily driven by $683 million of net gains from private equity investments. Onex' investing segment net earnings for the year ended December 31, 2019 were reduced by a net allocation to the asset and wealth management segment of $57 million, representing management fees and a net reversal of carried interest, as described above.

ASSET AND WEALTH MANAGEMENT

In June 2019, Onex acquired Gluskin Sheff for C$445 million ($329 million). Gluskin Sheff is a pre-eminent Canadian wealth management firm serving high net worth families and institutional investors with fee-generating client capital of C$8.3 billion ($6.4 billion) at December 31, 2019. Gluskin Sheff invests the capital of its clients primarily across a number of public debt and public equity strategies and earns its revenue mainly from base management fees, calculated as a percentage of fee-generating assets under management, and performance fees.

At December 31, 2019, Onex' third-party assets under management totalled $31.2 billion (2018 – $23.2 billion), of which $27.5 billion was fee-generating (2018 – $20.6 billion). The increase in fee-generating investor capital under management was primarily driven by the acquisition of Gluskin Sheff.

Investor Capital Under Management(1)(2)

($ millions)	Total			Fee-Generating		
	December 31, 2019	December 31, 2018	**Change in Total**	**December 31, 2019**	December 31, 2018	**Change in Total**
Onex Partners Funds	**$ 13,077**	$ 12,681	**3 %**	**$ 10,038**	$ 10,534	**(5)%**
Onex Credit Strategies	**10,689**	9,230	**16 %**	**10,491**	9,010	**16 %**
Public Debt Strategies(3)	**3,225**	–	**n/a**	**3,149**	–	**n/a**
Public Equity Strategies(3)	**2,977**	–	**n/a**	**2,775**	–	**n/a**
ONCAP Funds(4)	**1,247**	1,269	**(2)%**	**1,039**	1,057	**(2)%**
Total	**$ 31,215**	$ 23,180	**35 %**	**$ 27,492**	$ 20,601	**33 %**

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

(2) Invested amounts included in investor capital under management are presented at fair value and include investor co-investments and capital invested by the Onex management team, as applicable.

(3) Capital under management for Gluskin Sheff's public debt and public equity strategies is in Canadian dollars and has been converted to U.S. dollars using the exchange rate on December 31, 2019.

(4) Capital under management for ONCAP II and III is in Canadian dollars and has been converted to U.S. dollars using the exchange rates on December 31, 2019 and December 31, 2018, respectively.

Since the June 2019 acquisition, Gluskin Sheff clients have been provided access to Onex' private equity and credit strategies. Gluskin Sheff clients had invested their capital across the following strategies:

Gluskin Sheff Client Capital

($ millions)	Total		Fee-Generating	
	December 31, 2019	December 31, 2018[1]	**December 31, 2019**	December 31, 2018[1]
Public Debt Strategies	**$ 3,225**	$ 3,088	**$ 3,149**	$ 3,067
Public Equity Strategies	**2,977**	3,095	**2,775**	2,936
Onex Credit Strategies	**383**	–	**382**	–
Onex Private Equity	**53**	–	**52**	–
Total	**$ 6,638**	$ 6,183	**$ 6,358**	$ 6,003

(1) Gluskin Sheff client capital at December 31, 2018 does not represent Onex' assets under management as Gluskin Sheff was acquired by Onex in June 2019.

During the three months and year ended December 31, 2019, Onex' asset and wealth management segment generated net earnings of $51 million ($0.49 per fully diluted share) and $80 million ($0.76 per fully diluted share), respectively, as described on pages 31 and 32 of this MD&A. These amounts include contributions of $21 million and $34 million during the three months and year ended December 31, 2019, respectively, from Wealth Management since the acquisition of Gluskin Sheff on June 1, 2019. Onex' asset and wealth management segment would have generated net earnings of approximately $94 million ($0.90 per fully diluted share) for the year ended December 31, 2019 had Gluskin Sheff been acquired on January 1, 2019.

Onex' asset and wealth management segment net earnings for the three months ended December 31, 2019 included allocations from the investing segment of $15 million (2018 – $13 million) of management fees and a net increase in carried interest of $1 million (2018 – net reversal of $12 million) that would have been recognized by the asset and wealth management segment had Onex' capital been subject to management fees and carried interest under the same terms as third-party limited partners of the Onex Partners and ONCAP Funds. For the year ended December 31, 2019, these management fee and carried interest allocations from the investing segment were $61 million (2018 – $46 million) and a net reversal of $4 million (2018 – $9 million), respectively. These allocations were made in accordance with IFRS 8 as this presentation of segmented results is used by management, in part, to assess the performance of Onex.

Segment management and advisory fees during the year ended December 31, 2019 totalled $302 million (2018 – $199 million). A net reversal of segment carried interest of $5 million (2018 – $46 million) was recognized during the year ended December 31, 2019 primarily as a result of changes in fair value of certain underlying investments in Onex Partners II, Onex Partners III and ONCAP IV.

Segment Management and Advisory Fees

($ millions)	**Three Months Ended December 31, 2019**	Three Months Ended December 31, 2018	**Change in Total**	**Year Ended December 31, 2019**	Year Ended December 31, 2018	**Change in Total**
Onex Partners Funds[1]	**$ 43**	$ 37	**$ 6**	**$ 179**	$ 120	**$ 59**
Onex Credit Strategies	**13**	13	**–**	**52**	50	**2**
ONCAP Funds[2]	**8**	7	**1**	**28**	29	**(1)**
Public Debt Strategies[3]	**10**	–	**10**	**25**	–	**25**
Public Equity Strategies[3]	**8**	–	**8**	**18**	–	**18**
Total	**$ 82**	$ 57	**$ 25**	**$ 302**	$ 199	**$ 103**

(1) Includes advisory fees from the Onex Partners operating businesses.

(2) Includes advisory fees from the ONCAP operating businesses.

(3) Management and advisory fees for the public debt and public equity strategies include the results of Gluskin Sheff since its acquisition by Onex in June 2019, as described on page 29 of this MD&A.

The increase in management and advisory fees for Onex Partners was driven by Onex Partners V beginning to accrue management fees in late 2018. Management and advisory fees also increased as a result of the acquisition of Gluskin Sheff in June 2019.

Carried interest is typically received only on the realization of underlying fund investments. During the year ended December 31, 2019, Onex received $43 million of carried interest primarily from the sale of BrightSpring Health, as described on page 13 of this MD&A. The General Partner of Onex Partners IV elected to defer the receipt of carried interest related to the sale of Jack's and the secondary offerings by Clarivate Analytics and SIG, as described on page 13 of this MD&A. At December 31, 2019, unrealized carried interest outstanding totalled $66 million (2018 – $110 million).

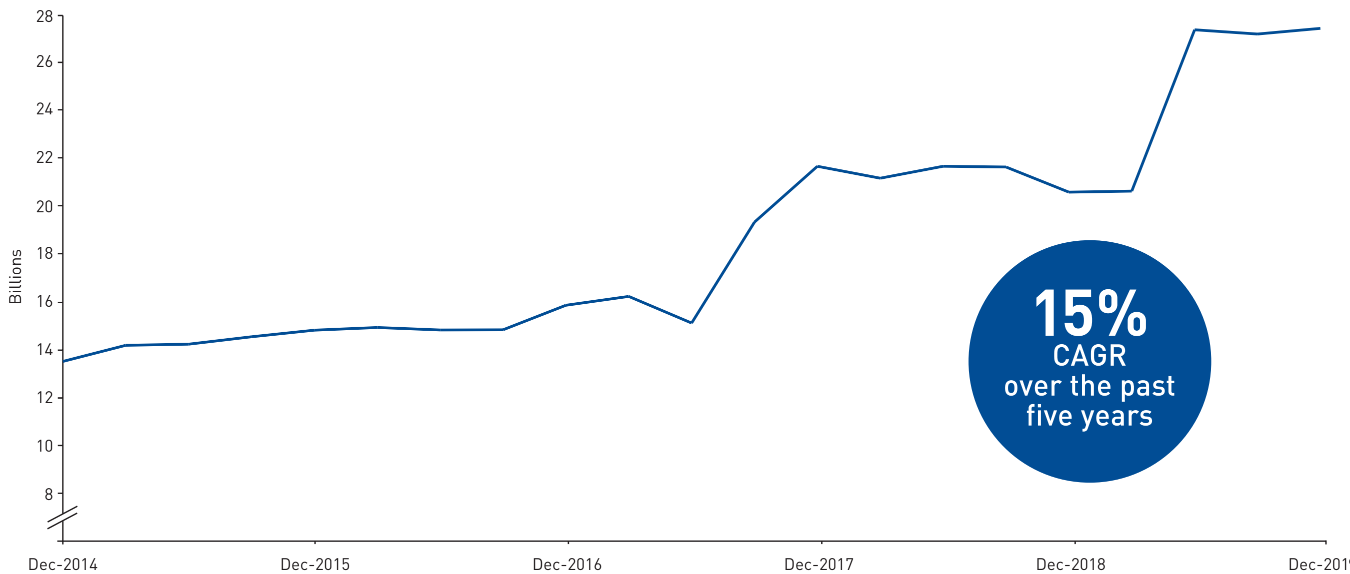
Unrealized Carried Interest[1]

($ millions)	As at December 31, 2018	**Realizations**	**Change in Fair Value**	**As at December 31, 2019**
Onex Partners Funds	$ 89	**$ (41)**	**$ –**	**$ 48**
ONCAP Funds	21	**(2)**	**(1)**	**18**
Total	$ 110	**$ (43)**	**$ (1)**	**$ 66**

(1) Excludes unrealized carried interest related to Onex' capital. The actual amount of carried interest earned by Onex will depend on the ultimate performance of each underlying fund.

Over the past five years, fee-generating capital under management has increased at a compound annual growth rate ("CAGR") of 15%, which includes the fee-generating capital of Gluskin Sheff acquired in June 2019.

Fee-Generating Capital Under Management (December 31, 2014 to December 31, 2019)



SHARE PRICE

Onex' objective is to have the value of its investing and asset and wealth management activities reflected in its share price. These efforts are supported by a long-standing quarterly dividend and an active stock buyback program. In May 2019, Onex increased its quarterly dividend by 14% to C$0.10 per SVS beginning in July 2019. This increase follows similar increases in the previous six years and reflects Onex' continued growth and ongoing commitment to its shareholders.

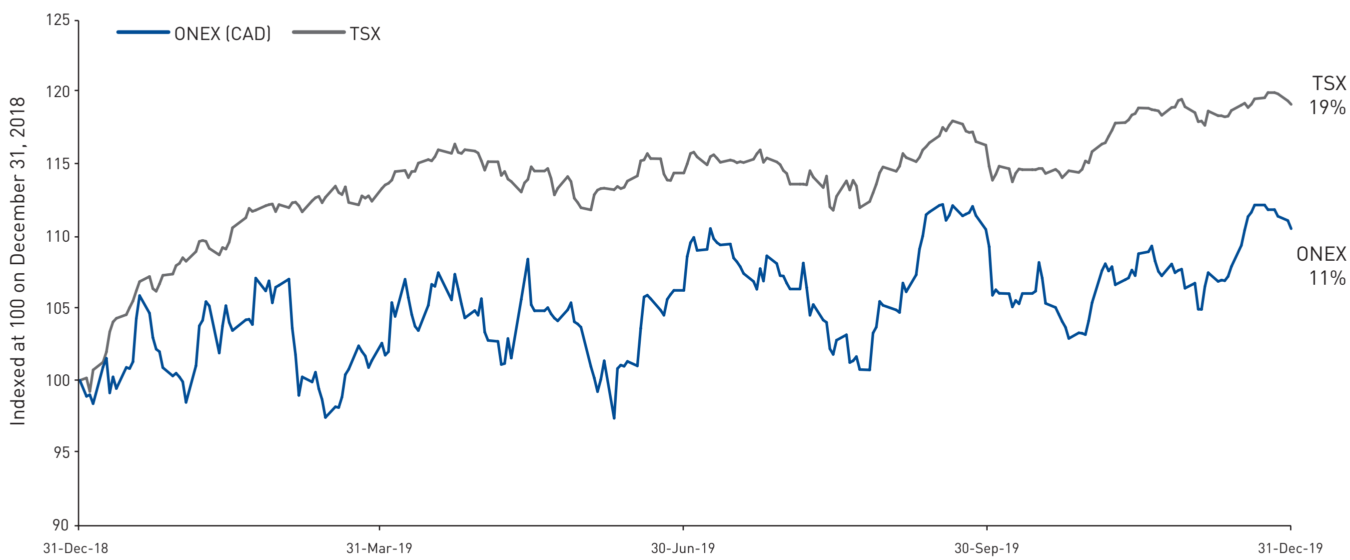
Onex has had an active share repurchase program for more than 20 years and has reduced its shares outstanding by nearly half of the original share count when it launched the program in 1997. During the year ended December 31, 2019, $28 million was returned to shareholders through dividends and Onex repurchased and cancelled 629,027 SVS at a total cost of $34 million (C$46 million), or an average purchase price of $54.80 (C$73.59) per share.

Through its dividends and share repurchase program, Onex has returned more than C$2.2 billion to shareholders since 1997.

At December 31, 2019, Onex' SVS closed at C$82.17, an 11% increase from December 31, 2018. This compares to a 19% increase in the S&P/TSX Composite Index ("TSX").

The following chart shows the performance of Onex' SVS in Canadian dollars during the year ended December 31, 2019 relative to the TSX.

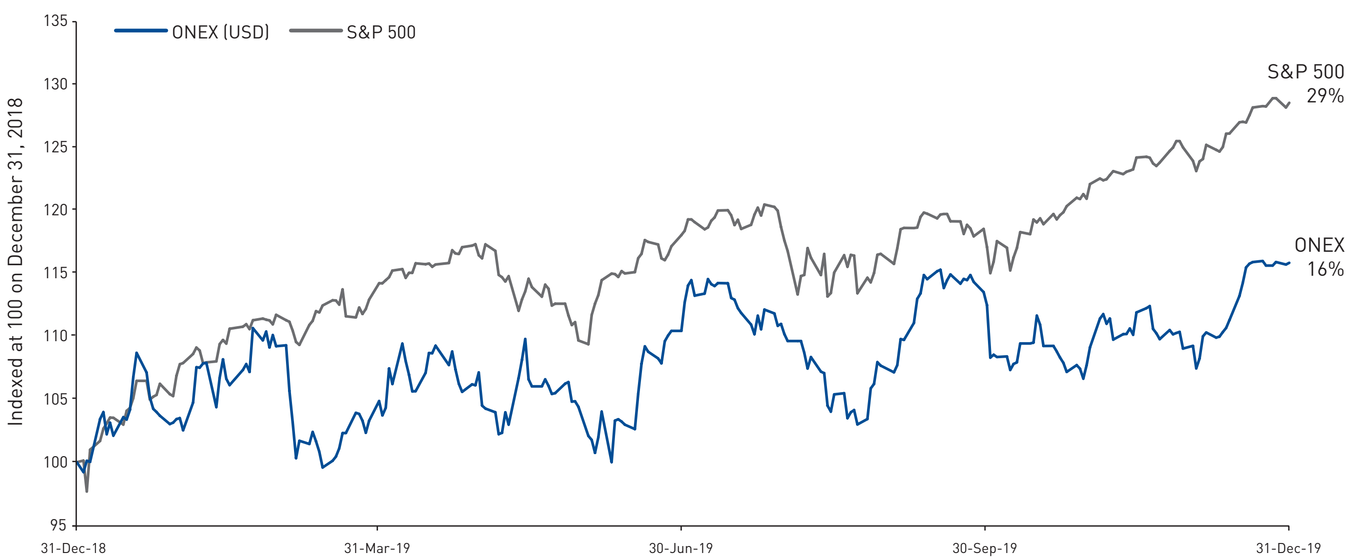
Onex Relative Performance (CAD) (December 31, 2018 to December 31, 2019)



As a substantial portion of Onex' investments and management fees are denominated in U.S. dollars, Onex' Canadian dollar share price will also be impacted by the change in the exchange rate between the U.S. dollar and Canadian dollar. During the year ended December 31, 2019, the value of Onex' SVS increased by 16% in U.S. dollars compared to a 29% increase in the Standard & Poor's 500 Index ("S&P 500").

The chart below shows the performance of Onex' SVS in U.S. dollars during the year ended December 31, 2019 relative to the S&P 500.

Onex Relative Performance (USD) (December 31, 2018 to December 31, 2019)



FINANCIAL REVIEW

This section discusses the significant changes in Onex' consolidated statement of earnings, consolidated balance sheet and consolidated statement of cash flows for the fiscal year ended December 31, 2019 compared to those for the year ended December 31, 2018 and, in selected areas, to those for the year ended December 31, 2017.

In simple terms, Onex is an investor and asset manager. As discussed below, Onex' financial and operating information for the year ended December 31, 2019 is presented in a manner that more closely reflects its business and activities.

Investments and investing activity refer to the investment of Onex' shareholder capital primarily in its private equity funds, Onex Credit strategies and certain investments held outside the private equity funds and credit strategies. These investments are held directly or indirectly through wholly-owned subsidiaries of Onex, which are referred to as **Investment Holding Companies**. While there are a number of Investment Holding Companies, substantially all of these companies are direct or indirect subsidiaries of Onex Private Equity Holdings LLC, Onex CLO Holdings LLC or Onex Credit Holdings LLC. These three companies, which are referred to as the **Primary Investment Holding Companies**, are wholly-owned subsidiaries of Onex and are the holding companies for substantially all of Onex' investments, excluding intercompany loans receivable from Onex and the Asset Managers.

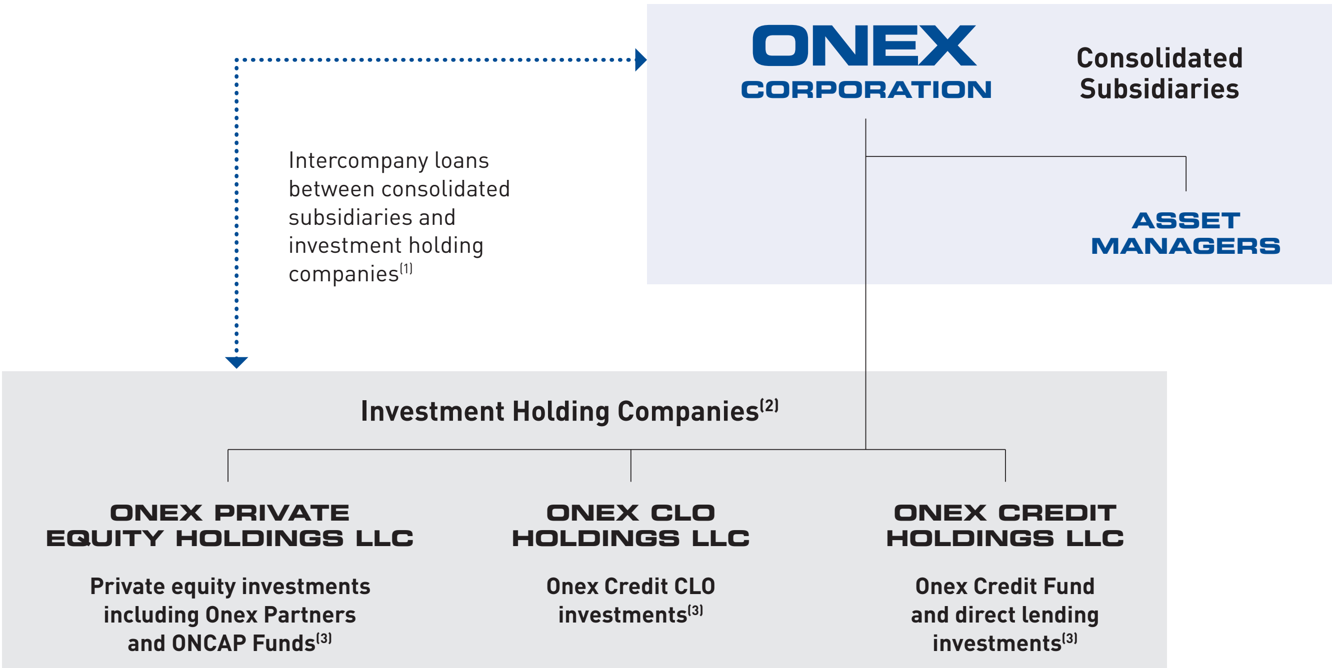
Asset management refers to the activity of managing capital in Onex' private equity funds, private credit strategies, public debt strategies and public equity strategies. This activity is conducted through wholly-owned subsidiaries of Onex, which are the managers of the Onex Partners Funds, ONCAP Funds, Onex Credit strategies and Gluskin Sheff strategies. These subsidiaries are referred to as Onex' **Asset Managers** and are consolidated by Onex.

Users of the consolidated financial statements may note detailed line-item disclosures relating to **intercompany loans**. IFRS requires specific disclosures and presentation of intercompany loans between Onex and the Asset Managers, and the Investment Holding Companies. Specifically, IFRS requires that:

- intercompany loans payable by Onex and the Asset Managers to the Investment Holding Companies are recognized as liabilities in Onex' consolidated balance sheet. A corresponding and offsetting amount is recognized within corporate investments in Onex' consolidated balance sheet, representing the related loan receivable from Onex and the Asset Managers; and
- intercompany loans payable by Investment Holding Companies to Onex and the Asset Managers are part of the fair value measurement of Onex' corporate investments in the consolidated balance sheet, which reduces the fair value of Onex' corporate investments. Onex classifies the corresponding loan receivable from Investment Holding Companies within corporate investments in its consolidated balance sheet, which increases the value of Onex' corporate investments by the same amount as the related loans payable.

There is no impact to net assets or net earnings from these intercompany loans in Onex' consolidated financial statements.

The simplified diagram below illustrates the types of subsidiaries included within Onex' corporate structure and the basis on which they are accounted for following the change in Onex' investment entity status on January 1, 2019.



(1) Onex Corporation and the consolidated asset management subsidiaries enter into intercompany loans that, in aggregate, have no net effect on Onex' financial position. Intercompany loans payable by Onex and the consolidated subsidiaries to the Investment Holding Companies are recognized as liabilities in the consolidated balance sheet, with the corresponding loans receivable classified as an asset within corporate investments in the consolidated balance sheet.

(2) Onex' investments in the Investment Holding Companies are recorded as corporate investments at fair value through net earnings.

(3) Onex' investments in private equity, direct lending, CLOs and Onex Credit Funds are typically held directly or indirectly through wholly-owned investment holding companies, which are subsidiaries of the Primary Investment Holding Companies identified above.

As discussed in the investment entity status section on the following page, on January 1, 2019, Onex determined that it met the definition of an investment entity, as defined by IFRS 10, *Consolidated financial statements* ("IFRS 10"). While this does not represent a change in accounting standards, this change in status has fundamentally altered how Onex prepares, presents and discusses its financial results relative to periods ending on or before December 31, 2018. **Accordingly, users of this MD&A and the consolidated financial statements to which it relates should exercise significant caution in reviewing, considering and drawing conclusions from period-to-period comparisons and changes.** Onex is required to provide comparative financial statements and to discuss in the accompanying MD&A both the current and prior period information and the changes therein. However, the change in Onex' investment entity status and, as a result, the presentation of its financial results can cause direct comparisons between dates or across periods to be inappropriate or not meaningful if not carefully considered in this context. Prior periods have not been restated to reflect the change in Onex' investment entity status.

CONSOLIDATED OPERATING RESULTS

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

INVESTMENT ENTITY STATUS

On January 1, 2019, Onex determined that it met the definition of an investment entity, as defined by IFRS 10. This change in status resulted from the change in how Onex measures and evaluates the performance of its investments, which are now performed on a fair value basis for substantially all of Onex' investments. This change was driven primarily by the following factors: (i) performance metrics reviewed by Onex management have evolved over time and now primarily focus on the fair value of Onex' investments; (ii) growth of Onex' investment in Onex Credit strategies ($815 million as at January 1, 2019), for which the measurement and evaluation have always been performed on a fair value basis; and (iii) Onex' disposition of certain investments that were not measured and evaluated on a fair value basis.

As a result of this change in status, the assets and liabilities of Onex' subsidiaries that do not provide investment-related services are no longer included in Onex' consolidated balance sheet, and Onex' investments in these subsidiaries are instead presented as corporate investments at fair value totalling $9.2 billion as at January 1, 2019, including intercompany loans receivable from Investment Holding Companies. Onex recorded a net gain on the transition to investment entity status of $3.5 billion on January 1, 2019, including items reclassified from accumulated other comprehensive loss, reflecting the difference between the corporate investments' fair values and their previous carrying values. These corporate investments are subsequently measured at fair value through net earnings. The change in investment entity status has been accounted for prospectively from January 1, 2019 in accordance with IFRS 10.

In June 2019, Onex management updated its assessment of whether Onex, the parent company, met the definition of an investment entity under IFRS 10 following the acquisition of Gluskin Sheff, as described on page 29 of this MD&A. Onex management concluded that Onex, the parent company, remained an investment entity as defined by IFRS 10 subsequent to its acquisition of Gluskin Sheff.

CHANGES IN ACCOUNTING POLICIES

The Company has adopted the following new accounting standard, along with any consequential amendments, effective January 1, 2019. This change was made in accordance with applicable transitional provisions.

IFRS 16 – Leases

IFRS 16, *Leases* ("IFRS 16") supersedes IAS 17, *Leases* ("IAS 17") and requires lessees to recognize a right-of-use asset and a lease liability for substantially all lease contracts. On January 1, 2019, Onex adopted IFRS 16 on a modified retrospective basis and has chosen to not restate comparative information in accordance with the transitional provisions in IFRS 16. As a result, the comparative information continues to be presented in accordance with the Company's previous accounting policies.

On adoption of IFRS 16, Onex recognized lease liabilities totalling $72 million in relation to leases which had previously been classified as operating leases under IAS 17. The lease liabilities were measured at the present value of the remaining lease payments, discounted using Onex' incremental borrowing rates as at January 1, 2019. Onex' weighted-average incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 3.20%.

The associated right-of-use assets recognized at January 1, 2019 totalled $71 million and were measured at an amount equal to the recognized lease liabilities, adjusted for previously recognized lease accruals, in accordance with the transitional provisions of IFRS 16, and consist entirely of real estate premises. There was no impact to retained earnings on January 1, 2019 as a result of adopting IFRS 16.

In applying IFRS 16, the Company used the following practical expedients as permitted by the standard:

- Previous assessments were relied on to determine whether leases were onerous;
- Operating leases with a remaining lease term of less than 12 months at January 1, 2019 were treated as short-term leases under IFRS 16;
- Initial direct costs were excluded from the measurement of right-of-use assets at the date of initial application; and
- Payments associated with leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statement of earnings.

The Company also elected to not reassess whether a contract is or contains a lease as at January 1, 2019, as permitted by IFRS 16.

From January 1, 2019, leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use, with the exception of leases of low-value assets or leases with a term of 12 months or less, which are recognized on a straight-line basis as an expense. For leases recognized in the consolidated balance sheet, each lease payment is allocated between the repayment of the lease liability and the finance cost. The finance cost is charged to the consolidated statement of earnings over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. Right-of-use assets and lease liabilities arising from a lease are initially measured on a present value basis. Right-of-use assets are included within property and equipment in the consolidated balance sheet at December 31, 2019.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Corporate investments

Corporate investments include Onex' investments in its subsidiaries, primarily consisting of Investment Holding Companies, that meet the investment entity exception to consolidation criteria in IFRS 10. These subsidiaries primarily invest Onex' shareholder capital in the Onex Partners Funds, ONCAP Funds and Onex Credit strategies. Corporate investments are measured at fair value through net earnings, in accordance with IFRS 9, *Financial instruments* ("IFRS 9"). The fair value of corporate investments includes the fair value of both intercompany loans receivable from and payable to Onex and the Asset Managers. In addition, the fair value of corporate investments includes Onex' portion of the carried interest earned on investments made by the Onex Partners and ONCAP Funds and the liability associated with management incentive programs, including the Management Investment Plan (the "MIP").

At December 31, 2019, substantially all of the Company's corporate investments, excluding intercompany loans, consisted of investments made in the Primary Investment Holding Companies and investments made in operating businesses directly by Onex.

Intercompany loans with Investment Holding Companies

Intercompany loans payable to Investment Holding Companies represent financial liabilities that are payable to subsidiaries of Onex, which are recorded at fair value in the consolidated financial statements. Intercompany loans receivable from Investment Holding Companies are classified as corporate investments and represent loans receivable from subsidiaries of Onex, which are recorded at fair value in the consolidated financial statements. Onex has elected to measure these financial instruments at fair value through net earnings, in accordance with IFRS 9.

Revenue recognition

The Company's significant revenue streams during the year ended December 31, 2019 were as follows:

Management and advisory fees

Onex earns management and advisory fees for managing investor capital through its private equity funds, private credit strategies, public debt strategies and public equity strategies, and for services provided directly to certain underlying operating businesses. Onex accounts for management and advisory fees as revenue from contracts with customers using the five-step model outlined in note 1 to the 2019 annual consolidated financial statements. Asset management services are provided over time and the amount earned is generally calculated based on a percentage of limited partners' committed capital, limited partners' net funded commitments, unfunded commitments, the collateral principal balance, gross invested assets or net asset value of the respective strategies. Revenues earned from management and advisory fees are recognized over time as the services are provided.

Reimbursement of expenses from investment funds and operating businesses

Certain deal investigation, research and other expenses incurred by the Asset Managers are recoverable from the Onex Partners Funds, ONCAP Funds, Onex Credit strategies and certain operating businesses of the Onex Partners and ONCAP Funds. These expense reimbursements are recognized as revenue in accordance with IFRS 15, *Revenue from contracts with customers* ("IFRS 15").

Performance fees

Onex accounts for performance fees as revenue from contracts with customers using the five-step model outlined in note 1 to the 2019 annual consolidated financial statements. Performance fees are recognized as revenue to the extent the fees are highly probable to not reverse, which is typically at the end of each performance year, or upon closure of an account or transfer of assets to a different investment model.

Performance fees associated with the management of the Gluskin Sheff Funds include both performance fees and performance allocations. Performance fees are determined by applying an agreed-upon formula to the growth in the net asset value of clients' assets under management. Performance allocations are allocated to the Company as a General Partner of certain Gluskin Sheff Funds. Performance fees associated with the Gluskin Sheff Funds range between 10% and 25% and may be subject to performance hurdles.

Onex is also entitled to performance fees on investor capital it manages within the Onex Credit strategies. Performance fees for these strategies range between 15% and 20% of net gains and are generally subject to a hurdle or minimum preferred return to investors.

Significant accounting estimates and judgements

Onex prepares its consolidated financial statements in accordance with IFRS. The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and equity, the related disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue, expenses and gains (losses) on financial instruments during the reporting period. Actual results could differ materially from those estimates and assumptions. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Areas that involve critical judgements, assumptions and estimates and that have a significant influence on the amounts recognized in the consolidated financial statements are further described as follows:

Investment entity status

Judgement was required when determining whether Onex, the parent company, meets the definition of an investment entity, which IFRS 10 defines as an entity that: (i) obtains funds from one or more investors for the purpose of providing those investors with investment management services; (ii) commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and (iii) measures and evaluates the performance of substantially all of its investments on a fair value basis. When determining whether Onex met the definition of an investment entity under IFRS 10, Onex management applied significant judgement when assessing whether the Company measures and evaluates the performance of substantially all of its investments on a fair value basis.

Onex conducts its business primarily through controlled subsidiaries, which consist of entities providing asset management services, investment holding companies and General Partners of private equity funds, credit funds and limited partnerships. Certain of these subsidiaries were formed for legal, regulatory or similar reasons by Onex and share a common business purpose. The assessment of whether Onex, the parent company, meets the definition of an investment entity was performed on an aggregate basis with these subsidiaries.

Corporate investments

The measurement of corporate investments is significantly impacted by the fair values of the investments held by the Onex Partners Funds, ONCAP Funds and Onex Credit strategies. The fair value of corporate investments is assessed at each reporting date with changes in fair value recognized through net earnings.

The valuation of non-public investments requires significant judgement due to the absence of quoted market values, inherent lack of liquidity and the long-term nature of such investments. Valuation methodologies include discounted cash flows and observations of the trading multiples of public companies considered comparable to the private companies being valued. The valuations take into consideration company-specific items, the lack of liquidity inherent in a non-public investment and the fact that comparable public companies are not identical to the companies being valued. Such considerations are necessary since, in the absence of a committed buyer and completion of due diligence procedures, there may be company-specific items that are not fully known that may affect the fair value. A variety of additional factors are reviewed, including, but not limited to, financing and sales transactions with third parties, current operating performance and future expectations of the particular investment, changes in market outlook and the third-party financing environment. In determining changes to the fair value of the underlying private equity investments, emphasis is placed on current company performance and market conditions.

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

The fair value of underlying investments in Onex Credit strategies that are not quoted in an active market may be determined by using reputable pricing sources (such as pricing agencies) or indicative prices from bond/debt market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. Judgement and estimates are exercised to determine the quantity and quality of the pricing sources used. Where no market data is available, positions may be valued using models that include the use of third-party pricing information and are usually based on valuation methods and techniques generally recognized as standard within the industry. Models use observable data to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations may require estimates to be made. Changes in assumptions about these factors could affect the reported fair value of the underlying investments in Onex Credit strategies.

The MIP is included in the fair value of corporate investments and is determined using an internally developed valuation model. The critical assumptions and estimates used in the valuation model include the fair value of the underlying investments, the time to expected exit from each investment, a risk-free rate and an industry comparable historical volatility for each investment. The fair value of the underlying investments includes the same critical assumptions and estimates previously described.

The changes in fair value of corporate investments are further described on page 34 of this MD&A.

The Company assessed whether its underlying subsidiaries met the definition of an investment entity, as defined under IFRS 10. In certain circumstances, this assessment was performed together with other entities that were formed in connection with each other for legal, regulatory or similar reasons. Similarly, where a subsidiary's current business purpose is to facilitate a common purpose with a group of entities, the assessment of whether those subsidiaries met the definition of an investment entity was performed on an aggregated basis.

Certain subsidiaries were formed for various business purposes that, in certain circumstances, have evolved since their formation. When the Company assessed whether these subsidiaries met the definition of an investment entity, as defined under IFRS 10, professional judgement was exercised to determine the primary business purpose of these subsidiaries and the measurement basis, which were significant factors in determining their investment entity status.

Business combination

In June 2019, Onex acquired 100% of Gluskin Sheff and accounted for this acquisition as a business combination in accordance with IFRS 3, *Business combinations*. Substantially all of Gluskin Sheff's identifiable assets and liabilities were recorded at their respective fair values on the date of acquisition. One of the most significant areas of judgement and estimation related to the determination of the fair value of these assets and liabilities. Investments were valued at market prices while intangible assets that were identified were valued by an independent external valuation expert using appropriate valuation techniques, which were generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

Goodwill impairment tests and recoverability of assets

The Company tests at least annually whether goodwill has suffered any impairment, in accordance with its accounting policies. The determination of the recoverable amount of a cash-generating unit ("CGU") to which goodwill is allocated involves the use of estimates by management. The Company generally uses discounted cash flow-based methods to determine these values. These discounted cash flow calculations typically use five-year projections that are based on the operating plans approved by management. Cash flow projections take into account past experience and represent management's best estimate of future developments. Cash flows after the planning period are extrapolated using estimated growth rates. Key assumptions on which management has based its determination of fair value less costs to sell and value in use include estimated growth rates, weighted average cost of capital and tax rates. These estimates, including the methodology used, can have a material impact on the respective values and ultimately the amount of any goodwill impairment. Likewise, whenever property, equipment and other intangible assets are tested for impairment, the determination of the assets' recoverable amount involves the use of estimates by management and can have a material impact on the respective values and ultimately the amount of any impairment.

Income taxes

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

The Company uses significant judgement when determining whether to recognize deferred tax liabilities with respect to taxable temporary differences associated with corporate investments, in particular whether the Company is able to control the timing of the reversal of the temporary differences and whether it is probable that the temporary differences will not reverse in the foreseeable future. Judgement includes consideration of the Company's future cash requirements in its numerous tax jurisdictions.

Legal provisions and contingencies

The Company in the normal course of operations can become involved in various legal proceedings. While the Company cannot predict the final outcome of such legal proceedings, the outcome of these matters may have a material effect on the Company's consolidated financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and provides provisions for probable contingent losses, including an estimate of legal expenses to resolve the matters. Internal and external counsel are used for these assessments. In making the decision regarding the need for provisions, management considers the degree of probability of an unfavourable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim or the disclosure of any such suit or assertion does not automatically indicate that a provision may be appropriate.

VARIABILITY OF RESULTS

Onex' consolidated operating results may vary substantially from quarter to quarter and year to year for a number of reasons. Those reasons may be significant with respect to (i) Onex' asset and wealth management activities and the fees and carried interest associated therewith; (ii) the aggregate fair value of its investments in and related to the private equity funds, including the underlying private equity operating businesses, and credit strategies as the result of not only changes in specific underlying values but also new investments or realizations by those funds; or (iii) Onex' cash position or the amount and value of its treasury investments. More broadly, Onex' results may be materially affected by such factors as changes in the economic or political environment, foreign exchange and interest rates, the value of stock-based compensation, and tax and trade legislation or its application, for example. Given the diversity of Onex' asset and wealth management businesses and of the Onex Partners and ONCAP Funds' operating businesses and Onex Credit investments, the exposures, risks and contingencies that could impact Onex' investments may be many, varied and material. Certain of those matters are discussed under the heading "Risk Factors" in Onex' 2019 Annual Information Form.

In addition, the fair values of Onex' underlying investments in Onex Credit strategies are impacted by the CLO market, leveraged loan market and credit risk (both own and counterparty), which may vary substantially from quarter to quarter and year to year.

ACQUISITION OF GLUSKIN SHEFF

In June 2019, Onex acquired 100% of Gluskin Sheff for C$445 million ($329 million). Gluskin Sheff is a Canadian wealth management firm serving high net worth families and institutional investors. The Company acquired Gluskin Sheff to diversify and expand its distribution channels and to grow its fee-generating assets under management. As part of the acquisition, certain members of the Gluskin Sheff management team exchanged their Gluskin Sheff common shares for Onex SVS and limited partnership units from a subsidiary of Onex. In connection with this transaction, Onex issued 247,359 SVS with a fair value of $13 million (C$18 million) and limited partnership units of an Onex consolidated subsidiary with a fair value of $8 million (C$11 million), in addition to cash consideration paid of $308 million (C$416 million). Gluskin Sheff's revenues and expenses are substantially denominated in Canadian dollars.

Onex determined that Gluskin Sheff and the wholly-owned subsidiaries that were formed to acquire the company did not meet the definition of an investment entity under IFRS 10 and that the entities' primary business purpose, as a whole, is to provide investment-related services. As such, Onex consolidates the financial results of Gluskin Sheff and the wholly-owned subsidiaries that were formed to acquire the company.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS AND FOURTH QUARTER RESULTS

The discussions that follow identify those material factors that affected Onex' consolidated financial results for the year ended December 31, 2019. As a result of the change in Onex' investment entity status, Onex has two reportable segments as of January 1, 2019, and most financial statement line items are not comparable to the financial results for the years ended December 31, 2018 and 2017 following the change in Onex' investment entity status, as described on page 24 of this MD&A.

Consolidated net earnings (loss)

Onex recorded consolidated net earnings of $4.3 billion and diluted net earnings per share of $42.74 during the year ended December 31, 2019, which included a non-recurring net gain of $3.5 billion as a result of the derecognition of previously consolidated corporate investments following the change in Onex' investment entity status, as described on page 24 of this MD&A. During the same period in 2018, Onex recorded a consolidated net loss of $796 million and the net loss attributable to equity holders of Onex was $663 million ($6.57 diluted net loss per share).

Tables 1 and 2 present the segmented results for the three months and year ended December 31, 2019. Onex' segmented results include allocations of management fees and carried interest that would have been recognized on Onex' capital in the Onex Partners and ONCAP Funds had Onex' capital been subject to the same terms as third-party limited partners. These allocations are made as this presentation of segmented results is used by Onex management, in part, to assess Onex' performance. During 2019, these allocations, on a net basis, reduced Onex' investing segment income and increased Onex' asset and wealth management segment income, with no net impact to total segment net earnings.

Onex' segmented results exclude revenues and expenses associated with recoverable expenses from the Onex Partners Funds, ONCAP Funds, Onex Credit strategies and the operating businesses of Onex Partners and ONCAP. Onex management excludes these amounts when assessing Onex' performance given the nature of these expenses, which are recoverable at cost.

TABLE 1	($ millions) Three months ended December 31, 2019	Investing	Asset and Wealth Management[a]	Total
Net gains on corporate investments (including an increase in carried interest)		$ 156[b][c]	$ 10[b]	$ 166[b][c]
Management and advisory fees		–	82[c]	82[c]
Interest and net treasury investment income		4	–	4
Performance fees		–	23	23
Other income		–	1	1
Total segment income		160	116	276
Compensation		–	(48)	(48)
Amortization of right-of-use assets		–	(2)	(2)
Other expense		–	(15)	(15)
Segment net earnings		$ 160	$ 51	$ 211
Stock-based compensation				(7)
Amortization of property, equipment and intangible assets, excluding right-of-use assets				(13)
Integration expenses				(5)
Earnings before income taxes				186
Recovery of income taxes				1
Net earnings				$ 187
Segment net earnings per share[d]				$ 2.04
Net earnings per share – diluted				$ 1.86

(a) The asset and wealth management segment includes the costs of Onex' corporate functions.

(b) The asset and wealth management segment includes an allocation of $1 million from the investing segment, representing carried interest that would have been recognized by the asset and wealth management segment had Onex' capital been subject to carried interest under the same terms as third-party limited partners of the Onex Partners and ONCAP Funds. This allocation was made in accordance with IFRS 8 as this presentation is used by management, in part, to assess the performance of Onex.

(c) The asset and wealth management segment includes an allocation of $15 million from the investing segment, representing management fees that would have been earned by the asset and wealth management segment had Onex' capital been subject to management fees under the same terms as third-party limited partners of the Onex Partners and ONCAP Funds. This allocation was made in accordance with IFRS 8 as this presentation is used by management, in part, to assess the performance of Onex.

(d) Calculated on a fully diluted basis.

Net earnings in the investing segment for the three months ended December 31, 2019 were primarily driven by net gains on corporate investments of $156 million. Net earnings in the asset and wealth management segment for the three months ended December 31, 2019 were primarily driven by management and advisory fees of $82 million along with performance fees of $23 million, substantially all from Gluskin Sheff managed funds, partially offset by $48 million of compensation expense.

TABLE 2	($ millions) Year ended December 31, 2019	Investing	Asset and Wealth Management[a]	Total
Net gains (losses) on corporate investments (including a decrease in carried interest)		$ 743[b][c]	$ (5)[b]	$ 738[b][c]
Management and advisory fees		–	302[c]	302[c]
Interest and net treasury investment income		14	–	14
Performance fees		–	24	24
Other income		–	3	3
Total segment income		757	324	1,081
Compensation		–	(178)	(178)
Amortization of right-of-use assets		–	(9)	(9)
Other expense		(1)	(57)	(58)
Segment net earnings		$ 756	$ 80	$ 836
Stock-based compensation				(60)
Amortization of property, equipment and intangible assets, excluding right-of-use assets				(36)
Acquisition and integration expenses[d]				(50)
Gain on derecognition of previously consolidated corporate investments				3,719
Reclassification from accumulated other comprehensive loss on derecognition of previously consolidated corporate investments				(170)
Earnings before income taxes				4,239
Recovery of income taxes				38
Net earnings				$ 4,277
Segment net earnings per share[e]				$ 8.09
Net earnings per share – diluted				$ 42.74

(a) The asset and wealth management segment includes the costs of Onex' corporate functions.

(b) The asset and wealth management segment includes an allocation of $4 million from the investing segment, representing a net reversal of carried interest that would have been recognized by the asset and wealth management segment had Onex' capital been subject to carried interest under the same terms as third-party limited partners of the Onex Partners and ONCAP Funds. This allocation was made in accordance with IFRS 8 as this presentation is used by management, in part, to assess the performance of Onex.

(c) The asset and wealth management segment includes an allocation of $61 million from the investing segment, representing management fees that would have been earned by the asset and wealth management segment had Onex' capital been subject to management fees under the same terms as third-party limited partners of the Onex Partners and ONCAP Funds. This allocation was made in accordance with IFRS 8 as this presentation is used by management, in part, to assess the performance of Onex.

(d) Primarily relates to expenses associated with the retirement of the Onex Credit chief executive officer, as described on page 39 of this MD&A.

(e) Calculated on a fully diluted basis.

Net earnings in the investing segment for the year ended December 31, 2019 were primarily driven by net gains on corporate investments of $743 million. Net earnings in the asset and wealth management segment for the year ended December 31, 2019 were primarily driven by management and advisory fees of $302 million, partially offset by $178 million of compensation expense. Onex' asset and wealth management segment would have generated net earnings of approximately $94 million ($0.90 per fully diluted share) for the year ended December 31, 2019 had Gluskin Sheff been acquired on January 1, 2019, and the investing segment net earnings would have remained unchanged. Total segment net earnings would have been $850 million ($8.23 per fully diluted share) for the year ended December 31, 2019 had Gluskin Sheff been acquired on January 1, 2019.

Net earnings (loss) for the three and twelve months ended December 31, 2018 are not comparable to the results in tables 1 and 2 following the change in Onex' investment entity status, as described on page 24 of this MD&A. Net earnings (loss) for the year ended December 31, 2018 are presented by industry segment in note 58 to the consolidated financial statements. The statements of earnings for the three months and year ended December 31, 2018 are as follows:

TABLE 3 *($ millions)*	Three Months Ended December 31, 2018	Year Ended December 31, 2018
Revenues	$ 6,090	$ 23,785
Cost of sales (excluding amortization of property, plant and equipment, intangible assets and deferred charges)	(4,567)	(17,563)
Operating expenses	(1,037)	(4,077)
Interest income	149	538
Amortization of property, plant and equipment	(162)	(643)
Amortization of intangible assets and deferred charges	(192)	(744)
Interest expense	(459)	(1,439)
Decrease in value of investments in joint ventures and associates at fair value, net	(384)	(585)
Stock-based compensation recovery	118	58
Other gains	261	343
Other expense	(452)	(517)
Impairment of goodwill, intangible assets and long-lived assets, net	(324)	(627)
Limited Partners' Interests recovery	947	714
Loss before income taxes and discontinued operations	(12)	(757)
Recovery of (provision for) income taxes	85	(89)
Earnings (loss) from continuing operations	73	(846)
Earnings from discontinued operations	15	50
Net Earnings (Loss)	$ 88	$ (796)

Table 4 presents the net earnings (loss) attributable to equity holders of Onex Corporation and non-controlling interests.

Net Earnings (Loss)

TABLE 4 *($ millions)* Year ended December 31	**2019**	2018	2017
Net earnings (loss) attributable to:			
Equity holders of Onex Corporation	**$ 4,277**	$ (663)	$ 2,401
Non-controlling interests	**–**	(133)	3
Net earnings (loss) for the year	**$ 4,277**	$ (796)	$ 2,404

During the year ended December 31, 2019, basic and diluted earnings per share were $42.78 and $42.74, respectively. Basic and diluted earnings per share during the years ended December 31, 2018 and 2017 are presented in table 5.

Net Earnings (Loss) per SVS of Onex Corporation

TABLE 5 *($ per share)* Year ended December 31	2018	2017
Basic and Diluted:		
Continuing operations	$ (7.05)	$ (7.51)
Discontinued operations	0.48	31.05
Net earnings (loss) per SVS for the year	$ (6.57)	$ 23.54

Note 58 to the consolidated financial statements shows the consolidated net earnings (loss) by industry segment and the amounts attributable to the equity holders of Onex Corporation and non-controlling interests for the year ended December 31, 2018.

Consolidated income for the three and twelve months ended December 31, 2019

Consolidated income for the three and twelve months ended December 31, 2019 primarily consisted of: (i) net gains on corporate investments, which primarily consisted of Onex' share of the net gains (losses) in the Onex Partners Funds, ONCAP Funds and Onex Credit strategies; and (ii) management and advisory fees, which Onex earns primarily from managing client and limited partner capital through its private equity funds, private credit strategies, public debt strategies and public equity strategies. During the three and twelve months ended December 31, 2018, Onex did not recognize any income for gains (losses) on corporate investments in its consolidated statement of earnings given its investment entity status during this time, as described on page 24 of this MD&A.

Net gains on corporate investments in the investing segment of $156 million and $743 million for the three and twelve months ended December 31, 2019, respectively, were primarily attributable to the following private equity investments and Onex Credit strategies:

TABLE 6 | *($ millions)* — Net Gains (Losses) on Corporate Investments

	Three Months Ended December 31, 2019	Year Ended December 31, 2019
Onex Partners Funds[a]		
Onex Partners I	$ –	$ 1
Onex Partners II	(27)	(48)
Onex Partners III	45	24
Onex Partners IV	108	793
Onex Partners V	46	48
Management incentive programs	(88)	(136)
Total net gains from Onex Partners Funds	84	682
ONCAP Funds[a]		
ONCAP II	17	10
ONCAP III	12	8
ONCAP IV	15	(4)
Management incentive programs	(6)	–
Total net gains from ONCAP Funds	38	14
Net gains from other private equity investments	39	44
Management fees on Onex' capital[b]	(15)	(61)
Carried interest on Onex' capital[c]	(1)	4
Total net gains from private equity	$ 145	$ 683
Onex Credit Strategies		
U.S. CLOs	$ 7	$ 33
EURO CLOs	2	–
CLO warehouses	–	8
Direct lending	2	7
OCP Senior Floating Income Fund	1	8
Onex Debt Opportunity Fund	(2)	–
Onex Senior Credit Fund	2	8
Total net gains from Onex Credit Strategies	$ 12	$ 64

(a) Onex' investments in the Onex Partners and ONCAP Funds include co-investments, where applicable.

(b) Represents management fees that would have been incurred had Onex' capital been subject to management fees under the same terms as third-party limited partners of the Onex Partners and ONCAP Funds. These management fees reduce Onex' investing segment income in the periods and increase Onex' asset and wealth management segment income.

(c) Represents carried interest that would have been recognized had Onex' capital been subject to carried interest under the same terms as third-party limited partners of the Onex Partners and ONCAP Funds. The carried interest allocations increase (decrease) Onex' investing segment income in the periods, with a corresponding decrease (increase) in Onex' asset and wealth management segment income.

During the three and twelve months ended December 31, 2019, net gains on corporate investments were primarily driven by the net increase in fair value of Onex' investment in Onex Partners IV, partially offset by a decrease in fair value related to changes to the Onex management team's participation, as described on page 62 of this MD&A. The net increase in the fair value of Onex' investment in Onex Partners IV during the three months ended December 31, 2019 was primarily driven by an increase in the underlying fair value of SIG. The net increase in the fair value of Onex' investment in Onex Partners IV during the year ended December 31, 2019 was primarily driven by increases in the underlying fair values of Clarivate Analytics, Jack's and SIG, partially offset by a decrease in the fair values of Save-A-Lot and Survitec.

Management and advisory fees for the three and twelve months ended December 31, 2019 were generated from the following sources:

TABLE 7 | *($ millions)*

	Management and Advisory Fees	
	Three Months Ended December 31, 2019	**Year Ended December 31, 2019**
Source of management and advisory fees		
Onex Partners Funds[a]	$ 31	$ 129
Onex Credit Strategies	13	52
Public Debt Strategies[b]	10	25
Public Equity Strategies[b]	8	18
ONCAP Funds[c]	5	17
Total management and advisory fees earned	67	241
Management fees on Onex' capital[d]	15	61
Total segment management and advisory fees	$ 82	$ 302

(a) Includes advisory fees earned from Onex Partners operating businesses.

(b) Includes management fees earned from Gluskin Sheff since June 2019, when Onex acquired the company, as described on page 29 of this MD&A.

(c) Includes advisory fees earned from ONCAP operating businesses.

(d) Represents management fees that would have been earned had Onex' capital been subject to management fees under the same terms as third-party limited partners of the Onex Partners and ONCAP Funds. These management fees reduce Onex' investing segment income in the period and increase Onex' asset and wealth management segment income.

Certain deal investigation, research and other costs incurred by the Asset Managers are recoverable from the Onex Partners Funds, ONCAP Funds, Onex Credit strategies and the operating businesses of Onex Partners and ONCAP. These cost reimbursements are recognized as revenue in accordance with IFRS 15. During the three and twelve months ended December 31, 2019, Onex recognized $8 million and $24 million, respectively, in revenues and expenses associated with these reimbursements.

Onex also receives performance fees from investor capital it manages within the Onex Credit strategies and Gluskin Sheff Funds. During the three and twelve months ended December 31, 2019, Onex recognized $23 million and $24 million of performance fees, which were realized from the public debt and public equity strategies of Gluskin Sheff.

Consolidated revenues and cost of sales for the three and twelve months ended December 31, 2018 and 2017

Consolidated revenues and cost of sales for the three and twelve months ended December 31, 2018 and 2017 were primarily derived from products sold and services rendered by the controlled operating companies of the Onex Partners and ONCAP Funds. During the three and twelve months ended December 31, 2019, Onex did not recognize any revenues or cost of sales from the controlled operating companies of the Onex Partners and ONCAP Funds in its consolidated statement of earnings following the change in the Company's investment entity status on January 1, 2019, as described on page 24 of this MD&A.

Tables 8 and 9 provide revenues and cost of sales by industry segment for the three and twelve months ended December 31, 2018 and 2017.

Revenues and Cost of Sales by Industry Segment for the Three Months Ended December 31, 2018 and 2017

TABLE 8 *($ millions)*	Revenues			Cost of Sales		
Three months ended December 31	2018	2017	Change	2018	2017	Change
Electronics Manufacturing Services	$ 1,727	$ 1,570	10 %	$ 1,585	$ 1,448	9 %
Healthcare Imaging	421	470	(10)%	257	266	(3)%
Insurance Services[a]	197	201	(2)%	–	–	n/a
Packaging Products and Services[b]	844	714	18 %	565	445	27 %
Business and Information Services[c]	404	285	42 %	166	118	41 %
Food Retail and Restaurants[d]	1,096	1,139	(4)%	979	961	2 %
Credit Strategies[e]	–	1	(100)%	–	–	n/a
Other[f]	1,401	1,464	(4)%	1,015	1,011	–
Total	$ 6,090	$ 5,844	4 %	$ 4,567	$ 4,249	7 %

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

(a) The insurance services segment consisted of York, which reported its costs in operating expenses.

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

(c) The business and information services segment consisted of Clarivate Analytics, Emerald Expositions and SMG. SMG began to be consolidated in January 2018, after the business was acquired by the Onex Partners IV Group.

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

(e) The credit strategies segment consisted of (i) Onex Credit Manager, (ii) Onex Credit CLOs, (iii) Onex Credit Funds and (iv) Direct Lending. Costs of the credit strategies segment were recorded in operating expenses.

(f) 2018 other included Flushing Town Center, KidsFoundation (since November 2018), Meridian Aviation, Parkdean Resorts, SCP Health, Survitec, WireCo, the operating companies of ONCAP II, III and IV (excluding IntraPac and Precision) and the parent company. 2017 other included Flushing Town Center, Meridian Aviation, Parkdean Resorts, SCP Health, Survitec, WireCo, the operating companies of ONCAP II, III and IV (excluding IntraPac) and the parent company.

Revenues and Cost of Sales by Industry Segment for the Twelve Months Ended December 31, 2018 and 2017

TABLE 9 *($ millions)*	Revenues			Cost of Sales		
Year ended December 31	2018	2017	Change	2018	2017	Change
Electronics Manufacturing Services	$ 6,633	$ 6,143	8 %	$ 6,117	$ 5,645	8 %
Healthcare Imaging	1,601	1,862	(14)%	959	1,068	(10)%
Insurance Services[a]	793	775	2 %	–	–	n/a
Packaging Products and Services[b]	2,776	2,395	16 %	1,839	1,528	20 %
Business and Information Services[c]	1,647	1,262	31 %	699	517	35 %
Food Retail and Restaurants[d]	4,467	4,724	(5)%	3,838	3,984	(4)%
Credit Strategies[e]	3	4	(25)%	–	–	n/a
Other[f]	5,865	5,602	5 %	4,111	3,882	6 %
Total	$ 23,785	$ 22,767	4 %	$ 17,563	$ 16,624	6 %

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

(a) The insurance services segment consisted of York, which reported its costs in operating expenses.

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

(c) The business and information services segment consisted of Clarivate Analytics, Emerald Expositions and SMG. SMG began to be consolidated in January 2018, after the business was acquired by the Onex Partners IV Group.

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

(e) The credit strategies segment consisted of (i) Onex Credit Manager, (ii) Onex Credit CLOs, (iii) Onex Credit Funds and (iv) Direct Lending (since May 2017). Costs of the credit strategies segment were recorded in operating expenses.

(f) 2018 other included Flushing Town Center, KidsFoundation (since November 2018), Meridian Aviation, Parkdean Resorts, SCP Health, Survitec, WireCo, the operating companies of ONCAP II, III and IV (excluding IntraPac and Precision) and the parent company. 2017 other included Flushing Town Center, Meridian Aviation, Parkdean Resorts (since March 2017), SCP Health, Survitec, WireCo, the operating companies of ONCAP II, III and IV (excluding IntraPac) and the parent company.

An analysis of changes in revenues and cost of sales for the years ended December 31, 2018 and 2017 are presented beginning on page 42 of Onex' 2018 MD&A.

Compensation

Compensation expense for the three and twelve months ended December 31, 2019 was $48 million and $178 million, respectively, and included the compensation expense of Onex Partners, ONCAP, Onex Credit, Gluskin Sheff (since June 2019) and Onex corporate, excluding stock-based compensation. During the three and twelve months ended December 31, 2018, compensation expense was classified as cost of sales and operating expenses in the consolidated statement of earnings and included the compensation expense for employees of the Onex controlled operating companies, Onex Partners, ONCAP, Onex Credit and Onex corporate. The change in classification of compensation expense in the consolidated statement of earnings was a result of the change in the Company's investment entity status, as described on page 24 of this MD&A.

Stock-based compensation

During the three and twelve months ended December 31, 2019, Onex recorded consolidated stock-based compensation expense of $7 million and $60 million, respectively, compared to a recovery of $118 million and $58 million, respectively, during the same periods in 2018. The stock-based compensation expense recognized during the three and twelve months ended December 31, 2019 related to Onex, the parent company, for its stock options and Director DSUs. The recovery recognized during the same periods in 2018 also included the expense (recovery) associated with the MIP equity interests and stock-based compensation plans at the controlled operating companies. The expense associated with the MIP equity interests during the three and twelve months ended December 31, 2019 was included as a component of the net gains on corporate investments following the change in Onex' investment entity status. The expense and recovery associated with the stock-based compensation plans at the previously consolidated operating companies is no longer recognized following the change in Onex' investment entity status.

Table 10 details the change in stock-based compensation.

Stock-Based Compensation

TABLE 10 *($ millions)*	Three Months Ended December 31			Year Ended December 31		
	2019	2018	**Change**	**2019**	2018	**Change**
Onex, the parent company, stock options	**$ 6**	$ (130)	**$ 136**	**$ 59**	$ (143)	**$ 202**
Onex, the parent company, director DSU plan	**1**	–	**1**	**1**	–	**1**
Onex, the parent company, MIP equity interests	**–**	(9)	**9**	**–**	2	**(2)**
Onex operating companies	**–**	21	**(21)**	**–**	83	**(83)**
Total stock-based compensation expense (recovery)	**$ 7**	$ (118)	**$ 125**	**$ 60**	$ (58)	**$ 118**

Amortization of property, equipment and intangible assets

Amortization of property, equipment and intangible assets for the three and twelve months ended December 31, 2019 was $15 million and $45 million, respectively, and consisted primarily of amortization expense of client relationship intangible assets, right-of-use assets and leasehold improvements related to Onex' leased premises. During the three and twelve months ended December 31, 2018, amortization expense totalled $354 million and $1.4 billion, respectively, and was classified as amortization of property, plant and equipment and amortization of intangible assets and deferred charges in the consolidated statement of earnings, and included the expenses of the controlled operating companies as well as Onex. The decrease in amortization expense and the change in classification were primarily driven by the derecognition of previously consolidated controlled operating companies on January 1, 2019, as described on page 24 of this MD&A.

Acquisition, integration and other expenses

During 2019, the chief executive officer of Onex Credit (the "Onex Credit CEO") retired from the Company. The Onex Credit CEO holds an interest in Onex Credit that entitles him to distributions from the business through 2034 (the "CEO's Participation"). Distributions associated with the CEO's Participation were previously recognized as compensation expense. Following the retirement, Onex no longer receives services associated with the CEO's Participation. As a result, Onex recorded an expense of $44 million for the year ended December 31, 2019, representing a discounted value of the future distributions in respect of the CEO's Participation. Onex has a total of $47 million recorded in other liabilities, including a previously recognized retirement obligation, which economically represents Onex' cost to ultimately acquire the CEO's Participation.

Other expenses for the three and twelve months ended December 31, 2018 are not comparable to the results in the same periods in 2019 as a result of the change in Onex' investment entity status, as described on page 24 of this MD&A. Other expenses for the year ended December 31, 2018 are presented in note 52 to the consolidated financial statements.

Interest expense

Consolidated interest expense for the three and twelve months ended December 31, 2019 was less than $1 million and $2 million, respectively, relating to lease liabilities, and was classified as other expense in the consolidated statement of earnings. Consolidated interest expense for the three and twelve months ended December 31, 2018 was $459 million and $1.4 billion, respectively, and included the consolidated interest expense of the previously consolidated operating companies and credit strategies. The decrease in interest expense was primarily driven by the derecognition of previously consolidated controlled operating companies and credit strategies on January 1, 2019, as described on page 24 of this MD&A.

Gain on derecognition of previously consolidated corporate investments

As a result of a change in Onex' investment entity status on January 1, 2019, as described on page 24 of this MD&A, a non-recurring gain on derecognition of previously consolidated corporate investments of $3.7 billion was recorded in the consolidated statement of earnings for the year ended December 31, 2019. The gain represents the difference between the fair value of previously consolidated corporate investments and their carrying values on January 1, 2019.

Reclassification from accumulated other comprehensive loss on derecognition of previously consolidated corporate investments

As a result of a change in Onex' investment entity status on January 1, 2019, a non-recurring $170 million loss was reclassified from accumulated other comprehensive loss to net earnings for the year ended December 31, 2019 as a result of the derecognition of previously consolidated corporate investments, as described on page 24 of this MD&A. The accumulated other comprehensive loss primarily consisted of currency translation adjustments.

Decrease in value of investments in joint ventures and associates at fair value, net

During the three and twelve months ended December 31, 2019, Onex did not have any investments classified as investments in joint ventures and associates as a result of the change in its investment entity status on January 1, 2019, as described on page 24 of this MD&A. During the three and twelve months ended December 31, 2018, investments in joint ventures and associates represented those investments in operating businesses over which Onex had joint control or significant influence, but not control. These investments were measured at fair value with both realized and unrealized gains and losses recognized in the 2018 consolidated statement of earnings as a result of increases or decreases in fair value. Investments deemed to be investments in joint ventures or associates and measured at fair value through net earnings (loss) during the three and twelve months ended December 31, 2018 primarily consisted of AIT, BBAM, JELD-WEN, Mavis Discount Tire (up to March 2018), Pinnacle Renewable Energy (since February 2018), PowerSchool (since August 2018), Ryan (since October 2018), Venanpri Group and Wyse (since November 2018).

During the three months ended December 31, 2018, Onex recorded a net decrease in the fair value of investments in joint ventures and associates of $384 million. The decrease was primarily due to the decrease in the public share price of JELD-WEN, partially offset by an increase in the fair value of BBAM.

Of the total net fair value decrease recorded during the fourth quarter of 2018, $279 million was attributable to the limited partners in the Onex Partners and ONCAP Funds, which impacted the Limited Partners' Interests recovery. Onex' share of the total net fair value decrease was $105 million.

During the year ended December 31, 2018, Onex recorded a net decrease in the fair value of investments in joint ventures and associates of $585 million. The decrease was primarily due to the decrease in the public share price of JELD-WEN, partially offset by an increase in the fair value of BBAM and Mavis Discount Tire (up to March 2018).

Of the total net fair value decrease recorded during the year ended December 31, 2018, $456 million was attributable to the limited partners in the Onex Partners and ONCAP Funds, which impacted the Limited Partners' Interests recovery. Onex' share of the total net fair value decrease was $129 million.

Other gains

In February 2018, Pinnacle Renewable Energy completed an initial public offering. As a result of this transaction, the ONCAP II Group no longer controlled Pinnacle Renewable Energy, and a gain of $82 million was recorded during the year ended December 31, 2018 based on the interest retained at fair value over the historical accounting carrying value of the investment. The gain was entirely attributable to the equity holders of Onex, as the interests of the Limited Partners were recorded as a financial liability at fair value.

In November 2018, the ONCAP III and ONCAP IV Groups sold their entire investment in Tecta, resulting in a gain of $261 million. The gain was entirely attributable to the equity holders of Onex, as the interests of the Limited Partners were recorded as a financial liability at fair value.

Following Onex' change in its investment entity status on January 1, 2019, as described on page 24 of this MD&A, Onex no longer recognizes gains from the loss of control of operating companies as Onex no longer consolidates its controlled operating companies.

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

Onex did not recognize an impairment of goodwill, intangible assets and long-lived assets during the three and twelve months ended December 31, 2019. Table 11 provides a breakdown of the net impairment of goodwill, intangible assets and long-lived assets by operating company for the three and twelve months ended December 31, 2018. The decrease in impairment of goodwill, intangible assets and long-lived assets was driven by the derecognition of previously consolidated controlled operating companies on January 1, 2019, as described on page 24 of this MD&A.

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

TABLE 11 *($ millions)*	Three Months Ended December 31, 2018	Year Ended December 31, 2018
Parkdean Resorts	$ –	$ 170
Save-A-Lot	80	150
Survitec	144	144
sgsco	52	52
SCP Health	–	50
Other, net	48	61
Total	$ 324	$ 627

Limited Partners' Interests recovery (charge)

Onex did not recognize a Limited Partners' Interest charge during the three and twelve months ended December 31, 2019 as a result of the change in its investment entity status on January 1, 2019, as described on page 24 of this MD&A.

The Limited Partners' Interests recovery in Onex' consolidated statement of earnings for the year ended December 31, 2018 primarily represented the change in the fair value of the underlying investments in the Onex Partners Funds, ONCAP Funds and Onex Credit strategies that was allocated to the limited partners and recorded as Limited Partners' Interests liability in Onex' 2018 consolidated balance sheet. The Limited Partners' Interests recovery for the Onex Partners and ONCAP Funds included the fair value changes of consolidated operating companies, investments in joint ventures and associates and other investments that were held in the Onex Partners and ONCAP Funds. The Limited Partners' Interests charge for the credit strategies included the fair value changes of the underlying investments in the Onex Credit Lending Partners and Onex Credit Funds that were consolidated by Onex.

During the three and twelve months ended December 31, 2018, Onex recorded a recovery of $913 million and $715 million, respectively, for Limited Partners' Interests for the Onex Partners and ONCAP Funds. The net decrease in the fair value of certain of the investments held in the Onex Partners and ONCAP Funds contributed to the Limited Partners' Interests recovery for the Onex Partners and ONCAP Funds recorded during the three and twelve months ended December 31, 2018.

Included in the Limited Partners' Interests recovery for the Onex Partners and ONCAP Funds was a decrease of $81 million and $93 million in carried interest for the three and twelve months ended December 31, 2018, respectively. Onex' share of the change in carried interest for the fourth quarter of 2018 was a decrease of $33 million. For the year ended December 31, 2018, Onex' share of the change in carried interest was a decrease of $38 million. The ultimate amount of carried interest realized will be dependent on the actual realizations for each fund in accordance with the limited partnership agreements.

During the three and twelve months ended December 31, 2018, Onex recorded a recovery of $34 million and a charge of $1 million, respectively, for Limited Partners' Interests for the credit strategies.

Recovery of (provision for) income taxes

As a result of the acquisition of Gluskin Sheff in June 2019, Onex recognized a deferred tax liability attributable to the acquired limited life intangible assets of Gluskin Sheff, which was included in the acquired net assets of Gluskin Sheff, as described in note 2 to the consolidated financial statements. In connection with this transaction, Onex recognized a deferred tax asset relating to income tax losses that are available to offset this future income tax liability, resulting in a $1 million and $38 million deferred income tax recovery recognized during the three and twelve months ended December 31, 2019, respectively. The deferred tax liability and deferred tax asset will be amortized over the useful life of the limited life intangible assets.

During the three months ended December 31, 2018, the consolidated recovery of income taxes was $85 million and during the year ended December 31, 2018, the consolidated provision for income taxes was $89 million. During the three and twelve months ended December 31, 2018, the consolidated recovery of (provision for) income taxes included the consolidated recovery of (provision for) income taxes of the previously consolidated operating companies.

Earnings (loss) from continuing operations

During 2019, Onex did not record any results from discontinued operations. As a result, Onex' earnings from continuing operations are discussed in the net earnings section on page 30 of this MD&A. Onex recorded a loss from continuing operations of $846 million during 2018 compared to $699 million in 2017. During 2018, the loss from continuing operations attributable to equity holders of Onex Corporation was $711 million ($7.05 per share) compared to $768 million ($7.51 per share) in 2017. Note 58 to the consolidated financial statements shows the earnings (loss) from continuing operations by reportable segment for the year ended December 31, 2018.

Earnings from discontinued operations

The Company did not have earnings or losses from discontinued operations during the three and twelve months ended December 31, 2019.

During 2018, Onex recorded after-tax earnings from discontinued operations of $50 million. The after-tax earnings from discontinued operations attributable to equity holders of Onex Corporation were $48 million ($0.48 per share). Earnings from discontinued operations for 2018 represented the results of BrightSpring Health, which are further described in note 34 to the consolidated financial statements.

Other comprehensive earnings (loss)

Other comprehensive earnings of $184 million for the year ended December 31, 2019 are due to the $170 million reclassification of accumulated other comprehensive loss of the previously consolidated operating companies to the consolidated statement of earnings as a result of the change in Onex' investment entity status under IFRS 10, as described on page 24 of this MD&A, as well as favourable currency translation adjustments of $14 million.

Other comprehensive losses for the year ended December 31, 2018 represent the unrealized gains or losses, net of income taxes, related to cash flow hedges, remeasurements for post-employment benefit plans and foreign exchange gains or losses on foreign self-sustaining operations. During the year ended December 31, 2018, Onex reported other comprehensive losses of $312 million. The loss recorded during 2018 was largely due to unfavourable currency translation adjustments on foreign operations of $236 million.

SUMMARY OF QUARTERLY INFORMATION

Tables 12 and 13 summarize Onex' key consolidated financial information for the last eight quarters. Historical financial information has been restated for the discontinued operations of BrightSpring Health.

Onex' quarterly consolidated financial results following the change in Onex' investment entity status on January 1, 2019, as described on page 24 of this MD&A, are not comparable to the historical results. In addition, Onex' quarterly consolidated results up to December 31, 2018 did not follow any specific trends due to the acquisitions or dispositions of businesses by Onex, and the varying business activities and cycles at Onex' operating businesses and Onex Credit strategies.

Consolidated Quarterly Financial Information

TABLE 12 *($ millions except per share amounts)*	2019			
	December	**September**	**June**	**March**
Total segment income	**$ 276**	**$ 197**	**$ 355**	**$ 253**
Total segment expenses	**(65)**	**(66)**	**(56)**	**(58)**
Segment net earnings	**211**	**131**	**299**	**195**
Other non-segment items	**(24)**	**(31)**	**(41)**	**3,537**
Net earnings	**$ 187**	**$ 100**	**$ 258**	**$ 3,732**
Segment net earnings per share[i]	**$ 2.04**	**$ 1.27**	**$ 2.90**	**$ 1.91**
Net earnings per share – basic and diluted	**$ 1.86**	**$ 0.99**	**$ 2.58**	**$ 37.37**

(i) Calculated on a fully diluted basis.

Consolidated Quarterly Results Prior to Change in Investment Entity Status

TABLE 13 *($ millions except per share amounts)*	2018			
	December	September	June	March
Revenues	$ 6,090	$ 6,105	$ 5,999	$ 5,591
Earnings (loss) from continuing operations	$ 73	$ (470)	$ (272)	$ (177)
Net earnings (loss)	$ 88	$ (458)	$ (262)	$ (164)
Net earnings (loss) attributable to:				
Equity holders of Onex	$ 173	$ (425)	$ (253)	$ (158)
Non-controlling Interests	(85)	(33)	(9)	(6)
Net earnings (loss)	$ 88	$ (458)	$ (262)	$ (164)
Earnings (loss) per share				
Earnings (loss) from continuing operations	$ 1.57	$ (4.33)	$ (2.59)	$ (1.69)
Earnings from discontinued operations	0.14	0.11	0.09	0.13
Net earnings (loss)	$ 1.71	$ (4.22)	$ (2.50)	$ (1.56)

SHAREHOLDER CAPITAL

As at December 31, 2019, Onex' shareholder capital was $7.2 billion ($69.47 or C$90.23 per fully diluted share). Shareholder capital and shareholder capital per share are non-GAAP financial measures used by Onex management to, in part, assess Onex' performance. A reconciliation of total segmented assets to shareholder capital is included in the following table:

TABLE 14 — *($ millions except per share amounts)* As at December 31, 2019	Investing	Asset and Wealth Management	Total
Total segmented assets	$ 6,561	$ 1,024	$ 7,585
Accounts payable and accrued liabilities	–	(39)	(39)
Accrued compensation	–	(109)	(109)
Lease and other liabilities	–	(153)	(153)
DSU hedge assets	–	(82)	(82)
Total shareholder capital	$ 6,561	$ 641	$ 7,202
Shareholder capital per share (U.S. dollars)[i]	$ 63.77	$ 5.70	$ 69.47
Shareholder capital per share (Canadian dollars)[i]	$ 82.83	$ 7.40	$ 90.23

(i) Calculated on a fully diluted basis.

CASH AND NEAR-CASH

Table 15 provides a breakdown of cash and near-cash at Onex at December 31, 2019.

Cash and Near-Cash

TABLE 15 — *($ millions)* As at December 31, 2019	
Cash and cash equivalents[a]	$ 832
Cash and cash equivalents within Investment Holding Companies[b]	328
Treasury investments	306
Treasury investments within Investment Holding Companies	89
Management fees receivable[c]	190
OCP Senior Floating Income Fund	97
Cash and near-cash[a]	$ 1,842

(a) Excludes cash and cash equivalents allocated to the asset and wealth management segment related to accrued incentive compensation and the liability relating to the retirement of the Onex Credit chief executive officer, as described on page 39 of this MD&A.

(b) Includes restricted cash and cash equivalents of $22 million for which the Company can readily remove the external restriction.

(c) Includes management fees receivable from the Onex Partners and ONCAP Funds.

Table 16 provides a reconciliation of the change in cash and near-cash at Onex from December 31, 2018 to December 31, 2019.

Change in Cash and Near-Cash

TABLE 16 *($ millions)*		Amount
Cash and near-cash at December 31, 2018[a]		$ 1,439
Private equity realizations:		
Onex Partners		
Clarivate Analytics secondary offerings and distribution	441	
SIG secondary offerings and dividend	296	
Jack's sale and distributions	231	
BrightSpring Health sale	191	
BBAM distributions	10	
ONCAP		
PURE Canadian Gaming distribution	17	
Direct investments		
RSG distributions	19	
Other	11	1,216
Private equity investments:		
Onex Partners		
WestJet	(261)	
Convex	(124)	
PowerSchool	(13)	
ONCAP		
Enertech	(39)	
ILAC	(7)	
Direct investments		
RSG	(25)	
Other	(2)	(471)
Flushing Town Center distributions		53
Net Onex Credit Strategies investment activity, including warehouse facilities		133
Acquisition of Gluskin Sheff		(297)
Onex share repurchases, options exercised and dividends		(108)
Net other, including capital expenditures, management fees, operating costs and treasury income[b]		(123)
Cash and near-cash at December 31, 2019[a]		**$ 1,842**

(a) Includes $395 million (2018 – $279 million) of treasury investments, $97 million (2018 – $89 million) invested in an Onex Credit unlevered senior secured loan strategy fund and $190 million (2018 – $205 million) of management fees.

(b) Other includes the impact of incentive compensation payments paid during 2019 related to the 2018 fiscal year and acquisition and integration expenses.

CONSOLIDATED FINANCIAL POSITION

Consolidated assets

Consolidated assets totalled $11.8 billion at December 31, 2019 compared to $45.4 billion at December 31, 2018. The decrease in consolidated assets was primarily driven by the derecognition of previously consolidated corporate investments and credit strategies on January 1, 2019 following the change in Onex' investment entity status, as described on page 24 of this MD&A.

Table 17 presents consolidated assets by reportable segment as at December 31, 2019.

Consolidated Assets by Reportable Segment

TABLE 17 — *($ millions)* As at December 31, 2019	Investing	Asset and Wealth Management	Total
Cash and cash equivalents	$ 832	$ 156[a]	$ 988
Treasury investments	306	–	306
Management and advisory fees, recoverable fund expenses and other receivables	190[b]	142	332
Corporate investments	5,233	–	5,233
Other assets	–	126	126
Property and equipment	–	181	181
Intangible assets	–	158	158
Goodwill	–	261	261
Total segment assets	$ 6,561	$ 1,024	$ 7,585
Intercompany loans receivable, comprising part of the fair value of Investment Holding Companies			4,217
Total assets			$ 11,802

(a) Cash and cash equivalents allocated to the asset and wealth management segment relate to accrued employee incentive compensation and the liability relating to the retirement of the Onex Credit chief executive officer, as described on page 39 of this MD&A.

(b) Represents management fees receivable that Onex has elected to defer cash receipt from the Onex Partners and ONCAP Funds.

Table 18 shows consolidated assets by reportable segment as at December 31, 2018 and 2017.

Consolidated Assets by Reportable Segment

TABLE 18 *($ millions)*	As at December 31, 2018	Percentage Breakdown	As at December 31, 2017	Percentage Breakdown
Electronics Manufacturing Services	$ 3,738	9%	$ 2,964	7%
Healthcare Imaging	1,192	3%	1,321	3%
Insurance Services	1,487	3%	1,524	3%
Packaging Products and Services[a]	6,771	15%	6,808	16%
Business and Information Services[b]	6,526	15%	5,656	13%
Food Retail and Restaurants[c]	1,784	4%	2,094	5%
Credit Strategies[d]	10,247	23%	10,048	23%
Other[e]	12,524	28%	13,310	30%
Assets held by continuing operations	44,269	100%	43,725	100%
Other – assets held by discontinued operations[f]	1,148		971	
Total consolidated assets	$ 45,417		$ 44,696	

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

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

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

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

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

(f) At December 31, 2018 and 2017, the assets of BrightSpring Health were included in the other segment and were presented as a discontinued operation.

Corporate investments

At December 31, 2019, the Company's interests in Investment Holding Companies were recorded at fair value through net earnings. The Investment Holding Companies directly or indirectly invest the Company's capital in the Onex Partners Funds, ONCAP Funds, Onex Credit strategies and other investments. The Company's corporate investments include the following amounts at December 31, 2019:

TABLE 19	*($ millions)*	January 1, 2019	Capital Deployed	Realizations and Distributions	Change in Fair Value	December 31, 2019
Onex Partners Funds		$ 3,050	**$ 398**	**$ (1,131)**	**$ 682**	**$ 2,999**
ONCAP Funds		458	**46**	**(17)**	**14**	**501**
Other private equity		375	**27**	**(25)**	**44**	**421**
Carried interest		110	**n/a**	**(43)**	**(1)**	**66**
Total private equity investments		3,993	**471**	**(1,216)**	**739**	**3,987**
Onex Credit Strategies		815	**197**	**(330)**	**64**	**746**
Real estate		148	**–**	**(53)**	**(5)**	**90**
Other net assets[(a)]		434	**(845)**	**820**	**1**	**410**
Total corporate investments excluding intercompany loans		5,390	**(177)**	**(779)**	**799**	**5,233**
Intercompany loans receivable from Onex and the Asset Managers		3,766	**530**	**(79)**	**–**	**4,217**
Intercompany loans payable to Onex and the Asset Managers		(414)	**(357)**	**57**	**–**	**(714)**
Intercompany loans receivable from Investment Holding Companies		414	**357**	**(57)**	**–**	**714**
Total corporate investments		$ 9,156	**$ 353**	**$ (858)**	**$ 799**	**$ 9,450**

(a) Other net assets consist of the assets (primarily cash, cash equivalents, receivables and treasury investments) and liabilities of the Investment Holding Companies, excluding investments in private equity, Onex Credit strategies, real estate and intercompany loans receivable from and payable to Onex and the Asset Managers. Capital deployed and realizations and distributions of other net assets represent the cash flows of the Investment Holding Companies associated with investments in private equity, Onex Credit strategies, real estate and intercompany loans receivable from and payable to Onex and the Asset Managers.

At December 31, 2019, Onex' corporate investments, which are more fully described in note 6 to the consolidated financial statements, totalled $9.5 billion (January 1, 2019 – $9.2 billion).

During the year ended December 31, 2019, Onex' investment of capital primarily consisted of investments made in Onex Partners V, ONCAP IV, RSG and certain CLOs, as described on pages 12 and 15 of this MD&A.

During the year ended December 31, 2019, realizations and distributions to Onex primarily consisted of Onex' share of the proceeds from the Onex Partners IV Group's sale of Jack's and the secondary offerings by Clarivate Analytics and SIG, as described on page 13 of this MD&A, proceeds from the Onex Partners I and Onex Partners III sale of BrightSpring Health, as described on page 13 of this MD&A, and the return of CLO warehouse investments and distributions received from Onex' CLOs, as described on page 15 of this MD&A.

During the year ended December 31, 2019, the change in fair value of Onex' corporate investments totalled $799 million, which was primarily driven by changes in the fair value of Onex' private equity investments, which are more fully described on page 34 of this MD&A.

The valuation of public investments held directly by Onex or through the Onex Partners Funds and ONCAP Funds is based on their publicly traded closing prices at December 31, 2019. For certain public investments, a discount was applied to the closing price in relation to trading restrictions that were in place at December 31, 2019 relating to Onex, the Onex Partners Funds or the ONCAP Funds holdings in these investments. These discounts resulted in a reduction of $84 million in the fair value of corporate investments (January 1, 2019 – $52 million).

Intercompany loans payable to Investment Holding Companies as at December 31, 2019

Onex and the Asset Managers have intercompany loans payable to the Investment Holding Companies as at December 31, 2019. The loans are primarily due on demand and are non-interest bearing. At December 31, 2019, intercompany loans payable to the Investment Holding Companies totalled $4.2 billion and the corresponding receivable of $4.2 billion was included in the fair value of the Investment Holding Companies within corporate investments. There is no impact on net assets or net earnings from these intercompany loans.

At December 31, 2018, intercompany loans payable to the Investment Holding Companies were eliminated in the Company's consolidated balance sheet, as Onex consolidated the financial results of all Investment Holding Companies. The accounting treatment for Investment Holding Companies changed on January 1, 2019 as a result of the change in Onex' investment entity status, as described on page 24 of this MD&A.

Consolidated long-term debt, without recourse to Onex Corporation as at December 31, 2018 and 2017

Onex did not have consolidated long-term debt at December 31, 2019. The consolidated long-term debt balances at December 31, 2018 and 2017 consisted of the long-term debt of the previously consolidated operating companies and Onex Credit strategies. Table 20 shows consolidated long-term debt by industry segment as at December 31, 2018 and 2017.

Consolidated Long-Term Debt, Without Recourse to Onex Corporation

TABLE 20 *($ millions)* As at December 31	2018	2017
Electronics Manufacturing Services	$ 747	$ 187
Healthcare Imaging	1,149	1,132
Insurance Services	950	939
Packaging Products and Services[a]	2,762	3,770
Business and Information Services[b]	3,088	2,566
Food Retail and Restaurants[c]	953	943
Credit Strategies[d]	8,420	7,877
Other[e][f]	4,275	4,635
	22,344	22,049
Current portion of long-term debt	(879)	(333)
Total	$ 21,465	$ 21,716

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

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

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

(d) The credit strategies segment consisted of (i) Onex Credit Manager, (ii) Onex Credit Collateralized Loan Obligations, (iii) Onex Credit Funds and (iv) Direct Lending, which included Onex Credit Lending Partners.

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

(f) The long-term debt of BrightSpring Health was included in the other segment and has been presented as a discontinued operation.

Note 40 to the consolidated financial statements provides additional details concerning the long-term debt outstanding at December 31, 2018.

Limited Partners' Interests as at December 31, 2018 and 2017

Limited Partners' Interests liability at December 31, 2018 and 2017 represented the fair value of limited partners' invested capital in the Onex Partners, ONCAP, Onex Credit Lending Partners and Onex Credit Funds and was affected primarily by the change in the fair value of the underlying investments in the Onex Partners, ONCAP, Onex Credit Lending Partners and Onex Credit Funds, the impact of carried interest and incentive fees, as well as any contributions by and distributions to limited partners in those funds. Beginning in January 1, 2019, Onex no longer recognizes Limited Partners' Interests as a result of the change in its investment entity status, as described on page 24 of this MD&A.

Table 21 shows the change in Limited Partners' Interests from December 31, 2017 to December 31, 2018.

Limited Partners' Interests

TABLE 21 *($ millions)*	Onex Partners and ONCAP Funds			Credit Strategies	Total
	Gross Limited Partners' Interests	Carried Interest	Net Limited Partners' Interests	Net Limited Partners' Interests[a]	
Balance – December 31, 2017	$ 8,027	$ (464)	$ 7,563	$ 461	$ 8,024
Limited Partners' Interests charge (recovery)	(808)	93	(715)	1	(714)
Contributions by Limited Partners	1,465	–	1,465	131	1,596
Distributions paid to Limited Partners	(1,228)	94	(1,134)	(93)	(1,227)
Balance – December 31, 2018	7,456	(277)	7,179	500	7,679
Current portion of Limited Partners' Interests[b]	(641)	98	(543)	(17)	(560)
Non-current portion of Limited Partners' Interests	$ 6,815	$ (179)	$ 6,636	$ 483	$ 7,119

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

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

Changes to the Limited Partners' Interests balance from December 31, 2017 to December 31, 2018 are described in note 43 to the consolidated financial statements.

Equity

Table 22 provides a reconciliation of the change in equity from December 31, 2018 to December 31, 2019.

Change in Equity

TABLE 22 *($ millions)*	
Balance – December 31, 2018	$ 5,637
Derecognition of previously consolidated corporate investments	**(2,905)**
Dividends declared	**(29)**
Options exercised	**2**
Repurchase and cancellation of shares	**(34)**
Equity issued in connection with the acquisition of Gluskin Sheff[a]	**21**
Net earnings	**4,277**
Currency translation adjustments included in other comprehensive earnings	**14**
Equity as at December 31, 2019	**$ 6,983**

(a) Includes $13 million and $8 million, respectively, related to the issuance of Onex SVS and limited partnership units of an Onex subsidiary in connection with the acquisition of Gluskin Sheff, as described on page 29 of this MD&A.

Derecognition of consolidated corporate investments

As a result of the change in Onex' investment entity status on January 1, 2019, as described on page 24 of this MD&A, the non-controlling interests and accumulated other comprehensive loss associated with controlled operating companies that were previously consolidated by Onex were derecognized from the consolidated statement of equity.

Dividend policy

In May 2019, Onex announced that it had increased its quarterly dividend by 14% to C$0.10 per SVS beginning with the dividend declared by the Board of Directors payable in July 2019.

Table 23 presents Onex' dividends paid per share for the twelve months ended December 31 during the past five years. The table reflects the increase in dividends per share over this time.

TABLE 23 *($ per share amounts)*	**Dividends Paid per Share**
Twelve months ended December 31:	
2015	**C$ 0.23**
2016	**C$ 0.26**
2017	**C$ 0.29**
2018	**C$ 0.33**
2019	**C$ 0.38**

Shares outstanding

At December 31, 2019, Onex had 100,000 Multiple Voting Shares outstanding, which have a nominal paid-in value reflected in Onex' consolidated financial statements. Onex also had 100,063,143 SVS issued and outstanding. Note 16 to the consolidated financial statements provides additional information on Onex' share capital. There was no change in the Multiple Voting Shares outstanding during the year ended December 31, 2019.

Table 24 shows the change in the number of SVS outstanding from December 31, 2017 to January 31, 2020.

TABLE 24 *($ millions except per share amounts)*	Number of SVS	Average Price per Share (USD)	Average Price per Share (CAD)	Total Cost (USD)	Total Cost (CAD)
SVS outstanding at December 31, 2017	101,532,181				
Shares repurchased and cancelled:					
Normal Course Issuer Bids	(669,733)	$ 63.30	$ 82.14	$ 42	$ 55
Private transaction	(500,000)	$ 72.23	$ 93.00	$ 36	$ 47
Issuance of shares:					
Options exercised	33,292	$ 59.78	$ 79.02	$ 2	$ 3
Dividend Reinvestment Plan	7,753	$ 70.68	$ 91.08	$ 1	$ 1
SVS outstanding at December 31, 2018	100,403,493				
Shares repurchased and cancelled:					
Normal Course Issuer Bid	**(629,027)**	**$ 54.80**	**$ 73.59**	**$ 34**	**$ 46**
Issuance of shares:					
Acquisition of Gluskin Sheff	**247,359**	**$ 54.71**	**$ 74.01**	**$ 13**	**$ 18**
Options exercised	**35,145**	**$ 60.28**	**$ 79.82**	**$ 2**	**$ 3**
Dividend Reinvestment Plan	**6,173**	**$ 57.85**	**$ 77.50**	**less than $ 1**	**less than $ 1**
SVS outstanding at January 31, 2020	**100,063,143**				

Shares repurchased and cancelled

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

On April 18, 2019, Onex renewed its NCIB following the expiry of its previous NCIB on April 17, 2019. Under the new NCIB, Onex is permitted to purchase up to 10% of its public float of SVS, or 8,213,787 SVS. Onex may purchase up to 36,400 SVS during any trading day, being 25% of its average daily trading volume for the six months ended March 31, 2019. Onex may also purchase SVS from time to time under the Toronto Stock Exchange's block purchase exemption, if available, or by way of private agreement pursuant to an issuer bid exemption order, if sought and received, under the new NCIB. The new NCIB commenced on April 18, 2019 and will conclude on the earlier of the date on which purchases under the NCIB have been completed and April 17, 2020. A copy of the Notice of Intention to make the NCIB filed with the Toronto Stock Exchange is available at no charge to shareholders by contacting Onex.

Under the previous NCIB that expired on April 17, 2019, Onex repurchased 1,536,532 SVS at a total cost of $94 million (C$124 million) or an average purchase price of $61.39 (C$81.02) per share.

Table 25 shows a summary of Onex' repurchases of SVS for the past 10 years.

Onex' Repurchases of SVS for the Past 10 Years

TABLE 25	Shares Repurchased	Total Cost of Shares Repurchased *(in C$ millions)*	Average Share Price *(in C$ per share)*
2010	2,040,750	C$ 52	C$ 25.44
2011	3,165,296	105	33.27
2012	627,061	24	38.59
2013(1)	3,060,400	159	51.81
2014(2)	2,593,986	163	62.98
2015(3)	3,084,877	218	70.70
2016(4)	3,114,397	250	80.14
2017(5)	1,273,209	121	95.00
2018(6)	1,169,733	102	86.78
2019	629,027	46	73.59
Total	20,758,736	C$ 1,240	C$ 59.72

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

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

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

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

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

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

Issuance of shares – Dividend Reinvestment Plan

Onex' Dividend Reinvestment Plan enabled Canadian shareholders to reinvest cash dividends to acquire new SVS of Onex at a market-related price at the time of reinvestment. During 2019, Onex issued 6,173 SVS at an average cost of C$77.50 per SVS in connection with the Dividend Reinvestment Plan.

The Company's Dividend Reinvestment Plan was suspended in September 2019.

Issuance of equity instruments – acquisition of Gluskin Sheff

As part of the acquisition of Gluskin Sheff in June 2019, certain members of the Gluskin Sheff management team exchanged their Gluskin Sheff common shares for 247,359 SVS of Onex with a fair value when issued of $13 million (C$18 million), as described on page 29 of this MD&A, and limited partnership units of an Onex consolidated subsidiary. Subject to certain terms and conditions, the limited partnership units include the right for the unit holder to require Onex to redeem the partnership units in exchange for 144,579 SVS of Onex or cash consideration which approximates the market value of 144,579 SVS of Onex at the time of redemption. Onex has the option to settle the redemption request by paying cash consideration or issuing SVS. The fair value of these limited partnership units when issued in June 2019 was $8 million (C$11 million) and was recorded as an increase to share capital.

Stock Option Plan

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

At December 31, 2019, Onex had 14,073,050 options outstanding to acquire SVS, of which 7,786,300 options were vested and exercisable.

Table 26 provides information on the activity from December 31, 2017 to December 31, 2019.

TABLE 26	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2017	12,378,442	C$ 57.81
January 2018 Grant[1]	1,052,250	C$ 92.15
December 2018 Grant	1,002,350	C$ 78.64
Other grants during 2018	23,500	C$ 93.08
Surrendered	(836,675)	C$ 36.03
Exercised	(40,000)	C$ 15.95
Expired	(87,950)	C$ 86.58
Outstanding at December 31, 2018	13,491,917	C$ 63.38
December 2019 Grant	**2,711,750**	**C$ 82.10**
Other grants during 2019	**20,000**	**C$ 78.78**
Surrendered	**(1,694,317)**	**C$ 46.57**
Exercised	**(51,000)**	**C$ 24.63**
Expired	**(405,300)**	**C$ 86.42**
Outstanding at December 31, 2019	**14,073,050**	**C$ 68.50**

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

During 2019, 2,731,750 options to acquire SVS were issued with a weighted average exercise price of C$82.08 per share. The options vest at a rate of 20% per year from the date of grant.

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

During 2019, 1,694,317 options were surrendered at a weighted average exercise price of C$46.57 for aggregate cash consideration of $42 million (C$56 million), 51,000 options were exercised at a weighted average exercise price of C$24.63 and 405,300 options expired.

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

Director Deferred Share Unit Plan

During the second quarter of 2019, a grant of 34,014 DSUs was issued to directors having an aggregate value, at the date of grant, of $2 million (C$3 million). At December 31, 2019, there were 702,857 Director DSUs outstanding. Onex has economically hedged 587,261 of the outstanding Director DSUs with a counterparty financial institution.

Management Deferred Share Unit Plan

In early 2019, 14,472 DSUs were issued to the Onex management team having an aggregate value, at the date of grant, of $1 million (C$1 million) in lieu of that amount of cash compensation for Onex' 2018 fiscal year. At December 31, 2019, there were 707,048 Management DSUs outstanding (2018 – 743,139).

Forward agreements were entered into with a counterparty financial institution to economically hedge Onex' exposure to changes in the value of all outstanding Management DSUs. Forward agreements with a fair value of $82 million at December 31, 2019, including those associated with Director DSUs, are recorded within other assets in the consolidated balance sheet.

Director DSUs must be held until retirement from the Board and Management DSUs must be held until leaving the employment of Onex. Table 27 reconciles the changes in the DSUs outstanding at December 31, 2019 from December 31, 2017.

Change in Outstanding Deferred Share Units

TABLE 27	Director DSU Plan		Management DSU Plan	
	Number of DSUs	Weighted Average Price	Number of DSUs	Weighted Average Price
Outstanding at December 31, 2017	704,036		665,921	
Granted	26,931	C$ 93.88	–	–
Redeemed	(90,626)	C$ 84.60	–	–
Additional units issued in lieu of compensation and cash dividends	13,069	C$ 87.68	77,218	C$ 90.48
Outstanding at December 31, 2018	653,410		743,139	
Granted	**34,014**	**C$ 75.22**	**–**	**–**
Redeemed	**–**	**–**	**(54,173)**	**C$ 78.41**
Additional units issued in lieu of compensation and cash dividends	**15,433**	**C$ 79.23**	**18,082**	**C$ 75.12**
Outstanding at December 31, 2019	**702,857**		**707,048**	
Hedged with a counterparty financial institution at December 31, 2019	**(587,261)**		**(707,048)**	
Outstanding at December 31, 2019 – Unhedged	**115,596**		**–**	

Management of capital

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

- preserve a financially strong parent company with appropriate liquidity and no, or a limited amount of, external debt so that funds are available to pursue new investments and growth opportunities as well as support expansion of its existing businesses;
- achieve an appropriate return on capital invested commensurate with the level of assumed risk;
- build the long-term value of its corporate investments;
- control the risk associated with capital invested in any particular strategy. Onex Corporation does not guarantee the debt of its investment funds or the underlying operating businesses of its private equity funds.

At December 31, 2019, Onex had $1.8 billion of cash and near-cash items, including $328 million of cash and cash equivalents held within Investment Holding Companies, and $682 million of near-cash items at fair value. Near-cash items include treasury investments managed by third-party investment managers, as described below, $97 million invested in an unlevered fund managed by Onex Credit and $190 million of management fees receivable from limited partners of its private equity platforms.

Onex has a conservative cash management policy driven towards maintaining liquidity and preserving principal in all its treasury investments.

At December 31, 2019, the fair value of treasury investments, including cash yet to be deployed, was $646 million (2018 – $279 million). The increase in treasury investments was primarily driven by realizations in the Onex Partners Funds, partially offset by investments in Onex Partners V and the acquisition of Gluskin Sheff. Treasury investments are managed in a mix of short-term and long-term portfolios and consist of money market instruments, commercial paper with original maturities of three months to one year, federal and municipal debt instruments, corporate obligations and structured products with maturities of one to five years. The treasury investments have current Standard & Poor's ratings ranging from BBB to AAA. The portfolio concentration limits range from a maximum of 10% for BBB investments to 100% for AAA investments. The investments are managed to maintain an overall weighted average duration of two years or less.

Today, Onex has access to uncalled committed limited partner capital for investments through Onex Partners V ($4.0 billion) and ONCAP IV ($235 million). In addition, Onex has uncalled committed capital of $325 million from other Onex Partners and ONCAP Funds that may be used for possible future funding of existing businesses and funding of partnership expenses.

LIQUIDITY AND CAPITAL RESOURCES

Major cash flow components

This section should be read in conjunction with the consolidated statements of cash flows and the corresponding notes thereto. Table 28 summarizes the major consolidated cash flow components for the year ended December 31, 2019 and 2018.

Major Cash Flow Components

TABLE 28 *($ millions)* Year ended December 31	2019	2018
Cash provided by operating activities	**$ 465**	$ 1,348
Cash provided by financing activities	**$ 378**	$ 2,130
Cash used in investing activities	**$ (390)**	$ (4,084)
Decrease in cash due to the derecognition of previously consolidated corporate investments	**$ (2,169)**	$ –
Consolidated cash and cash equivalents held by continuing operations	**$ 988**	$ 2,680

Cash provided by operating activities

Table 29 provides a breakdown of cash provided by (used in) operating activities by cash generated from operations and changes in non-cash working capital items, other operating activities and operating activities of discontinued operations for the years ended December 31, 2019 and 2018.

Components of Cash from Operating Activities

TABLE 29 *($ millions)* Year ended December 31	2019	2018
Cash generated from operations	**$ 488**	$ 1,425
Changes in non-cash working capital items:		
Management and advisory fees, recoverable fund expenses and other receivables	**(47)**	–
Other assets	**(2)**	(60)
Accounts receivable	**–**	(159)
Inventories	**–**	(273)
Accounts payable, accrued liabilities and other liabilities	**(9)**	229
Accrued compensation	**30**	–
Decrease in cash and cash equivalents due to changes in non-cash working capital items	**(28)**	(263)
Increase in other operating activities	**5**	57
Cash from operating activities of discontinued operations	**–**	129
Cash provided by operating activities	**$ 465**	$ 1,348

Cash generated from operations includes net earnings (loss) from continuing operations before interest and income taxes, adjusted for cash taxes paid and items not affecting cash and cash equivalents, in addition to cash flows from Onex' investments in and loans made to the Investment Holding Companies. The significant changes in non-cash working capital items for the year ended December 31, 2019 were:

- a $47 million increase in management and advisory fees, recoverable fund expenses and other receivables, driven by an increase in fees earned but not yet received from the limited partners of the Onex Partners and ONCAP Funds. This compares to no change during the year ended December 31, 2018 as this change was eliminated on consolidation prior to the change in Onex' investment entity status on January 1, 2019, as described on page 24 of this MD&A;
- a $9 million decrease in accounts payable, accrued liabilities and other liabilities primarily as a result of the payment of transaction-related liabilities acquired with Gluskin Sheff. This compares to an increase in accounts payable, accrued liabilities and other liabilities of $229 million during the year ended December 31, 2018, which included the previously consolidated controlled operating companies of Onex prior to the change in Onex' investment entity status, as described on page 24 of this MD&A; and
- a $30 million increase in accrued compensation as a result of accrued incentive compensation related to the 2019 fiscal year, partially offset by the payment of incentive compensation related to the 2018 fiscal year and accrued compensation acquired with Gluskin Sheff. This compares to no change during the year ended December 31, 2018 as this change was part of accounts payable, accrued liabilities and other liabilities prior to the change in Onex' investment entity status on January 1, 2019, as described on page 24 of this MD&A.

Cash provided by financing activities

Cash provided by financing activities was $378 million for the year ended December 31, 2019 compared to $2.1 billion for the same period in 2018. Cash provided by financing activities for the year ended December 31, 2019 primarily consisted of $451 million of net loan issuances with the Investment Holding Companies, partially offset by $36 million of cash used to repurchase Onex stock, as described on page 52 of this MD&A, and $28 million of cash dividends paid.

Cash provided by financing activities during the year ended December 31, 2018 primarily consisted of:

- $1.6 billion of contributions received primarily from the limited partners of the Onex Partners and ONCAP Funds, as discussed under the Limited Partners' Interests on page 50 of this MD&A;
- $1.4 billion of net new long-term debt primarily from new long-term debt at KidsFoundation, Precision and SMG, the closing of a new CLO and an increase in outstanding debt at Celestica primarily related to acquisitions, partially offset by the repayment of debt by SIG;
- $1.3 billion from the issuance of share capital primarily due to SIG's issuance of treasury shares in its initial public offering, as described in note 29(k) to the 2019 annual consolidated financial statements; and
- $631 million of proceeds from the Onex Partners III Group's sale of a portion of its shares in Emerald Expositions' March 2018 secondary offering and the Onex Partners IV Group's sale of a portion of its shares in SIG's October 2018 initial public offering.

Partially offsetting these were:

- $1.3 billion of distributions primarily to the limited partners of the Onex Partners and ONCAP Funds, as discussed under the Limited Partners' Interests on page 50 of this MD&A; and
- $1.2 billion of cash interest paid.

Cash used in investing activities

Cash used in investing activities totalled $390 million for the year ended December 31, 2019 compared to $4.1 billion during the same period in 2018. Cash used in investing activities during the year ended December 31, 2019 primarily consisted of $297 million of net cash consideration for the acquisition of Gluskin Sheff, as described on page 29 of this MD&A, and net purchases of treasury investments totalling $105 million.

Cash used in investing activities during the year ended December 31, 2018 primarily consisted of:

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

Partially offsetting these were:

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

Decrease in cash due to the derecognition of previously consolidated corporate investments

During the year ended December 31, 2019, cash decreased by $2.2 billion due to the derecognition of previously consolidated corporate investments on January 1, 2019 as a result of the change in Onex' investment entity status, as described on page 24 of this MD&A.

Fourth quarter cash flow

Table 30 presents the major components of cash flow for the fourth quarters of 2019 and 2018.

Major Cash Flow Components

TABLE 30 *($ millions)*	**2019**	2018
Cash from operating activities	**$ 77**	$ 258
Cash from financing activities	**$ 215**	$ 379
Cash used in investing activities	**$ (255)**	$ (470)
Consolidated cash and cash equivalents held by continuing operations	**$ 988**	$ 2,680

Cash provided by financing activities in the fourth quarter of 2019 primarily consisted of $225 million of net loan issuances with the Investment Holding Companies, partially offset by $8 million of cash dividends paid.

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

Cash used in investing activities during the fourth quarter of 2019 primarily consisted of the net purchases of treasury investments totalling $261 million.

Cash used in investing activities in the fourth quarter of 2018 primarily consisted of (i) $721 million of cash used to fund acquisitions, which primarily related to the Onex Partners IV and Onex Partners V Groups' acquisition of KidsFoundation; and (ii) $344 million for investments in joint ventures and associates, which primarily related to Onex Partners IV Group's investment in Ryan. Partially offsetting the cash used in investing activities was $410 million of proceeds from the sale of Tecta.

Consolidated cash resources

At December 31, 2019, consolidated cash and cash equivalents held by continuing operations decreased to $1.0 billion from $2.7 billion at December 31, 2018. The significant decrease in consolidated cash was driven by the derecognition of previously consolidated operating companies as a result of the change in Onex' investment entity status on January 1, 2019, as described on page 24 of this MD&A, as well as Onex' acquisition of Gluskin Sheff, as described on page 29 of this MD&A.

At December 31, 2019, Onex had $1.8 billion of cash and near-cash on hand, as discussed on page 44 of this MD&A. Onex management reviews the amount of cash and near-cash on hand when assessing the liquidity of the Company.

Onex' commitment to the Funds

Tables 31 and 32 provide information on Onex' commitments to the Onex Partners and ONCAP Funds:

TABLE 31	Final Close Date	Onex Total Commitments	Onex Commitments Invested[i]	Onex Remaining Commitments[ii]
Onex Partners I	February 2004	$ 400	$ 346	$ 16
Onex Partners II	August 2006	$ 1,407	$ 1,164	$ 158
Onex Partners III	December 2009	$ 1,200	$ 929	$ 104
Onex Partners IV	March 2014	$ 1,700[iii]	$ 1,539[iii]	$ 129
Onex Partners V	November 2017	$ 2,000	$ 416	$ 1,536

(i) Amounts include capitalized acquisition costs and bridge financing, where applicable.

(ii) Onex' remaining commitment is calculated based on the assumption that all remaining limited partners' commitments are invested.

(iii) Excludes an additional commitment that was acquired by Onex from a limited partner in 2017.

The remaining commitments for Onex Partners I, Onex Partners II and Onex Partners III are for future funding partnership expenses. The remaining commitments for Onex Partners IV are for possible future funding of remaining businesses and future funding of partnership expenses. The remaining commitments for Onex Partners V are primarily for funding of future Onex-sponsored investments.

TABLE 32	Final Close Date	Onex Total Commitments	Onex Commitments Invested[i]	Onex Remaining Commitments[ii]
ONCAP II	May 2006	C$ 252	C$ 221	C$ 1
ONCAP III	September 2011	C$ 252	C$ 186	C$ 30
ONCAP IV	November 2016	$ 480	$ 280	$ 162

(i) Amounts include capitalized acquisition costs and bridge financing, where applicable.

(ii) Onex' remaining commitment is calculated based on the assumption that all remaining limited partners' commitments are invested.

The remaining commitments for ONCAP II are for future funding of partnership expenses. The remaining commitments for ONCAP III are for possible future funding of remaining businesses and future funding of partnership expenses. The remaining commitments for ONCAP IV are primarily for funding of future Onex-sponsored investments.

As at December 31, 2019, Onex has invested $74 million (2018 – $46 million) of its $100 million commitment in OCLP I and the duration of the commitment period is up to November 2021, subject to extensions of up to an additional two years.

RELATED PARTY TRANSACTIONS

Investment programs

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

During 2019, Onex management undertook a comprehensive review of the existing compensation and investment programs, the overall organizational structure of Onex and its growing investment platforms, and the changing roles and responsibilities of Onex investment professionals and executives. As a result of this review, there were several changes to the Onex compensation and investment programs. Overall, the changes: (i) simplify the programs to make them more transparent, easier to understand and less costly for Onex to administer; (ii) respect and further improve the alignment of Onex, its shareholders and its limited partners with that of Onex investment professionals and corporate executives according to their roles and responsibilities; (iii) maintain consistent levels of at-risk investment opportunities for investment professionals without increasing dilution for Onex and its shareholders; (iv) treat the investment of Onex capital in private equity on a similar basis as third-party capital; and (v) ensure that compensation and investment programs fairly and consistently reward performance for all Onex team members. Changes to the various investment programs are described in detail in the following pages.

The various investment programs are described in detail in the following pages and certain key aspects are summarized in table 33.

TABLE 33

Investment Program	Minimum Performance Return Hurdle	Vesting	Management Investment & Application
Management Investment Plan(i)	15% Compounded Return	6 years	• personal "at risk" equity investment required • applicable to: – Onex capital invested in Onex Partners I–IV transactions – Certain Onex capital invested outside Onex Partners prior to 2020 • not applicable to: – Onex Partners V transactions – future Onex transactions
Onex Partners Carried Interest Program(ii)	8% Compounded Return	6 years	• personal "at risk" equity investment required • applicable to: – third-party capital invested in Onex Partners I–IV transactions – Onex and third-party capital invested in Onex Partners V transactions – Onex capital invested in Onex Partners originated co-investments and direct investments since 2019
ONCAP Carried Interest Program(ii)	8% Compounded Return	5 years	• personal "at risk" equity investment required • applicable to: – Onex and third-party capital invested in ONCAP transactions
Management DSU Plan(iii)	N/A	N/A	• investment of elected portion of annual variable cash compensation in Management DSUs • value reflects changes in Corporation's share price, including risk associated with price decrease • units not redeemable until retirement
Director DSU Plan(iv)	N/A	N/A	• investment of up to 100% of annual directors' fees in Director DSUs • value reflects changes in Corporation's share price, including risk associated with price decrease • units not redeemable until retirement
Onex Partners Reinvestment Program(v)	N/A	N/A	• required purchase of Subordinate Voting Shares or Management DSUs for up to 25% of gross MIP and Onex Partners carried interest proceeds
Stock Option Plan(vi)	25% Share Price Appreciation	5 years	• satisfaction of exercise price (market value at grant date)

(i) Management Investment Plan

The MIP required the Onex management team members to invest in each of the operating businesses acquired or invested in by Onex. Management's required cash investment was 1.5% of Onex' interest in each acquisition or investment. An amount invested in an Onex Partners acquisition under the fund's investment requirement (discussed below) was also applied toward the 1.5% investment requirement under the MIP.

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

During 2019, management received $24 million under the MIP (2018 – $22 million). Note 26(f) to the consolidated financial statements provides additional details on the MIP.

Following a review in 2019, Onex eliminated the MIP for all future investments and for existing investments in Onex Partners V. Onex Partners management will now be eligible to receive carried interest on Onex' realized net gain in Onex Partners V and future Onex Partners investments, including co-investments made by Onex, as described in the following section. For existing pre-Onex Partners V investments, Onex and Onex Partners management will continue to participate in Onex' gains under the MIP. In certain circumstances, Onex and Onex Partners management will have an additional opportunity to participate in these gains such that the total participation for the team is consistent with that provided on third-party capital via the carried interest program. The Company recognized a decrease of $66 million in the fair value of its corporate investments during the fourth quarter of 2019 to account for this additional potential allocation to the team. Other contemporaneous changes to Onex' compensation and investment programs are expected to decrease expenses going forward such that Onex' overall cost from these programs is unchanged.

(ii) Onex Partners and ONCAP carried interest programs

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

As described on page 60 of this MD&A, changes to the Onex investment programs were completed, which include changes to Onex management's and Onex Partners management's participation in the carried interest program for future Onex Partners investments and for existing investments in Onex Partners V. For Onex Partners V, Onex Partners management will be entitled to a carried interest of 12% of the realized net gains from Onex capital, subject to an 8% compound annual preferred return to Onex on amounts contributed to the fund. This carried interest participation is in addition to and consistent with the carried interest entitlement on the realized net gains from the limited partners of Onex Partners V, which is described in the preceding paragraph.

During the year ended December 31, 2019, management of Onex, Onex Partners and ONCAP received carried interest totalling $68 million, primarily from the sale of BrightSpring Health. Management have the potential to receive $127 million of carried interest on businesses in the Onex Partners and ONCAP Funds based on their values as determined at December 31, 2019.

During the year ended December 31, 2018, management of Onex, Onex Partners and ONCAP received carried interest totalling $90 million primarily from the sales of Mavis Discount Tire and Tecta; the partial sales of Emerald Expositions and Pinnacle Renewable Energy; and distributions from BBAM and Meridian Aviation.

(iii) Management Deferred Share Unit Plan

Effective December 2007, a Management DSU Plan was established as a further means of encouraging personal and direct economic interests by the Company's senior management in the performance of the SVS. Under the Management DSU Plan, members of the Company's senior management team are given the opportunity to designate all or a portion of their annual compensation to acquire DSUs based on the market value of Onex shares at the time in lieu of cash. Holders of DSUs are entitled to receive for each DSU, upon redemption, a cash payment equivalent to the market value of an SVS at the redemption date. The DSUs vest immediately, are only redeemable once the holder ceases to be an officer or employee of the Company or an affiliate, and must be redeemed by the end of the year following the year of termination. Additional units are issued equivalent to the value of any cash dividends that would have been paid on the SVS. To hedge Onex' exposure to changes in the trading price of Onex shares associated with the Management DSU Plan, the Company enters into forward agreements with a counterparty financial institution for all grants under the Management DSU Plan. The costs of those arrangements are borne by participants in the Management DSU Plan. DSUs are redeemable only for cash and no shares or other securities of Onex will be issued on the exercise, redemption or other settlement thereof. Table 27 on page 55 of this MD&A provides details of the change in the DSUs outstanding during 2019 and 2018.

(iv) Director Deferred Share Unit Plan

Onex, the parent company, established a Director DSU Plan in 2004, which allows Onex directors to apply directors' fees to acquire DSUs based on the market value of Onex shares at the time. Grants of DSUs may also be made to Onex directors from time to time. Holders of DSUs are entitled to receive for each DSU, upon redemption, a cash payment equivalent to the market value of an SVS at the redemption date. The DSUs vest immediately, are only redeemable once the holder retires from the Board of Directors and must be redeemed by the end of the year following the year of retirement. Additional units are issued equivalent to the value of any cash dividends that would have been paid on the SVS. To hedge Onex' exposure to changes in the trading price of Onex shares associated with the Director DSU Plan, the Company has entered into forward agreements with a counterparty financial institution representing approximately 84% of the grants under the Director DSU Plan. Table 27 on page 55 of this MD&A provides details of the change in the DSUs outstanding during 2019 and 2018.

(v) Investment in Onex shares and other investments

In 2006, Onex adopted a program designed to further align the interests of the Company's senior management and other investment professionals with those of Onex shareholders through increased share ownership. The terms of this program were updated in February 2020. Under the updated terms of the program, members of senior management of Onex are required to invest up to 25% of all amounts received under the MIP and the Onex Partners' carried interest in Onex SVS. The size of the reinvestment requirement generally increases with the seniority of the participant and the cumulative proceeds they have realized from the MIP and Onex Partners' carried interest. Onex SVS acquired under this program are subject to a minimum three-year hold period. During 2019 Onex management reinvested C$10 million (2018 – C$5 million) to acquire Onex SVS and/or management DSUs under this program.

Members of management and the Board of Directors of Onex can invest limited amounts in partnership with Onex in all acquisitions outside the Onex Partners and ONCAP Funds, including co-investment opportunities, at the same time and cost as Onex and other outside investors. During 2019, $3 million (2018 – $12 million) in investments were made by the Onex management team and directors primarily in Incline Aviation Fund.

(vi) Stock Option Plan

Onex has a Stock Option Plan in place that provides for options and/or share appreciation rights to be granted to Onex directors, officers and employees for the acquisition of SVS of Onex, the parent company, for a term not exceeding 10 years. The options vest equally over five years. The exercise price of the options is the market value of the SVS on the business day preceding the day of the grant. Vested options are not exercisable unless the average five-day market price of Onex SVS is at least 25% greater than the exercise price at the time of exercise. Table 26 on page 54 of this MD&A provides details of the change in the stock options outstanding at December 31, 2019 and 2018.

Onex management team investments in Onex' Funds

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

The structure of the Onex Partners and ONCAP Funds requires the management of Onex Partners and ONCAP Funds to invest a minimum of 1% in all acquisitions, with the exception of Onex Partners IV, Onex Partners V and ONCAP IV, which require a minimum 2% investment in all acquisitions. This investment includes the minimum "at risk" equity investment associated with management's carried interest participation, as described on page 62 of this MD&A.

The Onex management team and directors have committed to invest 4% of the total capital invested by Onex Partners V for new investments completed during 2020, including the minimum "at risk" equity investment. The Onex management team and directors have committed to invest 8% of the total capital invested by ONCAP IV for new investments completed during 2020, including the minimum "at risk" equity investment. The Onex management team and directors invest in any add-on investments in existing businesses pro-rata with their initial investment in the relevant business.

The total amount invested during 2019 by the Onex management team and directors in acquisitions and investments completed through the Onex Partners and ONCAP Funds was $60 million (2018 – $145 million).

In addition, the Onex management team may invest in Onex Credit strategies. At December 31, 2019, investments at market value held by the Onex management team in Onex Credit strategies were approximately $280 million (2018 – approximately $325 million).

The Onex management team may also invest in funds managed by Gluskin Sheff. At December 31, 2019, investments at market value held by the Onex management team in Gluskin Sheff funds were approximately $65 million.

Related-party revenues

Onex receives management fees on limited partners' and clients' capital within the Onex Partners Funds, ONCAP Funds, Onex Credit strategies and advisory fees directly from certain operating businesses. Onex also receives performance fees from the Onex Credit strategies and recovers certain deal investigation, research and other expenses from the Onex Partners Funds, ONCAP Funds, Onex Credit strategies and the operating businesses of Onex Partners and ONCAP. Onex indirectly controls the Onex Partners Funds, ONCAP Funds and Onex Credit strategies, and therefore the management and performance fees earned from these sources represent related-party transactions. Furthermore, Onex indirectly controls, jointly controls or has significant influence over certain operating businesses held by the Onex Partners and ONCAP Funds, and as such, advisory fees from these operating businesses represent related-party transactions.

Gluskin Sheff has agreements to manage its pooled fund vehicles, where it generally acts as the trustee, manager, transfer agent and principal distributor. In the case of those pooled fund vehicles that are limited partnerships, Gluskin Sheff or an affiliate of Gluskin Sheff is the General Partner. As such, the Gluskin Sheff pooled fund vehicles are related parties of the Company.

Related-party revenues recognized during the year ended December 31, 2019 included the following:

TABLE 34 — *($ millions)* Year ended December 31, 2019	Management and Advisory Fees	Reimbursement of Expenses	Performance Fees	Total
Source of related-party revenues				
Onex Partners Funds	$ 129	$ 21	$ –	$ 150
Onex Credit Strategies	52	1	–	53
Gluskin Sheff pooled fund vehicles[i]	39	1	24	64
ONCAP Funds	17	2	–	19
Total related-party revenues	$ 237	$ 25	$ 24	$ 286
Gluskin Sheff third-party revenues	4	–	–	4
Total revenues	$ 241	$ 25	$ 24	$ 290

(i) Revenues associated with the reimbursement of expenses from the Gluskin Sheff pooled fund vehicles are included within other income.

At December 31, 2019, related party receivables included the following:

TABLE 35 — ($ millions) As at December 31, 2019	Management and Advisory Fees Receivable	Recoverable Fund and Operating Expenses Receivable	Performance Fees	Other Receivables	Total
Onex Partners Funds	$ 187	$ 77	$ –	$ 1	$ 265
Credit strategies	10	–	–	1	11
ONCAP Funds	3	5	–	–	8
Gluskin Sheff pooled fund vehicles	3	–	20	–	23
Onex Partners and ONCAP operating businesses	1	–	–	–	1
Total related-party receivables	$ 204	$ 82	$ 20	$ 2	$ 308
Third-party receivables	1	–	–	23	24
Total	$ 205	$ 82	$ 20	$ 25	$ 332

Onex Credit management fees

During 2018, Onex Credit earned management fees on other investors' capital. Management fees earned on the capital invested by Onex, the parent company, were eliminated in the 2018 consolidated financial statements.

In addition, Onex Credit was entitled to incentive fees on certain other investors' capital. Incentive fees ranged between 15% and 20%. Certain incentive fees (including incentive fees on CLOs) were subject to a hurdle or minimum preferred return to investors.

During the year ended December 31, 2018, gross management and incentive fees earned by the credit strategies segment were $50 million and nil, respectively, including management and incentive fees from Onex Credit Funds, Onex Credit Lending Partners and CLOs consolidated by Onex. The management and incentive fees from Onex Credit Funds, Onex Credit Lending Partners and CLOs consolidated by Onex, the parent company, during 2018 were $47 million and nil. Credit strategies segment revenues for 2018, net of management and incentive fees from Onex Credit Funds, Onex Credit Lending Partners and CLOs consolidated by Onex, were $3 million.

Tax loss transactions with a related party

During 2018, Onex entered into the sale of an entity, the sole assets of which were certain tax losses, to a company controlled by Mr. Gerald W. Schwartz, who is Onex' controlling shareholder. Onex had significant non-capital and capital losses available; however, Onex did not expect to generate sufficient taxable income to fully utilize these losses in the foreseeable future. As such, no benefit was recognized in the 2018 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 value 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 were independent Directors, unanimously approved the transaction. During 2018, Onex received $4 million in cash for tax losses of $41 million. The entire $4 million was recorded as a gain and included in other income (expense) in the 2018 consolidated statement of earnings.

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. The private transaction was approved by the disinterested directors of the Board of Directors of the Company. The shares were repurchased at a cash cost of $72.23 (C$93.00) per share or a total cost of $36 million (C$47 million), which represented a slight discount to the trading price of Onex shares at that date.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

RISK ENVIRONMENT

The Company's Annual Information Form for the year ended December 31, 2019, as filed on SEDAR, and note 24 to the 2019 annual consolidated financial statements set out certain risks that could be material to Onex and could have a material adverse effect on Onex' business, financial condition, results of operations and cash flows and the value of the Company's shares. The risks described in these documents are not the only risks that may impact the Company's business, operations and financial results. Additional risks not currently known to the Company or that Onex management currently believe are immaterial when considered across the Company's investment and asset management activities as a whole may also have a material adverse effect on future business, operations and performance.

Limitation on scope of design

Management has limited the scope of the design of internal controls over financial reporting and disclosure controls and procedures to exclude the controls, policies and procedures of Gluskin Sheff (acquired in June 2019), the operating results of which are included in the December 31, 2019 consolidated financial statements of Onex. The scope limitation is in accordance with National Instrument 52-109, *Certification of Disclosure in Issuer's Annual and Interim Filings*, which allows an issuer to limit its design of internal controls over financial reporting and disclosure controls and procedures to exclude the controls, policies and procedures of a company acquired not more than 365 days before the end of the financial period to which the certificate relates.

Table 36 shows a summary of the financial information for Gluskin Sheff, which is included in the December 31, 2019 consolidated financial statements of Onex.

TABLE 36 *($ millions)*	**Gluskin Sheff**
Year ended December 31, 2019	
Total income	**$ 70**
Net earnings	**$ 13**
As at December 31, 2019	
Total assets	**$ 419**
Total liabilities	**$ 48**

GLOSSARY

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

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

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

Carried interest is an allocation of part of an investor's gains to Onex and its management team after the investor has realized a preferred return.

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

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

Collateral principal amount is the aggregate principal balance of the CLO investments in debt obligations, excluding defaulted debt obligations, and also includes the principal balance of cash deposits.

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

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

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

Direct Lending consists of Onex Credit Lending Partners and direct lending originated by Onex.

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

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

Fully diluted shares include all outstanding SVS as well as outstanding stock options where Onex' share price exceeds the exercise price of the stock options and the stock options have a dilutive impact. Fully diluted shares used in the calculations of segment net earnings (loss) per share are calculated using the treasury stock method.

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

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

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

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

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

Investing capital represents Onex' investing assets that are invested in private equity, Onex Credit strategies, treasury investments, cash and cash equivalents and near-cash available for investing. Investing capital is determined on the same basis as segmented assets for Onex' investing segment.

Investing capital per share is Onex investing capital divided by the number of fully diluted shares outstanding.

Investor capital is the invested and committed uncalled capital of third-party investors.

Joint ventures are a type of business arrangement in which two or more parties agree to share control over key decisions in order to reach a common objective, typically profit generation or cost reduction.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Performance fees include performance allocations and are generated on high net worth clients and institutional investors' capital managed by Onex Credit and Gluskin Sheff, some of which are subject to a hurdle or preferred return to investors.

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

Run-rate management fees is a forward-looking calculation representing management fees that would be earned over a twelve-month period based on the annual management fee rates and the basis or method of calculation in place at period end.

Shareholder capital represents Onex' total assets adjusted to include accounts payable and accrued liabilities, and lease and other liabilities, and to exclude associated DSU hedge assets.

Shareholder capital per share is shareholder capital divided by the number of fully diluted shares outstanding.

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

Wealth management is a platform that includes capital managed by Gluskin Sheff in its public equity and debt strategies.

Throughout the MD&A and consolidated financial statements, the following operating businesses are referenced as follows:

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

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

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

The Company maintains appropriate processes to ensure that relevant and reliable financial information is produced. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. The significant accounting policies which management believes are appropriate for the Company are described in notes 1 and 28 to the consolidated financial statements.

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

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

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

[signed]

Christopher A. Govan
Chief Financial Officer
February 27, 2020

[signed]

Derek C. Mackay
Managing Director, Finance

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Onex Corporation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Onex Corporation and its subsidiaries (together, the Company) as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:
- the consolidated balance sheets as at December 31, 2019 and 2018;
- the consolidated statements of earnings for the years then ended;
- the consolidated statements of comprehensive earnings for the years then ended;
- the consolidated statements of equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

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

Other information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[signed]

PricewaterhouseCoopers LLP
Chartered Professional Accountants, Licensed Public Accountants
Toronto, Ontario
February 27, 2020

DECEMBER 31, 2019
CONSOLIDATED BALANCE SHEET

(in millions of U.S. dollars)	As at December 31, 2019
Assets	
Cash and cash equivalents (note 3)	$ 988
Treasury investments (note 4)	306
Management and advisory fees, recoverable fund expenses and other receivables (note 5)	332
Corporate investments (including intercompany loans receivable from Onex and the Asset Managers of $4,217, comprising part of the fair value of Investment Holding Companies) (note 6)	9,450
Other assets (note 7)	126
Property and equipment (note 8)	181
Intangible assets (note 9)	158
Goodwill (note 9)	261
Total assets	11,802
Intercompany loans payable to Investment Holding Companies (note 10)	(4,217)
Total assets net of intercompany loans payable to Investment Holding Companies	$ 7,585
Other liabilities	
Accounts payable and accrued liabilities	$ 39
Accrued compensation (note 11)	109
Stock-based compensation payable (note 12)	301
Lease and other liabilities (notes 13 and 20)	153
Total other liabilities	602
Net assets	$ 6,983
Equity	
Share capital (note 16)	342
Retained earnings and accumulated other comprehensive earnings	6,641
Total equity	$ 6,983

See accompanying notes to the consolidated financial statements, including changes to the accounting treatment of certain Onex subsidiaries on January 1, 2019, as described in note 1.

Signed on behalf of the Board of Directors

[signed] [signed]

Director Director

DECEMBER 31, 2018
CONSOLIDATED BALANCE SHEET

(in millions of U.S. dollars)	As at December 31, 2018
Assets	
Current assets	
Cash and cash equivalents (note 31)	$ 2,680
Short-term investments (note 31)	77
Accounts receivable	3,186
Inventories (note 32)	2,656
Other current assets (note 33)	1,124
Assets held by discontinued operations (note 34)	1,148
	10,871
Property, plant and equipment (note 35)	4,913
Long-term investments (note 36)	12,756
Other non-current assets (note 37)	616
Intangible assets (note 38)	8,048
Goodwill (note 38)	8,213
	$ 45,417
Liabilities and Equity	
Current liabilities	
Accounts payable and accrued liabilities	$ 4,116
Current portion of provisions (note 39)	151
Other current liabilities	1,800
Current portion of long-term debt, without recourse to Onex Corporation (note 40)	879
Current portion of Limited Partners' Interests (note 43)	560
Liabilities held by discontinued operations (note 34)	775
	8,281
Non-current portion of provisions (note 39)	162
Long-term debt, without recourse to Onex Corporation (note 40)	21,465
Other non-current liabilities (note 44)	1,615
Deferred income taxes (note 45)	1,138
Limited Partners' Interests (note 43)	7,119
	39,780
Equity	
Share capital (note 16)	320
Non-controlling interests (note 46)	3,075
Retained earnings and accumulated other comprehensive loss	2,242
	5,637
	$ 45,417

See accompanying notes to the consolidated financial statements, including changes to the accounting treatment of certain Onex subsidiaries on January 1, 2019, as described in note 1.

DECEMBER 31, 2019
CONSOLIDATED STATEMENT OF EARNINGS

(in millions of U.S. dollars except per share data) Year ended December 31	2019
Income	
Net gains on corporate investments (including a decrease in carried interest of $1) (note 6)	$ 799
Management and advisory fees (note 17)	241
Reimbursement of expenses from investment funds and operating businesses (note 17)	24
Performance fees (note 17)	24
Interest and net treasury investment income (note 18)	14
Other income	3
Total income	1,105
Expenses	
Compensation	(178)
Stock-based compensation (note 19)	(60)
Acquisition and integration (note 20)	(50)
Amortization of property, equipment and intangible assets (notes 8 and 9)	(45)
Recoverable expenses from investment funds and operating businesses	(24)
Other expenses (note 20)	(58)
Total expenses	(415)
Gain on derecognition of previously consolidated corporate investments (note 1)	3,719
Reclassification from accumulated other comprehensive loss on derecognition of previously consolidated corporate investments (note 1)	(170)
Net gain on derecognition of previously consolidated corporate investments	3,549
Earnings before income taxes	4,239
Recovery of income taxes (note 15)	38
Net earnings	$ 4,277
Net earnings per Subordinate Voting Share of Onex Corporation (note 21)	
Basic	$ 42.78
Diluted	$ 42.74

See accompanying notes to the consolidated financial statements, including changes to the accounting treatment of certain Onex subsidiaries on January 1, 2019, as described in note 1.

DECEMBER 31, 2018
CONSOLIDATED STATEMENT OF EARNINGS

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

Year ended December 31	2018
Revenues (note 47)	$ 23,785
Cost of sales (excluding amortization of property, plant and equipment, intangible assets and deferred charges) (note 48)	(17,563)
Operating expenses (note 48)	(4,077)
Interest income (note 28)	538
Amortization of property, plant and equipment (note 35)	(643)
Amortization of intangible assets and deferred charges (note 38)	(744)
Interest expense (note 49)	(1,439)
Decrease in value of investments in joint ventures and associates at fair value, net (note 36)	(585)
Stock-based compensation recovery (note 50)	58
Other gains (note 51)	343
Other expense (note 52)	(517)
Impairment of goodwill, intangible assets and long-lived assets, net (note 53)	(627)
Limited Partners' Interests recovery (note 43)	714
Loss before income taxes and discontinued operations	(757)
Provision for income taxes (note 45)	(89)
Loss from continuing operations	(846)
Earnings from discontinued operations (note 34)	50
Net loss	$ (796)
Loss from continuing operations attributable to:	
Equity holders of Onex Corporation	$ (711)
Non-controlling Interests	(135)
Loss from continuing operations	$ (846)
Net loss attributable to:	
Equity holders of Onex Corporation	$ (663)
Non-controlling Interests	(133)
Net loss	$ (796)
Net earnings (loss) per Subordinate Voting Share of Onex Corporation (note 21)	
Basic and Diluted:	
Continuing operations	$ (7.05)
Discontinued operations	0.48
Net loss per Subordinate Voting Share	$ (6.57)

See accompanying notes to the consolidated financial statements, including changes to the accounting treatment of certain Onex subsidiaries on January 1, 2019, as described in note 1.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

(in millions of U.S. dollars) Year ended December 31	**2019**	2018
Net earnings (loss)	**$ 4,277**	$ (796)
Other comprehensive earnings (loss), net of tax		
Items that may be reclassified to net earnings (loss):		
Currency translation adjustments	**14**	(236)
Change in fair value of derivatives designated as hedges	**–**	(19)
Unrealized losses on financial assets	**–**	(4)
Reclassification to net earnings on derecognition of previously consolidated corporate investments (note 1)	**170**	–
	184	(259)
Items that will not be reclassified to net earnings (loss):		
Remeasurements for post-employment benefit plans	**–**	(53)
Other comprehensive earnings (loss), net of tax	**184**	(312)
Total comprehensive earnings (loss)	**$ 4,461**	$ (1,108)

Total comprehensive earnings (loss) attributable to:		
Equity holders of Onex Corporation	**$ 4,461**	$ (863)
Non-controlling Interests	**–**	(245)
Total comprehensive earnings (loss)	**$ 4,461**	$ (1,108)

See accompanying notes to the consolidated financial statements, including changes to the accounting treatment of certain Onex subsidiaries on January 1, 2019, as described in note 1.

CONSOLIDATED STATEMENTS OF EQUITY

(in millions of U.S. dollars except per share data)	Share Capital (note 16)	Retained Earnings	Accumulated Other Comprehensive Earnings (Loss)	Total Equity Attributable to Equity Holders of Onex Corporation	Non-controlling Interests	Total Equity
Balance – December 31, 2017	$ 321	$ 2,547	$ 25[a]	$ 2,893	$ 2,145	$ 5,038
Change in accounting policy	–	11	–	11	1	12
Dividends declared[b]	1	(26)	–	(25)	–	(25)
Options exercised	2	–	–	2	–	2
Repurchase and cancellation of shares (note 16)	(4)	(75)	–	(79)	–	(79)
Investments in operating companies by shareholders other than Onex[c]	–	318	–	318	1,320	1,638
Distributions to non-controlling interests	–	–	–	–	(28)	(28)
Repurchase of shares of operating companies[d]	–	–	–	–	(122)	(122)
Sale of interest in operating company under continuing control (note 29)	–	305	–	305	59	364
Non-controlling interests derecognized on loss of control of investment in operating company (note 29)	–	–	–	–	(48)	(48)
Non-controlling interests derecognized on sale of investments in operating companies (note 29)	–	–	–	–	(7)	(7)
Comprehensive Loss						
Net loss	–	(663)	–	(663)	(133)	(796)
Other comprehensive loss, net of tax:						
Currency translation adjustments	–	–	(189)	(189)	(47)	(236)
Change in fair value of derivatives designated as hedges	–	–	(3)	(3)	(16)	(19)
Unrealized losses on financial assets	–	–	(3)	(3)	(1)	(4)
Remeasurements for post-employment benefit plans (note 57)	–	(5)	–	(5)	(48)	(53)
Balance – December 31, 2018	$ 320	$ 2,412	$ (170)[e]	$ 2,562	$ 3,075	$ 5,637
Derecognition of previously consolidated corporate investments (note 1)	**–**	**–**	**170**	**170**	**(3,075)**	**(2,905)**
Dividends declared[b]	**–**	**(29)**	**–**	**(29)**	**–**	**(29)**
Options exercised	**2**	**–**	**–**	**2**	**–**	**2**
Repurchase and cancellation of shares (note 16)	**(1)**	**(33)**	**–**	**(34)**	**–**	**(34)**
Equity issued in connection with the acquisition of Gluskin Sheff[f]	**21**	**–**	**–**	**21**	**–**	**21**
Net earnings	**–**	**4,277**	**–**	**4,277**	**–**	**4,277**
Currency translation adjustments included in other comprehensive earnings	**–**	**–**	**14**	**14**	**–**	**14**
Balance – December 31, 2019	**$ 342**	**$ 6,627**	**$ 14[g]**	**$ 6,983**	**$ –**	**$ 6,983**

(a) Accumulated Other Comprehensive Earnings as at December 31, 2017 consisted of currency translation adjustments of positive $33, unrealized losses on the effective portion of cash flow hedges of $11 and unrealized gains on financial assets of $3. Accumulated Other Comprehensive Earnings as at December 31, 2017 included $2 of net losses related to discontinued operations. Income taxes did not have a significant effect on these items.

(b) Dividends declared per Subordinate Voting Share were C$0.3875 for the year ended December 31, 2019 (2018 – C$0.3375). During 2019, shares issued under the dividend reinvestment plan amounted to less than $1 (2018 – $1). There are no tax effects for Onex on the declaration or payment of dividends.

(c) Investments in operating companies by shareholders other than Onex for the year ended December 31, 2018 included the issuance of new shares by SIG in its initial public offering and a transfer of historical accounting carrying values associated with those ownership interests.

(d) Repurchase of shares of operating companies during 2018 consisted primarily of shares repurchased by Celestica and Emerald Expositions.

(e) Accumulated Other Comprehensive Loss as at December 31, 2018 consisted of currency translation adjustments of negative $156 and unrealized losses on the effective portion of cash flow hedges of $14. Accumulated Other Comprehensive Loss as at December 31, 2018 included $2 of net losses related to discontinued operations. Income taxes did not have a significant effect on these items.

(f) In June 2019, Onex issued subordinate voting shares of Onex Corporation and limited partnership units of an Onex subsidiary, as described in notes 2 and 16.

(g) Accumulated other comprehensive income as at December 31, 2019 consisted of currency translation adjustments of positive $14. Income taxes did not have a significant effect on this item.

See accompanying notes to the consolidated financial statements, including changes to the accounting treatment of certain Onex subsidiaries on January 1, 2019, as described in note 1.

DECEMBER 31, 2019
CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of U.S. dollars) Year ended December 31	**2019**
Operating activities	
Net earnings	$ 4,277
Adjustments to net earnings:	
Recovery of income taxes	(38)
Interest and net treasury investment income	(14)
Interest expense	2
Earnings before interest and provision for income taxes	4,227
Cash taxes paid	(1)
Investments made in and loans made to Investment Holding Companies	(358)
Distributions and loan repayments received from Investment Holdings Companies	855
Items not affecting cash and cash equivalents:	
Amortization of property, equipment and intangible assets (notes 8 and 9)	45
Net gains on corporate investments (note 6)	(799)
Stock-based compensation (note 19)	16
Gain on derecognition of previously consolidated corporate investments (note 1)	(3,719)
Reclassification from accumulated other comprehensive loss on derecognition of previously consolidated corporate investments (note 1)	170
Foreign exchange loss	5
Expense related to future Onex Credit asset manager distributions (note 20)	44
Other	3
	488
Changes in non-cash working capital items:	
Management and advisory fees, fund expenses and other receivables	(47)
Other assets	(2)
Accounts payable, accrued liabilities and other liabilities	(9)
Accrued compensation	30
Decrease in cash and cash equivalents due to changes in non-cash working capital items	(28)
Increase in other operating activities	5
Cash provided by operating activities	465
Financing activities	
Cash dividends paid (note 16)	(28)
Principal elements of lease payments (note 13)	(7)
Cash interest paid (note 13)	(2)
Repurchase of share capital of Onex Corporation (note 16)	(36)
Issuance of loans from Investment Holding Companies	530
Repayment of loans to Investment Holding Companies	(79)
Cash provided by financing activities	378
Investing activities	
Acquisition of Gluskin Sheff, net of cash and cash equivalents acquired of $11 (note 2)	(297)
Purchases of property and equipment	(3)
Cash interest received	12
Net purchases of treasury investments	(105)
Increase due to other investing activities	3
Cash used in investing activities	(390)
Increase in cash and cash equivalents	453
Decrease in cash due to the derecognition of previously consolidated corporate investments, including cash from discontinued operations (note 1)	(2,169)
Decrease in cash due to changes in foreign exchange rates	(3)
Cash and cash equivalents, beginning of the period – continuing operations	2,680
Cash and cash equivalents, beginning of the period – discontinued operations (note 34)	27
Cash and cash equivalents	$ 988

See accompanying notes to the consolidated financial statements, including changes to the accounting treatment of certain Onex subsidiaries on January 1, 2019, as described in note 1.

DECEMBER 31, 2018
CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of U.S. dollars) Year ended December 31	2018
Operating activities	
Loss for the year from continuing operations	$ (846)
Adjustments to loss from continuing operations:	
Provision for income taxes	89
Interest income	(538)
Interest expense of operating companies and credit strategies	1,439
Earnings before interest and provision for income taxes	144
Cash taxes paid	(241)
Items not affecting cash and cash equivalents:	
Amortization of property, plant and equipment (note 35)	643
Amortization of intangible assets and deferred charges	744
Decrease in value of investments in joint ventures and associates at fair value, net	585
Stock-based compensation recovery	(111)
Other gains	(343)
Foreign exchange gain	(31)
Impairment of goodwill, intangible assets and long-lived assets, net (note 53)	627
Limited Partners' Interests recovery (note 43)	(714)
Change in provisions	19
Change in carried interest	(132)
Other	235
	1,425
Changes in non-cash working capital items:	
Accounts receivable	(159)
Inventories	(273)
Other current assets	(60)
Accounts payable, accrued liabilities and other current liabilities	229
Decrease in cash and cash equivalents due to changes in non-cash working capital items	(263)
Increase due to other operating activities	57
Cash flows from operating activities of discontinued operations (note 34)	129
Cash provided by operating activities	1,348
Financing activities	
Issuance of long-term debt	7,023
Repayment of long-term debt	(5,597)
Cash interest paid	(1,228)
Cash dividends paid	(25)
Repurchase of share capital of Onex Corporation	(77)
Repurchase of share capital of operating companies	(122)
Contributions by Limited Partners (note 43)	1,596
Issuance of share capital by operating companies	1,278
Proceeds from sale of interests in operating companies under continuing control (note 29)	631
Distributions paid to non-controlling interests and Limited Partners (note 43)	(1,255)
Decrease due to other financing activities	(123)
Cash flows from financing activities of discontinued operations (note 34)	29
Cash provided by financing activities	2,130
Investing activities	
Acquisitions, net of cash and cash equivalents in acquired companies of $105 (note 30)	(2,597)
Purchase of property, plant and equipment	(654)
Proceeds from sales of operating companies and businesses no longer controlled (note 34)	410
Proceeds from sale of investments in joint ventures and associates (note 36)	570
Distributions received from investments in joint ventures and associates (note 36)	63
Purchase of investments in joint ventures and associates (note 36)	(1,243)
Cash interest received	522
Cash dividends received	28
Net purchases of investments and securities for credit strategies (note 36)	(1,781)
Net sales of investments and securities at the parent company and operating companies (note 36)	578
Increase due to other investing activities	165
Cash flows used in investing activities of discontinued operations (note 34)	(145)
Cash used in investing activities	(4,084)
Decrease in cash and cash equivalents	(606)
Decrease in cash due to changes in foreign exchange rates	(63)
Cash and cash equivalents, beginning of the period – continuing operations	3,362
Cash and cash equivalents, beginning of the period – discontinued operations (note 34)	14
Cash and cash equivalents	2,707
Cash and cash equivalents held by discontinued operations (note 34)	27
Cash and cash equivalents held by continuing operations	$ 2,680

See accompanying notes to the consolidated financial statements, including changes to the accounting treatment of certain Onex subsidiaries on January 1, 2019, as described in note 1.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in millions and in U.S. dollars except per share data)

Onex Corporation and its wholly-owned subsidiaries manage capital invested and committed by investors from around the world and invest shareholder capital primarily in private equity and non-investment grade credit strategies.

Onex invests in its two private equity platforms: Onex Partners for larger transactions and ONCAP for middle-market and smaller transactions. Onex is currently investing through Onex Partners V, a $7,150 fund raised in November 2017, and ONCAP IV, a $1,107 fund raised in November 2016.

Onex also invests in Onex Credit strategies, which consist of non-investment grade debt in collateralized loan obligations, Onex Credit Lending Partners, a $413 direct lending fund raised in November 2018, and other credit strategies.

Throughout these statements, the terms "Onex" and the "Company" refer to Onex Corporation, the ultimate parent company.

Onex is a Canadian corporation domiciled in Canada and listed on the Toronto Stock Exchange under the symbol ONEX. Onex' shares are traded in Canadian dollars. The registered address for Onex is 161 Bay Street, Toronto, Ontario. Mr. Gerald W. Schwartz controls Onex through his ownership of all of the outstanding Multiple Voting Shares of the corporation. Mr. Schwartz also indirectly held 12% of the outstanding Subordinate Voting Shares of the corporation at December 31, 2019.

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

The consolidated financial statements were authorized for issue by the Board of Directors on February 27, 2020.

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These consolidated financial statements were prepared on a going concern basis.

The U.S. dollar is Onex' functional currency and the financial statements have been reported on a U.S. dollar basis.

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES – 2019

BASIS OF PREPARATION – 2019

Throughout the notes to the 2019 consolidated financial statements, investments and investing activity of Onex' capital primarily relate to its private equity funds, credit strategies and certain investments held outside the private equity funds and credit strategies. These investments are held directly or indirectly through wholly-owned subsidiaries of Onex, which are referred to as **Investment Holding Companies**. While there are a number of Investment Holding Companies, substantially all of these companies consist of direct or indirect subsidiaries of Onex Private Equity Holdings LLC, Onex CLO Holdings LLC or Onex Credit Holdings LLC. These three companies, which are referred to as the **Primary Investment Holding Companies**, are the holding companies for substantially all of Onex' investments, excluding intercompany loans receivable from Onex and the Asset Managers, as defined below. The Primary Investment Holding Companies were formed in the United States.

Asset management refers to the activity of managing capital in Onex' private equity funds, private credit strategies, public debt strategies and public equity strategies. This activity is conducted through wholly-owned subsidiaries of Onex, which are the managers of the Onex Partners Funds, ONCAP Funds, Onex Credit strategies and the Gluskin Sheff + Associates Inc. ("Gluskin Sheff") strategies. These subsidiaries are referred to as Onex' **Asset Managers** and are consolidated by Onex.

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

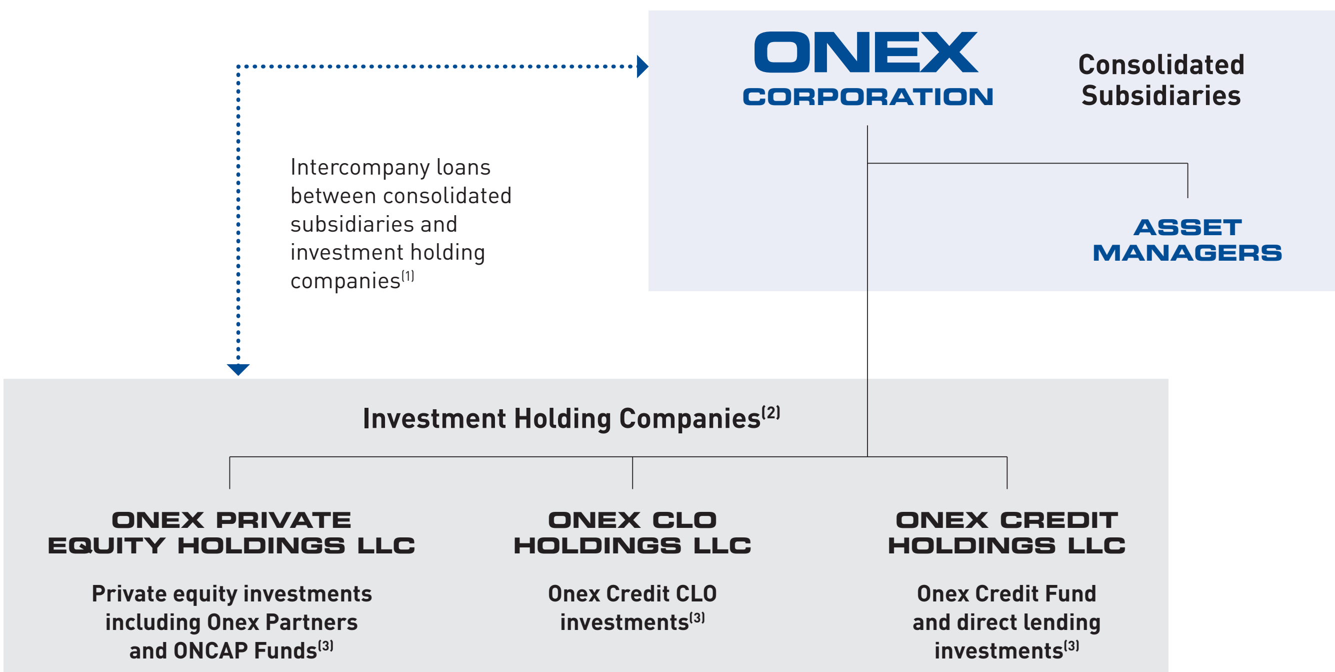
On January 1, 2019, Onex determined it met the definition of an investment entity, as defined by IFRS 10, *Consolidated financial statements* ("IFRS 10"). This change in status resulted from the change in how Onex measures and evaluates the performance of its investments, which are now performed on a fair value basis for substantially all of Onex' investments. This change was driven primarily by the following factors: (i) performance metrics reviewed by Onex management have evolved over time and now primarily focus on the fair value of Onex' investments; (ii) growth of Onex' investment in credit strategies ($815 as at January 1, 2019), for which the measurement and evaluation have always been performed on a fair value basis; and (iii) Onex' disposition of certain investments that were not measured and evaluated on a fair value basis.

As a result of this change in status, the assets and liabilities of Onex' subsidiaries that do not provide investment-related services have been derecognized from Onex' consolidated balance sheet, and Onex' investments in these subsidiaries have been recognized as corporate investments at fair value totalling $9,156 as at January 1, 2019, including intercompany loans receivable from Investment Holding Companies. Onex recognized a gain on the transition to investment entity status of $3,549 on January 1, 2019, including items reclassified from accumulated other comprehensive loss, reflecting the difference between the corporate investments' fair values and their previous carrying values. These corporate investments are subsequently measured at fair value through net earnings. The change in investment entity status has been accounted for prospectively from January 1, 2019, in accordance with IFRS 10.

The Company has also performed an assessment to determine which of its subsidiaries are investment entities, as defined under IFRS 10. When performing this assessment, the Company considered the subsidiaries' current business purpose along with the business purpose of the subsidiaries' direct or indirect investments. The Company has concluded that the Primary Investment Holding Companies meet the definition of an investment entity.

Throughout these consolidated financial statements, wholly-owned subsidiaries of Onex that are recognized at fair value during 2019 are referred to as Investment Holding Companies. Investment Holding Companies include subsidiaries determined to be investment entities under IFRS 10, and all other subsidiaries that do not provide investment-related services and are not investment entities.

The simplified diagram below illustrates the types of subsidiaries included within Onex' corporate structure and the basis on which they are accounted for following the change in Onex' investment entity status on January 1, 2019.



(1) Onex Corporation and the consolidated asset management subsidiaries enter into intercompany loans that, in aggregate, have no net effect on Onex' financial position. Intercompany loans payable by Onex and the consolidated subsidiaries to the Investment Holding Companies are recognized as liabilities in the consolidated balance sheet, with the corresponding loans receivable classified as an asset within corporate investments in the consolidated balance sheet.

(2) Onex' investments in the Investment Holding Companies are recorded as corporate investments at fair value through net earnings.

(3) Onex' investments in private equity, direct lending, CLOs and Onex Credit Funds are typically held directly or indirectly through wholly-owned investment holding companies, which are subsidiaries of the Primary Investment Holding Companies identified above.

In June 2019, Onex management updated its assessment of whether Onex, the parent company, meets the definition of an investment entity under IFRS 10 following the acquisition of Gluskin Sheff, as described in note 2. Onex management concluded that Onex, the parent company, remains an investment entity as defined by IFRS 10 subsequent to its acquisition of Gluskin Sheff.

The following table presents the material unconsolidated subsidiaries as well as associates and joint ventures of the Investment Holding Companies at December 31, 2019.

	Headquarters[(a)]	Onex' Economic Interest	Voting Interest[(b)]
Other private equity investments			
Celestica Inc.	Canada	15%	81%
Onex Partners II			
Carestream Health, Inc.	United States	36%	100%
Onex Partners III			
BBAM Limited Partnership	United States	9%	(c)
Emerald Expositions Events, Inc	United States	16%	66%
JELD-WEN Holding, Inc.	United States	8%	32%[(c)]
Meridian Aviation Partners Limited and affiliates	Ireland	25%	100%
SGS International, LLC	United States	23%	92%
Onex Partners IV			
Advanced Integration Technology LP	United States	13%	50%[(c)]
ASM Global	United States	16%	49%
Clarivate Analytics Plc	United Kingdom	11%	30%[(c)]
Parkdean Resorts	United Kingdom	28%	80%
PowerSchool Group LLC	United States	16%	50%[(c)]
Ryan, LLC	United States	14%	(c)
SCP Health	United States	22%	68%
SIG Combibloc Group AG	Switzerland	11%	32%[(c)]
WireCo WorldGroup	United States	23%	72%
Onex Partners IV and Onex Partners V			
KidsFoundation Holdings B.V.	The Netherlands	27%	98%
Onex Partners V			
Convex Group Limited	United Kingdom	12%	96%
WestJet Airlines Ltd.	Canada	21%	76%

(a) Certain entities were formed in a different jurisdiction than where they are headquartered.

(b) Onex controls the General Partner and Manager of the Onex Partners Funds and as such, the voting interests in each Onex Partners investment includes voting securities held by the related Onex Partners Fund Group. The voting interests include shares that Onex has the right to vote through contractual arrangements or through multiple voting rights attached to particular shares.

(c) Onex exerts joint control or significant influence over these investments through its right to appoint members to the boards of directors of these entities.

SIGNIFICANT ACCOUNTING POLICIES – 2019

Foreign currency translation

The Company's functional currency is the U.S. dollar, as it is the currency of the primary economic environment in which it operates. For such operations, monetary assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the year-end exchange rates. Non-monetary assets and liabilities denominated in foreign currencies are translated at historical rates and revenue and expenses are translated at the average exchange rates prevailing during the relevant period of the transaction. Exchange gains and losses also arise on the settlement of foreign-currency denominated transactions. These exchange gains and losses are recognized in earnings.

The functional currency of Gluskin Sheff is the Canadian dollar and as such, the assets and liabilities of Gluskin Sheff are translated into U.S. dollars using the year-end exchange rate. The revenue and expenses of Gluskin Sheff are translated at the average exchange rates prevailing during the relevant period of the transaction. Gains and losses arising from the translation of Gluskin Sheff's financial results are deferred in the currency translation account included in equity.

Cash and cash equivalents

Cash and cash equivalents include liquid investments such as term deposits, money market instruments and commercial paper with original maturities of less than three months. The investments are carried at cost plus accrued interest, which approximates fair value.

Treasury investments

Treasury investments include commercial paper, federal and municipal debt instruments, corporate obligations and structured products. Treasury investments are measured at fair value through net earnings in accordance with IFRS 9, *Financial instruments* ("IFRS 9").

Management and advisory fees, recoverable fund expenses and other receivables

Management and advisory fees receivable represent amounts owing to Onex and the Asset Managers from the Onex Partners Funds, ONCAP Funds, Onex Credit strategies, Gluskin Sheff Funds, Gluskin Sheff clients and certain operating companies of the Onex Partners and ONCAP Funds.

Recoverable fund expenses include amounts owing to the Asset Managers from the Onex Partners Funds, ONCAP Funds, Onex Credit strategies and certain operating companies of the Onex Partners and ONCAP Funds related to certain deal investigation, research and other expenses incurred by the Asset Managers which are recoverable at cost.

The Company's receivables are recognized initially at fair value and are subsequently measured at amortized cost. The Company recognizes a loss allowance for receivables based on the 12-month expected credit losses for receivables that have not had a significant increase in credit risk since initial recognition. For receivables with a credit risk that has significantly increased since initial recognition, the Company records a loss allowance based on the lifetime expected credit losses. Significant financial difficulties of the counterparty and default in payments are considered indicators that the credit risk associated with a receivable balance may have changed since initial recognition.

Corporate investments

Corporate investments include Onex' investments in its subsidiaries, primarily consisting of Investment Holding Companies, that meet the investment entity exception to consolidation criteria in IFRS 10. These subsidiaries primarily invest Onex' shareholder capital in the Onex Partners Funds, ONCAP Funds and Onex Credit strategies. Corporate investments are measured at fair value through net earnings, in accordance with IFRS 9. The fair value of corporate investments includes the fair value of both intercompany loans receivable from and payable to Onex and the Asset Managers. In addition, the fair value of corporate investments includes Onex' portion of the carried interest earned on investments made by the Onex Partners and ONCAP Funds and the liability associated with management incentive programs, including the Management Investment Plan (the "MIP"), as described in note 26.

At December 31, 2019, substantially all of the Company's corporate investments, excluding intercompany loans, consisted of investments made in the Primary Investment Holding Companies and investments made in operating businesses directly by Onex.

Leases

IFRS 16, *Leases* ("IFRS 16") supersedes IAS 17, *Leases* ("IAS 17") and requires lessees to recognize a right-of-use asset and a lease liability for substantially all lease contracts. On January 1, 2019, Onex adopted IFRS 16 on a modified retrospective basis and has chosen to not restate comparative information in accordance with the transitional provisions in IFRS 16. As a result, the comparative information continues to be presented in accordance with the Company's previous accounting policies.

On adoption of IFRS 16, Onex recognized lease liabilities in relation to leases which had previously been classified as operating leases under IAS 17. The lease liabilities were measured at the present value of the remaining lease payments, discounted using Onex' incremental borrowing rates as at January 1, 2019. Onex' weighted-average incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 3.20%. The details of the lease liabilities recognized as at January 1, 2019 are as follows:

Operating lease commitments disclosed as at December 31, 2018	$ 2,085
Operating lease commitments related to subsidiaries no longer consolidated by Onex as at January 1, 2019	(1,999)
Discounting of future commitments as at January 1, 2019	(12)
Other	(2)
Lease liabilities recognized as at January 1, 2019	**$ 72**

The associated right-of-use assets recognized totalled $71 and were measured at an amount equal to the recognized lease liabilities, adjusted for previously recognized lease accruals, in accordance with the transitional provisions of IFRS 16, and were comprised entirely of real estate premises. There was no impact to retained earnings on January 1, 2019 as a result of adopting IFRS 16.

In applying IFRS 16, the Company used the following practical expedients, as permitted by the standard:

- Previous assessments were relied on to determine whether leases were onerous;
- Operating leases with a remaining lease term of less than 12 months at January 1, 2019 were treated as short-term leases under IFRS 16;
- Initial direct costs were excluded from the measurement of right-of-use assets at the date of initial application; and
- Payments associated with leases of low-value assets were recognized on a straight-line basis as an expense in the consolidated statement of earnings.

The Company also elected to not reassess whether a contract is or contains a lease as at January 1, 2019, as permitted by IFRS 16.

From January 1, 2019, leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use, with the exception of leases of low-value assets or leases with a term of 12 months or less, which are recognized on a straight-line basis as an expense. Each lease payment is allocated between the repayment of the lease liability and finance cost. The finance cost is charged to the consolidated statement of earnings over the lease period to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. Right-of-use assets and lease liabilities arising from a lease are initially measured on a present value basis. Right-of-use assets are included within property and equipment in the consolidated balance sheet at December 31, 2019.

Property and equipment

Property and equipment are recorded at cost less accumulated amortization and provisions for impairment, if any. Cost consists of expenditures directly attributable to the acquisition of the asset. Subsequent expenditures for maintenance and repairs are expensed as incurred, while costs related to betterments and improvements that extend the useful lives of property and equipment are capitalized.

Right-of-use assets are amortized over the shorter of the asset's useful life and the lease term on a straight-line basis.

Amortization is provided for other property and equipment on a straight-line basis over the estimated useful lives of the assets as follows:

Aircraft	up to 20 years
Leasehold improvements	up to the term of the lease
Furniture and equipment	up to 10 years

When components of an asset have a significantly different useful life or residual value than the primary asset, the components are amortized separately. Residual values, useful lives and methods of amortization are reviewed at each fiscal year end and adjusted prospectively as required.

Goodwill and intangible assets

Goodwill and intangible assets are recorded at their fair value at the date of acquisition of the related subsidiary or at cost if purchased. Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the fair value of any contingent consideration, the amount of any non-controlling interest in the acquired company and, for a business combination achieved in stages, the fair value at the acquisition date of the Company's previously held interest in the acquired company compared to the net fair value of the identifiable assets and liabilities acquired. Goodwill is not amortized and is tested for impairment annually, or more frequently if conditions exist which indicate that goodwill may be impaired. Subsequent to initial recognition, goodwill is recorded at cost less accumulated impairment losses, if any. Judgement is required in determining whether events or changes in circumstances during the year are indicators that a review for impairment should be conducted prior to the annual impairment test. For the purposes of impairment testing, goodwill is allocated to the cash generating units ("CGUs") of the business whose acquisition gave rise to the goodwill. Impairment of goodwill is tested at the level where goodwill is monitored for internal management purposes. Therefore, goodwill will be assessed for impairment at the level of either an individual CGU or a group of CGUs. The determination of CGUs and the level at which goodwill is monitored requires judgement by management. The carrying amount of a CGU or a group of CGUs is compared to its recoverable amount, which is the higher of its value-in-use or fair value less costs to sell, to determine if an impairment exists. Impairment losses for goodwill are not reversed in future periods.

Amortization is provided for intangible assets with a limited life on a straight-line basis over their estimated useful lives as follows:

Client relationships	up to 15 years
Software	up to 5 years

Impairment of long-lived assets

Property, equipment and intangible assets are reviewed for impairment annually or whenever events or changes in circumstances suggest that the carrying amount of the asset may not be recoverable. Judgement is required in determining whether events or changes in circumstances during the year are indicators that a review for impairment should be conducted prior to the annual assessment. An impairment loss is recognized when the carrying value of an asset or CGU exceeds the recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use or its fair value less costs to sell.

Impairment losses for long-lived assets are reversed in future periods if the circumstances that led to the impairment no longer exist. The reversal is limited to restoring the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized in prior periods.

Intercompany loans with Investment Holding Companies

Intercompany loans payable to Investment Holding Companies represent financial liabilities that are payable to subsidiaries of Onex, which are recorded at fair value in the consolidated financial statements. Intercompany loans receivable from Investment Holding Companies are classified as corporate investments and represent loans receivable from subsidiaries of Onex, which are recorded at fair value in the consolidated financial statements. Onex has elected to measure these financial instruments at fair value through net earnings, in accordance with IFRS 9.

Income taxes

Income taxes are recorded using the asset and liability method of income tax allocation. Under this method, assets and liabilities are recorded for the future income tax consequences attributable to differences between the financial statement carrying values of assets and liabilities and their respective income tax bases, and on tax loss and tax credit carryforwards. Deferred tax assets are recognized only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences as well as tax loss and tax credit carryforwards can be utilized. These deferred income tax assets and liabilities are recorded using substantively enacted income tax rates. The effect of a change in income tax rates on these deferred income tax assets or liabilities is included in net earnings in the period in which the rate change occurs. Certain of these differences are estimated based on current tax legislation and the Company's interpretation thereof.

Income tax expense or recovery is based on the income earned or loss incurred in each tax jurisdiction and the enacted or substantively enacted tax rate applicable to that income or loss. Tax expense or recovery is recognized in the consolidated statement of net earnings, except to the extent that it relates to items recognized directly in equity, in which case the tax effect is also recognized in equity.

Deferred tax liabilities for taxable temporary differences associated with investments in subsidiaries are recognized, except when the Company is able to control the timing of the reversal of temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

In the ordinary course of business, there are transactions for which the ultimate tax outcome is uncertain. The final tax outcome of these matters may be different from the judgements and estimates originally made by the Company in determining its income tax provisions. The Company periodically evaluates the positions taken with respect to situations in which applicable tax rules and regulations are subject to interpretation. Provisions related to tax uncertainties are established where appropriate based on the most likely amount or expected value that will ultimately be paid to or received from tax authorities. Accrued interest and penalties relating to tax uncertainties are recorded in current income tax expense, in accordance with IAS 12, *Income Taxes*.

Note 15 provides further details on income taxes.

Revenue recognition

Revenue from management fees, advisory fees, performance fees and the reimbursement of expenses from investment funds and operating businesses is recognized using the following five-step model, in accordance with IFRS 15, *Revenue from contracts with customers* ("IFRS 15"): 1) identify the contract or contracts with the client; 2) identify the separate performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to separate performance obligations; and 5) recognize revenue when or as each performance obligation is satisfied, collection of consideration is probable and control of the good or service has been transferred to the client.

The transaction price represents the amount of consideration that the Company expects to be entitled to and may include variable components such as performance fees and performance allocations. Management estimates the amount of variable consideration to be included in the transaction price to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. This estimate is updated at each reporting date until the uncertainty is resolved.

The Company transfers the benefit of its services to clients and limited partners as it performs the services, and therefore satisfies its performance obligations over time.

A receivable is recognized when the transfer of control for services to a client occurs prior to the client paying consideration if the right to the consideration is unconditional. A contract liability is recognized when the client's payment of consideration precedes the completion of a performance obligation.

Revenue recognition requires management to make certain judgements and estimates including the identification of performance obligations, the allocation and amount of the transaction price, and the collectability of cash consideration.

Significant revenue recognition streams during the year ended December 31, 2019 were as follows:

Management and advisory fees

Onex earns management and advisory fees for managing investor capital through its private equity funds, private credit strategies, public debt strategies and public equity strategies, and for services provided directly to certain underlying operating businesses. Asset management services are provided over time and the amount earned is generally calculated based on a percentage of limited partners' committed capital, limited partners' net funded commitments, unfunded commitments, the collateral principal balance, gross invested assets or net asset value of the respective strategies. Revenues earned from management and advisory fees are recognized over time as the services are provided.

Reimbursement of expenses from investment funds and operating businesses

Certain deal investigation, research and other expenses incurred by the Asset Managers are recoverable from the Onex Partners Funds, ONCAP Funds, Onex Credit strategies and certain operating businesses of the Onex Partners and ONCAP Funds. These expense reimbursements are recognized as revenue, in accordance with IFRS 15.

Performance fees

Performance fees are recognized as revenue to the extent the fees are highly probable to not reverse, which is typically at the end of each performance year, or upon closure of an account or transfer of assets to a different investment model.

Performance fees associated with the management of the Gluskin Sheff Funds are comprised of performance fees and performance allocations. Performance fees are determined by applying an agreed-upon formula to the growth in the net asset value of clients' assets under management. Performance allocations are allocated to the Company as a General Partner of certain Gluskin Sheff Funds. Performance fees associated with the Gluskin Sheff Funds range between 10% and 25% and may be subject to performance hurdles.

Onex is entitled to performance fees on investor capital it manages within the Onex Credit strategies. Performance fees for these strategies range between 15% and 20% of net gains and are generally subject to a hurdle or minimum preferred return to investors.

Stock-based compensation

The Company follows the fair value-based method of accounting for all stock-based compensation plans. During the year ended December 31, 2019, the Company had three types of stock-based compensation plans:

1) The Company's Stock Option Plan (the "Plan"), which provides that in certain situations the Company has the right, but not the obligation, to settle any exercisable option under the Plan by the payment of cash to the option holder. The Company has recorded a liability for the potential future settlement of the vested options at the balance sheet date by reference to the fair value of the liability. The liability is adjusted each reporting period for changes in the fair value of the options, with the corresponding amount reflected in the consolidated statement of earnings.
2) The Company's Director Deferred Share Unit Plan ("Director DSU Plan"), which entitles the holder to receive, upon redemption, a cash payment equivalent to the market value of a Subordinate Voting Share ("SVS") at the redemption date. The Director DSU Plan enables Onex directors to apply directors' fees earned to acquire Deferred Share Units ("DSUs") based on the market value of Onex shares at the time. Grants of DSUs may also be made to Onex directors from time to time. The DSUs vest immediately, are redeemable only when the holder retires and must be redeemed within one year following the year of retirement. Additional units are issued for any cash dividends paid on the SVS. The Company has recorded a liability for the future settlement of the DSUs by reference to the value of the underlying SVS at the balance sheet date. On a quarterly basis, the liability is adjusted for the change in the market value of the underlying shares, with the corresponding amount reflected in the consolidated statement of earnings. To economically hedge a portion of the Company's exposure to changes in the trading price of Onex shares, the Company enters into forward agreements with a counterparty financial institution. The change in value of the forward agreements will be recorded to partially offset the amounts recorded as stock-based compensation under the Director DSU Plan.
3) The Company's Management Deferred Share Unit Plan ("Management DSU Plan"), which enables the Onex management team to apply all or a portion of their annual compensation earned to acquire DSUs based on the market value of Onex shares at the time in lieu of cash. Holders of DSUs are entitled to receive for each DSU, upon redemption, a cash payment equivalent to the market value of an SVS at the redemption date. The DSUs vest immediately, are only redeemable once the holder ceases to be an officer or employee of the Company or an affiliate, and must be redeemed by the end of the year following the year of termination. Additional units are issued equivalent to the value of any cash dividends that would have been paid on the SVS. The Company has recorded a liability for the future settlement of the DSUs by reference to the value of the underlying SVS at the balance sheet date. On a quarterly basis, the liability is adjusted for the change in the market value of the underlying shares, with the corresponding amount reflected in the consolidated statement of earnings. To economically hedge the Company's exposure to changes in the trading price of Onex shares associated with the Management DSU Plan, the Company enters into forward agreements with a counterparty financial institution for all grants under the Management DSU Plan. As such, the change in value of the forward agreements will be recorded to offset the amounts recorded as stock-based compensation under the Management DSU Plan. The administrative costs of those arrangements are borne by participants in the plan. Management DSUs are redeemable only for cash and no shares or other securities of Onex will be issued on the exercise, redemption or other settlement thereof.

Stock-based compensation for the year ended December 31, 2019 no longer includes the expense (recovery) and liability associated with the MIP as it is incorporated in the fair value measurement of corporate investments and the corresponding net gains (losses) on corporate investments (note 6).

Financial assets and financial liabilities

Financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification, as described below. Transaction costs in respect of an asset or liability not recorded at fair value through net earnings are added to the initial carrying amount. Gains and losses for financial instruments recognized through net earnings are primarily recognized in net gains (losses) on corporate investments in the 2019 consolidated statement of earnings. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. The classification of financial liabilities depends on the purpose for which the financial liabilities were incurred and their characteristics. Except in very limited circumstances, the classification of financial assets and financial liabilities are not changed subsequent to initial recognition. Financial assets purchased and sold, where the contract requires the asset to be delivered within an established time frame, are recognized on a trade-date basis.

a) Financial assets – amortized cost

Financial assets with the following characteristics are accounted for at amortized cost using the effective interest rate method:

- The financial asset is held within a business model whose objective is achieved by collecting contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

The Company recognizes loss allowances for financial assets accounted for at amortized cost based on the financial assets' expected credit losses, which are assessed on a forward-looking basis.

b) Financial assets – fair value through other comprehensive income

Financial assets with the following characteristics are accounted for at fair value, with changes in fair value recorded in other comprehensive income ("OCI"):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

The Company recognizes loss allowances through net earnings for financial assets accounted for at fair value through OCI based on the financial instrument's expected credit losses, which are assessed on a forward-looking basis. Gains and losses realized on disposal, which are calculated on an average cost basis, are recognized in net earnings. Foreign exchange gains and losses are recognized immediately in net earnings.

At December 31, 2019, the Company had no financial assets outstanding that were accounted for at fair value through OCI.

c) Financial assets – fair value through net earnings

Financial assets that do not meet the criteria for amortized cost or fair value through OCI are measured at fair value through net earnings. Financial assets may also be designated as fair value through net earnings on initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Intercompany loans receivable from Investment Holding Companies, which are presented within Corporate Investments, are designated as fair value through net earnings.

d) Financial liabilities measured at fair value through net earnings

Financial liabilities that are incurred with the intention of generating earnings in the near term are classified as fair value through net earnings. Other financial liabilities may be designated as fair value through net earnings on initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency, or the group of financial liabilities is managed, and its performance is evaluated on a fair value basis. Intercompany loans payable to Investment Holdings Companies are designated as fair value through net earnings.

e) Financial liabilities measured at amortized cost

Financial liabilities not classified as fair value through net earnings are accounted for at amortized cost using the effective interest rate method.

f) Interest Income

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

Derecognition of financial instruments

A financial asset is derecognized if substantially all the risks and rewards of ownership and, in certain circumstances, control of the financial asset are transferred. A financial liability is derecognized when it is extinguished, with any gain or loss on extinguishment to be recognized in other expense in the consolidated statement of earnings.

Earnings per share

Basic earnings per share is based on the weighted average number of SVS outstanding during the year. Diluted earnings per share is calculated using the treasury stock method, which includes the impact of converting certain limited partnership units issued in June 2019 in an Onex subsidiary into 144,579 of Onex SVS and excludes the impact of converting outstanding stock options into Onex SVS, given Onex accounts for the liability associated with outstanding stock options issued under its Stock Option Plan as a liability at fair value through net earnings.

Dividend distributions

Dividend distributions to the shareholders of Onex Corporation are recognized as a liability in the consolidated balance sheet in the period in which the dividends are declared and authorized by the Board of Directors.

Use of judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and equity, the related disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue, expenses and gains (losses) on financial instruments during the reporting period. Actual results could differ materially from those estimates and assumptions. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Areas that involve critical judgements, assumptions and estimates and that have a significant influence on the amounts recognized in the consolidated financial statements are further described as follows:

Investment entity status

Judgement was required when determining whether Onex, the parent company, meets the definition of an investment entity, which IFRS 10 defines as an entity that: (i) obtains funds from one or more investors for the purpose of providing those investors with investment management services; (ii) commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and (iii) measures and evaluates the performance of substantially all of its investments on a fair value basis. When determining whether Onex met the definition of an investment entity under IFRS 10, Onex management applied significant judgement when assessing whether the Company measures and evaluates the performance of substantially all of its investments on a fair value basis.

Onex conducts its business primarily through controlled subsidiaries, which consist of entities providing asset management services, investment holding companies and General Partners of private equity funds, credit funds and limited partnerships. Certain of these subsidiaries were formed for legal, regulatory or similar reasons by Onex and share a common business purpose. The assessment of whether Onex, the parent company, meets the definition of an investment entity was performed on an aggregate basis with these subsidiaries.

Corporate investments

The measurement of corporate investments is significantly impacted by the fair values of the investments held by the Onex Partners Funds, ONCAP Funds and Onex Credit strategies. The fair value of corporate investments is assessed at each reporting date with changes in fair value recognized through net earnings.

The valuation of non-public investments requires significant judgement due to the absence of quoted market values, inherent lack of liquidity and the long-term nature of such investments. Valuation methodologies include discounted cash flows and observations of the trading multiples of public companies considered comparable to the private companies being valued. The valuations take into consideration company-specific items, the lack of liquidity inherent in a non-public investment and the fact that comparable public companies are not identical to the companies being valued. Such considerations are necessary since, in the absence of a committed buyer and completion of due diligence procedures, there may be company-specific items that are not fully known that may affect the fair value. A variety of additional factors are reviewed, including, but not limited to, financing and sales transactions with third parties, current operating performance and future expectations of the particular investment, changes in market outlook and the third-party financing environment. In determining changes to the fair value of the underlying private equity investments, emphasis is placed on current company performance and market conditions.

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

The fair value of underlying investments in Onex Credit strategies that are not quoted in an active market may be determined by using reputable pricing sources (such as pricing agencies) or indicative prices from bond/debt market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. Judgement and estimates are exercised to determine the quantity and quality of the pricing sources used. Where no market data is available, positions may be valued using models that include the use of third-party pricing information and are usually based on valuation methods and techniques generally recognized as standard within the industry. Models use observable data to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations may require estimates to be made. Changes in assumptions about these factors could affect the reported fair value of the underlying investments in Onex Credit strategies.

Management incentive programs are included in the fair value of corporate investments and are determined using an internally developed valuation model. The critical assumptions and estimates used in the valuation model include the fair value of the underlying investments, the time to expected exit from each investment, a risk-free rate and an industry comparable historical volatility for each investment. The fair value of the underlying investments includes the same critical assumptions and estimates previously described.

Corporate investments are measured with significant unobservable inputs (Level 3 of the fair value hierarchy), which are further described in note 23.

The changes in fair value of corporate investments are further described in note 6.

The Company assessed whether its underlying subsidiaries met the definition of an investment entity, as defined under IFRS 10. In certain circumstances, this assessment was performed together with other entities that were formed in connection with each other for legal, regulatory or similar reasons. Similarly, where a subsidiary's current business purpose is to facilitate a common purpose with a group of entities, the assessment of whether those subsidiaries met the definition of an investment entity was performed on an aggregated basis.

Certain subsidiaries were formed for various business purposes that, in certain circumstances, have evolved since their formation. When the Company assessed whether these subsidiaries met the definition of an investment entity, as defined under IFRS 10, professional judgement was exercised to determine the primary business purpose of these subsidiaries and the measurement basis, which were significant factors in determining their investment entity status.

Business combination

In June 2019, Onex acquired 100% of Gluskin Sheff and accounted for this acquisition as a business combination in accordance with IFRS 3, *Business combinations.* Substantially all of Gluskin Sheff's identifiable assets and liabilities were recorded at their respective fair values on the date of acquisition. One of the most significant areas of judgement and estimation related to the determination of the fair value of these assets and liabilities. Investments were valued at market prices while intangible assets that were identified were valued by an independent external valuation expert using appropriate valuation techniques, which were generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

Goodwill impairment tests and recoverability of assets

The Company tests at least annually whether goodwill has suffered any impairment, in accordance with its accounting policies. The determination of the recoverable amount of a CGU to which goodwill is allocated involves the use of estimates by management. The Company generally uses discounted cash flow-based methods to determine these values. These discounted cash flow calculations typically use five-year projections that are based on the operating plans approved by management. Cash flow projections take into account past experience and represent management's best estimate of future developments. Cash flows after the planning period are extrapolated using estimated growth rates. Key assumptions on which management has based its determination of fair value less costs to sell and value in use include estimated growth rates, weighted average cost of capital and tax rates. These estimates, including the methodology used, can have a material impact on the respective values and ultimately the amount of any goodwill impairment. Likewise, whenever property, equipment and other intangible assets are tested for impairment, the determination of the assets' recoverable amount involves the use of estimates by management and can have a material impact on the respective values and ultimately the amount of any impairment.

Income taxes

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

The Company uses significant judgement when determining whether to recognize deferred tax liabilities with respect to taxable temporary differences associated with corporate investments, in particular whether the Company is able to control the timing of the reversal of the temporary differences and whether it is probable that the temporary differences will not reverse in the foreseeable future. Judgement includes consideration of the Company's future cash requirements in its numerous tax jurisdictions.

Legal provisions and contingencies

The Company in the normal course of operations can become involved in various legal proceedings. While the Company cannot predict the final outcome of such legal proceedings, the outcome of these matters may have a material effect on the Company's consolidated financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and provides provisions for probable contingent losses, including an estimate of legal expenses to resolve the matters. Internal and external counsel are used for these assessments. In making the decision regarding the need for provisions, management considers the degree of probability of an unfavourable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim or the disclosure of any such suit or assertion does not automatically indicate that a provision may be appropriate.

2. ACQUISITION OF GLUSKIN SHEFF

In June 2019, Onex acquired 100% of Gluskin Sheff for C$445 ($329). Gluskin Sheff is a Canadian wealth management firm serving high net worth families and institutional investors. The Company acquired Gluskin Sheff to diversify and expand its distribution channels and to grow its fee-generating assets under management. As part of the acquisition, certain members of the Gluskin Sheff management team exchanged their Gluskin Sheff common shares for Onex SVS and limited partnership units of a subsidiary of Onex. In connection with this transaction, Onex issued 247,359 SVS with a fair value of $13 (C$18) and limited partnership units of an Onex consolidated subsidiary with a fair value of $8 (C$11), in addition to cash consideration paid of $308 (C$416). The Company also incurred $2 of acquisition-related costs. Gluskin Sheff's expenses and revenues are primarily denominated in Canadian dollars.

Onex determined that Gluskin Sheff and the wholly-owned subsidiaries that were formed to acquire the company did not meet the definition of an investment entity under IFRS 10 and that the entities' primary business purpose, as a whole, is to provide investment-related services. As such, Onex consolidated the financial results of Gluskin Sheff and the wholly-owned subsidiaries that were formed to acquire the company.

Details of the purchase price and allocation to the acquired assets and liabilities of Gluskin Sheff are as follows:

Cash and cash equivalents	**$ 11**
Treasury investments	**13**
Management fees, recoverable fund expenses and other receivables	**12**
Other assets	**8**
Property and equipment	**18**
Intangible assets with a limited life	**138**
Intangible assets with an indefinite life	**14**
Goodwill	**192**
Accounts payable and accrued liabilities	**(29)**
Lease and other liabilities	**(8)**
Deferred income taxes	**(40)**
Net assets acquired	**$ 329**

Included in the net assets acquired are gross receivables of $12, of which all contractual cash flows are expected to be recovered. The fair value of these receivables on the date of acquisition was determined to be $12.

Goodwill is not deductible for tax purposes and is primarily attributable to Gluskin Sheff's leading position in the Canadian high net worth private client market and the skills and competence of its workforce.

Income and net earnings of Gluskin Sheff from the date of acquisition by the Company to December 31, 2019 were $70 and $9, respectively.

The Company estimates it would have reported consolidated income of approximately $1,140 and net earnings of approximately $4,280 for the year ended December 31, 2019 had Gluskin Sheff been acquired on January 1, 2019.

3. CASH AND CASH EQUIVALENTS – 2019

Cash and cash equivalents at December 31, 2019 comprised the following:

	December 31, 2019
Cash at bank and on hand	$ 137
Money market funds	779
Commercial paper	61
Bank term deposits and other	11
Total cash and cash equivalents	$ 988

4. TREASURY INVESTMENTS

Treasury investments as at December 31, 2019 comprised the following:

	December 31, 2019
Commercial paper and corporate obligations	$ 207
Federal and municipal debt instruments	82
Other	17
Total treasury investments	$ 306

5. MANAGEMENT AND ADVISORY FEES, RECOVERABLE FUND EXPENSES AND OTHER RECEIVABLES

At December 31, 2019, the Company's receivables for management and advisory fees, fund expenses and other consisted of the following:

	December 31, 2019
Management and advisory fees	$ 205
Recoverable fund and operating businesses' expenses	82
Performance fees	20
Other	25
Total	$ 332

Management and advisory fees receivable primarily consisted of management fees receivable of $190 from the Onex Partners and ONCAP Funds. Onex has elected to defer cash receipt of management fees from certain funds until the later stages of each fund's life. At December 31, 2019, the receivable for management and advisory fees primarily related to fees due from Onex Partners IV.

6. CORPORATE INVESTMENTS

The Company's interests in its Investment Holding Companies are recorded at fair value through net earnings in accordance with IFRS 9 and IFRS 10, as described in note 1. The Investment Holding Companies directly or indirectly invest the Company's capital in the Onex Partners Funds, ONCAP Funds, Onex Credit strategies and other investments. The Company's corporate investments were comprised of the following amounts at December 31, 2019:

	January 1, 2019	Capital Deployed	Realizations and Distributions	Change in Fair Value	December 31, 2019
Onex Partners Funds	$ 3,050	$ 398	$ (1,131)	$ 682	$ 2,999
ONCAP Funds	458	46	(17)	14	501
Other private equity	375	27	(25)	44	421
Carried interest	110	n/a	(43)	(1)	66
Total private equity investments[a]	3,993	471	(1,216)	739	3,987
Onex Credit Strategies[b]	815	197	(330)	64	746
Real estate[c]	148	–	(53)	(5)	90
Other net assets[d]	434	(845)	820	1	410
Total corporate investments excluding intercompany loans	5,390	(177)	(779)	799	5,233
Intercompany loans receivable from Onex and the Asset Managers[e]	3,766	530	(79)	–	4,217
Intercompany loans payable to Onex and the Asset Managers[f]	(414)	(357)	57	–	(714)
Intercompany loans receivable from Investment Holding Companies[f]	414	357	(57)	–	714
Total corporate investments	$ 9,156	$ 353	$ (858)	$ 799	$ 9,450

a) Private equity investments

The Company's private equity investments were comprised of the following amounts at December 31, 2019:

	January 1, 2019	Capital Deployed	Realizations and Distributions	Change in Fair Value	December 31, 2019
Onex Partners Funds					
Onex Partners I	$ 90	$ –	$ (90)	$ 1	$ 1
Onex Partners II	132	–	–	(48)	84
Onex Partners III	614	–	(84)	24	554
Onex Partners IV	2,262	13	(981)	793	2,087
Onex Partners V	30	385	–	48	463
Management incentive programs	(78)	n/a	24	(136)	(190)
Total investment in Onex Partners Funds[i]	3,050	398	(1,131)	682	2,999
ONCAP Funds					
ONCAP II	113	–	(17)	10	106
ONCAP III	179	–	(3)	8	184
ONCAP IV	206	46	–	(4)	248
Management incentive programs	(40)	n/a	3	–	(37)
Total investment in ONCAP Funds[ii]	458	46	(17)	14	501
Other private equity investments[iii]	375	27	(25)	44	421
Carried interest[iv]	110	n/a	(43)	(1)	66
Total private equity investments	$ 3,993	$ 471	$ (1,216)	$ 739	$ 3,987

i) Onex Partners Funds

The Onex Partners Funds typically make control equity investments in operating companies headquartered, organized, domiciled or whose principal executive offices are primarily in the United States, Canada and Europe. Onex Partners V will not invest more than 20% of aggregate commitments in any single operating company and its affiliates. Certain Onex Partners Funds also have limits on the amount of aggregate commitments that can be invested in operating companies whose headquarters or principal executive offices are located outside of the United States and Canada.

At December 31, 2019, the Onex Partners Funds had investments in 18 operating businesses in various industry sectors and geographies. Onex' investments in the Onex Partners Funds include co-investments, where applicable.

Onex Partners I and Onex Partners III

In March 2019, the Onex Partners I and Onex Partners III Groups sold BrightSpring Health (formerly ResCare), a provider of residential, training, educational and support services for people with disabilities and special needs in the United States, for an enterprise value of approximately $1,300. Onex' share of the net proceeds from Onex Partners I and Onex Partners III was $99 and $92, respectively, including carried interest of $39. The MIP distribution as a result of this transaction was $12.

Onex Partners IV

In April 2019, the Onex Partners IV Group received a dividend from SIG Combibloc Group AG ("SIG"), of which Onex' share was CHF 20 ($20).

In August 2019, the Onex Partners IV Group sold Jack's, a regional quick-service restaurant operator. Onex' share of the net proceeds from Onex Partners IV was $224. The MIP distribution as a result of this transaction was $12.

In September 2019, the Onex Partners IV Group sold approximately 30.0 million shares of SIG at a price of CHF 12.00 per share and in November 2019, the Onex Partners IV Group sold approximately 31.4 million shares of SIG at a price of CHF 13.30 per share. SIG is a systems and solutions provider for aseptic carton packaging. Onex' combined share of the net proceeds from the Onex Partners IV Group was CHF 273 ($276). No amounts were paid on account of the MIP as the required realized investment return hurdle for Onex was not met on realizations to date.

In September 2019, the Onex Partners IV Group sold approximately 27.5 million ordinary shares of Clarivate Analytics plc ("Clarivate Analytics") at a price of $16.00 per share and in December 2019, the Onex Partners IV Group sold approximately 49.7 million ordinary shares of Clarivate Analytics at a price of $17.25 per share. Clarivate Analytics is a global analytics provider. Onex' combined share of the net proceeds from the Onex Partners IV Group was $387. No amounts were paid on account of the MIP as the required realized investment return hurdle for Onex was not met on realizations to date.

In November 2019, the Onex Partners IV Group received a distribution from Clarivate Analytics in relation to a tax receivable agreement that was entered into with the company in connection with Clarivate Analytics' initial public offering in January 2019. The agreement entitles the Onex Partners IV Group to a portion of the tax benefits realized by Clarivate Analytics relating to tax attributes that were present at the time of the initial public offering. Onex' share of the distribution from the Onex Partners IV Group was $54.

In November 2019, Onex invested an additional $13 in Onex Partners IV to support PowerSchool's acquisition activities.

Onex Partners V

In April 2019, Onex invested $124 in Onex Partners V as part of the fund's investment in Convex Group Limited, a de novo specialty and casualty insurance company.

In December 2019, Onex invested $261 in Onex Partners V as part of the fund's investment in WestJet Airlines Ltd., a Canadian airline based in Calgary, Alberta.

Management incentive programs – Onex Partners Funds

During the fourth quarter of 2019, Onex recognized a decrease of $66 in the fair value of its corporate investments in connection with changes to the Onex management team's participation, as described in note 26(f). The remaining change in fair value of the Onex Partners Funds management incentive programs was primarily driven by an increase in the management incentive programs liability associated with Onex Partners IV.

ii) ONCAP Funds

The ONCAP Funds typically make control equity investments in operating companies headquartered, organized, domiciled or whose principal executive offices are primarily in the United States and Canada. ONCAP IV will not invest more than 20% of aggregate commitments in any single operating company and its affiliates.

At December 31, 2019, the ONCAP Funds had investments in 16 operating businesses headquartered in North America. Onex' investments in the ONCAP Funds include co-investments, where applicable.

In July 2019, the ONCAP II and ONCAP III Groups received distributions from PURE Canadian Gaming, of which Onex' share was $14 and $3, respectively.

In November 2019, Onex invested $39 in ONCAP IV as part of the fund's investment in TAC Enertech Resources Holdings, LLC, a provider of wireless infrastructure services to telecommunications carriers and tower owners in the United States.

iii) Other private equity investments

Other private equity investments primarily consist of Onex' investments in Celestica and Ryan Specialty Group ("RSG"). In March 2019, Onex invested an additional $25 in common equity of RSG to support the company's acquisition activities.

iv) Carried interest

The General Partner of each Onex Partners and ONCAP Fund is entitled to 20% of the realized net gains of the limited partners in such Fund provided the limited partners have achieved a minimum 8% net compound annual return on their investment. This performance-based capital allocation of realized net gains is referred to as carried interest. Onex is entitled to 40% of the carried interest realized in the Onex Partners and ONCAP Funds. Once the ONCAP IV investors achieve a net return of two times their aggregate capital contributions, carried interest participation increases from 20% to 25% of the realized net gains in ONCAP IV. The amount of carried interest ultimately received by Onex is based on realizations, the timing of which can vary significantly from period to period.

During the year ended December 31, 2019, Onex received $43 of carried interest primarily from the sale of BrightSpring Health, as described above. The receipt of carried interest earned from the sale of Jack's and the secondary offerings by Clarivate Analytics and SIG, as described in an earlier section of this note, was elected to be deferred by the General Partner of Onex Partners IV.

Unrealized carried interest is calculated based on the current fair values of the Funds and the overall realized and unrealized gains in each Fund in accordance with its limited partnership agreements.

b) Onex Credit strategies

Collateralized Loan Obligations ("CLOs") are leveraged structured vehicles that hold a widely diversified asset portfolio funded through the issuance of long-term debt in a series of rated tranches of secured notes and equity. The Onex Credit U.S. CLOs invest only in securities denominated in U.S. dollars while the Onex Credit EURO CLOs invest only in securities denominated in euros. The Company primarily invests in the equity tranches of the Onex Credit CLOs.

The direct lending strategy primarily holds investments in senior secured loans and other loan investments in private equity sponsor-owned portfolio companies and, selectively, other corporate borrowers. The loans are predominantly with borrowers in the United States and, selectively, in Canada and Europe.

The senior floating income strategy is an unlevered strategy, which primarily holds investments in first-lien, senior secured loans.

The senior credit fund primarily holds investments in first-lien, senior secured loans and may employ leverage.

The Company's investment in Onex Credit strategies was comprised of the following amounts at December 31, 2019:

	January 1, 2019	Capital Deployed	Realizations and Distributions	Change in Fair Value	December 31, 2019
Onex Credit Strategies					
U.S. CLOs	$ 344	$ 36	$ (73)	$ 33	$ 340
EURO CLOs	68	40	(16)	–	92
CLO warehouses	113	76	(145)	8	52
Direct lending	46	45	(25)	7	73
OCP Senior Floating Income Fund	89	–	–	8	97
Onex Debt Opportunity Fund	73	–	(71)	–	2
Onex Senior Credit Fund	82	–	–	8	90
Total investment in Onex Credit strategies	$ 815	$ 197	$ (330)	$ 64	$ 746

In March 2019, Onex closed its sixteenth U.S. collateralized loan obligation ("CLO-16"), investing $13 for approximately 30% of the most subordinated capital of CLO-16. On closing, Onex received $50 plus interest for the investment that supported the warehouse facility for CLO-16.

In May 2019, Onex closed its third European collateralized loan obligation ("EURO CLO-3"), investing €35 ($40) for all of the most subordinated capital of EURO CLO-3. On closing, Onex received €55 ($61) plus interest for the investment that supported the warehouse facility for EURO CLO-3.

In July 2019, Onex closed its seventeenth U.S. collateralized loan obligation ("CLO-17"), investing $23 for approximately 56% of the most subordinated capital of CLO-17. On closing, Onex received approximately $24 plus interest for the investment that supported the warehouse facility for CLO-17.

During 2019, Onex invested $30 to support the warehouse facility for its eighteenth CLO denominated in U.S. dollars ("CLO-18").

During 2019, Onex invested €20 ($22) to support the warehouse facility for its fourth CLO denominated in euros ("EURO CLO-4").

During the year ended December 31, 2019, Onex made investments in direct lending totalling $45.

During the year ended December 31, 2019, Onex received distributions of $85 from CLO investments. Additionally, Onex received distributions of $4 from its second CLO denominated in U.S. dollars ("CLO-2"), which was redeemed in November 2018, and distributions of $25 from direct lending.

During the fourth quarter of 2019, Onex received distributions totalling $71 from the Onex Debt Opportunity Fund. The distributions received were in connection with the dissolution of the Fund, which is expected to be completed during 2020.

c) Real estate

Onex' investment in real estate is comprised of an investment in Flushing Town Center, a commercial and residential complex located in Flushing, New York. During the year ended December 31, 2019, Onex received distributions of $53 from Flushing Town Center, which were primarily funded by the sale of residential condominium units and the receipt of investment-related tax credits.

d) Other net assets

Other net assets consist of assets and liabilities of the Investment Holding Companies, excluding investments in private equity, Onex Credit strategies, real estate and intercompany loans receivable from and payable to Onex and the Asset Managers. At December 31, 2019, the non-investment related assets and liabilities consisted of the following:

Assets	
Cash and cash equivalents	**$ 306**
Treasury investments	**89**
Receivables	**142**
Other assets[i]	**46**
Total assets	**$ 583**
Liabilities	
Accounts payable and accrued liabilities	**$ 149**
Other liabilities	**24**
Total liabilities	**$ 173**
Net assets	**$ 410**

(i) Other assets included $22 of restricted cash and cash equivalents for which the Company can readily remove the external restriction.

e) Intercompany loans receivable from Onex and the Asset Managers

The Investment Holding Companies have advanced intercompany loans to Onex and the Asset Managers. The intercompany loans receivable from Onex and the Asset Managers of $4,217 form part of Onex' net investment in the Investment Holding Companies, which is recorded at fair value through net earnings. These intercompany loans receivable are the same loans presented as intercompany loans payable to the Investment Holding Companies in the consolidated balance sheet, which total $4,217 and are described in note 10. There is no impact on net assets or net earnings from these intercompany loans.

f) Intercompany loans payable to Onex and the Asset Managers and intercompany loans receivable from Investment Holding Companies

Onex and the Asset Managers have advanced intercompany loans to the Investment Holding Companies totalling $714. The corresponding intercompany loans payable to Onex and the Asset Managers, which total $714, form part of Onex' net investment in the Investment Holding Companies, which is recorded at fair value through net earnings. There is no impact on net assets or net earnings from these intercompany loans.

7. OTHER ASSETS – 2019

At December 31, 2019, other assets comprised the following:

	December 31, 2019
Forward agreements	**$ 82**
Restricted cash	**30**
Prepaid expenses and other	**14**
Total	**$ 126**

Forward agreements with a total value of $82 at December 31, 2019 represent the fair value of hedging arrangements entered into with a financial institution to hedge the Company's exposure to changes in the market value of Onex SVS associated with certain DSUs outstanding, as described in note 16.

8. PROPERTY AND EQUIPMENT – 2019

At January 1, 2019 and December 31, 2019, the Company's property and equipment comprised the following:

	Right-of-Use Assets	Aircraft	Leasehold Improvements	Furniture and equipment	Total
At January 1, 2019					
Cost	$ 71	$ 72	$ 53	$ 13	$ 209
Accumulated amortization	–	(14)	(9)	(3)	(26)
Net book amount	$ 71	$ 58	$ 44	$ 10	$ 183
Year ended December 31, 2019					
Opening net book amount	**$ 71**	**$ 58**	**$ 44**	**$ 10**	**$ 183**
Acquisition of Gluskin Sheff (note 2)	**5**	**–**	**10**	**3**	**18**
Additions	**–**	**1**	**2**	**–**	**3**
Amortization charge	**(9)**	**(3)**	**(8)**	**(3)**	**(23)**
Closing net book amount	**$ 67**	**$ 56**	**$ 48**	**$ 10**	**$ 181**
At December 31, 2019					
Cost	**$ 76**	**$ 73**	**$ 65**	**$ 16**	**$ 230**
Accumulated amortization	**(9)**	**(17)**	**(17)**	**(6)**	**(49)**
Net book amount	**$ 67**	**$ 56**	**$ 48**	**$ 10**	**$ 181**

Right-of-use assets primarily relate to premises and were recognized by the Company upon the adoption of IFRS 16, as described in note 1, and the acquisition of Gluskin Sheff, as described in note 2.

9. GOODWILL AND INTANGIBLE ASSETS – 2019

At January 1, 2019 and December 31, 2019, the Company's goodwill and intangible assets comprised the following:

	Goodwill	Tradename	Client Relationships	Software	Total Intangible Assets
As at January 1, 2019					
Cost	**$ 62**	**$ –**	**$ 43**	**$ –**	**$ 43**
Accumulated amortization	**–**	**–**	**(21)**	**–**	**(21)**
Net book amount	**$ 62**	**$ –**	**$ 22**	**$ –**	**$ 22**
Year ended December 31, 2019					
Opening net book amount	**$ 62**	**$ –**	**$ 22**	**$ –**	**$ 22**
Acquisition of Gluskin Sheff (note 2)	**192**	**14**	**136**	**2**	**152**
Amortization charge	**–**	**–**	**(21)**	**(1)**	**(22)**
Foreign exchange	**7**	**1**	**5**	**–**	**6**
Closing net book amount	**$ 261**	**$ 15**	**$ 142**	**$ 1**	**$ 158**
As at December 31, 2019					
Cost	**$ 261**	**$ 15**	**$ 180**	**$ 2**	**$ 197**
Accumulated amortization	**–**	**–**	**(38)**	**(1)**	**(39)**
Net book amount	**$ 261**	**$ 15**	**$ 142**	**$ 1**	**$ 158**

Goodwill at December 31, 2019 is attributable to the acquisition of Gluskin Sheff, as described in note 2, and goodwill recognized as a result of the acquisition of the Onex Credit asset management platform in 2015, which was primarily attributable to the acquired workforce and industry relationships at Onex Credit. Management tested goodwill for impairment at December 31, 2019 and concluded that no impairments existed.

The cost and accumulated amortization of client relationships have been reduced for client relationships that ended during 2019.

10. INTERCOMPANY LOANS PAYABLE TO INVESTMENT HOLDING COMPANIES

Onex and the Asset Managers have intercompany loans payable to the Investment Holding Companies. The loans are primarily due on demand and are non-interest bearing. At December 31, 2019, intercompany loans payable to the Investment Holding Companies totalled $4,217 and the corresponding receivable of $4,217 was included in the fair value of the Investment Holding Companies within corporate investments (note 6). There is no impact on net assets or net earnings from these intercompany loans.

11. ACCRUED COMPENSATION

Accrued compensation at December 31, 2019 consisted primarily of cash incentive compensation related to fiscal 2019 which is to be paid to employees and management of the Company during the first quarter of 2020.

12. STOCK-BASED COMPENSATION PAYABLE

At December 31, 2019, stock-based compensation payable comprised the following:

	December 31, 2019
Stock Option Plan	$ 212
Director DSU Plan	44
Management DSU Plan	45
Total stock-based compensation payable	$ 301

Included in other assets (note 7) was $82 related to forward agreements to economically hedge the Company's exposure to changes in the trading price of Onex shares associated with the Management and Director DSU plans.

13. LEASES – 2019

The Company leases office space in Canada, the United States and the United Kingdom. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. The terms of the Company's leasing agreements are generally made for fixed periods up to 2028 and in certain circumstances contain options to extend beyond the initial fixed periods. In circumstances where it is reasonably certain that the Company will exercise an option to extend a leasing agreement, the minimum lease payments to be made during the extension period are included in the determination of the lease liability to be recorded. The lease contracts entered into by the Company do not contain any significant restrictions or covenants.

The Company's lease liabilities at December 31, 2019 totalled $72 and the annual minimum payment requirements for these liabilities are as follows:

For the year:	
2020	11
2021	11
2022	9
2023	10
2024	10
Thereafter	31
Total minimum lease payments:	82
Less: imputed interest	(10)
Balance of obligations under lease	72

During the year ended December 31, 2019, the Company recognized $2 in interest expense relating to its lease liabilities, which was included in other expenses. The Company also had total cash disbursements of $9 relating to lease liabilities.

Information concerning right-of-use assets is disclosed in note 8.

14. LIABILITIES ARISING FROM FINANCING ACTIVITIES – 2019

The following tables provide an analysis of liabilities arising from financing activities:

	December 31, 2019
Principal balance of intercompany loans payable to Investment Holding Companies	$ 4,217
Principal balance of lease liabilities	82
Accrued and imputed interest	(10)
Net financing obligations	$ 4,289

	Intercompany Loans Payable to Investment Holding Companies	Lease Liabilities	Total
Balance – January 1, 2019	$ 3,766	$ 72	$ 3,838
Issuance of loans	530	–	530
Acquisition of Gluskin Sheff (note 2)	–	5	5
Interest accrued	–	2	2
Repayment of financing obligations	(79)	(7)	(86)
Cash interest paid	–	(2)	(2)
Foreign exchange	–	2	2
Balance – December 31, 2019	$ 4,217	$ 72	$ 4,289

15. INCOME TAXES – 2019

The reconciliation of statutory income tax rates to the Company's effective tax rate for the year ended December 31, 2019 is as follows:

Year ended December 31	2019
Income tax expense at statutory rate	$ 1,123
Changes related to:	
Non-taxable net gains on corporate investments	(32)
Non-taxable gain on derecognition of previously consolidated corporate investments	(941)
Unbenefited tax losses	76
Recognition and utilization of tax loss carryforwards not previously benefited	(116)
Income tax rate differential	(126)
Other, including permanent differences	(22)
Recovery of income taxes	$ (38)
Classified as:	
Current	$ 1
Deferred	(39)
Recovery of income taxes	$ (38)

The Company's deferred income tax assets and liabilities, as presented in other assets and liabilities, are presented after taking into consideration the offsetting of balances within the same tax jurisdiction. Deferred income tax assets and liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, comprised the following:

Deferred Income Tax Assets	Tax Losses	Property, Equipment, Right-of-Use Assets and Intangibles	Total
Balance – January 1, 2019	$ –	$ –	$ –
Credited to net earnings	19	1	20
Recognition of previously unrecognized benefits	14	–	14
Balance – December 31, 2019	$ 33	$ 1	$ 34

Deferred Income Tax Liabilities	Property, Equipment, Right-of-Use Assets and Intangibles	Total
Balance – January 1, 2019	$ –	$ –
Credited to net earnings	(5)	(5)
Acquisition of Gluskin Sheff	42	42
Balance – December 31, 2019	$ 37	$ 37

As at December 31, 2019, Onex and the Asset Managers have $1,186 of non-capital loss carryforwards and $70 of capital loss carryforwards that are available to offset current and future taxable income when realized. However, a net deferred tax asset has not been recognized in respect of these income tax losses since it is not probable as of December 31, 2019 that sufficient taxable income or taxable temporary differences will arise in the future to utilize these losses prior to their expiry, with the exception of taxable temporary differences associated with the acquired limited life intangible assets of Gluskin Sheff, as described below. The Company will continue to assess the likelihood of sufficient future taxable income being recognized to utilize available tax losses.

During 2019, the Canada Revenue Agency ("CRA") reassessed Onex' 2011 taxation year, the impact of which, if sustained, would result in a decrease to Onex' non-capital losses of approximately $275 and an increase to Onex' capital losses of approximately $265. These amounts represent the maximum impact on Onex' tax loss position. If the CRA's position is sustained, there will be no impact on Onex' consolidated financial statements as Onex has not recognized any deferred tax assets associated with its non-capital losses. Onex has objected to the reassessments, believes that its tax filing positions were appropriate and intends to defend itself vigorously.

During the year ended December 31, 2019, no deferred tax provision was recognized on income from Onex' investments in foreign Investment Holding Companies since the Company has determined, as of December 31, 2019, that it is probable these earnings will be indefinitely reinvested. In addition, foreign realized and unrealized gains are typically not subject to taxation in the foreign tax jurisdictions.

As a result of the acquisition of Gluskin Sheff in June 2019, Onex recognized a deferred tax liability attributable to the acquired limited life intangible assets of Gluskin Sheff, which was included in the acquired net assets of Gluskin Sheff, as described in note 2. In connection with this transaction, Onex recognized a deferred tax asset relating to income tax losses that are available to offset this future income tax liability, resulting in a $38 deferred income tax recovery recognized during the year ended December 31, 2019. The deferred tax liability and deferred tax asset will be amortized over the useful life of the limited life intangible assets.

At December 31, 2019, the aggregate amount of taxable temporary differences not recognized in association with investments in subsidiaries was $2,280.

16. SHARE CAPITAL

a) The authorized share capital of the Company consists of:

i) 100,000 Multiple Voting Shares, which entitle their holders to elect 60% of the Company's Directors and carry such number of votes in the aggregate as represents 60% of the aggregate votes attached to all shares of the Company carrying voting rights. The Multiple Voting Shares have no entitlement to a distribution on winding up or dissolution other than the payment of their nominal paid-in value.

ii) An unlimited number of SVS, which carry one vote per share and as a class are entitled to 40% of the aggregate votes attached to all shares of the Company carrying voting rights to elect 40% of the Company's Directors and to appoint the auditors. These shares are entitled, subject to the prior rights of other classes, to distributions of the residual assets on winding up and to any declared but unpaid cash dividends. The shares are entitled to receive cash dividends, dividends in kind and stock dividends as and when declared by the Board of Directors.

The Multiple Voting Shares and SVS are subject to provisions whereby, if an event of change occurs (such as Mr. Schwartz, Chairman and CEO, ceasing to hold, directly or indirectly, more than 5,000,000 SVS or related events), the Multiple Voting Shares will thereupon be entitled to elect only 20% of the Company's Directors and otherwise will cease to have any general voting rights. The SVS would then carry 100% of the general voting rights and be entitled to elect 80% of the Company's Directors.

iii) An unlimited number of Senior and Junior Preferred Shares issuable in series. The Company's Directors are empowered to fix the rights to be attached to each series.

b) At December 31, 2019, the issued and outstanding share capital consisted of 100,000 Multiple Voting Shares (December 31, 2018 – 100,000) and 100,063,143 SVS (December 31, 2018 – 100,403,493). The Multiple Voting Shares have a nominal paid-in value in these consolidated financial statements.

There were no issued and outstanding Senior and Junior Preferred shares at December 31, 2019 or December 31, 2018.

The Company increased its quarterly dividend by 14% to C$0.10 per SVS beginning with the dividend declared by the Board of Directors in May 2019. Previously, 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.

c) During 2019, under the Dividend Reinvestment Plan, the Company issued 6,173 SVS (2018 – 7,753) at an average cost of C$77.50 per share (2018 – C$91.08). The Company's Dividend Reinvestment Plan was suspended effective September 19, 2019.

During 2019, 35,145 SVS (2018 – 33,292) were issued upon the exercise of stock options at an average cost of C$79.82 per share (2018 – C$79.02).

Onex renewed its Normal Course Issuer Bid in April 2019 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 8.2 million shares.

During 2019, the Company repurchased and cancelled 629,027 of its SVS under the Normal Course Issuer Bid for a total cost of $34 (C$46) or an average cost per share of $54.80 (C$73.59). The excess of the purchase cost of these shares over the average paid-in amount was $33 (C$44), which was charged to retained earnings. As at December 31, 2019, the Company had the capacity under the current Normal Course Issuer Bid to repurchase 8,205,887 shares.

During 2018, the Company repurchased and cancelled 1,169,733 of its SVS at a cost of $79 (C$102). The excess of the purchase cost of these shares over the average paid-in amount was $75 (C$97), which was charged to retained earnings. The shares repurchased were comprised of: (i) 669,733 SVS repurchased under the Normal Course Issuer Bids for a total cost of $42 (C$55) or an average cost per share of $63.30 (C$82.14); and (ii) 500,000 SVS repurchased in a private transaction for a total cost of $36 (C$47) or an average cost per share of $72.23 (C$93.00).

During the second quarter of 2019, the Company issued 247,359 SVS in connection with its acquisition of Gluskin Sheff, as described in note 2. The fair value of this SVS issuance was $13 (C$18) and was recorded as an increase to share capital.

During the second quarter of 2019, the Company also issued limited partnership units of an Onex consolidated subsidiary in connection with the acquisition of Gluskin Sheff. Subject to certain terms and conditions, the limited partnership units include the right for the unit holder to require Onex to redeem the partnership units in exchange for 144,579 SVS of Onex or cash consideration which approximates the market value of 144,579 SVS of Onex at the time of redemption. Onex has the option to settle the redemption request by paying cash consideration or issuing SVS. The fair value of these limited partnership units when issued in June 2019 was $8 (C$11) and was recorded as an increase to share capital.

d) The Company has a Director DSU Plan and a Management DSU Plan, as described in note 1.

Details of DSUs outstanding under the plans are as follows:

	Director DSU Plan		Management DSU Plan	
	Number of DSUs	Weighted Average Price	Number of DSUs	Weighted Average Price
Outstanding at December 31, 2017	704,036		665,921	
Granted	26,931	C$ 93.88	–	–
Redeemed	(90,626)	C$ 84.60	–	–
Additional units issued in lieu of compensation and cash dividends	13,069	C$ 87.68	77,218	C$ 90.48
Outstanding at December 31, 2018	653,410		743,139	
Granted	**34,014**	**C$ 75.22**	**–**	**–**
Redeemed	**–**	**–**	**(54,173)**	**C$ 78.41**
Additional units issued in lieu of compensation and cash dividends	**15,433**	**C$ 79.23**	**18,082**	**C$ 75.12**
Outstanding at December 31, 2019	**702,857**		**707,048**	
Hedged with a counterparty financial institution at December 31, 2019	**(587,261)**		**(707,048)**	
Outstanding at December 31, 2019 – Unhedged	**115,596**		**–**	

e) The Company has a Plan under which options and/or share appreciation rights for a term not exceeding 10 years may be granted to directors, officers and employees for the acquisition of SVS of the Company at a price not less than the market value of the shares on the business day preceding the day of the grant. Under the Plan, no options or share appreciation rights may be exercised unless the average market price of the SVS for the five previous business days exceeds the exercise price of the options or the share appreciation rights by at least 25% (the "hurdle price"). At December 31, 2019, 15,507,750 SVS (2018 – 15,558,750) were reserved for issuance under the Plan, against which options representing 14,013,050 shares (2018 – 13,431,917) were outstanding, of which 9,230,290 options were vested. The Plan provides that the number of options issued to certain individuals in aggregate may not exceed 10% of the shares outstanding at the time the options are issued.

Options granted vest at a rate of 20% per year from the date of grant. When an option is exercised, the employee has the right to request that the Company repurchase the option for an amount equal to the difference between the fair value of the stock under the option and its exercise price. Upon receipt of such request, the Company has the right to settle its obligation to the employee by the payment of cash, the issuance of shares or a combination of cash and shares.

In addition to the options outstanding under the Plan, in January 2015, the Company issued 60,000 options in connection with acquiring control of the Onex Credit asset management platform. The options vest at a rate of 20% per year from the grant date. The options are subject to the same terms and conditions as the Company's existing Plan; however, the options are also subject to an additional performance threshold specific to the Onex Credit asset management platform.

The details of the options outstanding were as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2017	12,378,442	C$ 57.81
Granted in January 2018[i]	1,052,250	C$ 92.15
Granted in December 2018	1,002,350	C$ 78.64
Other grants during 2018	23,500	C$ 93.08
Surrendered	(836,675)	C$ 36.03
Exercised	(40,000)	C$ 15.95
Expired	(87,950)	C$ 86.58
Outstanding at December 31, 2018	13,491,917	C$ 63.38
Granted in December 2019	**2,711,750**	**C$ 82.10**
Other grants during 2019	**20,000**	**C$ 78.78**
Surrendered	**(1,694,317)**	**C$ 46.57**
Exercised	**(51,000)**	**C$ 24.63**
Expired	**(405,300)**	**C$ 86.42**
Outstanding at December 31, 2019	**14,073,050**	**C$ 68.50**

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

During 2019 and 2018, the total cash consideration paid on options surrendered was $42 (C$56) and $32 (C$42), respectively. This amount represents the difference between the market value of the SVS at the time of surrender and the exercise price, both as determined under the Plan. The weighted average share price at the date of exercise was C$79.59 per share (2018 – C$85.94).

Options outstanding at December 31, 2019 consisted of the following:

Exercise Prices	Number of Options Outstanding	Number of Options Exercisable	Hurdle Prices	Weighted Average Remaining Life (years)
C$ 23.35 – C$ 29.99	119,350	119,350	C$ 36.61 – C$ 36.61	1.0
C$ 30.00 – C$ 49.99	783,500	783,500	C$ 41.39 – C$ 50.44	2.6
C$ 50.00 – C$ 69.99	6,943,450	6,883,450	C$ 71.15 – C$ 85.71	4.1
C$ 70.00 – C$ 89.99	4,392,850	–	C$ 93.59 – C$ 103.00	2.9
C$ 90.00 – C$ 101.62	1,833,900	–	C$ 114.48 – C$ 127.03	7.6
Total	14,073,050	7,786,300		

17. REVENUES – 2019

During the year ended December 31, 2019, the Company derived revenues from the provision of asset management and advisory services from the following sources:

Year ended December 31, 2019	Management and Advisory Fees	Performance Fees	Reimbursement of expenses	Total
Onex Partners Funds[i]	**$ 129**	**$ –**	**$ 21**	**$ 150**
Onex Credit Strategies	**52**	**–**	**1**	**53**
Public Debt Strategies[ii]	**25**	**18**	**–**	**43**
Public Equity Strategies[ii]	**18**	**6**	**–**	**24**
ONCAP Funds[iii]	**17**	**–**	**2**	**19**
Total	**$ 241**	**$ 24**	**$ 24**	**$ 289**

(i) Includes advisory fees and expense reimbursements from Onex Partners operating businesses.

(ii) Includes management and performance fees earned from the Gluskin Sheff strategies since June 2019, when Onex acquired the company, as described in note 2.

(iii) Includes advisory fees and expense reimbursements from ONCAP operating businesses.

Management and advisory fees, and the reimbursement of expenses from investment funds and operating businesses, are recognized over time. Performance fees are typically recognized at the end of each performance year, or upon closure of an account or transfer of assets to a different investment model.

In addition, segment income (note 27) includes an allocation of $61 relating to management fees on Onex' capital for the year ended December 31, 2019. These management fees reduce Onex' investing segment income in the period and are included in Onex' asset and wealth management segment income.

18. INTEREST AND NET TREASURY INVESTMENT INCOME – 2019

Interest and net treasury investment income recognized by the Company consists of income earned from certain investments recognized at fair value through net earnings.

19. STOCK-BASED COMPENSATION EXPENSE – 2019

Year ended December 31	2019
Stock Option Plan	$ 59
Director DSU Plan	1
Total stock-based compensation expense	$ 60

The fair value of Onex' stock option plan is determined using an option valuation model. The significant inputs into the model were the share price at December 31, 2019 of C$82.17 (2018 – C$74.35), the exercise price of the options, the remaining life of each option issuance, the volatility of each option issuance ranging from 16.95% to 18.76% (2018 – 16.09% to 22.43%), an average dividend yield of 0.49% (2018 – 0.47%) and an average risk-free rate of 1.68% (2018 – 1.88%). The volatility is measured as the historical volatility based on the remaining life of each respective option issuance.

The fair values of the Director DSU and Management DSU plans are determined by reference to the value of the underlying SVS at the balance sheet date, as described in note 1.

20. ACQUISITION, INTEGRATION AND OTHER EXPENSES – 2019

During 2019, the chief executive officer of Onex Credit (the "Onex Credit CEO") retired from the Company. The Onex Credit CEO holds an interest in Onex Credit that entitles him to distributions from the business through 2034 (the "CEO's Participation"). Distributions associated with the CEO's Participation were previously recognized as compensation expense. Following the retirement, Onex no longer receives services associated with the CEO's Participation. As a result, Onex recorded an expense of $44 within acquisition and integration expenses for the year ended December 31, 2019, representing a discounted value of the future distributions in respect of the CEO's Participation. Onex has a total of $47 recorded in other liabilities, including a previously recognized retirement obligation, which economically represents Onex' cost to ultimately acquire the CEO's Participation.

Other expenses during the year ended December 31, 2019 comprised the following:

Year ended December 31	2019
Professional services	$ 16
Travel expense	6
Information technology	6
Facilities	5
Foreign exchange	5
Directors' compensation	4
Interest expense from lease liabilities	2
Administrative and other	14
Total	$ 58

21. NET EARNINGS (LOSS) PER SUBORDINATE VOTING SHARE

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

Year ended December 31	2019	2018
Weighted average number of shares outstanding *(in millions)*:		
Basic	100	101
Diluted	100	101

22. FINANCIAL INSTRUMENTS – 2019

Financial assets held by the Company at December 31, 2019, presented by financial statement line item, were as follows:

	Fair Value through Net Earnings			
	Recognized	Designated	Amortized Cost	Total
December 31, 2019				
Assets as per balance sheet				
Cash and cash equivalents	$ 988	$ –	$ –	$ 988
Treasury investments	306	–	–	306
Management and advisory fees, recoverable fund expenses and other receivables	–	–	332	332
Corporate investments	8,736	714	–	9,450
Other assets	116	–	–	116
Total	$ 10,146	$ 714	$ 332(i)	$ 11,192

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

Financial liabilities held by the Company at December 31, 2019, presented by financial statement line item, were as follows:

	Fair Value through Net Earnings – Designated	Amortized Cost	Total
December 31, 2019			
Liabilities as per balance sheet			
Intercompany loans payable to Investment Holding Companies	$ 4,217	$ –	$ 4,217
Accounts payable and accrued liabilities	–	39	39
Lease liabilities	–	72	72
Other liabilities	–	27	27
Total	$ 4,217	$ 138	$ 4,355

Intercompany loans payable to Investment Holding Companies that are recorded at fair value through net earnings have contractual amounts due on maturity of $4,217.

The gains (losses) recognized by the Company related to financial assets and liabilities during the year ended December 31, 2019 were as follows:

Year ended December 31, 2019	Earnings (Loss)
Financial assets recognized at fair value through net earnings	
Net gains on corporate investments	$ 799
Net gains and interest income from treasury investments	14
Net gains from forward agreements[i]	12
Financial liabilities at amortized cost	
Interest expense	(2)
Total net gains recognized	$ 823

(i) Onex has entered into forward agreements with its Director and Management DSU plans, as described in note 1.

23. FAIR VALUE MEASUREMENTS – 2019

Fair values of financial instruments

The estimated fair values of financial instruments as at December 31, 2019 are based on relevant market prices and information available at that date. The carrying values of receivables, accounts payable and accrued liabilities, and lease liabilities, approximate the fair values of these financial instruments.

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 2019. 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 December 31, 2019 was as follows:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through net earnings				
Investments in equities	$ –	$ –	$ 8,736	$ 8,736
Investments in debt	–	306	–	306
Intercompany loans receivable from Investment Holding Companies	–	714	–	714
Restricted cash and other	30	86	–	116
Total financial assets at fair value	$ 30	$ 1,106	$ 8,736	$ 9,872

Financial liabilities measured at fair value at December 31, 2019 consisted solely of intercompany loans payable to Investment Holding Companies totalling $4,217, which are a Level 2 measurement in the fair value hierarchy.

Details of financial assets and liabilities measured at fair value with significant unobservable inputs (Level 3) were as follows:

	Financial Assets at Fair Value through Net Earnings	Long-Term Debt of Credit Strategies at Fair Value through Net Earnings	Other Financial Liabilities at Fair Value through Net Earnings
Balance – December 31, 2018	$ 226	$ 7,506	$ 230
Derecognition of previously consolidated corporate investments (note 1)	(226)	(7,506)	(230)
Recognition of corporate investments (note 1)	8,742	–	–
Change in fair value recognized in net earnings	799	–	–
Net cash flows related to intercompany loans and distributions	(805)	–	–
Balance – December 31, 2019	$ 8,736	$ –	$ –
Unrealized change in fair value of assets and liabilities held at the end of the reporting period	$ 799	$ –	$ –

During the year ended December 31, 2019, financial assets measured at fair value with significant unobservable inputs (Level 3) were recognized in the consolidated statement of earnings in the following line items: (i) net gains on corporate investments; (ii) gain on derecognition of previously consolidated corporate investments; and (iii) reclassification from accumulated other comprehensive loss on derecognition of previously consolidated corporate investments.

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.

At December 31, 2019, the fair value measurements for corporate investments were primarily driven by the underlying net asset values of Onex' investments in the Onex Partners Funds, ONCAP Funds and Onex Credit strategies. A change to reasonably possible alternative estimates and assumptions used in the valuation of non-public investments in the Onex Partners Funds and ONCAP Funds, and investments held in Onex Credit strategies, may have a significant impact on the fair values calculated for these financial assets.

The valuation of public investments held directly by Onex or through the Onex Partners Funds and ONCAP Funds is based on their publicly traded closing prices at December 31, 2019. For certain public investments, a discount was applied to the closing price in relation to trading restrictions that were in place at December 31, 2019 relating to Onex, the Onex Partners Funds or the ONCAP Funds holdings in these investments. These discounts resulted in a reduction of $84 in the fair value of corporate investments (January 1, 2019 – $52).

The valuation of investments in debt securities is measured at fair value with significant other observable inputs (Level 2) 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 Company utilized the adjusted net asset method to derive the fair values of its investments in its Investment Holding Companies, by reference to the underlying fair value of the Investment Holding Companies' assets and liabilities, along with assessing any required discount or premium to be applied to the net asset values. The discount or premium applied to the net asset values of the Investment Holding Companies was a significant unobservable input. The Company determined that the adjusted net asset method was the appropriate valuation technique to be used, considering the value of the Investment Holding Companies is primarily derived from the assets they hold, which primarily consist of investments in private equity, investments in Onex Credit strategies, treasury investments and intercompany loans receivable from Onex and the Asset Managers. The Company has determined that no discount or premium was required for the net asset values of its Investment Holding Companies at December 31, 2019. If a discount of 1% or a premium of 1% were applied to all of the Investment Holding Companies' net asset values, with all other variables remaining constant, the total fair value of the Company's corporate investments at December 31, 2019 would decrease or increase by $87.

Valuation methodologies for the underlying private equity investments 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 private equity funds' underlying private securities at December 31, 2019 that impact the valuation of corporate investments.

Investment Platform	Valuation Technique	Significant Unobservable Inputs	Inputs at December 31, 2019
Onex Partners Funds	Market comparable companies	Adjusted EBITDA multiple	8.4x – 13.0x
Onex Partners Funds	Discounted cash flow	Weighted average cost of capital	13.4% – 15.8%
		Exit multiple	5.3x – 16.0x
ONCAP Funds	Market comparable companies	Adjusted EBITDA multiple	6.9x – 9.5x
ONCAP Funds	Discounted cash flow	Weighted average cost of capital	12.5% – 22.9%
		Exit multiple	7.0x – 10.5x

In addition, at December 31, 2019, the Onex Partners Funds had one investment that was valued using market comparable transactions, one investment that was valued based on a multiple of book value and one investment that was valued using the adjusted cost approach. The adjusted cost approach incorporated adjustments to the original cost based on the financial performance of the investment since the date the Onex Partners Fund agreed to purchase the investment to December 31, 2019.

Onex' investments in the Onex Credit CLOs are valued using third-party pricing models, without adjustment by the Company, based on a projection of the future cash flows expected to be realized from the underlying collateral of the CLOs, which are a Level 3 measurement in the fair value hierarchy. The fair values determined by third parties are reviewed by the Onex Credit management team, who corroborate the fair values with available pricing data and other internal analysis. The third-party pricing models include a number of unobservable inputs, certain of which are significant, including default rates, timing of defaults, recovery rates, timing of recoveries, discount rates, prepayment rates and reinvestment rates. Significant increases or decreases in any of the unobservable inputs in isolation may result in a significantly lower or higher fair value measurement. The impact on the fair value of corporate investments as a result of a change in one or more of these inputs has not been provided in the following tables as the information is not reasonably available.

The impact to the fair value of corporate investments as at December 31, 2019 from changes in the significant unobservable inputs used to value the private equity funds' underlying private securities include the following:

Investment Platform	Valuation Technique	Significant Unobservable Inputs	Multiple Increase by 0.5	Multiple Decrease by 0.5
Onex Partners Funds	Market comparable companies	Adjusted EBITDA multiple	$ 68	$ (68)
ONCAP Funds	Market comparable companies	Adjusted EBITDA multiple	$ 37	$ (38)

Investment Platform	Valuation Technique	Significant Unobservable Inputs	Multiple Increase by 0.5	Multiple Decrease by 0.5
Onex Partners Funds	Discounted cash flow	Exit multiple	$ 34	$ (34)
ONCAP Funds	Discounted cash flow	Exit multiple	$ 12	$ (12)

Investment Platform	Valuation Technique	Significant Unobservable Inputs	Decrease of 0.5%	Increase of 0.5%
Onex Partners Funds	Discounted cash flow	Weighted average cost of capital	$ 15	$ (15)
ONCAP Funds	Discounted cash flow	Weighted average cost of capital	$ 4	$ (4)

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, annualized pro-forma adjustments for acquisitions, 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 measurement that is not defined under IFRS.

24. FINANCIAL INSTRUMENT RISKS

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to perform its obligation and cause the Company to incur a loss.

Cash and cash equivalents and treasury investments include investments in debt securities which are subject to credit risk. Certain underlying assets within corporate investments are also debt securities which are subject to credit risk.

At December 31, 2019, Onex, including its Investment Holding Companies, had $1,160 of cash on hand and $682 of near-cash items at market value. Cash and cash equivalents are held with financial institutions having a current Standard & Poor's rating of A-1+ or above. Near-cash items include treasury investments managed by third-party investment managers, as described below, $97 invested in a segregated unlevered fund managed by Onex Credit and $190 in management fees receivable from the Onex Partners and ONCAP Funds. The treasury investments have current Standard & Poor's ratings ranging from BBB to AAA. The portfolio concentration limits range from a maximum of 10% for BBB investments to 100% for AAA investments.

The Company's recoverable fund expenses and other receivables are also subject to credit risk.

Liquidity risk

Liquidity risk is the risk that Onex will have insufficient funds on hand to meet its obligations as they come due. Onex needs to be in a position to support the operating businesses its private equity funds invest in when and if it is appropriate and reasonable for Onex, as an equity owner with paramount duties to act in the best interests of Onex shareholders, to do so. Maintaining sufficient liquidity at Onex is important because Onex, as a holding company, generally does not have guaranteed sources of meaningful cash flow to support its investing activities.

Accounts payable are generally due within 90 days. The repayment schedule for leases is disclosed in note 13. Onex has no external debt and does not guarantee the debt of the operating businesses of the Onex Partners and ONCAP Funds or any other operating business Onex invests in directly.

Market risk

Market risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market prices. The Company is primarily exposed to fluctuations in the foreign currency exchange rates associated with the Canadian and U.S. dollars and the euro as well as fluctuations in LIBOR, EURIBOR and the U.S. prime interest rate.

Foreign currency exchange rates

The functional currency of Onex is the U.S. dollar; however, certain cash and cash equivalents, treasury investments, receivables, corporate investments, forward agreements, payables and lease liabilities are denominated in Canadian dollars while certain Onex Credit corporate investments are denominated in euros. In addition, the Company has a lease liability denominated in pounds sterling. As a result, Onex is exposed to currency risk related to these financial instruments. At December 31, 2019, had the U.S. dollar strengthened by 5% relative to the Canadian dollar, the euro and pound sterling, with all other variables held constant, the net decrease in net earnings would have been $21. Conversely, had the U.S. dollar weakened by 5% relative to the Canadian dollar, the euro and pound sterling, with all other variables held constant, the net increase in net earnings would have been $21. Certain underlying investments held by the Onex Partners and ONCAP Funds may be denominated in Canadian dollars, euros, pounds sterling or Swiss francs, while Onex' investments in these Funds are denominated in U.S. dollars, with the exception of investments made in the ONCAP II and III Funds which are denominated in Canadian dollars. As such, Onex is also indirectly exposed to foreign currency exchange risk associated with these underlying investments.

Interest rates

The Company is exposed to changes in future cash flows as a result of changes in the interest rate environment, primarily through the cash and cash equivalents held, which are held in money market funds, short-term term deposits and commercial paper. Assuming no significant changes in cash balances held by the Company from those at December 31, 2019, a 0.25% increase (0.25% decrease) in the interest rate (including the Canadian and U.S. prime rates) would result in a minimal impact on annual interest income.

Onex also has exposure to interest rate risk through its treasury investments managed by third-party investment managers. As interest rates change, the fair values of fixed income investments are inversely impacted. Investments with shorter durations are less impacted by changes in interest rates compared to investments with longer durations. At December 31, 2019, Onex' treasury investments included $221 of fixed income securities measured at fair value, which are subject to interest rate risk. These securities had a weighted average duration of 1.3 years. Other factors, including general economic conditions and political conditions, may also affect the value of fixed income securities. These risks are monitored on an ongoing basis and the treasury investments may be repositioned in response to changes in market conditions.

Price risk

Price risk is the risk of variability in fair value as a result of movements in equity prices. Onex is exposed to price risk in relation to the equity interests in its private equity investment held within its corporate investments. At December 31, 2019, had the price of equity securities held within corporate investments, related to private equity investments, decreased by 5%, with all other variables held constant, the decrease in net earnings would have been $207. Conversely, had the price increased by 5%, with all other variables held constant, the increase in net earnings would have been $207. Onex' investments in Onex Credit strategies are primarily held in underlying debt instruments. Onex is not exposed to a significant price risk associated with its equity interest in these investments.

Regulatory risk

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

25. CAPITAL DISCLOSURES

Onex considers the capital it manages to be the amounts it has in cash and cash equivalents, near-cash investments, treasury investments managed by third-party investment managers and the investments made in its private equity funds, credit strategies and other investments. Onex also manages the capital of other investors in the Onex Partners and ONCAP Funds, private credit strategies, public debt strategies and public equity strategies. Onex' objectives in managing capital are to:

- preserve a financially strong parent company with appropriate liquidity and no, or a limited amount of, external debt so that funds are available to pursue new investments and growth opportunities as well as support expansion of its existing businesses;
- achieve an appropriate return on capital invested commensurate with the level of assumed risk;
- build the long-term value of its corporate investments;
- control the risk associated with capital invested in any particular strategy. Onex Corporation does not guarantee the debt of its investment funds or the underlying operating businesses of its private equity funds.

A portion of the Company's capital is managed by third-party investment managers. At December 31, 2019, the fair value of investments, including cash yet to be deployed, managed by third-party investment managers was $646. The investments are managed in a mix of short- and long-term portfolios. Treasury investments consist of liquid investments including money market instruments and commercial paper with original maturities of three months to one year, in addition to longer-term investments, which include money market instruments, federal and municipal debt instruments, corporate obligations and structured products with maturities of one year to five years. The investments are managed to maintain an overall weighted average duration of two years or less.

At December 31, 2019, Onex had access to uncalled committed limited partner capital for acquisitions through Onex Partners V ($4,039) and ONCAP IV ($235).

The strategy for risk management of capital has not changed significantly since December 31, 2018.

26. COMMITMENTS AND RELATED-PARTY TRANSACTIONS

a) Incline Aviation Fund, letters of guarantee and other commitments

Incline Aviation Fund is an aircraft investment fund managed by BBAM, which in turn is an operating business of Onex Partners III. At December 31, 2019, Onex' uncalled commitment to Incline Aviation Fund was $34 (2018 – $31).

The Company has commitments with respect to leases, which are disclosed in note 13.

b) Legal contingencies

Onex is or may become a party to legal claims arising in the ordinary course of business. Onex has not currently recorded any legal provision and does not believe that the resolution of known claims would reasonably be expected to have a material adverse impact on Onex' consolidated financial position. However, the final outcome with respect to outstanding, pending or future actions cannot be predicted with certainty, and therefore there can be no assurance that their resolution will not have an adverse effect on Onex' consolidated financial position.

c) Commitments to Onex Partners Funds

Onex Partners I, Onex Partners II, Onex Partners III, Onex Partners IV and Onex Partners V (the "Onex Partners Funds") were established to provide committed capital for Onex-sponsored acquisitions not related to Onex' direct investments or ONCAP. Onex controls the General Partner and Manager of the Onex Partners Funds. The following table provides information on Onex' commitments to the Onex Partners Funds:

	Final Close Date	Onex Total Commitments	Onex Commitments Invested[i]	Onex Remaining Commitments[ii]
Onex Partners I	February 2004	$ 400	$ 346	$ 16
Onex Partners II	August 2006	$ 1,407	$ 1,164	$ 158
Onex Partners III	December 2009	$ 1,200	$ 929	$ 104
Onex Partners IV	March 2014	$ 1,700[iii]	$ 1,539[iii]	$ 129
Onex Partners V	November 2017	$ 2,000	$ 416	$ 1,536

(i) Amounts include capitalized acquisition costs and bridge financing, where applicable.

(ii) Onex' remaining commitment is calculated based on the assumption that all remaining limited partners' commitments are invested.

(iii) Excludes the impact of an additional commitment that was acquired by Onex from a limited partner in 2017.

The remaining commitments for Onex Partners I, Onex Partners II and Onex Partners III are for future funding partnership expenses. The remaining commitments for Onex Partners IV are for possible future funding of remaining businesses and future funding of partnership expenses. The remaining commitments for Onex Partners V are primarily for future funding of Onex-sponsored investments.

Onex management has committed, as a group, to invest a minimum percentage in each of the Onex Partners Funds. The minimum commitment to Onex Partners V for Onex management is 2%, which may be adjusted annually to a maximum of 10%. At December 31, 2019, Onex management and directors have committed 4% to Onex Partners V for new investments completed in 2020. The original amount invested at cost in the Onex Partners Funds' remaining investments by Onex management and directors at December 31, 2019 was $458 (2018 – $513), of which $51 (2018 – $112) was invested in the year ended December 31, 2019, including bridge financing where applicable.

d) Commitments to ONCAP Funds

ONCAP II, ONCAP III and ONCAP IV (the "ONCAP Funds") were established to provide committed capital for acquisitions of small and medium-sized businesses. Onex controls the General Partner and Manager of the ONCAP Funds. The following table provides information on Onex' commitments to the ONCAP Funds:

	Final Close Date	Onex Total Commitments	Onex Commitments Invested[i]	Onex Remaining Commitments[ii]
ONCAP II	May 2006	C$ 252	C$ 221	C$ 1
ONCAP III	September 2011	C$ 252	C$ 186	C$ 30
ONCAP IV	November 2016	$ 480	$ 280	$ 162

(i) Amounts include capitalized acquisition costs and bridge financing, where applicable.

(ii) Onex' remaining commitment is calculated based on the assumption that all remaining limited partners' commitments are invested.

The remaining commitments for ONCAP II are for future funding of partnership expenses. The remaining commitments for ONCAP III are for possible future funding of remaining businesses and future funding of partnership expenses. The remaining commitments for ONCAP IV are primarily for funding of future Onex-sponsored investments.

ONCAP management has committed, as a group, to invest a minimum percentage in each of the ONCAP Funds. The minimum commitment to ONCAP IV for ONCAP management is 2%. The commitment from management of Onex and ONCAP and directors may be increased to a maximum of 10% of ONCAP IV. At December 31, 2019, management of Onex and ONCAP and directors had committed 8% to ONCAP IV for new investments completed in 2020. The original amount invested at cost in the ONCAP Funds' remaining investments by management of Onex and ONCAP and directors at December 31, 2019 was $122 (2018 – $113), of which $9 was invested in the year ended December 31, 2019 (2018 – $33).

e) Carried interest participation

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

Carried interest received from Onex Partners I, Onex Partners II and Onex Partners III has fully vested for Onex management. Carried interest received from Onex Partners IV and Onex Partners V for management will vest equally over six years from August 2014 and November 2018, respectively. Carried interest received from ONCAP II and ONCAP III has fully vested for ONCAP management. Carried interest received from ONCAP IV will vest equally over five years ending November 2021 for ONCAP management.

During 2019, Onex management undertook a comprehensive review of the existing compensation and investment programs, the overall organizational structure of Onex and its growing investment platforms, and the changing roles and responsibilities of Onex investment professionals and executives. As a result of this review, there were several changes to the Onex compensation and investment programs, including changes to Onex management's and Onex Partners management's participation in the carried interest program for future Onex Partners investments and for existing investments in Onex Partners V. For Onex Partners V, Onex Partners management will be entitled to a carried interest of 12% of the realized net gains from Onex capital, subject to an 8% compound annual preferred return to Onex on amounts contributed to the fund. This carried interest participation is in addition to and consistent with the carried interest entitlement on the realized net gains from the limited partners of Onex Partners V, which is described in the preceding paragraphs.

During the year ended December 31, 2019, management of Onex, Onex Partners and ONCAP received carried interest through its Investment Holding Companies totalling $68, primarily from the sale of BrightSpring Health. Management have the potential to receive $127 of carried interest on businesses in the Onex Partners and ONCAP Funds based on their values as determined at December 31, 2019.

During the year ended December 31, 2018, management of Onex, Onex Partners and ONCAP received carried interest totalling $90 primarily from the sales of Mavis Discount Tire and Tecta; the partial sales of Emerald Expositions and Pinnacle Renewable Energy; and distributions from BBAM and Meridian Aviation.

f) Management Investment Plan

The MIP required the Onex management team members to invest in each of the operating businesses acquired or invested in by Onex. Management's required cash investment was 1.5% of Onex' interest in each acquisition or investment. An amount invested in an Onex Partners acquisition under the fund's investment requirement, as described in note 26(c), was also applied toward the 1.5% investment requirement under the MIP.

In addition to the 1.5% participation, management was allocated 7.5% of Onex' realized gain from an operating business investment, subject to certain conditions. In particular, Onex must realize the full return of its investment plus a net 15% internal rate of return from the investment in order for management to be allocated the additional 7.5% of Onex' gain. The investment rights to acquire the additional 7.5% vest equally over six years with the investment rights vesting in full if the Company disposes of all of an investment before the seventh year.

Realizations under the MIP distributed during 2019 were $24 (2018 – $22) and were distributed by certain Investment Holding Companies which are accounted for as corporate investments at fair value through net earnings, as described in note 1.

Following a review in 2019, Onex eliminated the MIP for all future investments and for existing investments in Onex Partners V. Onex Partners management will now be eligible to receive carried interest on Onex' realized net gain in Onex Partners V and future Onex Partners investments, including co-investments made by Onex, as described in note 26(e). For existing pre-Onex Partners V investments, Onex and Onex Partners management will continue to participate in Onex' gains under the MIP. In certain circumstances, Onex and Onex Partners management will have an additional opportunity to participate in these gains such that the total participation for the team is consistent with that provided on third-party capital via the carried interest program. The Company recognized a decrease of $66 in the fair value of its corporate investments during the fourth quarter of 2019 to account for this additional potential allocation to the team. Other contemporaneous changes to Onex' compensation and investment programs are expected to decrease compensation expenses going forward such that Onex' overall cost from these programs is unchanged.

g) Stock Option Plan

Onex has a Stock Option Plan in place that provides for options and/or share appreciation rights to be granted to Onex directors, officers and employees for the acquisition of SVS of Onex, as more fully described in note 16(e).

h) Management Deferred Share Unit Plan

Onex has a Management Deferred Share Unit Plan which enables the Onex management team to apply all or a portion of their annual compensation earned to acquire DSUs based on the market value of Onex shares at the time in lieu of cash, as more fully described in note 1.

i) Director Deferred Share Unit Plan

Onex has a Director Deferred Share Unit Plan which entitles Onex directors to apply directors' fees earned to acquire DSUs based on the market value of Onex shares at the time, as more fully described in note 1.

j) Management reinvestment of MIP and carried interest

Members of Onex management are required to reinvest up to 25% of the gross proceeds received related to their share of the MIP investment rights and the Onex Partners' carried interest participation to acquire Onex SVS in the market and/or management DSUs. The size of the reinvestment requirement generally increases with the seniority of the participant and the cumulative proceeds they have realized from the MIP and Onex Partners' carried interest. Onex SVS and/or management DSUs acquired under this program are subject to a minimum three-year hold period. During 2019, Onex management reinvested C$10 (2018 – C$5) to acquire Onex SVS and/or management DSUs under this program.

k) OCLP I

Onex Credit Lending Partners ("OCLP I") provides committed capital for investments in senior secured loans and other loan investments in middle-market, upper middle-market and large private equity sponsor-owned portfolio companies and, selectively, other corporate borrowers. As at December 31, 2019, Onex has invested $74 (2018 – $46) of its $100 commitment in OCLP I and the duration of the commitment period is up to November 2021, subject to extensions of up to an additional two years. Onex controls the General Partner and Manager of OCLP I. The Onex management team has committed, as a group, to invest $72 in OCLP I. The total amount invested at cost in OCLP I by the Onex management team at December 31, 2019 was $53 (2018 – $34), of which $20 was invested in the year ended December 31, 2019 (2018 – $27).

l) Management investment in Onex Credit

The Onex management team may invest in strategies managed by Onex Credit. At December 31, 2019, investments at market value held by the Onex management team in Onex Credit strategies were approximately $280 (2018 – $325).

m) Management investment in Gluskin Sheff funds

The Onex management team may invest in funds managed by Gluskin Sheff. At December 31, 2019, investments at market value held by the Onex management team in Gluskin Sheff funds were approximately $65.

n) Management and Directors' investment in other investments

Members of management and the Board of Directors of Onex can invest limited amounts in partnership with Onex in all acquisitions outside the Onex Partners and ONCAP Funds, including co-investment opportunities, at the same time and cost as Onex and other outside investors. During 2019, $3 (2018 – $12) in investments were made by the Onex management team and directors, primarily in Incline Aviation Fund.

o) Remuneration to key management

Remuneration to key management includes amounts recognized in the consolidated statement of earnings as compensation. Stock-based compensation associated with Onex stock options is included based on the cash ultimately paid while DSUs issued to Onex directors are included at the grant date fair value. Payments received by key management from investment holding companies related to their carried interest participation and the MIP are excluded and are described in notes 26(e) and 26(f), respectively. Aggregate payments to the Company's key management were as follows:

Year ended December 31	2019
Share-based payments[i]	$ 23
Short-term employee benefits and costs	21
Total	$ 44

(i) Share-based payments include $20 paid on the exercise of Onex stock options (note 16).

p) Related-party revenues

Onex receives management fees on limited partners' and clients' capital within the Onex Partners Funds, ONCAP Funds, Onex Credit strategies and advisory fees directly from certain operating businesses. Onex also receives performance fees from the Onex Credit strategies and recovers certain deal investigation, research and other expenses from the Onex Partners Funds, ONCAP Funds, Onex Credit Strategies and the operating businesses of Onex Partners and ONCAP. Onex indirectly controls the Onex Partners Funds, ONCAP Funds and Onex Credit strategies, and therefore the management and performance fees earned from these sources represent related-party transactions. Furthermore, Onex indirectly controls, jointly controls or has significant influence over certain operating businesses held by the Onex Partners and ONCAP Funds, and as such, advisory fees from these operating businesses represent related-party transactions.

Gluskin Sheff has agreements to manage its pooled fund vehicles, where it generally acts as the trustee, manager, transfer agent and principal distributor. In the case of those pooled fund vehicles that are limited partnerships, Gluskin Sheff or an affiliate of Gluskin Sheff is the General Partner. As such, the Gluskin Sheff pooled fund vehicles are related parties of the Company.

Related-party revenues recognized during the year ended December 31, 2019 included the following:

Year ended December 31, 2019	Management and Advisory Fees	Reimbursement of Expenses	Performance Fees	Total
Source of related-party revenues				
Onex Partners Funds	$ 129	$ 21	$ –	$ 150
Onex Credit Strategies	52	1	–	53
Gluskin Sheff pooled fund vehicles[i]	39	1	24	64
ONCAP Funds	17	2	–	19
Total related-party revenues	$ 237	$ 25	$ 24	$ 286
Gluskin Sheff third-party revenues	4	–	–	4
Total revenues	$ 241	$ 25	$ 24	$ 290

(i) Revenue associated with the reimbursement of expenses from the Gluskin Sheff pooled fund vehicles is included within other income.

At December 31, 2019, related-party receivables included the following:

As at December 31, 2019	Management and Advisory Fees Receivable	Recoverable Fund and Operating Expenses Receivable	Performance Fees	Other Receivables	Total
Onex Partners Funds	$ 187	$ 77	$ –	$ 1	$ 265
Credit strategies	10	–	–	1	11
ONCAP Funds	3	5	–	–	8
Gluskin Sheff pooled fund vehicles	3	–	20	–	23
Onex Partners and ONCAP operating businesses	1	–	–	–	1
Total related-party receivables	$ 204	$ 82	$ 20	$ 2	$ 308
Third-party receivables	1	–	–	23	24
Total	$ 205	$ 82	$ 20	$ 25	$ 332

q) Services received from operating companies

During the year ended December 31, 2019, Onex received services from certain operating companies, the value of which was not significant.

27. INFORMATION BY REPORTABLE SEGMENT – 2019

2019 Reportable Segments

On January 1, 2019, Onex' status as an investment entity changed, as described in note 1. Prior to this change in status, the controlled private equity operating businesses were included in the consolidated financial results of the Company and the financial results of Onex, the parent company, and the Asset Managers did not separately represent a significant component of the consolidated financial results. Following the change in Onex' status as an investment entity, the controlled operating businesses are no longer consolidated and are instead recorded at fair value through net earnings. Management has reassessed its reportable segments as a result of this change and has identified the following two reportable segments:

- **Investing,** which comprises the activity of investing Onex' capital; and
- **Asset and wealth management,** which comprises the asset and wealth management activities provided by Onex to support its private equity, public equity and credit investing platforms as well as Onex' corporate functions.

Onex' segmented results include allocations of management fees and carried interest that would have been earned on Onex' capital in the Onex Partners and ONCAP Funds, as this presentation is used by Onex management, in part, to assess Onex' performance. During the year ended December 31, 2019, these allocations, on a net basis, reduced Onex' investing segment income and increased Onex' asset and wealth management segment income, with no net impact to total segment net earnings.

Onex' segmented results exclude revenues and expenses associated with recoverable expenses from the Onex Partners, ONCAP and Onex Credit Funds, and the operating businesses of Onex Partners and ONCAP. Onex management excludes these amounts when assessing Onex' performance given the nature of these expenses, which are recoverable at cost.

Year ended December 31, 2019	Investing	Asset and Wealth Management	Total
Net gains on corporate investments (including a decrease in carried interest)	$ 743(i)(ii)	$ (5)(i)	$ 738(i)(ii)
Management and advisory fees	–	302(ii)	302(ii)
Interest and net treasury investment income	14	–	14
Performance fees	–	24	24
Other income	–	3	3
Total segment income	757	324	1,081
Compensation	–	(178)	(178)
Amortization of right-of-use assets	–	(9)	(9)
Other expense	(1)	(57)	(58)
Segment net earnings	$ 756	$ 80	$ 836
Stock-based compensation			(60)
Amortization of property, equipment and intangible assets, excluding right-of-use assets			(36)
Acquisition and integration expenses(iii)			(50)
Gain on derecognition of previously consolidated corporate investments			3,719
Reclassification from accumulated other comprehensive loss on derecognition of previously consolidated corporate investments			(170)
Earnings before income taxes			4,239
Recovery of income taxes			38
Net earnings			$ 4,277

(i) The asset and wealth management segment includes an allocation of $4 from the investing segment, representing a net reversal of carried interest that would have been recognized by the asset and wealth management segment had Onex' capital been subject to carried interest under the same terms as third-party limited partners of the Onex Partners and ONCAP Funds.

(ii) The asset and wealth management segment includes an allocation of $61 from the investing segment, representing management fees that would have been earned by the asset and wealth management segment had Onex' capital been subject to management fees under the same terms as third-party limited partners of the Onex Partners and ONCAP Funds.

(iii) Primarily relates to expenses associated with the pending retirement of the Onex Credit chief executive officer, as described in note 20.

Onex' asset and wealth management segment would have generated net earnings of approximately $94 for the year ended December 31, 2019 had Gluskin Sheff been acquired on January 1, 2019, and the investing segment net earnings would have remained unchanged. Total segment net earnings would have been approximately $850 for the year ended December 31, 2019 had Gluskin Sheff been acquired on January 1, 2019.

Segmented assets include the following:

As at December 31, 2019	Investing	Asset and Wealth Management	Total
Cash and cash equivalents	$ 832	$ 156[a]	$ 988
Treasury investments	306	–	306
Management and advisory fees, recoverable fund expenses and other receivables	190[b]	142	332
Corporate investments	5,233	–	5,233
Other assets	–	126	126
Property and equipment	–	181	181
Intangible assets	–	158	158
Goodwill	–	261	261
Total segment assets	$ 6,561	$ 1,024	$ 7,585
Intercompany loans receivable, comprising part of the fair value of Investment Holding Companies			4,217
Total assets			$ 11,802

(a) Cash and cash equivalents allocated to the asset and wealth management segment relate to accrued employee incentive compensation and the liability relating to the pending retirement of the Onex Credit chief executive officer, as described in note 20.

(b) Represents management fees receivable that Onex has elected to defer cash receipt from the Onex Partners and ONCAP Funds.

Geographic Segments

	As at December 31, 2019			
	Canada	United States	Other[a]	Total
Revenues[b]	$ 85	$ 150	$ 54	$ 289
Property and equipment	$ 116	$ 44	$ 21	$ 181
Intangible assets	$ 141	$ 17	$ –	$ 158
Goodwill	$ 199	$ 62	$ –	$ 261

(a) Other consists of operations in Ireland and the United Kingdom, including overseas territories of the United Kingdom.

(b) Revenues were attributed to geographic areas based on the location of the funds and strategies.

During the year ended December 31, 2019, Onex had additions to property and equipment, intangible assets and goodwill in the asset and wealth management segment. These additions were primarily related to the acquisition of Gluskin Sheff, as described in note 2.

28. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES – 2018

CONSOLIDATION – 2018

The 2018 consolidated financial statements represent the accounts of Onex and its subsidiaries, including its controlled operating companies. Onex also controlled and consolidated the operations of Onex Partners I, Onex Partners II, Onex Partners III, Onex Partners IV and Onex Partners V, referred to collectively as "Onex Partners", and ONCAP II, ONCAP III and ONCAP IV, referred to collectively as "ONCAP". In addition, Onex controlled and consolidated the operations of the Onex Credit asset management platform, certain funds managed by Onex Credit ("Onex Credit Funds") in which Onex, the parent company, held investments, 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 2018 consolidated financial statements from the date that control commenced until the date that control ceased. All significant intercompany balances and transactions were eliminated.

Certain investments in operating companies over which the Company had joint control or significant influence, but not control, were measured at fair value through net earnings (loss). These investments were recorded at fair value in the 2018 consolidated balance sheet, with changes in fair value recognized in the 2018 consolidated statement of earnings.

The principal operating companies and Onex' economic ownership, Onex' and the limited partners' economic ownership and voting interests in these entities were as follows as at December 31, 2018:

	December 31, 2018		
	Onex' Ownership	Onex' and Limited Partners' Ownership	Voting
Investment made through Onex			
Celestica Inc. ("Celestica")	14%	14%	80%
Investments made through Onex and Onex Partners II			
Carestream Health, Inc. ("Carestream Health")	36%	91%	100%
Investments made through Onex and Onex Partners III			
BBAM Limited Partnership ("BBAM")	9%	35%	(a)
Emerald Expositions Events, Inc. ("Emerald Expositions")[(b)]	16%	66%	66%
JELD-WEN Holding, Inc. ("JELD-WEN")	8%	32%	32%[(a)]
Meridian Aviation Partners Limited and affiliates ("Meridian Aviation")	25%	100%	100%
SGS International, LLC ("sgsco")	23%	92%	92%
York Risk Services Holding Corp. ("York")	29%	88%	100%
Investments made through Onex, Onex Partners I and Onex Partners III			
BrightSpring Health Services ("BrightSpring Health")[(c)]	20%	98%	100%
Investments made through Onex and Onex Partners IV			
Advanced Integration Technology LP ("AIT")	13%	50%	50%[(a)]
Clarivate Analytics	27%	72%	72%
Jack's Family Restaurants ("Jack's")	31%	95%	100%
Parkdean Resorts	28%[(d)]	94%[(d)]	80%
PowerSchool Group LLC ("PowerSchool")[(e)]	16%	50%	50%[(a)]
Ryan, LLC ("Ryan")[(f)]	14%	42%	(a)
Save-A-Lot	32%	99%	99%
SCP Health (formerly "Schumacher Clinical Partners")	22%	68%	68%
SIG Combibloc Group AG ("SIG")[(g)]	18%	51%	53%
SMG Holdings Inc. ("SMG")[(h)]	32%	99%	99%
Survitec Group Limited ("Survitec")	21%	79%	68%
WireCo WorldGroup ("WireCo")	23%	71%	71%
Investments made through Onex, Onex Partners IV and Onex Partners V			
KidsFoundation Holdings B.V. ("KidsFoundation")[(i)]	27%	98%	98%
Investment made through Onex Real Estate			
Flushing Town Center	88%	88%	100%
Other investments			
ONCAP II Fund ("ONCAP II")	47%[(j)]	100%	100%
ONCAP III Fund ("ONCAP III")	29%	100%	100%
ONCAP IV Fund ("ONCAP IV")	39%	100%	100%

(a) Onex exerts joint control or significant influence over these investments, which were measured at fair value through net earnings (loss), 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 29(d).

(c) BrightSpring Health was accounted for as a discontinued operation, as described in note 34.

(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 29(b).

(e) The ownership interest in PowerSchool was acquired in August 2018, as described in note 29(h).

(f) The ownership interest in Ryan was acquired in October 2018, as described in note 29(l).

(g) SIG completed an initial public offering in October 2018, as described in note 29(k).

(h) SMG was acquired in January 2018, as described in note 29(a).

(i) KidsFoundation was acquired in November 2018, as described in note 29(p).

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

The preceding ownership percentages are before the effect of any potential dilution relating to the MIP, as described in note 26(f). The allocation of net earnings (loss) and comprehensive earnings (loss) attributable to equity holders of Onex Corporation and non-controlling interests was 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 – 2018

Foreign currency translation

During 2018, accounting policies concerning foreign currency translation were consistent with those in 2019, as described in note 1.

Cash and cash equivalents

During 2018, accounting policies concerning cash and cash equivalents were consistent with those in 2019, as described in note 1.

Short-term investments

Short-term investments consisted of liquid investments that include money market instruments and commercial paper with original maturities of three months to one year. The investments were carried at fair value.

Accounts receivable

Accounts receivable were recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less loss allowances. During the year ended December 31, 2018, Onex' operating companies applied the simplified approach to measure expected credit losses, as permitted by IFRS 9, which uses a lifetime expected loss allowance for all accounts receivable. To measure the expected credit losses, accounts receivable were grouped based on days past due and assigned provision rates based on the individual operating companies' historical credit loss experience, adjusted to reflect current and forward-looking information.

A provision expense was recorded with an offsetting amount recorded as an allowance, reducing the carrying value of the receivable. The provision expense was included in operating expenses in the 2018 consolidated statement of earnings. When a receivable was considered permanently uncollectible, the receivable was written off against the allowance account.

Certain operating companies entered into agreements to sell accounts receivable, whereby the accounts receivable were transferred to an unrelated third party. The transfers were recorded as sales of accounts receivable, as the operating companies did not retain any financial or legal interest in the accounts receivable that were sold. The accounts receivable were sold at their face value less a discount, as provided for in the agreements.

Inventories

Inventories were recorded at the lower of cost or net realizable value. The determination of net realizable value required significant judgement, including consideration of factors such as shrinkage, the aging of and future demand for inventory, and contractual arrangements with customers. To the extent that circumstances subsequently changed such that the net realizable value increased, previous writedowns were reversed and recognized in the 2018 consolidated statement of earnings. Certain inventories in the food retail and restaurants, healthcare imaging and packaging products and services segments were stated using an average cost method. For substantially all other inventories, cost was determined on a first-in, first-out basis.

Property, plant and equipment

During 2018, accounting policies concerning property, plant and equipment were consistent with the property and equipment policies in 2019, as described in note 1.

Leases

During 2018, leases of property, plant and equipment where the Company, as a lessee, had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalized at the lease's commencement at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment was allocated between the liability and finance charges to achieve a constant interest rate on the balance outstanding. The corresponding lease obligations, net of finance charges, were included in the 2018 consolidated balance sheet. Property, plant and equipment acquired under finance leases were depreciated over the shorter of the useful life of the asset and the lease term.

Leases in which a significant portion of the risks and rewards of ownership were retained by the lessor were classified as operating leases. When the Company was the lessee, payments made under operating leases (net of any incentives received from the lessor) were recorded in the 2018 consolidated statement of earnings on a straight-line basis over the period of the lease. Certain operating companies leased their property, plant and equipment under operating leases to third parties. When the Company was the lessor, payments received under operating leases (net of any incentives provided by the operating companies) were recognized in the 2018 consolidated statement of earnings on a straight-line basis over the period of the lease.

Goodwill

At December 31, 2018, substantially all of the Company's goodwill amounts were recorded by the controlled operating companies. The accounting policies concerning goodwill during 2018 were consistent with those in 2019, as described in note 1.

Impairment charges recorded by the operating companies under IFRS may not impact the fair values of the operating companies used in determining the change in carried interest and for calculating the Limited Partners' Interests liability. Fair values of the operating companies were assessed at the enterprise level, while impairment charges were assessed at the level of either an individual CGU or group of CGUs.

Impairment of long-lived assets

During 2018, accounting policies concerning the impairment of long-lived assets were consistent with those in 2019, as described in note 1.

Investments in joint ventures and associates

Joint ventures and associates were those entities over which the Company had joint control or significant influence, but not control. Certain investments in joint ventures and associates were designated, upon initial recognition, at fair value with changes in fair value recognized through the 2018 consolidated statement of earnings in accordance with IFRS 9. As a result, the investments were recorded at fair value in the December 31, 2018 consolidated balance sheet.

Certain investments in joint ventures and associates were initially recognized at cost, and the carrying amount of the investment was adjusted to recognize the Company's share of the profit or loss in the investment, from the date that joint control or significant influence commenced until the date that joint control or significant influence ceased, in accordance with IAS 28, *Investments in Associates and Joint Ventures*. In the year ended December 31, 2018, the Company's share of the profit or loss was recognized in other expense and any distributions received reduced the carrying amount of the investment.

Financing charges

Financing charges consisted of costs incurred relating to the issuance of term borrowings and revolving credit facilities. Transaction costs relating to term borrowings were amortized over the term of the related debt or as the debt was retired, if earlier. These unamortized financing charges were netted against the carrying value of long-term debt.

Costs incurred to establish revolving credit facilities were recognized as an other current or non-current asset and were amortized on a straight-line basis over the term of the facility; however, to the extent that the Company expected to draw on the facility, the costs were deferred until the amounts were drawn on the facility and were then amortized over the remaining term of the facility.

Provisions

A provision is a liability of uncertain timing or amount and is generally recognized when the Company has a present obligation as a result of a past event, it is probable that payment will be made to settle the obligation and the payment can be reliably estimated. During 2018, judgement was required to determine the extent of an obligation and whether it was probable that payment would be made. The Company's significant provisions consisted of the following:

a) Self-insurance

Self-insurance provisions may have been established for automobile, workers' compensation, healthcare coverage, general liability, professional liability and other claims. Provisions were established for claims based on an assessment of actual claims and claims incurred but not reported. The reserves may have been established based on consultation with independent third-party actuaries using actuarial principles and assumptions that consider a number of factors, including historical claim payment patterns and changes in case reserves, and the assumed rate of inflation in healthcare costs and property damage repairs.

b) Warranty

Certain operating companies offered assurance-type warranties on the sale of products or services. A provision was recorded to provide for future warranty costs based on management's best estimate of probable claims under these warranties. The provision was based on the terms of the warranty, which vary by customer and product or service, and historical experience. The appropriateness of the provision was evaluated at the end of the reporting period.

c) Restructuring

Restructuring provisions are recognized only when a detailed formal plan for the restructuring – including the business or part of the business concerned, the principal locations affected, details regarding the employees affected, the restructuring's timing and the expenditures that will have to be undertaken – has been developed and the restructuring has either commenced or the plan's main features have been publicly announced to those affected by it.

Note 39 provides further details on provisions recognized by the Company.

Pension and non-pension post-retirement benefits

Onex, the parent company, did not provide pension, other retirement or post-retirement benefits to the employees of the operating companies during the years ended December 31, 2019 and 2018. The operating companies that offered pension and non-pension post-retirement benefits accrued their obligations under such employee benefit plans and related costs, net of plan assets. The costs of defined benefit pensions and other post-retirement benefits earned by employees were accrued in the period incurred and were actuarially determined using the projected unit credit method pro-rated on length of service, based on management's judgement and best estimates of assumptions for factors which impact the ultimate cost, including salary escalation, the retirement ages of employees, the discount rate used in measuring the liability and expected healthcare costs.

Plan assets were recorded at fair value at December 31, 2018. Where a plan was in a surplus, the value of the net asset recognized was restricted to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of defined benefit plans recognized in the consolidated statement of earnings for the year ended December 31, 2018 comprises the net total of the service cost for that year, the past service cost, gains or losses from settlements and the net interest expense or income. The service cost for the year ended December 31, 2018 represents the increase in the present value of the plan liabilities expected to arise from employee service in that period. The past service cost is the change in the benefit obligation in respect of employee service in prior periods and which results from a plan amendment or curtailment. Past service costs (or recoveries) from plan amendments were recognized immediately in earnings, whether vested or unvested.

Remeasurements, consisting of actuarial gains or losses, the actual return on plan assets (excluding the net interest component) and any change in the asset ceiling, were recognized in other comprehensive earnings. Remeasurements recognized in other comprehensive earnings were directly recorded in retained earnings, without recognition in the 2018 consolidated statement of earnings.

Defined contribution plan accounting was applied to multi-employer defined benefit plans for which the operating companies had insufficient information to apply defined benefit accounting.

Note 57 provides further details on pension and non-pension post-retirement benefits.

Limited Partners' Interests

The interests of the limited partners and other investors through the Onex Partners, ONCAP, Onex Credit Lending Partners and Onex Credit Funds were recognized as financial liabilities in accordance with IAS 32, *Financial Instruments: Presentation* during the year ended December 31, 2018. The structure of the Onex Partners, ONCAP, Onex Credit Lending Partners and Onex Credit Funds, as defined in their respective governing agreements, specifically the limited life of the Onex Partners, ONCAP and Onex Credit Lending Partners Funds, and the redemption provisions of the Onex Credit Funds, required presentation of the limited partners' interests as a liability. The liability was recorded at fair value and was primarily impacted by the change in fair value of the underlying investments in the Onex Partners, ONCAP, Onex Credit Lending Partners and Onex Credit Funds, the change in carried interest on investments held by the Onex Partners and ONCAP Funds, the change in incentive fees on investments held by the Onex Credit Lending Partners and Onex Credit Funds, as well as any contributions by and distributions to limited partners in those Funds. Adjustments to the fair value of the Limited Partners' Interests were reflected through earnings, net of the change in carried interest and incentive fees.

Note 43 provides further details on Limited Partners' Interests.

Income taxes

During 2018, accounting policies concerning income taxes were consistent with those in 2019, as described in note 1.

Revenue recognition

During the year ended December 31, 2018, the Company's consolidated revenue primarily consisted of revenue from goods and services sold by its operating companies, which were accounted for using the five-step model outlined in note 1.

During 2018, certain revenue arrangements consisted of multiple deliverables of goods and services. Goods or services were accounted for as a separate performance obligation when they were distinct. This occurred when the customer could benefit from the good or service either on its own or together with other readily available resources and the good or service was separately identifiable from the other performance obligations in a contract. Determining whether a good or service was distinct may have required significant judgement.

The transaction price represented the amount of consideration that the Company expected to be entitled to and may have included variable components such as performance-related bonuses and incentives, discounts, rebates, refunds and other similar allowances. Management estimated the amount of variable consideration to be included in the transaction price to the extent that it was highly probable that a significant reversal in the amount of cumulative revenue recognized would not occur when the uncertainty associated with the variable consideration was subsequently resolved.

Where a contract included multiple performance obligations, the transaction price was allocated to each performance obligation based on the stand-alone selling prices. The amount of consideration was adjusted for the effects of the time value of money if the timing of payments agreed to in the contract provided either the customer or the entity with a significant benefit of financing.

Revenue was recognized when or as performance obligations were satisfied by transferring control of goods or services to a customer. Control was either transferred over time or at a point in time, which impacted the timing of when revenue was recognized.

A receivable was recognized when the transfer of control of goods or services to a customer occurred prior to the customer paying consideration if the right to the consideration was unconditional, whereas a contract asset was recognized if the performance obligation had been satisfied but the right to the consideration was conditional. A contract liability was recognized when the customer's payment of consideration preceded the completion of a performance obligation.

Revenue recognition requires management to make certain judgements and estimates, including the identification of performance obligations, the allocation and amount of the transaction price, and the collectability of cash consideration. The significant judgements and estimates made by management during the 2018 revenue recognition process are discussed within this section and the "Use of judgements and estimates" section of note 28.

Depending on the terms under which the operating companies supplied their products, they may have been responsible for some or all of the repair or replacement costs of defective products. Where this represented a separate service, the transaction price was allocated respectively to account for multiple performance obligations. When such responsibility only provided assurance that a product will function as expected and in accordance with certain specifications, it was not a separate performance obligation but a warranty. The operating companies established provisions for issues that were probable and estimable in amounts management believed were adequate to cover the ultimate projected claim costs. The final amounts determined to be due related to these matters could differ significantly from recorded estimates.

Revenue recognition policies specific to the operating segments were as follows:

Electronics Manufacturing Services

Revenue from the electronics manufacturing services segment consisted primarily of products and services manufactured to customer specifications. Revenue was recognized when performance obligations were satisfied and when the associated control over the products was passed to the customer and no material uncertainties remained as to the collection of receivables. For certain customer contracts, products were custom-made to meet specific requirements and such customers were obligated to compensate the company for the work performed to date. For such contracts, revenue was recognized over time as production progressed to completion, or as the services were rendered. Revenue was generally estimated for work in process based on costs incurred to date plus a reasonable profit margin for eligible products for which there were no alternative uses. For other contracts that did not qualify for revenue recognition over time, revenue was recognized at the point in time where control was passed to the customer, which was generally upon shipment, and no further performance obligation remained except for standard manufacturing or service warranties.

Healthcare Imaging

Revenue from the healthcare imaging segment was recognized when performance obligations were satisfied and when the associated control over products had passed to the customer. These criteria were met for the healthcare imaging segment when there was persuasive evidence of an arrangement and delivery had occurred. Revenue recognition did not occur until: products were shipped or services had been provided; risk of loss had been transferred to the customer; and there was evidence that customer acceptance provisions had been satisfied. Revenue was recognized on sales to resellers when control had been transferred and the other revenue recognition criteria had been met.

Insurance Services

Revenue from the insurance services segment primarily consisted of fee and service revenues. Revenue was recognized when obligations under the terms of a contract with a customer were satisfied, which generally occurred when services were rendered. Service revenues from managed care, specialized loss adjusting and field investigations were recognized at the time of service. Service revenues from fixed price contracts were recognized on each contract proportionately over the life of the contract.

Packaging Products and Services

Revenue from the packaging products and services segment primarily consisted of sales of goods and services. Revenue was recognized when control over a product or service was transferred to the customer. The timing of when control over a product or service was transferred to a customer varied depending on the individual contract terms. The amount of sales incentives to be earned or taken by customers was estimated and considered when calculating the transaction price.

Business and Information Services

Revenue from the business and information services segment primarily consisted of sales of subscription services, staging of trade shows and conference events, and event and operations services provided to public assembly facilities. Revenue from subscription arrangements was recognized on a straight-line basis over the term of the subscription. Usage fees in excess of the base subscription fee were recognized as services were delivered. Revenue from staging of trade shows and conference events was generally recognized when the events were staged. Revenue from event and operations services was recognized over time as the services were provided.

Food Retail and Restaurants

Revenue from the food retail and restaurants segment primarily consisted of product sales, distribution services, logistics services and professional services. Product sales revenue was recognized when a customer accepted control over the products, which usually occurred when payment was tendered at the point of sale. Distribution services revenue was recognized upon delivery of the related products, at which point control of the promised good or service was transferred to the customer.

Credit Strategies

Revenue from credit strategies consisted of fees earned by Onex Credit Manager, which included fees earned from Onex Credit CLOs, Onex Credit Funds and OCLP I. Revenue earned by Onex Credit Manager from Onex credit strategies that were consolidated by Onex were eliminated in Onex' consolidated financial statements for the year ended December 31, 2018. Revenue was recognized when performance obligations were fulfilled in accordance with the terms of the relevant investment management agreements.

Other

Other segment revenues consisted of product sales, services and construction contracts:

- Where products were custom-made to meet specific requirements for which customers were obligated to compensate the company for the work performed to date, revenue was recognized over time as production progressed. The estimated percentage completion was based on the method that management determined to most accurately reflect progress, which included percentage of total costs expected to be incurred or the number of units produced. Where product sales were subject to customer acceptance, revenue was recognized at the earlier of receipt of customer acceptance or expiration of the acceptance period. Where product sales required the company to install the product at the customer location and such installation was essential to the functionality of the product, revenue was recognized when the product was delivered to and installed at the customer location.
- Revenue from services was recognized at the time of service. Where applicable, the transaction price took into consideration an estimate for uncompensated care. Where services performed were subject to customer acceptance, revenue was recognized at the earlier of receipt of customer acceptance or expiration of the acceptance period.

Research and development

Research and development activities during the year ended December 31, 2018 were either (a) contracted or (b) self-initiated:

a) Costs for contracted research and development activities carried out within the scope of externally financed research and development contracts were expensed when the related revenues were recorded.

b) Costs for self-initiated research and development activities were assessed to determine if they qualified for recognition as internally generated intangible assets. Apart from complying with the general requirements for initial measurement of an intangible asset, qualification criteria were met only when technical as well as commercial feasibility could be demonstrated and the cost could be reliably measured. It must also have been probable that the intangible asset would generate future economic benefits, be clearly identifiable and allocable to a specific product. Further to meeting these criteria, only such costs that related solely to the development phase of a self-initiated project were capitalized. Any costs that were classified as part of the research phase of a self-initiated project were expensed as incurred. If the research phase could not be clearly distinguished from the development phase, the respective project-related costs were treated as if they were incurred in the research phase only.

Capitalized development costs were generally amortized over the estimated number of units produced. In cases where the number of units produced could not be reliably estimated, capitalized development costs were amortized over the estimated useful life of the internally generated intangible asset. Internally generated intangible assets were reviewed for impairment at December 31, 2018 if the asset was not yet in use or earlier if events or changes in circumstances indicated that the carrying amount may not have been recoverable and the asset was in use.

During 2018, $189 of research and development costs were expensed and $51 of development costs were capitalized.

Stock-based compensation

During the year ended December 31, 2018, the Company followed the fair value-based method of accounting for all stock-based compensation plans. The Company had five types of stock-based compensation plans during this period, including the Stock Option Plan, the Director DSU Plan and the Management DSU Plan, which were accounted for using the same accounting policies as those in 2019, as described in note 1. Additionally, the Company had the following stock-based compensation plans during the year ended December 31, 2018:

- The MIP, which is described in note 26(f). The MIP provides that exercisable investment rights may be settled by issuance of the underlying shares or, in certain situations, by a cash payment for the value of the investment rights. The Company recorded a liability for the potential future settlement of the vested rights at December 31, 2018 by reference to the fair value of the liability. The liability was adjusted for changes in the fair value of the rights, with the corresponding amount reflected in the consolidated statement of earnings for the year ended December 31, 2018; and
- The employee stock option and other stock-based compensation plans in place for employees at various operating companies, under which, on payment of the exercise price, stock of the particular operating company or cash is issued. The Company recorded a compensation expense for such options based on the fair value over the vesting period.

Carried interest

During the year ended December 31, 2018, Onex, Onex management and ONCAP management were entitled to carried interest realized in the Onex Partners and ONCAP Funds under the same terms as those outstanding in 2019, as described in note 26(e).

Unrealized carried interest reduces the amount due to the limited partners and is eventually paid through the realization of the limited partners' share of the underlying Onex Partners and ONCAP Fund investments. The change in net carried interest attributable to Onex was recognized as a reduction to the recovery for the Limited Partners' Interests. The unrealized carried interest of the Onex Partners and ONCAP Funds attributable to management was recognized as a liability within other current and non-current liabilities. The charge for the change in net carried interest attributable to management was recorded within other expense in the 2018 consolidated statement of earnings and reduced the recovery for the Limited Partners' Interests.

Financial assets and financial liabilities

During 2018, accounting policies concerning financial assets and financial liabilities were consistent with those in 2019, as described in note 1. In addition, when a financial liability that was measured at amortized cost had its cash flows modified without resulting in derecognition, the carrying value of the financial liability was adjusted to the present value of its modified cash flows, discounted at the financial liability's original effective interest rate, with any resulting gain or loss recognized in net earnings (loss). For certain variable-rate financial liabilities that were pre-payable at par, amendments to the contractual terms of the financial liability to revise the interest rate to a new market interest rate were accounted for over the remaining term of the financial liability by adjusting the financial liability's effective interest rate.

During the year ended December 31, 2018, interest income recognized by the Company primarily related to interest earned from investments recognized at fair value through net earnings.

Derivatives and hedge accounting

At the inception of a hedging relationship, the Company documented the relationship between the hedging instrument and the hedged item, its risk management objectives and its strategy for undertaking the hedge. The Company also required a documented assessment, both at hedge inception and on an ongoing basis, of whether or not the derivatives that were used in the hedging transactions were highly effective in offsetting the changes attributable to the hedged risks in the fair values or cash flows of the hedged items.

Derivatives that were not designated as effective hedging relationships continued to be accounted for at fair value, with changes in fair value included in other expense in the 2018 consolidated statement of earnings.

When derivatives were designated as effective hedging relationships, the Company classified them as either: (a) hedges of the change in fair value of recognized assets or liabilities or firm commitments (fair value hedges); (b) hedges of the variability in highly probable future cash flows attributable to a recognized asset or liability or a forecasted transaction (cash flow hedges); or (c) hedges of net investments in a foreign self-sustaining operation (net investment hedges).

a) Fair value hedges

Changes in the fair value of derivatives that were designated and qualify as fair value hedging instruments were recorded in the 2018 consolidated statement of earnings along with changes in the fair value of the assets, liabilities or group thereof that were attributable to the hedged risk.

b) Cash flow hedges

During the year ended December 31, 2018, the Company was exposed to variability in future interest cash flows on non-trading assets and liabilities that bore interest at variable rates or were expected to be reinvested in the future.

The effective portion of changes in the fair value of derivatives that were designated and qualify as cash flow hedges were recognized in other comprehensive earnings. Any gain or loss in fair value relating to the ineffective portion was recognized immediately in the 2018 consolidated statement of earnings in other expense.

Amounts accumulated in other comprehensive earnings were reclassified in the consolidated statement of earnings in the period in which the hedged item affected earnings. However, when the forecasted transaction that was hedged resulted in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in other comprehensive earnings were transferred from other comprehensive earnings and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expired or was sold, or when a hedge no longer met the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive earnings at that time remained in other comprehensive earnings until the forecasted transaction was recognized in the consolidated statement of earnings. When a forecasted transaction was no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive earnings was immediately transferred to the 2018 consolidated statement of earnings.

c) Net investment hedges

Hedges of net investments in foreign operations were accounted for in a manner similar to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge was recognized in other comprehensive earnings. The gain or loss relating to the ineffective portion was recognized immediately in the 2018 consolidated statement of earnings in other expense. Gains and losses accumulated in other comprehensive earnings were included in the 2018 consolidated statement of earnings upon the reduction or disposal of the investment in the foreign operation.

Contingent consideration

Contingent consideration was established for business acquisitions where the Company had the obligation to transfer additional assets or equity interests to the former owners if specified future events occurred or conditions were met. The fair value of contingent consideration liabilities was typically based on the estimated future financial performance of the acquired business. Financial targets used in the estimation process included certain defined financial targets and realized internal rates of return. Contingent consideration was classified as a liability when the obligation required settlement in cash or other assets, and was classified as equity when the obligation required settlement in own equity instruments. Contingent consideration that was classified as a liability was included in the other liabilities financial statement line items at December 31, 2018.

Assets held for sale and discontinued operations

An asset was classified as held for sale if its carrying amount would be recovered by the asset's sale rather than by its continued use in the business, the asset was available for immediate sale in its present condition and management was committed to, and had initiated, a plan to sell the asset which, when initiated, was expected to result in a completed sale within 12 months. An extension of the period required to complete the sale did not preclude the asset from being classified as held for sale, provided the delay was for reasons beyond the Company's control and management remained committed to its plan to sell the asset. Assets that were classified as held for sale were measured at the lower of their carrying amount or fair value less costs to sell and were no longer depreciated. The determination of fair value less costs to sell involved judgement by management to determine the probability and timing of disposition and the amount of recoveries and costs.

A discontinued operation was a component of the Company that was either disposed of, or satisfied the criteria to be classified as held for sale, and represented a separate major line of business or geographic area of operations, was part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations, or was an operating company acquired exclusively with a view to its disposal.

Earnings per share

During 2018, accounting policies concerning earnings per share were consistent with those in 2019, as described in note 1.

Dividend distributions

During 2018, accounting policies concerning dividend distributions were consistent with those in 2019, as described in note 1.

Use of judgements and estimates

The preparation of the 2018 financial statements in accordance with IFRS required management to make judgements, estimates and assumptions that affected the reported amounts of assets, liabilities and equity, the related disclosures of contingent assets and liabilities and the reported amounts of revenue and expenses. The actual results could differ materially from those estimates and assumptions. Revisions to accounting estimates were recognized in the period in which the estimate was revised if the revision affected only that period, or in the period of the revision and future periods if the revision affected both current and future periods.

Areas that involved critical judgements, assumptions and estimates and that had a significant influence on the amounts recognized in the 2018 consolidated financial statements are further described as follows:

Business combinations

In a business combination, substantially all identifiable assets, liabilities and contingent liabilities acquired were recorded at their respective fair values on the date of acquisition. One of the most significant areas of judgement and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of contingent consideration, if applicable. Land, buildings and equipment were usually independently appraised while short-term and long-term investments were valued at market prices. If any intangible assets were identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent external valuation expert may have determined the fair value using appropriate valuation techniques, which were generally based on a forecast of the total expected future net cash flows. These valuations were linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

Consolidation of structured entities

Onex indirectly controlled and consolidated the operations of the CLOs of Onex Credit during the year ended December 31, 2018. CLOs are structured entities for which voting and similar rights are not the dominant factor in determining control. Onex used judgement when assessing the many factors that determine control, including its exposure through investments in the most subordinate capital of the CLOs, its role in the formation of the CLOs, the rights of other investors in the CLOs and control of the asset manager of the CLOs. Onex determined that it was a principal of the CLOs with the power to affect the returns of its investment and, as a result, indirectly controlled the CLOs.

During 2018, Onex invested capital in and received distributions and proceeds from the CLOs and warehouse facilities, as described in note 29(r).

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

The fair value of investments and debt of the CLOs and Onex Credit Lending Partners not quoted in an active market may have been determined by Onex Credit using reputable pricing sources (such as pricing agencies) or indicative prices from bond/debt market makers. Broker quotes as obtained from pricing sources may be indicative and not executable or binding. The Company exercised judgement and estimates on the quantity and quality of pricing sources used. Where no market data was available, Onex Credit may have valued positions using models, which included the use of third-party pricing information and were usually based on valuation methods and techniques generally recognized as standard within the industry.

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

Limited Partners' Interests, carried interest and investments in joint ventures and associates at fair value through net earnings (loss)

The measurement of the Limited Partners' Interests, carried interest and investments in joint ventures and associates at fair value through net earnings (loss) was significantly impacted by the fair values of the Company's investments held by the Onex Partners and ONCAP Funds. The fair values of these investments were assessed at each reporting date, with changes reflected in the measurement of the Limited Partners' Interests, carried interest and investments in joint ventures and associates at fair value through net earnings (loss).

Judgements and estimates made related to the valuation of non-public investments held by the Onex Partners and ONCAP Funds during 2018 were consistent with those of corporate investments in 2019, as described in note 1.

The Limited Partners' Interests and carried interest were measured with significant unobservable inputs (Level 3 of the fair value hierarchy). Further information is provided in note 43. With the exception of investments in JELD-WEN and Pinnacle Renewable Energy, investments in joint ventures and associates were also measured with significant unobservable inputs (Level 3 of the fair value hierarchy). The fair value measurements for the investments in JELD-WEN and Pinnacle Renewable Energy included significant other observable inputs (Level 2 of the fair value hierarchy), as a marketability factor was applied to the companies' publicly traded share price. Further information is provided in notes 36 and 55.

Goodwill impairment tests and recoverability of assets

During 2018, the use of judgements and estimates relating to goodwill impairment tests and recoverability of assets were consistent with those in 2019, as described in note 1.

Revenue recognition

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

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

Revenue recognized by SCP Health in the other segment for uninsured patients required certain judgements to be made with respect to the transaction price. Factors considered in determining the estimated transaction price included historical collection trends for each of its primary payor sources of revenue, reimbursement rate trends, resolution of credit balances, patient acuity levels, physician documentation, aging of accounts receivable and other relevant factors.

Income taxes

During 2018, the use of judgements and estimates relating to income taxes were consistent with those in 2019, as described in note 1.

Legal provisions and contingencies

During 2018, the use of judgements and estimates relating to legal provisions and contingencies were consistent with those in 2019, as described in note 1.

Employee benefits

Onex, the parent company, does not provide pension, other retirement or post-retirement benefits to any employees of the operating companies. The operating companies that offered pension and non-pension post-retirement benefits accounted for these benefits in accordance with actuarial valuations. These valuations relied on statistical and other factors in order to anticipate future events. These factors included key actuarial assumptions, including the discount rate, expected salary increases and mortality rates. These actuarial assumptions may differ materially from actual developments due to changing market and economic conditions. Note 57 provides details on the estimates used in accounting for pensions and post-retirement benefits during the year ended December 31, 2018.

Stock-based compensation

The Company's stock-based compensation accounting for its MIP options was completed using an internally developed valuation model. The critical assumptions and estimates used in the valuation model included the fair value of the underlying investments, the time to expected exit from each investment, a risk-free rate and an industry comparable historical volatility for each investment. The fair value of the underlying investments included critical assumptions and estimates, as described for corporate investments in note 1.

29. SIGNIFICANT TRANSACTIONS – 2018

a) Acquisition of SMG

In January 2018, the Onex Partners IV Group completed the acquisition of SMG, 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 was 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 bore interest at LIBOR plus a margin of up to 7.00%. 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 bore interest at LIBOR (subject to a floor of 0.00%) plus a margin of 1.75% and was reimbursable by capital calls upon the limited partners of Onex Partners IV. Onex Corporation, the parent company, was only obligated with respect to borrowings under the revolving credit facility based on its proportionate share of the Onex Partners IV Group's investment in SMG.

b) Partial loan note repayment by Parkdean Resorts

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

c) Initial and secondary offerings by Pinnacle Renewable Energy

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

As a result of this transaction, the ONCAP II Group no longer controlled Pinnacle Renewable Energy. The interest held by the Company was recorded as a long-term investment at fair value, with changes in fair value recognized in the 2018 consolidated statement 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 was entirely attributable to the equity holders of Onex Corporation, as the interests of the Limited Partners were recorded as a financial liability at fair value. Pinnacle Renewable Energy did not represent a separate major line of business, and as a result, the operating results up to the date of the loss of control were not 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 was recorded at fair value.

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

The ONCAP II Group held approximately 10.4 million common shares of Pinnacle Renewable Energy for an economic and voting interest of 32% at December 31, 2018. Onex held approximately 5.0 million common shares for a 15% economic interest in Pinnacle Renewable Energy at December 31, 2018.

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 held approximately 47.1 million shares of Emerald Expositions' common stock for a 66% economic and voting interest at December 31, 2018. Onex held approximately 11.4 million shares for a 16% economic interest at December 31, 2018. 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 2018 consolidated financial statements, with the cash proceeds received in excess of the historical accounting carrying value of $49 being recorded directly to retained earnings.

e) Sale of Mavis Discount Tire

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

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

In addition, the 2018 consolidated financial statements included 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 was 50% and 60%, respectively. Onex' share of the investment, as a limited partner of ONCAP IV, was $16 for an economic interest of 20% at December 31, 2018. AutoSource was included within the other segment.

g) Investment in Ryan Specialty Group

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

The investment in RSG was recorded as a long-term investment at fair value with changes in fair value recognized in the 2018 consolidated statement of earnings.

h) Investment in PowerSchool

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

The investment in PowerSchool was recorded as a long-term investment at fair value with changes in fair value recognized in the 2018 consolidated statement of earnings.

i) Acquisition of Precision

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

j) Acquisition of Walter Surface Technologies

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

k) Initial public offering by SIG

In October 2018, SIG completed an initial public offering of approximately 151.8 million ordinary shares (SIX: SIGN), including the exercise of an over-allotment option. The offering was priced at CHF 11.25 per share for gross proceeds of CHF 1,708. As part of the offering, SIG issued 105.0 million treasury shares. The net proceeds from treasury shares were primarily used to reduce SIG's long-term debt. The Onex Partners IV Group sold approximately 45.9 million shares in the transaction for net proceeds of CHF 504 ($511). Onex' portion of the net proceeds was CHF 178 ($180).

The Onex Partners IV Group held approximately 163.2 million ordinary shares in SIG for a 51% economic interest at December 31, 2018. Onex held approximately 57.5 million ordinary shares for an 18% economic interest at December 31, 2018. Since the sale of shares by the Onex Partners IV Group did not result in a loss of control over SIG, the transaction was recorded as a transfer from the equity holders of Onex Corporation to non-controlling interests in the 2018 consolidated financial statements, with the cash proceeds received in excess of the historical accounting carrying value of $256 being recorded directly to retained earnings.

The issuance of new shares by SIG as part of the initial public offering resulted in the dilution of the Company's ownership interest in SIG. The Company recorded a transfer from non-controlling interests in the 2018 consolidated statement of equity. This reflected Onex' share of the increase in the book value of the net assets of SIG due to the issuance of additional common shares at a value above the Company's historical accounting carrying value of SIG.

l) Investment in Ryan

In October 2018, the Onex Partners IV Group acquired an interest in Ryan, 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 bore interest at LIBOR (subject to a floor of 0.00%) plus a margin of 1.75% and is reimbursable by capital calls upon the limited partners of Onex Partners IV. Onex, the parent company, is only obligated with respect to borrowings under the revolving credit facility based on its proportionate share of the Onex Partners IV Group's investment in Ryan.

In connection with the investment in Ryan, the Onex Partners IV Group had 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 was recorded as a long-term investment at fair value with changes in fair value recognized in the 2018 consolidated statement of earnings.

m) Investment in Wyse

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

The investment in Wyse was recorded as a long-term investment at fair value with changes in fair value recognized in the 2018 consolidated statement of earnings.

n) Acquisition of Impakt by Celestica

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

o) Sale of Tecta

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

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

Tecta did not represent a separate major line of business, and as a result, the operating results have not been presented as a discontinued operation. Non-controlling interests of the Company decreased by $7 as a result of no longer consolidating Tecta. The cash proceeds recorded in the consolidated statement of cash flows for the year ended December 31, 2018, were reduced for Tecta's cash and cash equivalents of $2 at the date of sale.

p) Acquisition of KidsFoundation

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

q) Distributions from operating businesses

During 2018, Onex and its partners received distributions of $309 from certain operating businesses. Onex' portion of the distributions was $165, including carried interest. The distributions include the repayment of a loan note by Parkdean Resorts, as previously described in note 29(b), and the repayment of existing shareholder subordinated debt by Pinnacle Renewable Energy, as previously described in note 29(c). The other significant distributions received by the Company are described below.

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

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

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

r) Credit Strategies

Warehouse facility of EURO CLO-3

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

Onex consolidated the warehouse facility for EURO CLO-3 during the year ended December 31, 2018.

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.

Warehouse facility of CLO-16

In August 2018, Onex established a warehouse facility in connection with CLO-16. During the year ended December 31, 2018, Onex invested $50 to support the warehouse facility and a financial institution provided borrowing capacity of up to $200 backed by the underlying collateral.

Onex consolidated the warehouse facility for CLO-16 during the year ended December 31, 2018.

Fund closing for OCLP I

In November 2018, Onex completed the final closing for OCLP I, reaching aggregate commitments of $413, including Onex' commitment of $100.

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

Onex consolidated the operations of OCLP I and recorded changes in the fair value of the asset portfolio through net earnings during the year ended December 31, 2018.

Redemption of CLO-2

In November 2018, the Company redeemed CLO-2, which was established in November 2012 and had a reinvestment period which ended in November 2018. Upon the redemption of CLO-2, all secured notes were repaid, including accrued interest, and the equity was settled for the residual proceeds in the CLO. In aggregate, Onex received $29 of proceeds and distributions related to CLO-2 compared to its original investment of $26.

At redemption, CLO-2 transferred $13, $11, $4 and $12 in assets for fair value consideration to the Company's eighth, ninth and tenth CLOs denominated in U.S. dollars ("CLO-8", "CLO-9" and "CLO-10"), and the warehouse facility for CLO-16, respectively. The fair values used for the transfers were reviewed by a third party.

Distributions

During the year ended December 31, 2018, Onex received $59 of distributions from its CLO investments. Additionally, Onex received $9 on the redemption of CLO-2 and $11 from the partial sale of its investment in its seventh CLO denominated in U.S. dollars ("CLO-7").

30. ACQUISITIONS – 2018

During 2018 several acquisitions, which were accounted for as business combinations, were completed either directly by Onex or through subsidiaries of Onex. Acquisitions completed by Onex were 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 was held within the acquired companies and was without recourse to Onex Corporation, the ultimate parent company. This debt, along with debt incurred to finance acquisitions made by existing Onex subsidiaries, was excluded from the purchase price allocation tables below.

During the year ended December 31, 2018, business combinations were accounted for using the acquisition method. The cost of an acquisition was measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination were measured initially at fair value at the date of acquisition, irrespective of the extent of any non-controlling interests. The fair value was determined using a combination of valuation techniques, including discounted cash flows and projected earnings multiples. The key inputs to the valuation techniques included assumptions related to future customer demand, material and employee-related costs, changes in mix of products and services produced or delivered, and restructuring programs. Any non-controlling interests in the acquired company were measured either at fair value or at the non-controlling interests' proportionate share of the identifiable assets and liabilities of the acquired business. The excess of the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquired company and, for a business combination achieved in stages, the fair value at the acquisition date of the Company's previously held interest in the acquired company compared to the fair value of the identifiable net assets acquired was recorded as goodwill. Acquisition-related costs were expensed as incurred and related restructuring charges were expensed in the periods after the acquisition date. Costs incurred to issue debt were deferred and recognized, as described in note 28. Subsequent changes in the fair value of contingent consideration recorded as a liability at the acquisition date were recognized in consolidated earnings or loss.

The results of operations for all acquired businesses were included in the consolidated statements of earnings, comprehensive earnings and equity of the Company during the year ended December 31, 2018 from their respective dates of acquisition.

Details of the purchase price and allocation to the assets and liabilities acquired were as follows for the year ended December 31, 2018:

	SMG[a]	Celestica[b]	KidsFoundation[c]	ONCAP[d]	Other[e]	Total
Cash and cash equivalents	$ 51	$ 7	$ 25	$ 17	$ 5	$ 105
Other current assets	58	78	7	290	36	469
Intangible assets with limited life	638	274	62	259	155	1,388
Intangible assets with indefinite life	–	–	–	28	13	41
Goodwill	367	175	241	280	188	1,251
Property, plant and equipment and other non-current assets	54	29	23	159	5	270
	1,168	563	358	1,033	402	3,524
Current liabilities	(84)	(32)	(59)	(167)	(35)	(377)
Non-current liabilities	(80)	(57)	(19)	(92)	(6)	(254)
Interests in net assets acquired	1,004	474	280	774	361	2,893
Non-controlling interests in net assets acquired	(1)	–	(2)	(51)	(29)	(83)
	$ 1,003	$ 474	$ 278	$ 723	$ 332	$ 2,810

a) In January 2018, the Company acquired SMG, as described in note 29(a).

b) In April 2018, Celestica acquired Atrenne Integrated Solutions, Inc. for total consideration of $143. In November 2018, Celestica acquired Impakt for total consideration of $331, as described in note 29(n).

c) In November 2018, the Company acquired KidsFoundation, as described in note 29(p).

d) ONCAP included the acquisitions of AutoSource, Precision and Walter Surface Technologies, as described in notes 29(f), 29(i) and 29(j), respectively, in addition to acquisitions made by Davis-Standard Holdings, Inc. (“Davis-Standard”), EnGlobe Corp. (“EnGlobe”), Hopkins Manufacturing Corporation (“Hopkins”), IntraPac International Corporation (“IntraPac”) and Tecta (up to November 2018) for total consideration of $156, of which $19 was non-cash consideration.

e) Other consisted of acquisitions made by Clarivate Analytics, Emerald Expositions, sgsco and York for total consideration of $205, of which $15 was non-cash consideration. Also included in other were acquisitions made by BrightSpring Health for total consideration of $127, of which $30 was non-cash consideration. BrightSpring Health was recorded as a discontinued operation, as described in note 34.

Included in the acquisitions above were gross receivables due from customers of $184, of which all contractual cash flows were expected to be recovered. The fair value of these receivables at the dates of acquisition was determined to be $183.

Revenue and net loss from the dates of acquisition for these acquisitions to December 31, 2018 were $809 and $62, respectively.

The Company estimated it would have reported consolidated revenues of approximately $24,400 and a net loss of approximately $805 for the year ended December 31, 2018 if acquisitions completed during 2018 had been acquired on January 1, 2018.

Goodwill of the acquisitions was attributable primarily to the skills and competence of the acquired workforce, non-contractual established supplier and customer bases and technological knowledge of the acquired companies. Goodwill of the acquisitions that was expected to be deductible for tax purposes was $249.

31. CASH AND CASH EQUIVALENTS – 2018

Cash and cash equivalents at December 31, 2018 comprised the following:

	December 31, 2018
Cash at bank and on hand	$ 1,570
Money market funds	997
Commercial paper	74
Bank term deposits and other	39
Total cash and cash equivalents	$ 2,680

At December 31, 2018, the fair value of investments managed by third-party investment managers was $274, of which $60 was included in short-term investments and $214 was included in long-term investments.

32. INVENTORIES – 2018

Inventories at December 31, 2018 comprised the following:

	December 31, 2018
Raw materials	$ 1,243
Finished goods	1,075
Work in progress	245
Real estate held for sale	93
Total inventories	$ 2,656

During the year ended December 31, 2018, $12,452 of inventory was expensed in cost of sales. Note 39 provides details on inventory provisions recorded by the Company at December 31, 2018.

33. OTHER CURRENT ASSETS – 2018

Other current assets at December 31, 2018 comprised the following:

	December 31, 2018
Contract assets	$ 349
Prepaid expenses	206
Restricted cash	193
Income and value-added taxes receivable	123
Other receivables	79
Other	174
Total other current assets	$ 1,124

34. DISCONTINUED OPERATIONS – 2018

The following table shows revenues, expenses and net after-tax results from discontinued operations during the year ended December 31, 2018. The loss of control by the Company over Pinnacle Renewable Energy, as described in note 29(c), and the sale of Tecta, as described in note 29(o), did not represent separate major lines of business, and as a result have not been presented as discontinued operations.

Year ended December 31, 2018	BrightSpring Health
Revenues	$ 1,821
Expenses	(1,770)
Earnings before income taxes	51
Provision for income taxes	(1)
Net earnings for the year	$ 50

The operations of BrightSpring Health were presented as discontinued in the consolidated statement of earnings and cash flows for the year ended December 31, 2018.

The following table shows the summarized assets and liabilities of discontinued operations at December 31, 2018.

As at December 31, 2018	BrightSpring Health
Cash and cash equivalents	$ 27
Other current assets	270
Intangible assets	374
Goodwill	371
Property, plant and equipment and other non-current assets	106
	1,148
Current liabilities	(207)
Non-current liabilities	(568)
Net assets of discontinued operations	$ 373

The following table presents the summarized aggregate cash flows from (used in) discontinued operations of BrightSpring Health during the year ended December 31, 2018.

For the year ended December 31, 2018	BrightSpring Health
Operating activities	$ 129
Financing activities	29
Investing activities	(145)
Increase in cash and cash equivalents for the period	13
Cash and cash equivalents, beginning of the period	14
Cash and cash equivalents, end of the period	$ 27

35. PROPERTY, PLANT AND EQUIPMENT – 2018

During 2018, property, plant and equipment comprised the following:

	Land	Buildings	Machinery and Equipment	Construction in Progress	Total
At December 31, 2017					
Cost	$ 1,385	$ 1,985	$ 4,123	$ 385	$ 7,878
Accumulated amortization and impairments	(13)	(506)	(2,032)	(1)	(2,552)
Net book amount	$ 1,372	$ 1,479	$ 2,091	$ 384	$ 5,326
Year ended December 31, 2018					
Opening net book amount	$ 1,372	$ 1,479	$ 2,091	$ 384	$ 5,326
Additions	3	110	571	37	721
Disposals	(20)	(18)	(21)	(5)	(64)
Amortization charge	(5)	(109)	(529)	–	(643)
Amortization charge (discontinued operations)	–	(9)	(19)	–	(28)
Acquisition of subsidiaries	42	77	98	7	224
Disposition of subsidiaries	–	(1)	(14)	–	(15)
Operating company no longer under control	(1)	(48)	(77)	(51)	(177)
Transfer to discontinued operations	(6)	(35)	(47)	(1)	(89)
Impairment charge	–	(45)	(70)	(1)	(116)
Transfers from construction in progress	–	24	46	(70)	–
Foreign exchange	(71)	(46)	(71)	(19)	(207)
Other	3	(18)	(5)	1	(19)
Closing net book amount	$ 1,317	$ 1,361	$ 1,953	$ 282	$ 4,913
At December 31, 2018					
Cost	$ 1,335	$ 1,948	$ 4,241	$ 284	$ 7,808
Accumulated amortization and impairments	(18)	(587)	(2,288)	(2)	(2,895)
Net book amount	$ 1,317	$ 1,361	$ 1,953	$ 282	$ 4,913

Property, plant and equipment cost and accumulated amortization and impairments were reduced for components retired during 2018. At December 31, 2018, property, plant and equipment included amounts under finance leases of $662 and related accumulated amortization of $60. During 2018, borrowing costs of $1 were capitalized and were included in the cost of additions.

36. LONG-TERM INVESTMENTS – 2018

At December 31, 2018, long-term investments comprised the following:

	December 31, 2018
Long-term investments held by credit strategies[a]	$ 9,439
Investments in joint ventures and associates – at fair value through net earnings (loss)[b]	2,413
Investments in joint ventures and associates – equity-accounted[c]	341
Onex Corporation investments in managed accounts[d]	214
Other[e]	349
Total	$ 12,756

a) Long-term investments held by credit strategies

Long-term investments held by credit strategies included investments made in CLOs, Onex Credit Funds and Onex Credit Lending Partners.

The asset portfolio held by the CLOs consisted of cash and cash equivalents and corporate loans that were recorded at fair value. The asset portfolio of each CLO was pledged as collateral for its respective senior secured notes and loans. During 2018, Onex was required to consolidate the operations and results of the CLOs, as described in note 28.

At December 31, 2018, the asset portfolio of the CLOs and warehouse facilities comprised the following:

	Closing Date	As at December 31, 2018
CLO-2	November 2012	$ 5
CLO-4	October 2013	555
CLO-5	March 2014	362
CLO-6	June 2014	891
CLO-7	November 2014	467
CLO-8	April 2015	685
CLO-9	July 2015	688
CLO-10	October 2015	468
CLO-11	May 2016	467
CLO-12	October 2016	512
CLO-13	July 2017	563
CLO-14	December 2017	561
CLO-15	June 2018	564
EURO CLO-1	May 2017	395
EURO CLO-2	December 2017	477
Warehouse facilities		484
Total		$ 8,144

At December 31, 2018, investments of $515 were held by Onex Credit Funds and classified as fair value through net earnings (loss).

Investments held by Onex Credit Lending Partners at December 31, 2018 were classified as fair value through net earnings (loss). At December 31, 2018, the total value of investments held by Onex Credit Lending Partners was $780.

During the year ended December 31, 2018, Onex completed various transactions which impacted the balance of long-term investments held by credit strategies. These transactions are described in note 29(r) and included the closing of CLO-15, establishing the warehouse facilities for EURO CLO-3 and CLO-16, the redemption of CLO-2 and continued investing activity for OCLP I.

b) Investments in joint ventures and associates – at fair value through net earnings (loss)

Investments in joint ventures and associates measured at fair value through net earnings (loss) at December 31, 2018 primarily included investments in AIT, BBAM, JELD-WEN, Mavis Discount Tire (up to March 2018), Pinnacle Renewable Energy (since February 2018), PowerSchool (since August 2018), Ryan (since October 2018), Venanpri Group and Wyse (since November 2018). With the exception of JELD-WEN and Pinnacle Renewable Energy, the fair value measurements for these investments included significant unobservable inputs (Level 3 of the fair value hierarchy). The fair value measurements for the investments in JELD-WEN and Pinnacle Renewable Energy included significant other observable inputs (Level 2 of the fair value hierarchy), as a marketability factor was applied to JELD-WEN and Pinnacle Renewable Energy's publicly traded share price.

Details of changes in investments in joint ventures and associates at fair value through net earnings (loss) for the year ended December 31, 2018 were as follows:

Balance – December 31, 2017	$ 2,252
Transfer of investment in Pinnacle Renewable Energy no longer under control	136
Distributions received	(63)
Purchase of investments	1,243
Sale of investments	(570)
Decrease in fair value of investments, net	(585)
Balance – December 31, 2018	$ 2,413

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 controlled Pinnacle Renewable Energy, as described in note 29(c). The interest held by the Company was recorded as a long-term investment at fair value through net earnings (loss).

In June 2018, Pinnacle Renewable Energy completed a secondary offering, as described in note 29(c).

Mavis Discount Tire

In March 2018, the ONCAP III Group sold its entire investment in Mavis Discount Tire, as described in note 29(e).

PowerSchool

In August 2018, the Onex Partners IV Group acquired an interest in PowerSchool, as described in note 29(h).

Ryan

In October 2018, the Onex Partners IV Group acquired an interest in Ryan, as described in note 29(l).

Wyse

In November 2018, the ONCAP IV Group acquired an interest in Wyse, as described in note 29(m).

JELD-WEN

The following tables provide summarized financial information for JELD-WEN as of December 31, 2018 and were prepared in accordance with accounting principles generally accepted in the United States.

As at December 31	2018
Current assets	$ 1,155
Non-current assets	1,899
	3,054
Current liabilities	674
Non-current liabilities	1,612
	2,286
Net assets	$ 768

Included in the balance sheet financial information above were the following items:

As at December 31	2018
Cash and cash equivalents included in current assets	$ 117
Financial liabilities included in current liabilities	$ 312
Financial liabilities included in non-current liabilities	$ 1,423

For the year ended December 31	2018
Revenues	$ 4,347
Total expenses (including provision for income taxes)	(4,203)
Net earnings	144
Other comprehensive loss	(50)
Total comprehensive earnings	$ 94

Included in the preceding statement of earnings financial information were the following items:

For the year ended December 31	2018
Amortization expense	$ 125
Interest income	$ 1
Interest expense	$ 72
Recovery of income taxes	$ 8

c) Investments in joint ventures and associates – equity-accounted

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

d) Onex Corporation investments in managed accounts

Long-term investments consisted of securities that included money market instruments, federal and municipal debt instruments, corporate obligations and structured products with maturities of one year to five years. Short-term investments consisted of liquid investments that included money market instruments and commercial paper with original maturities of three months to one year. The investments were managed to maintain an overall weighted average duration of two years or less. At December 31, 2018, the fair value of investments managed by third-party investment managers was $274, of which $60 was included in short-term investments and $214 was included in long-term investments.

e) Other long-term investments

At December 31, 2018, the balance consisted primarily of Onex' investment in RSG, as described in note 29(g), forward contracts to economically hedge the Company's exposure to changes in the market value of Onex' SVS associated with the outstanding DSUs and long-term investments held by certain operating companies.

37. OTHER NON-CURRENT ASSETS – 2018

Other non-current assets at December 31, 2018 comprised the following:

	December 31, 2018
Deferred income taxes (note 45)	$ 164
Defined benefit pensions (note 57)	152
Restricted cash	46
Derivatives	23
Other	231
Total	$ 616

38. GOODWILL AND INTANGIBLE ASSETS – 2018

During 2018, goodwill and intangible assets comprised the following:

	Goodwill	Trademarks and Licenses	Customer Relationships	Computer Software	Other Intangible Assets with Limited Life[i]	Other Intangible Assets with Indefinite Life	Total Intangible Assets
As at December 31, 2017							
Cost	$ 8,719	$ 2,167	$ 4,911	$ 1,020	$ 2,892	$ 246	$ 11,236
Accumulated amortization and impairments	(496)	(104)	(1,887)	(629)	(729)	–	(3,349)
Net book amount[ii]	$ 8,223	$ 2,063	$ 3,024	$ 391	$ 2,163	$ 246	$ 7,887
Year ended December 31, 2018							
Opening net book amount	$ 8,223	$ 2,063	$ 3,024	$ 391	$ 2,163	$ 246	$ 7,887
Additions	–	–	–	98	18	–	116
Disposals	(2)	–	(5)	(1)	–	–	(6)
Amortization charge	–	(24)	(411)	(116)	(192)	–	(743)
Amortization charge (discontinued operation)	–	(4)	(7)	(7)	(1)	–	(19)
Acquisition of subsidiaries	1,251	230	1,134	25	34	6	1,429
Disposition of subsidiaries	(249)	(2)	(6)	(14)	(27)	–	(49)
Operating company no longer under control	(72)	–	(3)	–	(3)	–	(6)
Transfer to discontinued operations	(371)	(47)	(85)	(12)	(3)	(227)	(374)
Impairment charge	(424)	(24)	(57)	–	(6)	–	(87)
Foreign exchange	(143)	(29)	(53)	–	(19)	(1)	(102)
Other	–	–	–	2	–	–	2
Closing net book amount	$ 8,213	$ 2,163	$ 3,531	$ 366	$ 1,964	$ 24	$ 8,048
As at December 31, 2018							
Cost	$ 8,967	$ 2,288	$ 5,820	$ 1,061	$ 2,849	$ 24	$ 12,042
Accumulated amortization and impairments	(754)	(125)	(2,289)	(695)	(885)	–	(3,994)
Net book amount[ii]	$ 8,213	$ 2,163	$ 3,531	$ 366	$ 1,964	$ 24	$ 8,048

(i) At December 31, 2018, the information databases and content collections had a cost of $1,726 and accumulated amortization of $234.

(ii) At December 31, 2018, trademarks, licenses and customer relationships included amounts determined to have indefinite useful lives of $1,735.

Additions to goodwill and intangible assets primarily arose through business combinations (note 30). Additions to intangible assets through internal development were $74 and those acquired separately were $42. Included in the net book value of intangible assets at December 31, 2018 were $188 of internally generated intangible assets.

39. PROVISIONS – 2018

At December 31, 2018, the Company had an accounts receivable provision of $107 and an inventory provision of $102, which were presented as contra assets in the consolidated balance sheet.

During the year ended December 31, 2018, Onex' operating companies applied the simplified approach to measure expected credit losses, as permitted by IFRS 9, which uses a lifetime expected loss allowance for all accounts receivable. To measure the expected credit losses, accounts receivable were grouped based on days past due and assigned a weighted average provision rate based on the individual operating companies' historical credit loss experience, adjusted to reflect current and forward-looking information.

Inventory provisions were established by the operating companies for any excess, obsolete or slow-moving items at December 31, 2018. A summary of provisions presented as liabilities in the December 31, 2018 consolidated balance sheet is presented below.

	Restructuring[a]	Self-Insurance[b]	Warranty[c]	Other[d]	Total
Current portion of provisions	$ 42	$ 55	$ 32	$ 22	$ 151
Non-current portion of provisions	10	92	8	52	162
Balance – December 31, 2018	$ 52	$ 147	$ 40	$ 74	$ 313

a) Restructuring provisions were typically to provide for the costs of facility consolidations and workforce reductions incurred at the operating companies.

The operating companies recorded restructuring provisions relating to employee terminations, contractual lease obligations and other exit costs when the liability was incurred. The recognition of these provisions required management to make certain judgements regarding the nature, timing and amounts associated with the planned restructuring activities, including estimating sublease income and the net recovery from equipment to be disposed of. At the end of 2018, the operating companies evaluated the appropriateness of the remaining accrued balances.

The closing balance of restructuring provisions at December 31, 2018 comprised the following:

As at December 31	2018
Employee termination costs	$ 40
Lease and other contractual obligations	10
Facility exit costs and other	2
Total restructuring provisions	$ 52

b) Self-insurance provisions were established by the operating companies for automobile, workers' compensation, healthcare coverage, general liability, professional liability and other claims. Provisions were established for claims based on an assessment of actual claims and claims incurred but not reported. The reserves may have been established based on consultation with independent third-party actuaries using actuarial principles and assumptions that consider a number of factors, including historical claim payment patterns and changes in case reserves, and the assumed rate of inflation in healthcare costs and property damage repairs.

c) Warranty provisions were established by the operating companies for warranties offered on the sale of products or services. Warranty provisions were established to provide for future warranty costs based on management's best estimate of probable claims under these warranties at December 31, 2018.

d) Other included legal, transition and integration, asset retirement and other provisions. Transition and integration provisions were typically recorded to provide for the costs of transitioning the activities of an operating company from a prior parent company upon acquisition and to integrate new acquisitions at the operating companies.

40. LONG-TERM DEBT, WITHOUT RECOURSE TO ONEX CORPORATION – 2018

Long-term debt at December 31, 2018, without recourse to Onex Corporation, comprised the following:

	December 31, 2018
Carestream Health[a]	$ 1,168
Celestica[b]	753
Clarivate Analytics[c]	2,030
Credit Strategies – CLOs[d]	7,811
Credit Strategies – Lending Partners[e]	616
Emerald Expositions[f]	564
Jack's[g]	227
KidsFoundation[h]	119
Meridian Aviation[i]	89
Parkdean Resorts[j]	971
Save-A-Lot[k]	747
SCP Health[l]	645
sgsco[m]	690
SIG[n]	1,806
SMG[o]	547
Survitec[p]	574
WireCo[q]	636
York[r]	963
ONCAP operating companies[s]	1,455
Other[t]	173
Long-term debt	22,584
Less: financing charges	(240)
	22,344
Current portion of long-term debt of operating companies	(879)
Consolidated long-term debt of operating companies	$ 21,465

Onex Corporation does not guarantee the debt of its operating companies, nor were there any cross-guarantees between operating companies. Onex Corporation held debt as part of its investment in certain operating companies, which, with the exception of SMG, was excluded from the tables that follow.

The financing arrangements for each operating company typically contained certain restrictive covenants, which may have included limitations or prohibitions on additional indebtedness, payment of cash dividends, redemption of capital, capital spending, making of investments and acquisitions and sales of assets. The financing arrangements may have also required the redemption of indebtedness in the event of a change of control of an operating company. In addition, certain financial covenants must have been met by those operating companies that had outstanding debt. Future changes in business conditions of an operating company may have resulted in non-compliance with certain covenants by that company.

No adjustments to the carrying amount or classification of assets or liabilities of any operating company were made in the consolidated financial statements with respect to any possible non-compliance.

a) Carestream Health

As at December 31, 2018	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding
First lien term loan	$ 754	LIBOR + up to 5.75%	Floor 1.00%	Feb 2021	$ 754
Second lien term loan	369	LIBOR + 9.50%	Floor 1.00%	Jun 2021	369
Revolving credit facility	132	LIBOR + 5.50%	Floor 1.00%	Feb 2021	–
Other	n/a	n/a	n/a	n/a	33
Long-term debt					1,156
Unamortized discount and other					12
Long-term debt, net of unamortized discount and other					$ 1,168

Substantially all of Carestream Health's assets were pledged as collateral under the credit facility.

b) Celestica

As at December 31, 2018	Size of facility	Interest rate	Maturity	Gross principal outstanding
Term loan	$ 350	LIBOR + 2.13%	Jun 2025	$ 348
Term loan	250	LIBOR + 2.50%	Jun 2025	250
Revolving credit facility[i]	450	Base rate + up to 2.50%[ii]	Jun 2023	159
Long-term debt				757
Unamortized discount				(4)
Long-term debt, net of unamortized discount				$ 753

(i) The revolving credit facility had an accordion feature that allowed the company to increase the credit limit by a specified amount, plus an unlimited amount to the extent that a specified leverage ratio did not exceed certain limits, in each case upon satisfaction of certain terms and conditions. Celestica had pledged certain assets as security for borrowings under its revolving credit facility.

(ii) Margin varied depending on the company's leverage ratio.

The company had entered into interest rate swap agreements with notional amounts totalling $350 that swapped the variable rate portion of the term loans for a fixed rate through August 2023 and December 2023.

Celestica also had uncommitted bank overdraft facilities available for intraday and overnight operating requirements that totalled $133 at December 31, 2018.

c) Clarivate Analytics

As at December 31, 2018	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding
First lien term loan	$ 1,550	LIBOR + 3.25%	Floor 1.00%	Oct 2023	$ 1,484
Senior unsecured notes[i]	500	7.875%	n/a	Oct 2024	500
Revolving credit facility	175	LIBOR + up to 3.25%[ii]	n/a	Oct 2023	45
Long-term debt					2,029
Unamortized discount					(4)
Embedded derivative					5
Long-term debt, net of unamortized discount					$ 2,030

Substantially all of Clarivate Analytics' assets were pledged as collateral under the senior secured credit facility.

(i) Interest on the senior unsecured notes was payable semi-annually. The senior unsecured notes included an option for the company to redeem the notes at any time at various premiums above face value.

(ii) Margin varied depending on the company's leverage ratio.

In connection with the senior secured credit facility, the company had entered into a series of interest rate swap agreements with initial notional amounts of $350 that swapped the variable rate portion of the first lien term loan for fixed rates through March 2021.

d) Credit Strategies – CLOs

At December 31, 2018, the CLOs had notional secured notes and loans, subordinated notes and equity outstanding as follows:

	Closing date	As at December 31, 2018
CLO-4	October 2013	$ 621
CLO-5	March 2014	420
CLO-6	June 2014	1,020
CLO-7	November 2014	561
CLO-8	April 2015	764
CLO-9	July 2015	758
CLO-10	October 2015	512
CLO-11	May 2016	502
CLO-12	October 2016	558
CLO-13	July 2017	610
CLO-14	December 2017	611
CLO-15	June 2018	614
EURO CLO-1	May 2017	407
EURO CLO-2	December 2017	494
		8,452
Onex' investment at notional amounts		(762)
Total		$ 7,690

The secured notes and loans and subordinated notes bore interest at a rate of LIBOR plus a margin and matured between April 2027 and January 2032. During 2018, the secured notes and loans, subordinated notes and equity of the CLOs were accounted for at fair value through net earnings (loss). At December 31, 2018, the fair value of the secured notes, subordinated notes and equity held by investors other than Onex was $7,506. In addition, CLO warehouse facilities had $305 outstanding at December 31, 2018.

The notes and loans of CLOs were secured by, and only had recourse to, the assets of each respective CLO. The notes and loans were subject to redemption provisions, including mandatory redemption if certain coverage tests were not met by each respective CLO. Optional redemption of the notes was available at certain periods and optional repricing of the notes was available subject to certain customary terms and conditions being met by each respective CLO.

e) Credit Strategies – Lending Partners

OCLP I

As at December 31, 2018	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding
Asset backed financing facility[i]	$ 700	Base rate + up to 2.50%	Floor 0.00%	Aug 2022	$ 478
Revolving credit facility[ii]	138	LIBOR + 1.65%	Floor 0.00%	Jun 2020[iii]	138
Long-term debt					$ 616

(i) The asset backed financing facility was available to finance investments in the asset portfolio of OCLP I and for other permitted uses, and was secured by, among other things, a portion of the asset portfolio of OCLP I.

(ii) The revolving credit facility was secured by, among other things, the uncalled capital committed by the limited partners of OCLP I. Onex Corporation, the parent company, was only obligated to fund capital calls based on its proportionate share as a limited partner in OCLP I.

(iii) The maturity date was subject to an option to extend the maturity date for up to 364 days upon satisfaction of certain conditions.

f) Emerald Expositions

As at December 31, 2018	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding
Term loan	$ 565	LIBOR + up to 2.75%[i]	n/a	May 2024	$ 537
Revolving credit facility	150	LIBOR + up to 2.75%[i]	n/a	May 2022	40
Long-term debt					577
Unamortized discount and other					(13)
Long-term debt, net of unamortized discount and other					$ 564

Substantially all of Emerald Expositions' assets were pledged as collateral under the credit facility.

(i) Margin varied depending on the company's leverage ratio.

g) Jack's

As at December 31, 2018	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding
Term loan	$ 275	LIBOR + up to 3.50%[i]	Floor 1.00%	Apr 2024	$ 239
Revolving credit facility	30	LIBOR + up to 3.50%[i]	Floor 0.00%	Apr 2022	–
Long-term debt					239
Unamortized discount and other					(12)
Long-term debt, net of unamortized discount and other					$ 227

Substantially all of Jack's assets, excluding specified real property owned by Jack's, were pledged as collateral under the senior secured credit facility.

(i) Margin varied depending on the company's leverage ratio.

In connection with the credit facility, the company had entered into an interest rate swap agreement with a notional amount of $81 that swapped the variable rate portion for a fixed rate through June 2020.

h) KidsFoundation

As at December 31, 2018	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding	
Term loan	€ 90	EURIBOR + up to 7.75%[i]	Floor 0.00%	Nov 2025	$ 103	€ 90
Acquisition facility	€ 75	EURIBOR + up to 7.75%[i]	Floor 0.00%	Nov 2025	16	14
Long-term debt					$ 119	€ 104

(i) Margin varied depending on the company's leverage ratio.

i) Meridian Aviation

As at December 31, 2018	Size of facility	Interest rate	Maturity	Gross principal outstanding
Revolving credit facility	$ 150	LIBOR + 1.50%	Nov 2019	$ 89
Long-term debt				$ 89

j) Parkdean Resorts

As at December 31, 2018	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding	
First lien term loan	£ 575	LIBOR + up to 4.25%[i]	Floor 0.00%	Mar 2024	$ 714	£ 558
Second lien term loan	£ 150	LIBOR + 8.50%	Floor 1.00%	Mar 2025	192	150
Revolving credit facility	£ 100	LIBOR + up to 3.25%[i]	n/a	Mar 2023	–	–
Preference shares	n/a	n/a	n/a	n/a	49	39
Other	n/a	n/a	n/a	n/a	16	12
Long-term debt					$ 971	£ 759

Substantially all of Parkdean Resorts' assets were pledged as collateral under the senior secured credit facility.

(i) Margin varied depending on the company's leverage ratio.

In connection with the secured credit facility, the company had entered into two interest rate swap agreements with notional amounts totalling £500 that swapped the variable rate portion of the first lien term loan for fixed rates through May 2021.

k) Save-A-Lot

As at December 31, 2018	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding
Term loan	$ 740	LIBOR + 6.00%	Floor 1.00%	Dec 2023	$ 727
Revolving credit facility	250	LIBOR + up to 2.00%[i]	n/a	Dec 2021	36
Long-term debt					763
Unamortized discount					(16)
Long-term debt, net of unamortized discount					$ 747

Substantially all of Save-A-Lot's assets were pledged as collateral under the senior secured credit facility.

(i) Margin was determined based on the amount available under the revolving credit facility. Interest rate at a base rate plus a margin of 0.50% may have applied.

In connection with the senior secured credit facility, the company had entered into an interest rate swap agreement with a notional amount of $445 that swapped the variable rate portion of the term loan for a fixed rate through March 2021.

l) SCP Health

As at December 31, 2018	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding
First lien term loan	$ 530	LIBOR + 4.00%	Floor 1.00%	Jul 2022	$ 506
Second lien term loan	135	LIBOR + 8.50%	Floor 1.00%	Jul 2023	135
First lien revolving loan	75	LIBOR + up to 4.00%[i][ii]	Floor 0.00%	Jul 2020	–
Other	n/a	n/a	n/a	n/a	4
Long-term debt					$ 645

Substantially all of SCP Health's assets were pledged as collateral under the senior secured credit facility.

(i) Interest rate at an alternative base rate plus a margin of 3.00% may have applied.

(ii) Margin varied depending on the company's leverage ratio.

m) sgsco

As at December 31, 2018	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding
First lien and delayed draw term loans	$ 575	LIBOR + up to 3.25%[i]	Floor 0.00%	Dec 2022	$ 569
Second lien term loan	105	LIBOR + up to 7.50%[i]	Floor 0.00%	Dec 2023	105
Revolving credit facility	75	LIBOR + up to 3.25%[i]	Floor 0.00%	Mar 2022	18
Long-term debt					692
Unamortized discount					(2)
Long-term debt, net of unamortized discount					$ 690

Substantially all of sgsco's assets were pledged as collateral under the credit agreement.

(i) Margin varied depending on the company's leverage ratio.

In connection with the secured credit facility, the company had entered into an interest rate swap agreement with a notional amount of $340 that swaps the variable rate portion of the first lien term and delayed draw term loans for fixed rates through December 2020.

n) SIG

As at December 31, 2018	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding	
Term loan	€ 1,250	EURIBOR + 2.00%	Floor 0.00%	Oct 2023	$ 1,422	€ 1,242
Term loan	€ 350	EURIBOR + 2.50%	Floor 0.00%	Oct 2025	400	350
Revolving credit facility	€ 300	EURIBOR + 1.75%	Floor 0.00%	Oct 2023	–	–
Long-term debt					1,822	1,592
Unamortized discount					(16)	(14)
Long-term debt, net of unamortized discount					$ 1,806	€ 1,578

In connection with the senior secured credit facility, the company had entered into an interest rate swap agreement with a notional amount of €800 that swapped the variable rate portion of the term loan maturing in October 2023 for fixed rates through December 2021.

o) SMG

As at December 31, 2018	Size of facility	Interest rate	Maturity	Gross principal outstanding
First lien term loan	$ 415	LIBOR + up to 3.25%[i]	Jan 2025	$ 412
Second lien term loan	180	LIBOR + up to 7.00%[i]	Jan 2026	180
Revolving credit facility	55	LIBOR + up to 3.25%[i]	Jan 2023	–
Long-term debt				592
Unamortized discount				(1)
Long-term debt, net of unamortized discount				591
Second lien term loan held by the Company				(44)
Long-term debt, net of unamortized discount and second lien term loan held by the Company				$ 547

Substantially all of SMG's assets were pledged as collateral under the senior secured credit facility.

(i) Margin varied depending on the company's leverage ratio.

In connection with the senior secured credit facility, the company had entered into two interest rate swap agreements with notional amounts totalling $177 that swapped the variable rate portion of the first lien term loan for a fixed rate through December 2021.

p) Survitec

As at December 31, 2018	Size of facility	Interest rate	Maturity	Gross principal outstanding	
Term loan[i]	€ 175	EURIBOR + up to 4.75%[ii]	Mar 2022	$ 200	£ 156
Term loan	£ 140	LIBOR + up to 5.25%[ii]	Mar 2022	179	140
Term loan[i]	€ 133	EURIBOR + up to 4.75%[ii]	Mar 2022	152	119
Revolving credit facility	£ 50	LIBOR + up to 4.50%[ii]	Mar 2021	20	16
Acquisition facility	£ 30	LIBOR + up to 4.50%[ii]	Mar 2021	18	14
Other	n/a	n/a	n/a	5	4
Long-term debt				$ 574	£ 449

Substantially all of Survitec's assets were pledged as collateral under the senior secured credit facility.

(i) At December 31, 2018, €308 was outstanding under the euro-denominated term loans.

(ii) Margin varied depending on the company's leverage ratio.

In connection with the senior secured credit facility, the company had entered into a series of interest rate swap agreements that swapped the variable rate portion for fixed rates through June 2020. The agreements had notional amounts of £106 for the pound sterling-denominated term loan and €149 for the euro-denominated term loan, decreasing to £63 for the pound sterling-denominated term loan and €88 for the euro-denominated term loan from June 2019 through June 2020.

q) WireCo

As at December 31, 2018	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding
First lien term loan	$ 460	LIBOR + 5.00%	Floor 1.00%	Sep 2023	$ 450
Second lien term loan	135	LIBOR + 9.00%	Floor 1.00%	Sep 2024	135
Revolving credit facility	100	LIBOR + up to 2.25%	Floor 0.00%	Sep 2021	51
Other	n/a	n/a	n/a	n/a	5
Long-term debt					641
Unamortized discount					(5)
Long-term debt, net of unamortized discount					$ 636

Substantially all of WireCo's assets were pledged as collateral under the senior secured credit facility.

r) York

As at December 31, 2018	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding
First lien and delayed draw term loans	$ 665	LIBOR + 3.75%	Floor 1.00%	Oct 2021	$ 638
Senior unsecured notes	315	8.50%	n/a	Oct 2022	315
Revolving credit facility	95	LIBOR + up to 3.75%[i]	n/a	Jul 2021	20
Long-term debt					973
Unamortized discount					(2)
Unamortized embedded derivatives					(8)
Long-term debt, net of unamortized discount and embedded derivatives					$ 963

Substantially all of York's assets were pledged as collateral under the senior secured credit facility.

(i) Margin varied depending on the company's leverage ratio.

In connection with the senior secured credit facility, the company had entered into two interest rate swap agreements with notional amounts totalling $300 that swapped the variable rate portion of the first lien term loan for fixed rates through December 2019.

s) ONCAP operating companies

During 2018, ONCAP's consolidated operating companies consisted of AutoSource (acquired in May 2018), Bradshaw, Chatters, Davis-Standard, EnGlobe, Hopkins, IntraPac, Laces, Precision (acquired in August 2018), PURE Canadian Gaming and Walter Surface Technologies (acquired in September 2018). Each had debt that was included in the Company's consolidated financial statements at December 31, 2018. There were separate arrangements for each operating company with no cross-guarantees between the operating companies, ONCAP or Onex Corporation.

Under the terms of the various credit agreements, combined borrowings at December 31, 2018 were as follows:

As at December 31, 2018	Effective interest rates[i]	Maturity	Gross principal outstanding
Term borrowings	5.23% to 10.54%	2021 to 2026	$ 1,350
Revolving credit facilities	4.47% to 8.75%	2020 to 2024	71
Subordinated notes	8.00% to 17.00%	2022 to 2023	31
Other	n/a	n/a	3
Long-term debt			$ 1,455

Senior debt was generally secured by substantially all of the assets of the respective operating company.

(i) Represents the effective interest rates as at December 31, 2018. The term borrowings and revolving credit facilities bore interest at various rates based on a base floating rate plus a margin. The subordinated notes bore interest at various fixed rates.

t) Other

ONCAP III

In December 2011, ONCAP III entered into a C$75 credit facility that consisted of a C$50 line of credit and a C$25 deemed credit risk facility. In September 2016, ONCAP III discharged the C$50 line of credit facility and increased the deemed credit risk facility to C$36. The deemed credit risk facility was available to ONCAP III and its operating companies for foreign exchange transactions, including foreign exchange options, forwards and swaps. Borrowings under the credit facility were limited to the lesser of the amount available under the deemed credit facility, 80% of the aggregate amount of uncalled capital in the fund and the maximum amount of obligations permitted under the partnership agreement. Borrowings under the credit facility were due and payable upon demand; however, ONCAP III had 15 business days to complete a capital call to the limited partners of ONCAP III to fund the demand. Onex Corporation, the ultimate parent company, was only obligated with respect to borrowings under the credit facility based on its proportionate share as a limited partner in ONCAP III.

At December 31, 2018, the amount available under the deemed risk facility was C$36.

ONCAP IV

In January 2017, ONCAP IV entered into a $100 credit facility. The credit facility was available to finance ONCAP IV capital calls, bridge investments in ONCAP IV operating companies and to finance other uses permitted by ONCAP IV's limited partnership agreement. The credit facility included a deemed credit risk maximum of $35 available to ONCAP IV and its operating companies for foreign exchange transactions, including foreign exchange options, forwards and swaps. Amounts under the credit facility were available in Canadian and U.S. dollars. Borrowings drawn on the credit facility bore interest at a base rate plus a margin of 1.00% or bankers' acceptance rate (subject to a floor of 0.00%) plus a margin of 3.75%. The base rate and bankers' acceptance rate varied based on the currency of the borrowings. Borrowings under the credit facility were due and payable upon demand; however, ONCAP IV had 15 business days to complete a capital call to the limited partners of ONCAP IV. Onex Corporation, the parent company, was only obligated with respect to borrowings under the credit facility based on its proportionate share as a limited partner in ONCAP IV.

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

Onex Partners V

In December 2017 and January 2018, Onex Partners V entered into a $997 revolving credit facility. The limited partners of Onex Partners V could elect to participate in the credit facility at the time of their commitment. Of the aggregate commitments to Onex Partners V, 46% 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 was 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 were 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 were 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 bore 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 was available but unused.

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

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

Onex Partners IV

In January 2018, the Onex Partners IV Group entered into a revolving credit facility, as described in note 29(a). At December 31, 2018, $44 was outstanding under the revolving credit facility.

In October 2018, the Onex Partners IV Group entered into a second revolving credit facility, as described in note 29(l). At December 31, 2018, $65 was outstanding under this revolving credit facility.

41. LEASES – 2018

a) The Company as lessee

Obligations under finance leases, without recourse to Onex Corporation, were included in other current and non-current liabilities in the December 31, 2018 consolidated balance sheet. Operating lease expense for the year ended December 31, 2018 was $329 and primarily related to premises. Finance leases at December 31, 2018 included minimum lease payments under Parkdean Resorts' long-dated sale-leaseback transactions.

b) The Company as lessor

During 2018, certain of the operating companies leased out their investment properties, machinery and/or equipment under operating leases.

Contingent rents recognized as an expense for lessees and as income for lessors were not significant to the Company's results for the year ended December 31, 2018.

42. LIABILITIES AND ASSETS ARISING FROM FINANCING ACTIVITIES – 2018

The following tables provide an analysis of liabilities and assets arising from financing activities and include amounts from discontinued operations.

	As at December 31, 2018
Principal balance of debt and finance leases outstanding	$ 23,207
Hedging instruments	3
Accrued and imputed interest	113
Financing charges	(252)
Original issue discount on debt	(64)
Embedded derivatives	(3)
Cumulative change in fair value	(208)
Net financing obligations	$ 22,796

	Long-Term Debt	Finance Leases	Gross Financing Obligations	Hedging Instruments	Net Financing Obligations
Balance – January 1, 2018	$ 22,169	$ 392	$ 22,561	$ 87	$ 22,474
Issuance of new debt	5,851	–	5,851	–	5,851
Finance lease additions	–	30	30	–	30
Issuance of obligations associated with acquisitions	1,018	9	1,027	–	1,027
Repayment of existing debt on refinancing	(2,918)	–	(2,918)	–	(2,918)
Settlement of obligations associated with dispositions	(143)	(5)	(148)	–	(148)
Obligations of operating company no longer controlled	(173)	(1)	(174)	–	(174)
Repayment of non-revolving obligations	(3,201)	(27)	(3,228)	–	(3,228)
Net draw of revolving credit facilities	636	–	636	–	636
Original issue discounts and payment of financing charges	(152)	–	(152)	–	(152)
Cash interest paid	(1,192)	(12)	(1,204)	–	(1,204)
Transfer to discontinued operations	(378)	(27)	(405)	–	(405)
Interest accrued	1,215	13	1,228	–	1,228
Amortization of original issue discounts and financing charges	171	–	171	–	171
Change in fair value	(206)	–	(206)	(22)	(184)
Foreign exchange	(332)	(18)	(350)	(1)	(349)
Other	77	(3)	74	(67)	141
Balance – December 31, 2018	$ 22,442	$ 351	$ 22,793	$ (3)	$ 22,796

43. LIMITED PARTNERS' INTERESTS – 2018

The investments in the Onex Partners, ONCAP, Onex Credit Lending Partners and Onex Credit Funds by those other than Onex were presented within Limited Partners' Interests in the December 31, 2018 consolidated balance sheet. Details of the change in Limited Partners' Interests were as follows:

	Onex Partners and ONCAP Funds			Credit Strategies	Total
	Gross Limited Partners' Interests	Carried Interest	Net Limited Partners' Interests	Net Limited Partners' Interests[i]	
Balance – December 31, 2017	$ 8,027	$ (464)	$ 7,563	$ 461	$ 8,024
Limited Partners' Interests charge (recovery)[a]	(808)	93	(715)	1	(714)
Contributions by Limited Partners[b]	1,465	–	1,465	131	1,596
Distributions paid to Limited Partners[c]	(1,228)	94	(1,134)	(93)	(1,227)
Balance – December 31, 2018	7,456	(277)	7,179	500	7,679
Current portion of Limited Partners' Interests[d]	(641)	98	(543)	(17)	(560)
Non-current portion of Limited Partners' Interests	$ 6,815	$ (179)	$ 6,636	$ 483	$ 7,119

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

a) The gross Limited Partners' Interests recovery for the year ended December 31, 2018 for the Onex Partners and ONCAP Funds was primarily due to net fair value decreases of the underlying investments in the Onex Partners and ONCAP Funds. Onex' share of the change in carried interest was a decrease of $38 for the year ended December 31, 2018.

b) The following table shows contributions by limited partners of the Onex Partners and ONCAP Funds during the year ended December 31, 2018.

Company	Fund	Transaction	Year ended December 31, 2018
PowerSchool	Onex Partners IV	Original investment	$ 589
SMG	Onex Partners IV	Original investment	290
Ryan	Onex Partners IV	Original investment	180
Walter Surface Technologies	ONCAP IV	Original investment	82
KidsFoundation	Onex Partners IV and V	Original investment	75
Precision	ONCAP IV	Original investment	67
Laces[i]	ONCAP IV	Original investment	60
AutoSource	ONCAP IV	Original investment	25
Wyse	ONCAP IV	Original investment	16
Management fees, partnership expenses and other	Various	Various	81
Contributions by Limited Partners			$ 1,465

(i) Contributions received were used to repay borrowings under the ONCAP IV credit facility, as described in note 40(t).

c) The following table shows distributions made to limited partners of the Onex Partners and ONCAP Funds during the year ended December 31, 2018.

Company	Fund	Transaction	Year ended December 31, 2018
SIG[i]	Onex Partners IV	Initial public offering	$ 331
Mavis Discount Tire[i]	ONCAP III	Sale of business	311
Tecta	ONCAP III and IV	Sale of business	237
Emerald Expositions	Onex Partners III	Secondary offering and dividends	93
Parkdean Resorts[i]	Onex Partners IV	Repayment of loan note	52
Pinnacle Renewable Energy	ONCAP II	Repayment of shareholder subordinated debt, secondary offering and dividend	25
BBAM	Onex Partners III	Distributions	23
PURE Canadian Gaming	ONCAP II and III	Distribution	20
Meridian Aviation	Onex Partners III	Distribution	15
Other	Various	Various	27
Distributions to Limited Partners			$ 1,134

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

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

44. OTHER NON-CURRENT LIABILITIES – 2018

Other non-current liabilities at December 31, 2018 comprised the following:

	December 31, 2018
Defined benefit pensions and non-pension post-retirement benefits (note 57)	$ 355
Stock-based compensation[a]	342
Obligations under capital leases	337
Contract liabilities and other deferred items	198
Unrealized carried interest due to Onex and ONCAP management[b]	136
Other[c]	247
Total other non-current liabilities	$ 1,615

a) At December 31, 2018, the stock-based compensation liability consisted of $364 for the stock-based compensation plans at the parent company. At December 31, 2018, $22 related to the parent company stock-based compensation liability was recorded in other current liabilities. Included in long-term investments (note 36) was $72 related to forward agreements to economically hedge the Company's exposure to changes in the trading price of Onex shares associated with the Management and Director DSU Plans.

b) Unrealized carried interest due to management of Onex and ONCAP through the Onex Partners and ONCAP Funds was recognized primarily as a non-current liability and reduced the Limited Partners Interests' liability, as described in note 43. At December 31, 2018, $59 of unrealized carried interest was recorded in other current liabilities. The unrealized carried interest was calculated based on the fair values of the Funds' investments and the overall unrealized gains in each respective Fund in accordance with the limited partnership agreements.

c) Other included amounts for liabilities that arose from contingent consideration, indemnifications, embedded derivatives on long-term debt, mark-to-market valuations of hedge contracts and shareholder loan notes.

45. INCOME TAXES – 2018

The reconciliation of statutory income tax rates to the Company's effective tax rate for the year ended December 31, 2018 was as follows:

	Year ended December 31, 2018
Income tax recovery at statutory rate	$ (201)
Changes related to:	
Non-deductible expenses	335
Unbenefited tax losses	280
Foreign exchange	4
Non-taxable gains	(172)
Recognition and utilization of tax loss carryforwards not previously benefited	(69)
Non-taxable dividends	(59)
Income tax rate differential of operating companies	(52)
Limited Partners' Interests	(21)
Other, including permanent differences	44
Provision for income taxes	$ 89
Classified as:	
Current	248
Deferred	(159)
Provision for income taxes	$ 89

The Company's deferred income tax assets and liabilities, as presented in the December 31, 2018 consolidated balance sheet and in other non-current assets (note 37), were presented after taking into consideration the offsetting of balances within the same tax jurisdiction for each respective operating company. Deferred income tax assets and liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, comprised the following:

Deferred Income Tax Assets	Scientific Research and Development	Provisions	Deferred Revenue	Tax Losses	Property, Plant and Equipment, and Intangibles	Other	Total
Balance – December 31, 2017	$ 3	$ 149	$ 24	$ 209	$ 60	$ 233	$ 678
Credited (charged) to net earnings	–	(6)	7	4	(3)	(20)	(18)
Credited (charged) to net earnings (discontinued operations)	–	–	–	–	(1)	3	2
Charged directly to equity	–	(1)	–	(10)	–	(4)	(15)
Exchange differences	–	–	(1)	(4)	(2)	(7)	(14)
Acquisition of subsidiaries	–	–	–	64	–	7	71
Disposition of subsidiaries	–	–	–	(1)	–	(2)	(3)
Operating company no longer controlled	–	(1)	–	(19)	–	(1)	(21)
Transfer to discontinued operations	–	(22)	–	(2)	–	(15)	(39)
Other adjustments	–	–	(1)	–	–	(2)	(3)
Balance – December 31, 2018	$ 3	$ 119	$ 29	$ 241	$ 54	$ 192	$ 638

Deferred Income Tax Liabilities	Gains on Sales of Operating Companies	Pension and Non-Pension Post-Retirement Benefits	Property, Plant and Equipment, and Intangibles	Foreign Exchange	Other	Total
Balance – December 31, 2017	$ 11	$ 36	$ 1,470	$ 25	$ 165	$ 1,707
Charged (credited) to net earnings	1	–	(120)	(6)	(52)	(177)
Charged (credited) to net earnings (discontinued operations)	–	–	(7)	8	–	1
Charged directly to equity	–	(10)	(1)	–	(1)	(12)
Exchange differences	–	(1)	(37)	(2)	(2)	(42)
Acquisition of subsidiaries	–	–	235	–	17	252
Disposition of subsidiaries	–	–	(4)	–	(1)	(5)
Operating company no longer controlled	–	–	(18)	–	(1)	(19)
Transfer to discontinued operations	–	–	(92)	–	(13)	(105)
Other adjustments	–	(1)	–	–	13	12
Balance – December 31, 2018	$ 12	$ 24	$ 1,426	$ 25	$ 125	$ 1,612

Deferred income tax assets were recognized for tax loss carryforwards to the extent that the realization of the related tax benefit through future taxable income was probable. At December 31, 2018, deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax asset had been recognized were $6,163, of which $3,206 had no expiry, $579 was available to reduce future income taxes between 2019 and 2025, inclusive, and $2,378 was available with expiration dates of 2026 through 2038.

At December 31, 2018, the aggregate amount of taxable temporary differences not recognized in association with investments in subsidiaries, joint ventures and associates was $4,157.

46. NON-CONTROLLING INTERESTS – 2018

The Company's material non-controlling interests at December 31, 2018 were associated with Celestica, Clarivate Analytics and SIG. There were no dividends paid by Celestica, Clarivate Analytics or SIG during 2018. Summarized balance sheet information based on those amounts included in the 2018 consolidated financial statements for Celestica, Clarivate Analytics and SIG was as follows:

As at December 31, 2018	Celestica	Clarivate Analytics	SIG
Non-controlling interest	86%	28%	49%
Current assets	$ 2,824	$ 419	$ 646
Non-current assets	914	3,306	4,484
	3,738	3,725	5,130
Current liabilities	$ 1,620	$ 654	$ 697
Non-current liabilities	786	2,018	2,264
	2,406	2,672	2,961
Net assets	$ 1,332	$ 1,053	$ 2,169
Accumulated non-controlling interests	$ 1,146	$ 305	$ 1,057

Financial information in the 2018 statement of earnings for Celestica (electronics manufacturing services segment) is presented in note 58. Summarized income statement information for Clarivate Analytics and SIG for the year ended December 31, 2018 was as follows:

Year ended December 31, 2018	Clarivate Analytics	SIG
Revenue	$ 963	$ 1,974
Net loss	255	99

Summarized cash flows for Celestica, Clarivate Analytics and Emerald Expositions were as follows:

Year ended December 31, 2018	Celestica	Clarivate Analytics	SIG
Cash flows from operating activities	$ 33	$ 87	$ 531
Cash flows from (used in) financing activities	419	(152)	(264)
Cash flows from (used in) investing activities	(546)	34	(205)

47. REVENUES – 2018

During the year ended December 31, 2018, the Company's consolidated revenue included revenue from its various controlled operating businesses which had ceased to be consolidated by the Company on January 1, 2019, as described in note 1. These revenues were primarily derived from the transfer of goods and services and comprised the following:

Year ended December 31, 2018	Electronics Manufacturing Services	Healthcare Imaging	Insurance Services	Packaging Products and Services	Business and Information Services	Food Retail and Restaurants	Credit Strategies	Other	Consolidated Total
Type of revenue									
Revenue from product sales	$ 6,395	$ 1,232	$ –	$ 2,498	$ 187	$ 2,403	$ –	$ 3,115	$ 15,830
Revenue from the provision of services	238	369	790	161	1,460	55	3	2,260	5,336
Revenue from bundled product sales and services	–	–	–	–	–	2,007	–	418	2,425
Leasing revenue	–	–	3	92	–	2	–	70	167
Royalties	–	–	–	25	–	–	–	2	27
Total revenues	$ 6,633	$ 1,601	$ 793	$ 2,776	$ 1,647	$ 4,467	$ 3	$ 5,865	$ 23,785
Timing of revenue recognition									
Revenue recognized at a point in time	$ 317	$ 1,601	$ –	$ 1,983	$ 723	$ 4,465	$ –	$ 3,043	$ 12,132
Revenue recognized over time	6,316	–	793	793	924	2	3	2,822	11,653
Total revenues	$ 6,633	$ 1,601	$ 793	$ 2,776	$ 1,647	$ 4,467	$ 3	$ 5,865	$ 23,785

Contract balances

The consolidated contract assets and contract liabilities of the Company at December 31, 2018 comprised the following:

	December 31, 2018
Contract Assets	
Work in progress in advance of billing	$ 338
Costs to obtain contracts	28
Total contract assets	$ 366

	December 31, 2018
Contract Liabilities	
Customers' advanced payments	$ 1,065
Rebate programs and other	30
Total contract liabilities	$ 1,095

Contract assets primarily related to the conditional right to consideration for completed performance under contracts of certain of Onex' operating companies and incurred costs to obtain or fulfill customer contracts. Accounts receivable were recognized when the right to consideration became unconditional. Contract liabilities primarily related to payments received in advance of performance obligations under the associated contracts. Contract liabilities were recognized as revenue as those performance obligations were met.

During 2018, revenues recognized from amounts included in contract liabilities at the beginning of 2018 were $891 and revenues recognized related to performance obligations that were satisfied in previous periods were nil.

48. EXPENSES BY NATURE – 2018

The nature of expenses in cost of sales and operating expenses during the year ended December 31, 2018, which excluded amortization of property, plant and equipment, intangible assets and deferred charges, consisted of the following:

	Year ended December 31, 2018
Cost of inventory, raw materials and consumables used	$ 12,334
Employee benefit expense[i]	4,821
Professional fees	1,270
Repairs, maintenance and utilities	733
Transportation	519
Operating lease payments	329
Provisions	161
Other expenses	1,473
Total cost of sales and operating expenses	$ 21,640

(i) Employee benefit expense excluded employee costs capitalized into inventory and internally generated capital assets. Stock-based compensation was disclosed separately in the 2018 consolidated statement of earnings.

49. INTEREST EXPENSE – 2018

	Year ended December 31, 2018
Interest on long-term debt	$ 1,225
Interest on obligations under finance leases of operating companies	14
Other financing charges[i]	200
Total interest expense	$ 1,439

(i) Other included debt prepayment expense of $35.

50. STOCK-BASED COMPENSATION RECOVERY – 2018

	Year ended December 31, 2018
Parent company[a]	$ 141
Celestica	(33)
Clarivate Analytics	(13)
Other	(37)
Total stock-based compensation recovery	$ 58

a) Parent company stock-based compensation primarily related to Onex' stock option plan, as described in note 16, and the MIP, as described in note 26(f). The expense was determined based on the fair value of the liability at the end of the reporting period.

The fair value of Onex' stock option plan was determined using an option valuation model. The significant inputs into the model were the share price at December 31, 2018 of C$74.35, the exercise price of the options, the remaining life of each option issuance, the volatility of each option issuance, ranging from 16.09% to 22.43%, an average dividend yield of 0.47% and a weighted average risk-free rate of 1.88%. The volatility was measured as the historical volatility based on the remaining life of each respective option issuance.

The fair values of the MIP options were determined using an internally developed valuation model. The significant inputs into the model were the fair value of the underlying investments, the time to expected exit from each investment, a risk-free rate of 1.88% and an industry comparable historical volatility for each investment.

51. OTHER GAINS – 2018

	Year ended December 31, 2018
Gain on sale of Tecta[a]	$ 261
Gain from loss of control of Pinnacle Renewable Energy[b]	82
Total other gains	$ 343

a) In November 2018, the ONCAP III and ONCAP IV Groups sold Tecta, as described in note 29(o).

b) In February 2018, Pinnacle Renewable Energy completed an initial public offering, resulting in a gain of $82 being recognized by the Company, as described in note 29(c).

52. OTHER EXPENSE – 2018

	Year ended December 31, 2018
Losses on investments and long-term debt in credit strategies, net[a]	$ 206
Transition, integration and other[b]	146
Derivatives losses, net[c]	105
Restructuring[d]	87
Transaction costs[e]	82
Change in fair value of contingent consideration, net	(6)
Change in fair value of other investments, net	(11)
Foreign exchange gains, net[f]	(22)
Carried interest recovery due to Onex and ONCAP management[g]	(42)
Other	(28)
Total other expense	$ 517

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

b) Transition, integration and other expenses provided 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 have related to the disposition and transition of business units at the operating companies.

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

c) Derivatives losses during 2018 were primarily related to embedded derivatives associated with debt agreements and foreign exchange hedges.

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

Restructuring charges recorded at the operating companies were:

	Year ended December 31, 2018
Celestica[i]	$ 35
Carestream Health[ii]	23
Save-A-Lot[iii]	8
SIG[iv]	5
Other	16
	$ 87

i) Celestica's restructuring charge during 2018 was primarily due to workforce reductions.

ii) The charges recorded by Carestream Health during 2018 primarily related to the reorganization of certain businesses and operations.

iii) Save-A-Lot's restructuring charge during 2018 was primarily related to the reorganization of the company's logistics operations.

iv) SIG's restructuring charge during 2018 primarily related to the reorganization of certain corporate functions.

e) Transaction costs were incurred by Onex and its operating companies to complete business acquisitions, and typically included advisory, legal and other professional and consulting costs.

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

f) For the year ended December 31, 2018, foreign exchange gains were primarily due to gains recognized by SIG, partially offset by the recognition of accumulated currency translation adjustments related to the loss of control over Pinnacle Renewable Energy.

g) Carried interest recovery reflected the change in the amount of carried interest due to Onex and ONCAP management through the Onex Partners and ONCAP Funds. Unrealized carried interest was 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 was recorded primarily in other non-current liabilities and reduced the Limited Partners' Interests, as described in note 43.

During 2018, a recovery of $42 was recorded in the consolidated statement of earnings for a decrease in management's share of the carried interest primarily due to a decrease in the fair value of certain of the investments in the Onex Partners and ONCAP Funds.

53. IMPAIRMENT OF GOODWILL, INTANGIBLE ASSETS AND LONG-LIVED ASSETS, NET – 2018

	Year ended December 31, 2018
Parkdean Resorts[a]	$ 170
Save-A-Lot[b]	150
Survitec[c]	144
sgsco[d]	52
SCP Health[e]	50
Other, net	61
Total	$ 627

a) During 2018, Parkdean Resorts recorded a non-cash goodwill impairment charge of $170, measured in accordance with IAS 36, *Impairment of Assets* ("IAS 36"), primarily due to lower than expected caravan sales driven by a reduction in consumer spending in the United Kingdom, which was 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 2018, Save-A-Lot recorded a non-cash impairment charge of $150 to impair certain of its intangible assets and property, plant and equipment as a result of lower sales at certain locations due to increased competition. The impairment charge was recorded in the food retail and restaurants segment.

c) During 2018, Survitec recorded a non-cash goodwill impairment charge of $144, measured in accordance with IAS 36. The impairment was calculated on a fair value less costs of disposal basis. The recoverable amount was a Level 3 measurement in the fair value hierarchy as a result of significant unobservable inputs used in determining the recoverable amount. The impairment charge was recorded in the other segment.

d) During 2018, sgsco recorded a non-cash goodwill impairment charge of $52, measured in accordance with IAS 36, primarily due to lower sales in the United States. The impairment was calculated using the value-in-use method. The recoverable amount was a Level 3 measurement in the fair value hierarchy as a result of significant unobservable inputs used in determining the recoverable amount. The impairment charge was recorded in the packaging products and services segment.

e) During 2018, SCP Health recorded a non-cash goodwill impairment charge of $50, measured in accordance with IAS 36, 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.

The value-in-use method was used to measure the recoverable amount for substantially all of the Company's goodwill and intangible assets with indefinite useful lives. The carrying value of goodwill and intangible assets with indefinite useful lives was allocated on a segment basis in note 58.

In measuring the recoverable amounts for goodwill and intangible assets at December 31, 2018, significant estimates included the growth rate and discount rate, which ranged from 0.0% to 16.5% and 5.8% to 16.0%, respectively.

54. FINANCIAL INSTRUMENTS – 2018

Financial assets held by the Company at December 31, 2018, presented by financial statement line item, were as follows:

	Fair Value through Net Earnings (Loss)				
	Recognized	Designated	Fair Value through OCI	Amortized Cost	Total
December 31, 2018					
Assets as per balance sheet					
Cash and cash equivalents	$ 2,680	$ –	$ –	$ –	$ 2,680
Short-term investments	60	–	17	–	77
Accounts receivable	63	–	–	3,123	3,186
Other current assets	197	–	2	431	630
Long-term investments	11,603	780	32	–	12,415
Other non-current assets	78	–	4	90	172
Financial assets held by discontinued operations	27	–	–	247	274
Total	$ 14,708	$ 780	$ 55	$ 3,891[i]	$ 19,434

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

Financial liabilities held by the Company at December 31, 2018, presented by financial statement line item, were as follows:

	Fair Value through Net Earnings (Loss)			
	Recognized	Designated	Amortized Cost	Total
December 31, 2018				
Liabilities as per balance sheet				
Accounts payable and accrued liabilities	$ –	$ –	$ 4,057	$ 4,057
Other current liabilities	96	–	295	391
Long-term debt[i]	–	7,506	15,078	22,584
Obligations under finance leases	–	–	351	351
Other non-current liabilities	176	21	151	348
Limited Partners' Interests	–	7,679	–	7,679
Financial liabilities held by discontinued operations	1	–	602	603
Total	$ 273	$ 15,206	$ 20,534	$ 36,013

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

Long-term debt recorded at fair value through net earnings (loss) at December 31, 2018 had contractual amounts due on maturity of $7,690.

The gains (losses) recognized by the Company related to financial assets and liabilities during the year ended December 31, 2018 were as follows:

	Year ended December 31, 2018	
	Earnings (Loss)	Comprehensive Loss[i]
Fair value through net earnings[a]	$ 166	$ n/a
Fair value through OCI		
Fair value adjustments	n/a	(4)
Interest income	1	n/a
Financial assets at amortized cost		
Provisions and other	(39)	n/a
Financial liabilities at amortized cost		
Interest expense	(1,439)	n/a
Other	1	n/a
Total net losses recognized	$ (1,310)	$ (4)

(i) Amounts recognized in comprehensive earnings (loss) were presented gross of the income tax effect.

a) During the year ended December 31, 2018, earnings from financial assets and liabilities recorded at fair value through net earnings (loss) primarily consisted of a Limited Partners' Interests recovery of $714, a carried interest recovery of $42 and a decrease in value of investments in joint ventures and associates at fair value of $585.

55. FAIR VALUE MEASUREMENTS – 2018

Fair values of financial instruments

The estimated fair values of financial instruments as at December 31, 2018 were based on relevant market prices and information available at that date. The carrying values of accounts receivable, accounts payable and accrued liabilities approximated the fair values of these financial instruments due to the short maturity of these instruments. The fair value of consolidated long-term debt at December 31, 2018 was $21,621 compared to a carrying value of $22,344. The fair value of consolidated long-term debt that was measured at amortized cost was substantially a Level 2 measurement in the fair value hierarchy and was calculated by discounting the expected future cash flows using an observable discount rate for instruments of similar maturity and credit risk. For certain operating businesses, an adjustment was made by management for that operating business's own credit risk, resulting in a Level 3 measurement in the fair value hierarchy. The long-term debt issued by the CLOs was recognized at fair value using third-party pricing models without adjustment by the Company and was a Level 3 measurement in the fair value hierarchy. The valuation methodology was 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 were allocated within the fair value hierarchy based on the lowest level of input that was significant to the fair value measurement. Transfers between the three levels of the fair value hierarchy were recognized on the date of the event or change in circumstances that caused the transfer.

There were no significant transfers between the three levels of the fair value hierarchy during 2018. The three levels of the fair value hierarchy were as follows:

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

The allocation of financial assets in the fair value hierarchy, excluding financial assets held by discontinued operations and cash and cash equivalents, at December 31, 2018 was as follows:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through net earnings (loss)				
Investments in debt	$ –	$ 9,645	$ 23	$ 9,668
Investments in equities	40	60	194	294
Investments in joint ventures and associates	–	528	1,885	2,413
Restricted cash and other	248	149	9	406
Financial assets at fair value through OCI				
Investments in debt	10	37	–	47
Investments in equities	2	–	–	2
Other	–	6	–	6
Total financial assets at fair value	$ 300	$ 10,425	$ 2,111	$ 12,836

The allocation of financial liabilities in the fair value hierarchy at December 31, 2018 was as follows:

	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through net earnings (loss)				
Limited Partners' Interests for Onex Partners and ONCAP Funds	$ –	$ –	$ 7,179	$ 7,179
Limited Partners' Interests for credit strategies	–	–	500	500
Unrealized carried interest due to Onex and ONCAP management	–	–	195	195
Long-term debt of credit strategies	–	–	7,506	7,506
Other	5	59	35	99
Total financial liabilities at fair value	$ 5	$ 59	$ 15,415	$ 15,479

Details of financial assets and liabilities measured at fair value with significant unobservable inputs (Level 3), excluding investments in joint ventures and associates designated at fair value through net earnings (loss) (note 36) and Limited Partners' Interests designated at fair value (note 43), were as follows:

	Financial Assets at Fair Value through Net Earnings (Loss)	Long-Term Debt of Credit Strategies at Fair Value through Net Earnings (Loss)	Other Financial Liabilities at Fair Value through Net Earnings (Loss)
Balance – December 31, 2017	$ 42	$ 7,575	$ 356
Change in fair value recognized in net earnings	–	(206)	(48)
Transfer to Level 3	4	–	–
Additions	185	2,147	15
Acquisitions of subsidiaries	–	–	11
Settlements	(5)	(1,971)	(111)
Disposition of subsidiaries	–	–	(23)
Foreign exchange	–	(39)	4
Other	–	–	26
Balance – December 31, 2018	$ 226	$ 7,506	$ 230

During the year ended December 31, 2018, financial assets and liabilities measured at fair value with significant unobservable inputs (Level 3) were recognized in the consolidated statement of earnings in the following line items: (i) interest expense of operating companies and credit strategies; (ii) decrease in value of investments in joint ventures and associates at fair value, net; (iii) other expense; and (iv) Limited Partners' Interests charge.

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

The valuation of financial assets and liabilities measured at fair value with significant unobservable inputs (Level 3) at December 31, 2018 was determined utilizing company-specific considerations and available market data of comparable public companies. The valuation of investments in the Onex Partners and ONCAP Funds was reviewed and approved by the General Partner of the respective Fund. The General Partners of the Onex Partners and ONCAP Funds are indirectly controlled by Onex Corporation.

At December 31, 2018, the fair value measurements for investments in joint ventures and associates, Limited Partners' Interests for the Onex Partners and ONCAP Funds, the MIP liability and unrealized carried interest were 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 could have had a significant impact on the fair values calculated for these financial assets and liabilities. A change in the valuation of the underlying investments could have had multiple impacts on Onex' consolidated financial statements and those impacts would have been dependent on the method of accounting used for that investment, the fund(s) within which that investment was held and the progress of that investment in meeting the MIP exercise hurdles.

The fair value measurement of the Limited Partners' Interests for the Onex Credit strategies as at December 31, 2018 was primarily driven by the underlying fair value of the investments in the Onex Credit strategies.

Valuation methodologies may have included 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 at December 31, 2018 that impacted the valuation of (i) investments in joint ventures and associates; (ii) unrealized carried interest liability due to Onex and ONCAP management; (iii) stock-based compensation liability for the MIP; and (iv) Limited Partners' Interests.

Valuation Technique	Significant Unobservable Inputs	Inputs at December 31, 2018
Market comparable companies	Adjusted EBITDA multiple	7.1x – 12.3x
Discounted cash flow	Weighted average cost of capital	11.3% – 18.5%
	Exit multiple	5.3x – 15.0x

In addition, at December 31, 2018, an Onex Partners Fund had one investment that was valued using market comparable transactions. At December 31, 2018, an Onex Partners Fund also had an investment whose value was based on estimated sales proceeds.

Generally, adjusted EBITDA represented earnings before interest, taxes, depreciation and amortization as well as other adjustments. Other adjustments could have included 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.

At December 31, 2018, the long-term debt issued by the CLOs was recognized at fair value using third-party pricing models without adjustments by the Company. The valuation methodology was based on a projection of the future cash flows expected to be realized from the underlying collateral of the CLOs.

56. RELATED PARTY TRANSACTIONS – 2018

Disclosures related to 2018 for the MIP, Onex Partners Funds, ONCAP Funds, OCLP I, management's investment in Onex Credit, management and directors' investment in other investments and management's reinvestment of MIP and Onex Partners' carried interest were included in note 26.

a) Onex Credit management fees

During 2018, Onex Credit earned management fees on other investors' capital. Management fees earned on the capital invested by Onex, the parent company, were eliminated in the 2018 consolidated financial statements.

In addition, Onex Credit was entitled to incentive fees on certain other investors' capital. Incentive fees ranged between 15% and 20%. Certain incentive fees (including incentive fees on CLOs) were subject to a hurdle or minimum preferred return to investors.

During the year ended December 31, 2018, gross management and incentive fees earned by the credit strategies segment were $50 and nil, respectively, including management and incentive fees from Onex Credit Funds, Onex Credit Lending Partners and CLOs previously consolidated by Onex. The management and incentive fees from Onex Credit Funds, Onex Credit Lending Partners and CLOs previously consolidated by Onex, the parent company, were $47 and nil during 2018. Credit strategies segment revenues for 2018, net of management and incentive fees from Onex Credit Funds, Onex Credit Lending Partners and CLOs previously consolidated by Onex, were $3.

b) Tax loss transactions with a related party

During 2018, Onex entered into the sale of an entity, the sole assets of which were certain tax losses, to a company controlled by Mr. Gerald W. Schwartz, who is Onex' controlling shareholder. Onex had significant non-capital and capital losses available; however, Onex did not expect to generate sufficient taxable income to fully utilize these losses in the foreseeable future. As such, no benefit had been recognized in the 2018 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 value 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 were independent directors, unanimously approved the transaction. During 2018, Onex received $4 in cash for tax losses of $41. The entire $4 was recorded as a gain and included in other expense in the 2018 consolidated statement of earnings.

c) 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. 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 represented a slight discount to the trading price of Onex shares at that date.

d) Remuneration to key management

During 2018, the Company's key management consisted of the senior executives of Onex, ONCAP, Onex Credit and its operating companies. Also included were the Directors of Onex Corporation. Carried interest and MIP payments to former senior executives of Onex and ONCAP were excluded from the aggregate payments below. Aggregate payments to the Company's key management were as follows:

	Year ended December 31, 2018
Short-term employee benefits and costs	$ 110
Share-based payments[i]	100
Termination benefits	5
Post-employment benefits	2
Other long-term benefits	1
Total	$ 218

(i) Share-based payments included $29 paid on the exercise of Onex stock options (note 16), $10 of carried interest paid to Onex management and $16 of amounts paid under the MIP to Onex management. During 2018, Onex, the parent company, received carried interest of $37.

57. PENSION AND NON-PENSION POST-RETIREMENT BENEFITS – 2018

The operating companies had a number of defined benefit and defined contribution plans providing pension, other retirement and post-employment benefits to certain of their employees. The non-pension post-retirement benefits included retirement and termination benefits, health, dental and group life. The plans at the operating companies were independent and surpluses within certain plans could not be used to offset deficits in other plans. The benefit payments from the plans were typically made from trustee-administered funds; however, there were certain unfunded plans, primarily related to non-pension post-retirement benefits, that were funded as benefit payment obligations as required. Onex Corporation, the ultimate parent company, did not provide pension, other retirement or post-retirement benefits to the employees of the operating companies.

The plans were exposed to market risks, such as changes in interest rates, inflation and fluctuations in investment values. The plan liabilities were calculated using a discount rate set with reference to corporate bond yields. If the plan assets failed to achieve this yield, it would create or increase a plan deficit. A decrease in corporate bond yields would have had the effect of increasing the benefit obligations; however, this would have been partially offset by a fair value increase in the value of debt securities held in the plans' assets. For certain plans, the benefit obligations were linked to inflation, and higher inflation would have resulted in a greater benefit obligation.

The plans were also exposed to non-financial risks, such as the membership's mortality and demographic changes, as well as regulatory changes. An increase in life expectancy would have resulted in an increase in benefit obligations.

The total costs during 2018 for defined contribution pension plans and multi-employer plans were $88.

Accrued benefit obligations and the fair value of plan assets for accounting purposes were measured at December 31, 2018.

During 2018, total cash payments for employee future benefits, consisting of cash contributed by the operating companies to their funded pension plans, cash payments directly to beneficiaries for their unfunded other benefit plans and cash contributed to their defined contribution plans, were $114. Included in the total was $2 contributed to multi-employer plans.

For defined benefit pension plans and non-pension post-retirement plans as at December 31, 2018, the estimated present value of accrued benefit obligations and the estimated market value of the net assets that were available to provide these benefits were as follows:

As at December 31, 2018	Pension Plans in which Assets Exceed Accumulated Benefits	Pension Plans in which Accumulated Benefits Exceed Assets	Non-Pension Post-Retirement Benefits
Accrued benefit obligations:			
Opening benefit obligations	$ 877	$ 450	$ 84
Current service cost	6	10	3
Interest cost	5	15	3
Contributions by plan participants	2	–	–
Benefits paid	(29)	(29)	(3)
Actuarial (gain) loss from demographic assumptions	(6)	1	–
Actuarial gain from financial assumptions	(4)	(34)	(3)
Foreign currency exchange rate changes	(9)	(33)	(5)
Acquisition of subsidiaries	–	8	8
Disposition of subsidiaries	–	–	–
Operating company no longer under control	–	–	–
Plan amendments	–	(2)	(1)
Settlements/curtailments	–	–	(1)
Reclassification of plans	(312)	312	–
Other	–	4	(2)
Closing benefit obligations	$ 530	$ 702	$ 83
Plan assets:			
Opening plan assets	$1,106	$ 169	$ –
Interest income	6	11	–
Actual return on plan assets in excess of interest income	(16)	(86)	–
Contributions by employer	2	14	2
Contributions by plan participants	2	1	–
Benefits paid	(29)	(29)	(2)
Foreign currency exchange rate changes	(10)	(23)	–
Acquisition of subsidiaries	–	4	–
Disposition of subsidiaries	–	–	–
Operating company no longer under control	–	–	–
Settlements/curtailments	–	–	(3)
Reclassification of plans	(370)	370	–
Other	(1)	(2)	3
Closing plan assets	$ 690	$ 429	$ –

Asset Category	Percentage of 2018 Plan Assets
Quoted Market Prices:	
Equity investment funds	18%
Debt investment funds	26%
Equity securities	2%
Debt securities	6%
Non-Quoted Market Prices:	
Other investment funds	16%
Real estate	2%
Other	30%
	100%

Equity securities did not include direct investments in the shares of the Company or its subsidiaries, but may have been invested indirectly as a result of the inclusion of the Company's and its subsidiaries' shares in certain market investment funds.

The funded status of the plans of the operating companies was as follows:

As at December 31, 2018	Pension Plans in which Assets Exceed Accumulated Benefits	Pension Plans in which Accumulated Benefits Exceed Assets	Non-Pension Post-Retirement Benefits
Deferred benefit amount:			
Plan assets, at fair value	$ 690	$ 429	$ –
Accrued benefit obligation	(530)	(702)	(83)
Plan surplus (deficit)	160	(273)	(83)
Valuation allowance	(8)	–	–
Deferred benefit amount – asset (liability)	$ 152	$ (273)	$ (83)

The deferred benefit asset of $152 was included in the Company's consolidated December 31, 2018 balance sheet within other non-current assets (note 37). The total deferred benefit liabilities of $356 were included in the Company's December 31, 2018 consolidated balance sheet within other non-current liabilities (note 44) and other current liabilities. Of the total deferred benefit liabilities, $1 was recorded as a current liability.

The following assumptions were used to account for the plans:

As at December 31, 2018	Pension Benefits	Non-Pension Post-Retirement Benefits
Accrued benefit obligation		
Weighted average discount rate[i]	0.5%–3.7%	3.8%
Weighted average rate of compensation increase	0.5%–4.2%	4.6%

(i) Weighted average discount rate included inflation, where applicable to a benefit plan.

Assumed healthcare cost trend rates	2018
Initial healthcare cost rate	5.7%
Cost trend rate declines to	4.0%
Year that the rate reaches the rate it is assumed to remain at	2040

The assumptions underlying the discount rates, rates of compensation increase and healthcare cost trend rates had a significant effect on the amounts reported for the pension and post-retirement benefit plans. A 1% change in these assumed rates would have increased (decreased) the benefit obligations as follows:

	Pension Plans in which Assets Exceed Accumulated Benefits		Pension Plans in which Accumulated Benefits Exceed Assets		Non-Pension Post-Retirement Benefits	
As at December 31, 2018	1% Increase	1% Decrease	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount rate	$ (16)	$ 24	$ (100)	$ 121	$ (8)	$ 10
Rate of compensation increase	$ 3	$ (2)	$ 15	$ (13)	$ 2	$ (2)
Healthcare cost trend rate	n/a	n/a	n/a	n/a	$ 6	$ (5)

The sensitivity analysis above was based on changing one assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in certain assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to changes in significant actuarial assumptions, the same method used for calculating the benefit obligation liabilities in the 2018 consolidated financial statements was applied.

58. INFORMATION BY INDUSTRY SEGMENT – 2018

During 2018, Onex' reportable segments operated through autonomous companies and strategic partnerships. Operating companies were aggregated into one reportable segment based on the nature of the products and services, production process, customer base, distribution model and regulatory environment at the operating companies, as well as key financial metrics such as gross margin and projected long-term revenue growth.

The Company had eight reportable segments during 2018. In December 2018, the Company entered into an agreement to sell BrightSpring Health, as described in note 34. The results of operations of BrightSpring Health were presented in the other segment as a discontinued operation.

The information by segment is presented in the chronological order in which the operating segments became reportable. The Company's reportable segments at December 31, 2018 consisted of:

Electronics Manufacturing Services	• **Celestica,** a global provider of electronics manufacturing services.
Healthcare Imaging	• **Carestream Health,** a global provider of medical and dental imaging and healthcare information technology solutions.
Insurance Services	• **York** was an integrated provider of insurance solutions to property, casualty and workers' compensation specialty markets primarily in the United States.
Packaging Products and Services	• **IntraPac,** a designer and manufacturer of specialty rigid packaging solutions. • **Precision** (since August 2018), a global manufacturer of dispensing solutions. • **sgsco,** a global leader in providing fully integrated marketing solutions, digital imaging and design-to-print graphic services to branded consumer products companies, retailers and the printers that service them. • **SIG,** a world-leading provider of aseptic carton packaging solutions for beverages and liquid food.
Business and Information Services	• **Clarivate Analytics,** owner and operator of a collection of leading subscription-based businesses focused on scientific and academic research, patent analytics and regulatory standards, pharmaceutical and biotech intelligence, trademark protection, domain brand protection and intellectual property management. • **Emerald Expositions,** a leading operator of business-to-business trade shows in the United States. • **SMG** (since January 2018), a leading global manager of convention centres, stadiums, arenas, theatres, performing arts centres and other venues.
Food Retail and Restaurants	• **Jack's,** a regional premium quick-service restaurant operator based in the United States. • **Save-A-Lot,** one of the largest hard-discount grocery retailers for value-seeking shoppers in the United States.
Credit Strategies	• **Onex Credit Manager** specializes in managing credit-related investments, including event-driven, long/short, long-only, par, stressed, distressed and market dislocation strategies. • **Onex Credit Collateralized Loan Obligations,** leveraged structured vehicles that hold a widely diversified collateral asset portfolio funded through the issuance of long-term debt in a series of rated tranches of secured notes and equity. • **Onex Credit Funds,** investment funds, other than the CLOs and Direct Lending, providing exposure to the performance of actively managed, diversified portfolios. • **Direct Lending,** primarily consisting of **Onex Credit Lending Partners**, a direct lending fund which focuses on providing credit to middle-market, upper middle-market and large private equity sponsor-owned portfolio companies and, selectively, other corporate borrowers predominantly in the United States and, selectively, in Canada and Europe.

Other	• **KidsFoundation** (since November 2018), a leading childcare provider in the Netherlands.
	• **Meridian Aviation,** an aircraft investment company managed by BBAM and established by Onex Partners III.
	• **Parkdean Resorts**, a leading operator of caravan holiday parks in the United Kingdom.
	• **SCP Health,** a leading provider of emergency and hospital medicine physician practice management services in the United States.
	• **Survitec,** a market-leading provider of mission-critical marine, defence and aerospace survival equipment.
	• **WireCo,** a leading global manufacturer of mission-critical steel wire rope, synthetic rope, specialty wire and engineered products.
	• **Operating companies of ONCAP II:** EnGlobe and PURE Canadian Gaming.
	• **Operating companies of ONCAP III:** Hopkins, PURE Canadian Gaming, Davis-Standard, Bradshaw, Venanpri Group, Chatters and Tecta (up to November 2018).
	• **Operating companies of ONCAP IV:** Tecta (up to November 2018), Laces, AutoSource (since May 2018), Walter (since September 2018) and Wyse (since November 2018). The other segment excludes IntraPac and Precision, which were included in the packaging products and services operating segment.
	• **Joint ventures and associates at fair value:**
	  • *AIT,* a leading provider of automation, factory integration and tooling dedicated to the global aerospace, defence and space launch industries.
	  • *BBAM,* the world's largest dedicated manager of leased aircraft.
	  • *Incline Aviation Fund,* an aircraft investment fund managed by BBAM and focused on investments in leased commercial jet aircraft.
	  • *Venanpri Group,* a global leader in the manufacturing of consumable wear components that are embedded into agricultural soil preparation and seeding equipment implements.
	  • *JELD-WEN,* one of the world's largest manufacturers of interior and exterior doors, windows and related products for use primarily in the residential and light commercial new construction and remodelling markets.
	  • *Pinnacle Renewable Energy,* the longest-established wood pellet producer in Western Canada.
	  • *PowerSchool* (since August 2018), a leading education technology platform for K-12 schools.
	  • *Ryan* (since October 2018), a leading global tax services and software provider with an integrated suite of federal, state, local and international tax services, and the largest firm in the world dedicated exclusively to business taxes.
	  • *Wyse* (since November 2018), a leading provider of innovative submetering and utility expense management solutions for the multi-residential, condominium and commercial markets in Canada.
	• **Onex Real Estate:**
	  • *Flushing Town Center,* a three million-square-foot development located on approximately 14 acres in Flushing, New York.
	• **Onex Corporation,** the parent company.
	• **Discontinued operations:** BrightSpring Health (up to December 2018).

A number of operating companies, by the nature of their businesses, individually served major customers that accounted for a large portion of their revenues. During 2018, no customers represented more than 10% of the Company's consolidated revenues.

2018 Industry Segments

	Electronics Manufacturing Services	Healthcare Imaging	Insurance Services	Packaging Products and Services	Business and Information Services	Food Retail and Restaurants	Credit Strategies	Other	Consolidated Total
Revenues	$ 6,633	$ 1,601	$ 793	$ 2,776	$ 1,647	$ 4,467	$ 3	$ 5,865	$ 23,785
Cost of sales (excluding amortization of property, plant and equipment, intangible assets and deferred charges)	(6,117)	(959)	–	(1,839)	(699)	(3,838)	–	(4,111)	(17,563)
Operating expenses	(226)	(424)	(700)	(328)	(518)	(597)	(49)	(1,235)	(4,077)
Interest income	1	4	–	2	–	1	499	31	538
Amortization of property, plant and equipment	(74)	(62)	(9)	(238)	(14)	(87)	–	(159)	(643)
Amortization of intangible assets and deferred charges	(15)	(25)	(47)	(163)	(318)	(18)	(5)	(153)	(744)
Interest expense	(26)	(98)	(74)	(307)	(201)	(85)	(324)	(324)	(1,439)
Decrease in value of investments in joint ventures and associates at fair value, net	–	–	–	–	–	–	–	(585)	(585)
Stock-based compensation recovery (expense)	(33)	(4)	(4)	(2)	(23)	(7)	–	131	58
Other gains	–	–	–	–	–	–	–	343	343
Other expense	(61)	(74)	–	(65)	(96)	(8)	(206)	(7)	(517)
Impairment of goodwill, intangible assets and long-lived assets, net	–	–	–	(52)	(39)	(150)	–	(386)	(627)
Limited Partners' Interests recovery (charge)	–	–	–	–	–	–	(1)	715	714
Earnings (loss) before income taxes and discontinued operations	82	(41)	(41)	(216)	(261)	(322)	(83)	125	(757)
Recovery of (provision for) income taxes	17	(18)	(9)	(4)	(3)	(49)	–	(23)	(89)
Earnings (loss) from continuing operations	99	(59)	(50)	(220)	(264)	(371)	(83)	102	(846)
Earnings from discontinued operations[a]	–	–	–	–	–	–	–	50	50
Net earnings (loss)	$ 99	$ (59)	$ (50)	$ (220)	$ (264)	$ (371)	$ (83)	$ 152	$ (796)
Net earnings (loss) attributable to:									
Equity holders of Onex Corporation	$ 14	$ (52)	$ (44)	$ (163)	$ (197)	$ (372)	$ (83)	$ 234	$ (663)
Non-controlling interests	85	(7)	(6)	(57)	(67)	1	–	(82)	(133)
Net earnings (loss)	$ 99	$ (59)	$ (50)	$ (220)	$ (264)	$ (371)	$ (83)	$ 152	$ (796)

As at December 31, 2018	Electronics Manufacturing Services	Healthcare Imaging	Insurance Services	Packaging Products and Services	Business and Information Services	Food Retail and Restaurants	Credit Strategies	Other	Consolidated Total
Total assets	$ 3,738	$ 1,192	$ 1,487	$ 6,771	$ 6,526	$ 1,784	$ 10,247	$ 13,672	$ 45,417
Long-term debt[b]	$ 747	$ 1,149	$ 950	$ 2,762	$ 3,088	$ 953	$ 8,420	$ 4,275	$ 22,344
Property, plant and equipment additions[c]	$ 88	$ 41	$ 6	$ 299	$ 14	$ 81	$ 3	$ 189	$ 721
Intangible assets with indefinite life	$ –	$ 8	$ 148	$ 438	$ 308	$ 436	$ –	$ 421	$ 1,759
Goodwill additions from acquisitions[c]	$ 175	$ –	$ 1	$ 86	$ 433	$ –	$ –	$ 556	$ 1,251
Goodwill	$ 198	$ 227	$ 615	$ 2,278	$ 2,685	$ 230	$ 62	$ 1,918	$ 8,213

(a) Represented the after-tax results of BrightSpring Health (up to December 2018), as described in note 34.

(b) Included the current portion of long-term debt, excluded finance leases and was net of financing charges.

(c) Amounts for 2018 included BrightSpring Health (up to December 2018), which was a discontinued operation, as described in note 34.

2018 Geographic Segments

	Canada	United States	Europe	Asia and Oceania	Other[a]	Total
Revenues[b]	$ 932	$ 12,608	$ 4,033	$ 4,737	$ 1,475	$ 23,785
Property, plant and equipment[c]	$ 205	$ 1,017	$ 2,515	$ 888	$ 288	$ 4,913
Intangible assets[c]	$ 580	$ 3,856	$ 3,323	$ 171	$ 118	$ 8,048
Goodwill[c]	$ 377	$ 5,132	$ 1,935	$ 606	$ 163	$ 8,213

(a) Other consisted primarily of operations in Central and South America, Mexico and Africa.

(b) Revenues excluded discontinued operations, as described in note 34. Revenues were attributed to geographic areas based on the destinations of the products and/or services.

(c) Amounts excluded BrightSpring Health, which was a discontinued operation, as described in note 34.

SHAREHOLDER INFORMATION

Year-End Closing Share Price

As at December 31 *(in Canadian dollars)*	**2019**	2018	2017	2016	2015
Toronto Stock Exchange	**$ 82.17**	$ 74.35	$ 92.19	$ 91.38	$ 84.82

Shares
The Subordinate Voting Shares of the Company are listed and traded on the Toronto Stock Exchange.

Share Symbol
ONEX

Dividends
Dividends on the Subordinate Voting Shares are payable quarterly on or about January 31, April 30, July 31 and October 31 of each year. At December 31, 2019, the indicated dividend rate for each Subordinate Voting Share was C$0.40 per annum. Registered shareholders can elect to receive dividend payments in U.S. dollars by submitting a completed currency election form to AST Trust Company (Canada) five business days before the record date of the dividend. Non-registered shareholders who wish to receive dividend payments in U.S. dollars should contact their broker to submit their currency election.

Corporate Governance Policies
A presentation of Onex' corporate governance policies is included in the Management Information Circular that is mailed to all shareholders and is available on Onex' website.

Registrar and Transfer Agent
AST Trust Company (Canada)
P.O. Box 700
Postal Station B
Montreal, Quebec H3B 3K3
(416) 682-3860
or call toll-free throughout Canada and the United States
1-800-387-0825
www.astfinancial.com/ca
or inquiries@astfinancial.com

All questions about accounts, stock certificates or dividend cheques should be directed to the Registrar and Transfer Agent.

Electronic Communications with Shareholders
We encourage individuals to receive Onex' shareholder communications electronically. You can submit your request online by visiting the AST Trust Company (Canada) website, www.astfinancial.com/ca, or contacting them at 1-800-387-0825.

Investor Relations Contact
Requests for copies of this report, other annual reports, quarterly reports and other corporate communications should be directed to:
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161 Bay Street
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(416) 362-7711

Website
www.onex.com

Auditor
PricewaterhouseCoopers LLP
Chartered Professional Accountants

Duplicate Communication
Registered holders of Onex Corporation shares may receive more than one copy of shareholder mailings. Every effort is made to avoid duplication, but when shares are registered under different names and/or addresses, multiple mailings result. Shareholders who receive but do not require more than one mailing for the same ownership are requested to write to the Registrar and Transfer Agent and arrangements will be made to combine the accounts for mailing purposes.

Shares Held in Nominee Name
To ensure that shareholders whose shares are not held in their name receive all Company reports and releases on a timely basis, a direct mailing list is maintained by the Company. If you would like your name added to this list, please forward your request to Investor Relations at Onex.

Annual Meeting of Shareholders
Onex Corporation's Annual Meeting of Shareholders will be held on May 14, 2020 at 10:00 a.m. (Eastern Daylight Time) at the Fairmont Royal York, 100 Front Street West, Toronto, Ontario.

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