

Fiscal Q2 2014

Supplemental Financial Information
January 27, 2014



Safe Harbor Statement

This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934, each as amended, including, in particular, statements about our plans, strategies and prospects and estimates of industry growth for the fiscal quarter ending March 28, 2014 and beyond. These statements identify prospective information and include words such as “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “projects” and similar expressions. These forward-looking statements are based on information available to the Company as of the date of this document and are based on management’s current views and assumptions. These forward-looking statements are conditioned upon and also involve a number of known and unknown risks, uncertainties, and other factors that could cause actual results, performance or events to differ materially from those anticipated by these forward-looking statements. Such risks, uncertainties, and other factors may be beyond the Company’s control and may pose a risk to the Company’s operating and financial condition. Such risks and uncertainties include, but are not limited to: the uncertainty in global economic conditions, as consumers and businesses may defer purchases in response to tighter credit and financial news; the impact of the variable demand and adverse pricing environment for disk drives, particularly in view of current business and economic conditions; dependence on the Company’s ability to successfully qualify, manufacture and sell its disk drive products in increasing volumes on a cost-effective basis and with acceptable quality, particularly the new disk drive products with lower cost structures; the impact of competitive product announcements; possible excess industry supply with respect to particular disk drive products; and the Company’s ability to achieve projected cost savings in connection with restructuring plans. Information concerning risks, uncertainties and other factors that could cause results to differ materially from the expectations described in this Current Report is contained in the Company’s Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission on August 7, 2013 and the Quarterly Report on Form 10-Q filed with the U.S. Securities and Exchange Commission on October 29, 2013, the “Risk Factors” sections of which are incorporated into this Current Report by reference. These forward-looking statements should not be relied upon as representing the Company’s views as of any subsequent date and the Company undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date they were made.

Use of Non-GAAP Financial Information

To supplement the condensed consolidated financial statements presented in accordance with generally accepted accounting principles (GAAP), the Company provides non-GAAP measures of net income, basic and diluted net income per share, gross margin, gross margin as a percentage of revenue, operating margin, operating expenses, operating income, and adjusted EBITDA which are adjusted from results based on GAAP to exclude certain expenses, gains and losses. These non-GAAP financial measures are provided to enhance the user's overall understanding of the Company's current financial performance and our prospects for the future. Specifically, the Company believes non-GAAP results provide useful information to both management and investors as these non-GAAP results exclude certain expenses, gains and losses that we believe are not indicative of our core operating results and because it is consistent with the financial models and estimates published by financial analysts who follow the Company. The Company also presents free cash flow, which is a non-GAAP measure calculated as the sum of net cash provided by operating activities, less acquisition of property, equipment and leasehold improvements. Free cash flow does not reflect all of the Company's expenses and non-cash items and does not reflect the Company's uses of cash in financing and investment activities.

These non-GAAP results are some of the primary measurements management uses to assess the Company's performance, allocate resources and plan for future periods. Reported non-GAAP results should only be considered as supplemental to results prepared in accordance with GAAP, and not considered as a substitute for, or superior to, GAAP results. These non-GAAP measures may differ from the non-GAAP measures reported by other companies in our industry.

Financial Highlights for Fiscal Q2'14

- Storage shipments grew 9% year-over-year to 52.2 exabytes.
- Achieved revenue of \$3.5 billion.
- Non-GAAP gross margin of 28.5%.
- Non-GAAP diluted EPS of \$1.32.
- Generated \$856 million in operating cash flow and \$713 million in free cash flow.
- Returned a total of \$1.7 billion to shareholders, including a repurchase of 33 million ordinary shares for \$1.5 billion in October.
- In November, Issued \$800 million of Senior Notes at 3.75%, with \$3.6 billion of total debt.
- Entered into an agreement to acquire Xyratex for approximately \$374 million.
- Approved a quarterly cash dividend of \$0.43 per share to be payable on February 24th.

Q2 Product and Technology Development

- Outfitted Haier Computer's 13-inch Tablet/PC, the Sailing P13A and Lenovo's YOGA 2 multimode PC with a 5mm Seagate Ultra Mobile HDD.
- Introduced Backup Plus FAST, the world's first portable 4TB storage device.
- Unveiled LaCie's Little Big Disk Thunderbolt, the fastest portable storage solution on the market and LaCie Sphère, a Christofle designed 1TB drive.
- Expanded availability of Seagate Rescue, a data protection service plan to include Staples in the United States and with NCIX and Canada Computer in Canada.
- Introduced the Seagate Business Storage Windows Server 4-bay NAS, a storage server for small and medium sized businesses.
- Began shipping the Samsung Spinpoint M9T, the world's thinnest 2TB hard drive.

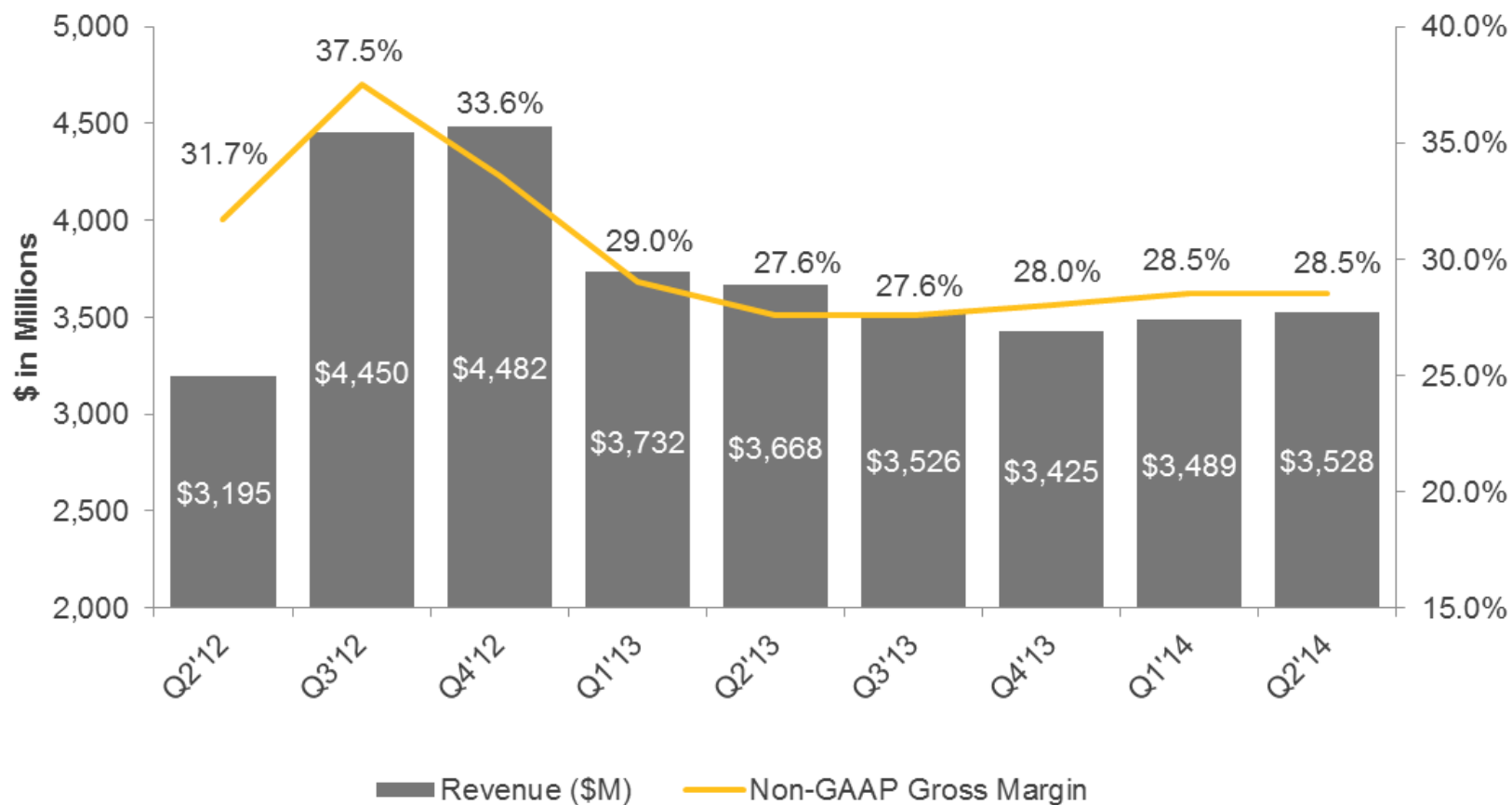
Quarterly Financial Trends and Metrics

	Q2'12	Q3'12	Q4'12	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14
ASP	\$67	\$73	\$67	\$63	\$62	\$63	\$63	\$62	\$62
Revenue (\$M)	3,195	4,450	4,482	3,732	3,668	3,526	3,425	3,489	3,528
Gross Margin %	31.6%	37.0%	33.1%	28.4%	27.0%	26.9%	27.4%	28.0%	28.0%
Operating Expenses (\$M)	405	431	427	437	437	483	491	497	543
Operating Income (\$M)	605	1210	1057	624	555	465	448	478	444
Net Income (\$M)	563	1146	1013	582	492	416	348	427	428
Basic EPS	\$1.32	\$2.57	\$2.46	\$1.48	\$1.33	\$1.16	\$0.97	\$1.20	\$1.27
Diluted EPS	\$1.28	\$2.48	\$2.37	\$1.42	\$1.30	\$1.13	\$0.94	\$1.16	\$1.24
Non-GAAP Results¹									
Gross Margin %	31.7%	37.5%	33.6%	29.0%	27.6%	27.6%	28.0%	28.5%	28.5%
Operating Expenses (\$M)	383	383	404	410	430	446	464	469	496
Operating Income (\$M)	630	1,286	1,100	671	581	526	494	526	508
Net Income (\$M)	581	1,222	1,028	594	523	464	447	473	455
Basic EPS	\$1.36	\$2.74	\$2.50	\$1.51	\$1.42	\$1.30	\$1.25	\$1.32	\$1.35
Diluted EPS	\$1.32	\$2.64	\$2.41	\$1.45	\$1.38	\$1.26	\$1.20	\$1.29	\$1.32
End of Qtr Actual Share Count (M)	465	433	396	386	358	358	359	359	328
Basic Share O/S for EPS (M)	427	446	411	394	369	358	359	357	336
Diluted Shares O/S for EPS (M)	439	463	427	409	379	369	371	368	346
Dividend Per Share Paid ²	\$0.18	\$0.25	\$0.25	\$0.32	\$0.32	\$0.38	\$0.38	\$0.38	\$0.43
Shares Repurchased (M)	4	43	45	20	30	3	1	4	33
Fiscal YTD Shares Repurchased (M)	13	56	101	20	50	53	54	4	37
HDD TAM (M)	120	147	157	139	136	136	133	140	142
Share	39%	41%	42%	42%	43%	41%	40%	40%	40%
Exabytes Shipped (HDD Only)	30.6	40.9	45.5	42.5	47.9	47.2	45.9	48.9	52.2
Average Capacity per Drive	653	673	690	731	823	848	852	878	922

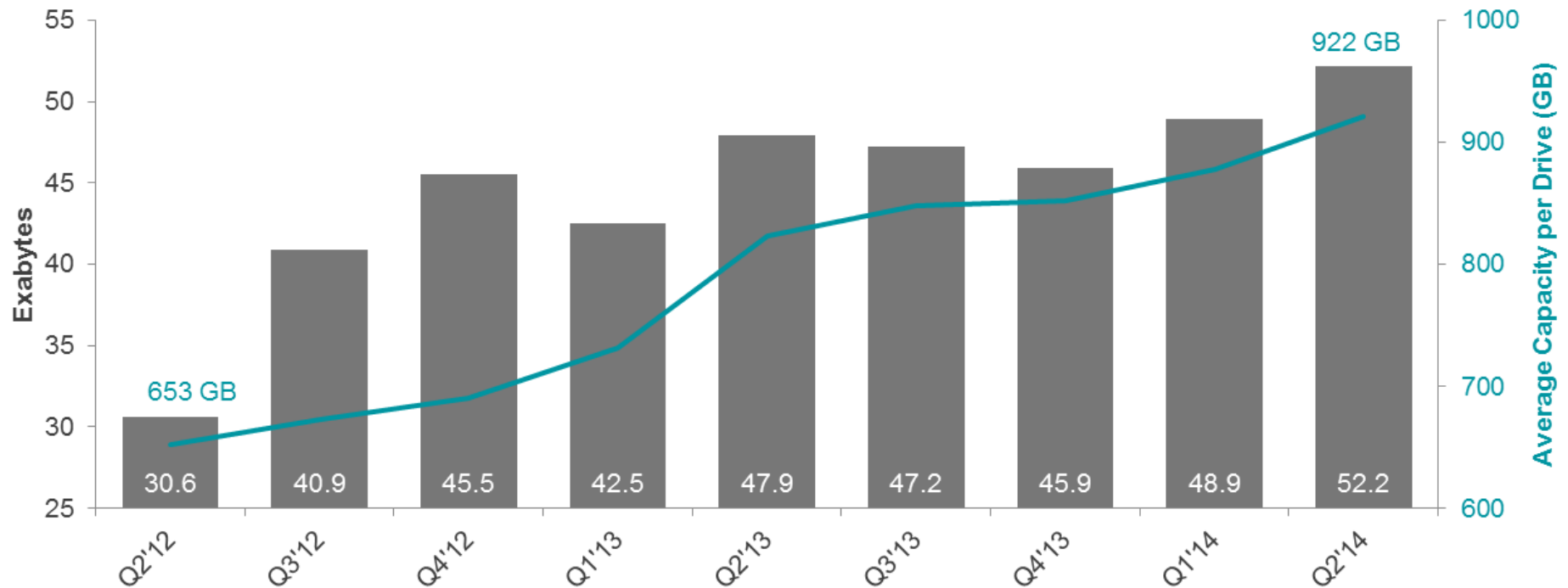
1. See slide 15 in this packet for GAAP reconciliation.

2. Q3'13 dividend payment pulled forward to December 2012.

Revenue and Gross Margin



Exabytes Shipped and Average Capacity per Drive



Footnote:

- Q2'14 storage shipments grew 9% year-over-year to 52.2 exabytes.

Channel and Product Mix Trends

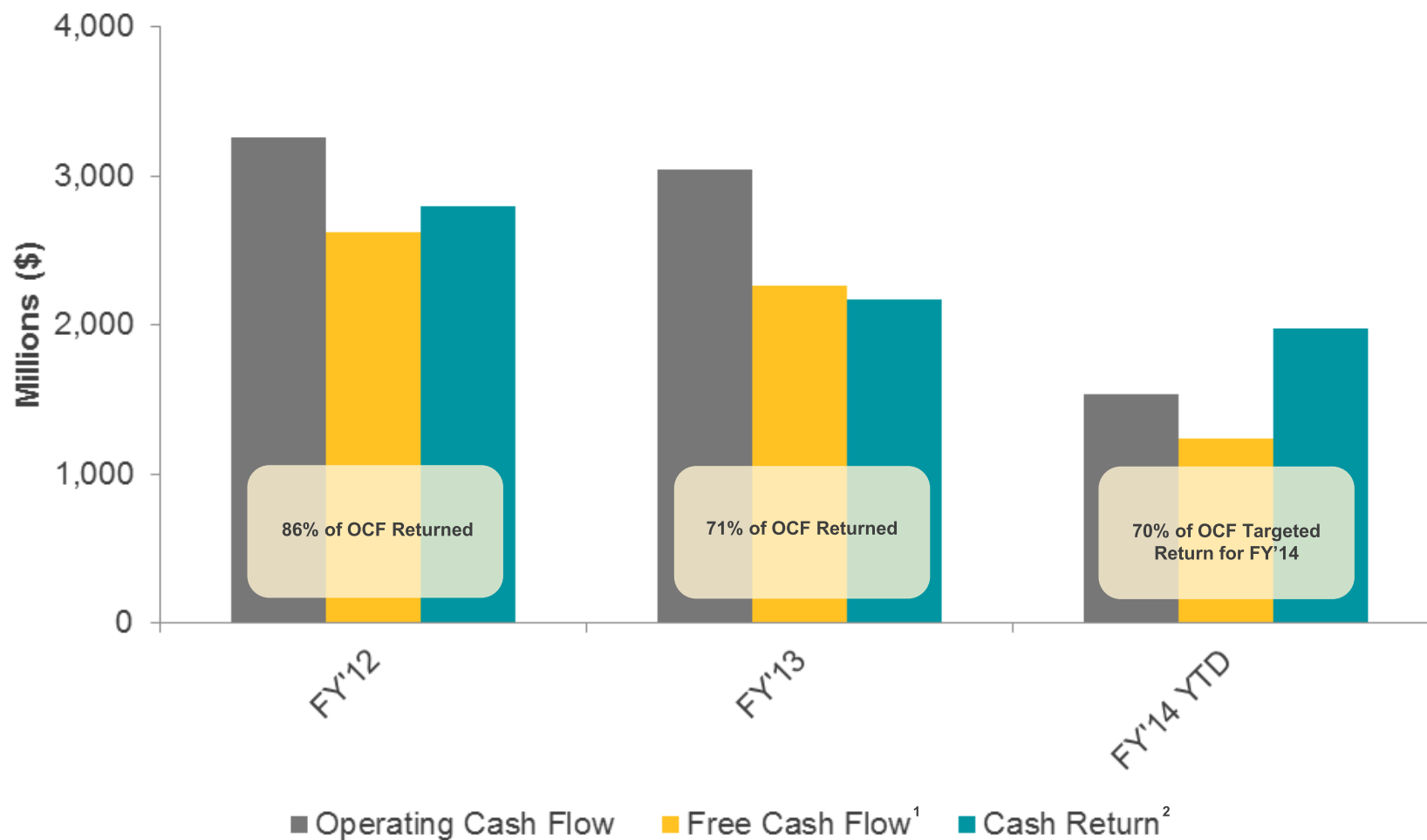
	Q2'12	Q3'12	Q4'12	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14
Revenue by Channel									
OEM	72%	73%	74%	66%	67%	67%	71%	68%	66%
Distributors	20%	21%	19%	24%	21%	20%	18%	21%	21%
Retail	8%	6%	7%	10%	12%	13%	11%	11%	13%
Enterprise Units (Millions)									
Enterprise	6.4	7.4	8.5	6.3	7.3	7.5	8.2	8.1	7.8
Compute Units (Millions)									
Desktop	17.1	23.8	23.9	20.4	21.9	19.6	18.6	19.1	19.2
Notebook	15.6	20.1	22.4	20.3	17.3	17.0	16.1	17.2	16.9
Non Compute Units (Millions)									
Consumer Electronics	4.8	6.9	7.4	5.8	5.6	5.8	6.1	6.2	6.7
Branded	3.0	2.7	3.8	5.2	6.0	5.7	4.8	5.1	6.2
Total Units	46.9	60.7	65.9	58.0	58.2	55.7	53.9	55.7	56.6

Cash Flow and Operational Trends

	Q2'12	Q3'12	Q4'12	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14
Cash ¹ (\$M)	2,325	2,144	2,211	2,470	1,970	2,010	2,289	2,521	2,343
Debt (\$M)	2,925	2,862	2,863	2,870	2,818	2,478	2,777	2,773	3,572
Cash Flow From Operations (\$M)	719	938	1,445	1,132	844	683	388	682	856
Capital Expenditures (\$M) ²	143	136	139	263	164	231	128	161	143
Free Cash Flow (\$M) ³	576	802	1,306	869	680	452	260	521	713
Cash Flow From Operations (\$M)	719	938	1,445	1,132	844	683	388	682	856
Redemption of Ordinary Shares (\$M)	63	981	1,254	639	871	102	42	182	1,520
Dividends (\$M)	76	112	106	127	250	4	137	135	142
YTD Percent Return of OCF ⁴	39%	79%	86%	68%	95%	75%	71%	46%	129%
Days Sales Outstanding	46	51	47	41	41	40	44	42	42
Days Inventory Outstanding	34	27	28	29	27	29	31	32	34
Days Payables Outstanding	61	70	69	62	57	60	62	61	56
Cash Conversion Cycle	20	8	5	8	11	10	14	13	19
Inventory Turns	11	13	13	13	13	12	12	12	11
Worldwide Headcount	53,380	57,528	58,285	56,113	54,973	53,268	53,806	53,002	52,650

1. Includes cash, cash equivalents, restricted cash and short term investments.
2. Cash paid for the acquisition of property, equipment, and leasehold improvements
3. Free cash flow is a non-GAAP measure defined as cash flow from operations less capital expenditures
4. Based on Fiscal Year.

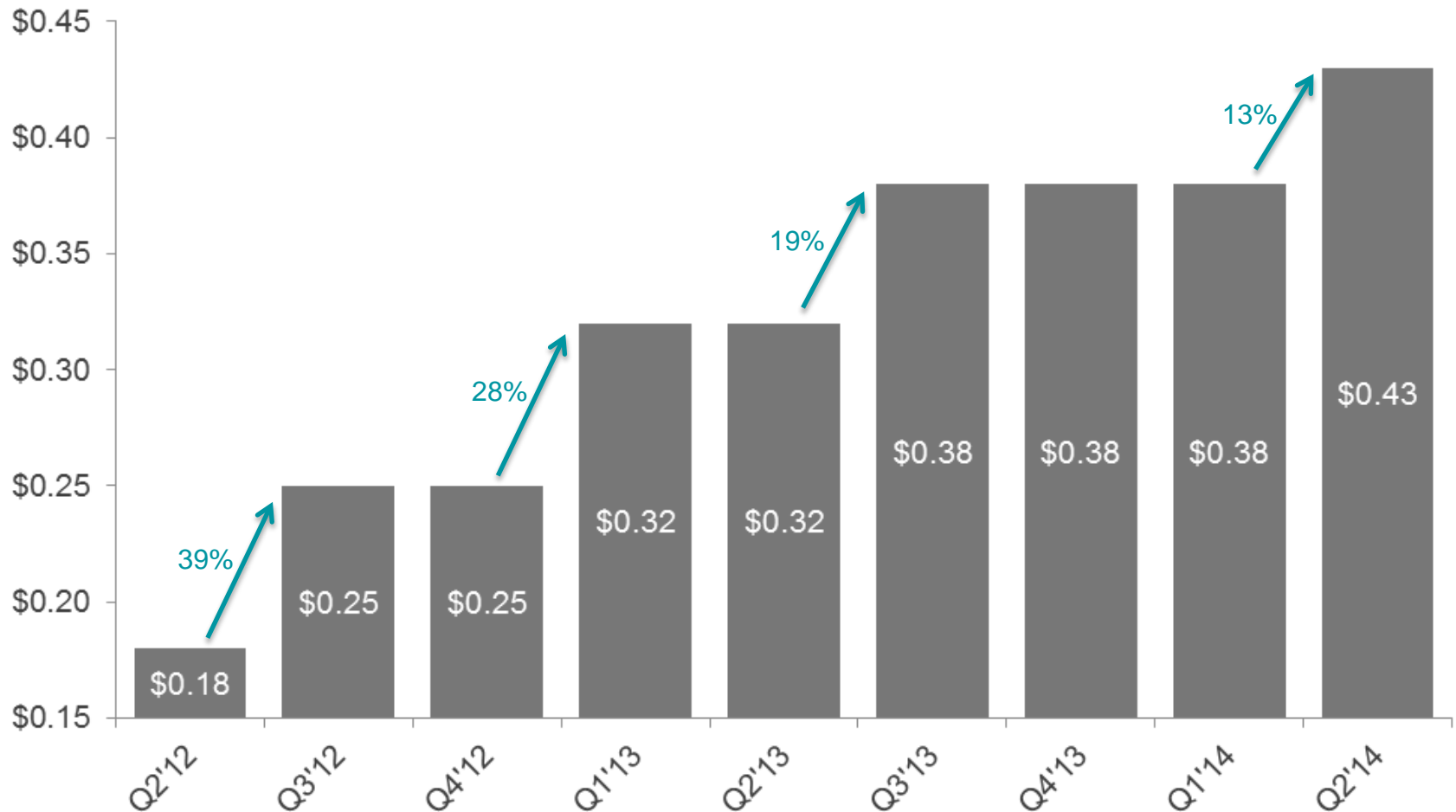
Cash Flow and Return to Shareholders



1. See slide 10 for Non-GAAP reconciliation of cash flow from operations to free cash flow.

2. Cash return includes share repurchases and dividends.

Dividend per Share Paid History



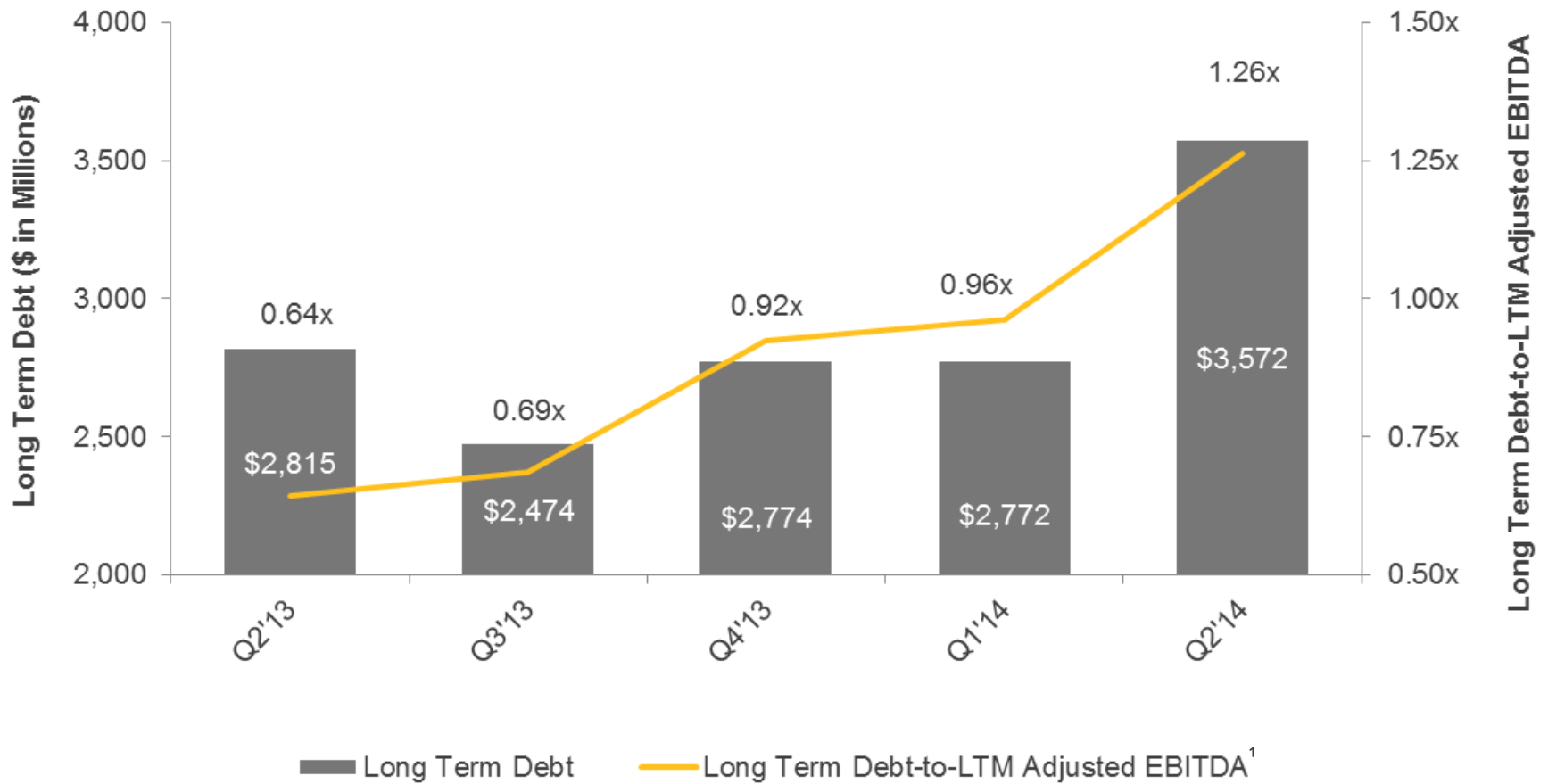
Footnote:

- Q3'13 dividend payment pulled forward to December 2012.

Long Term Debt Profile

Facility	Rate	Due	Carrying Value \$M
Senior Notes	6.80%	16-Oct	\$334
Senior Notes	3.75%	18-Nov	\$800
Senior Notes	7.75%	18-Dec	\$238
Senior Notes	6.88%	20-May	\$600
Senior Notes	7.00%	21-Nov	\$600
Senior Notes	4.75%	23-Jun	\$1,000

Long Term Debt Profile



1. See slide 16 for reconciliation of net income to adjusted EBITDA.

GAAP to Non-GAAP Reconciliations

(\$ Millions)	Q2'12	Q3'12	Q4'12	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14
GAAP net income	\$563	\$1,146	\$1,013	\$582	\$492	\$416	\$348	\$427	\$428
Non-GAAP adjustments:									
A. Cost of revenue	3	27	20	20	19	24	19	20	17
B. Product development	6	21	4	4	3	11	2	3	3
B. Marketing and administrative	12	9	1	4	(17)	5	4	3	3
C. Amortization of intangibles	2	18	18	19	20	20	20	20	25
D. Restructuring and other, net	2	1	0	0	1	1	1	2	16
E. Other expense, net	0	0	0	(35)	5	(13)	106	(2)	(31)
F. Provision for (benefit from) income taxes	(7)	0	(28)	0	0	0	(53)	0	(6)
Non-GAAP net income	\$581	\$1,222	\$1,028	\$594	\$523	\$464	\$447	\$473	\$455
Diluted net income per share:									
GAAP	\$1.28	\$2.48	\$2.37	\$1.42	\$1.30	\$1.13	\$0.94	\$1.16	\$1.24
Non-GAAP	\$1.32	\$2.64	\$2.41	\$1.45	\$1.38	\$1.26	\$1.20	\$1.29	\$1.32
Shares used in diluted net income share calculation	439	463	427	409	379	369	371	368	346

- A. These non-GAAP adjustments include amortization of intangibles and other acquisition related expenses associated with the December 2011 acquisition of Samsung Electronics Co., Ltd's hard disk drive business (the "Samsung HDD business") and the August 2012 acquisition of LaCie S.A..
- B. Product development and Marketing and administrative expense have been adjusted on a non-GAAP basis to exclude the impact of acquisition and integration costs associated with the Samsung HDD business and LaCie.
- C. Amortization of intangibles related to our Samsung HDD business and LaCie acquisitions.
- D. Restructuring and other, net, includes a restructuring charge recorded during the December 2013 quarter associated with a reduction in the work force.
- E. Other expense has been adjusted on a non-GAAP basis primarily to exclude the net impact of losses recognized on the early redemption and repurchase of debt, partially offset by gains recognized upon sales of investments. For the fiscal year ended June 28, 2013, Other expense has also been adjusted on a non-GAAP basis primarily to exclude a gain recognized from an insurance reimbursement related to the severe flooding in Thailand
- F. Excludes tax items related to the release of valuation allowance on U.S. deferred tax assets associated with increases in the Company's forecasted U.S. taxable income.

Non-GAAP gross margin and Non-GAAP gross margin %: Non-GAAP gross margin is defined as Revenue less Cost of revenue less non-GAAP adjustments to Cost of revenue. Non-GAAP gross margin % is defined as Non-GAAP gross margin divided by Revenue.

Non-GAAP operating expenses, Non-GAAP operating income and Non-GAAP operating margin: Non-GAAP operating expenses is defined as Product development, Marketing and administrative, Amortization of intangibles and Restructuring and other, net less non-GAAP adjustments B through D noted in the table above. Non-GAAP operating income is defined as Income from operations less non-GAAP adjustments A through D noted in the table above. Non-GAAP operating margin is non-GAAP operating income divided by Revenue.

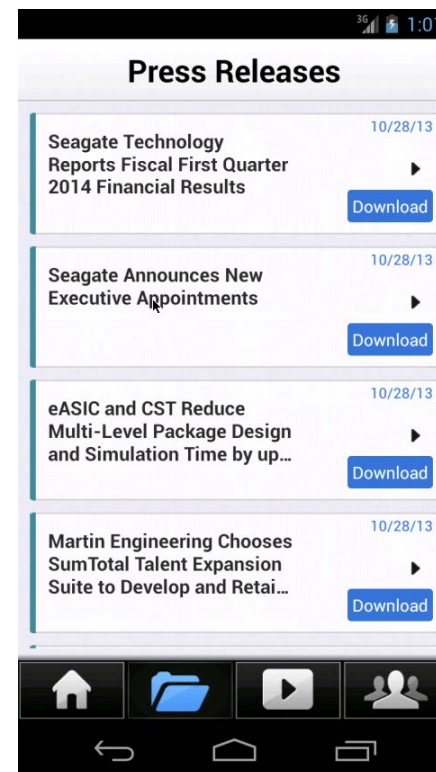
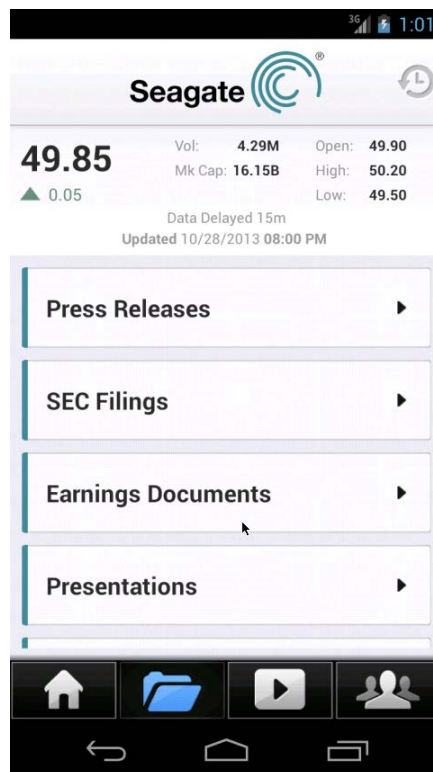
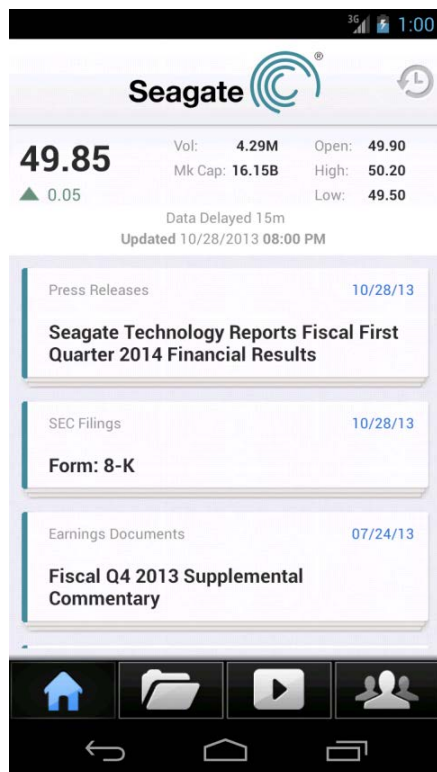
GAAP to Adjusted EBITDA Reconciliations

(\$ Millions)	Q2'12	Q3'12	Q4'12	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14
Income Before Income Taxes	\$558	\$1,159	\$1,013	\$600	\$499	\$430	\$302	\$440	\$442
EBITDA adjustments:									
Depreciation	186	189	182	176	181	184	185	191	189
Amortization	5	35	35	36	37	37	37	37	40
Interest Income	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(5)	(1)
Interest Expense	58	59	55	55	55	53	50	44	49
EBITDA	\$805	\$1,440	\$1,283	\$865	\$770	\$702	\$572	\$707	\$719
Non-GAAP Adjustments									
A. Costs of Revenue	\$0	\$10	\$3	\$0	\$2	\$7	\$2	\$2	\$2
A. Product Development	\$6	\$21	\$4	\$4	\$3	\$11	\$2	\$3	\$3
B. Marketing and administrative	\$12	\$9	\$1	\$4	(\$17)	\$5	\$4	\$3	\$3
C. Restructuring and other, net	\$2	\$1	\$0	\$0	\$1	\$1	\$1	\$2	\$16
D. Other expense, net	\$0	\$0	\$0	(\$35)	\$5	(\$13)	\$106	(\$2)	(\$31)
Adjusted EBITDA	\$825	\$1,481	\$1,291	\$838	\$764	\$713	\$687	\$715	\$712

- A. These non-GAAP adjustments include acquisition and integration costs associated with the acquisition of the Samsung HDD business and LaCie and the accrual of the 2012 and 2013 Voluntary Early Retirement Program.
- B. These non-GAAP adjustments include acquisition and integration costs associated with the acquisition of the Samsung HDD business and LaCie and the accrual of the 2012 and 2013 Voluntary Early Retirement Program. For the quarter ended December 28, 2012, the non-GAAP adjustments also included the impact of legal cost reimbursements.
- C. Restructuring charges and other, net, includes a restructuring charge recorded during the December 2013 quarter associated with a reduction in force.
- D. Other expense, net includes the net impact of losses recognized on the early redemption and repurchase of debt, partially offset by gains recognized upon sales of investments. For the fiscal year ended June 28, 2013, Other expense, net also includes a gain recognized from an insurance reimbursement related to the severe flooding in Thailand.



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Note: The screenshots depicting pricing information above are as of 10/28/2013 and should not be interpreted as projections.