

SEAGATE TECHNOLOGY PLC
CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions)

(Unaudited)

	December 29, 2017	June 30, 2017 ^(a)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,556	\$ 2,539
Accounts receivable, net	1,055	1,199
Inventories	1,014	982
Other current assets	285	321
Total current assets	4,910	5,041
Property, equipment and leasehold improvements, net	1,762	1,875
Goodwill	1,238	1,238
Other intangible assets, net	222	281
Deferred income taxes	402	609
Other assets, net	216	224
Total Assets	\$ 8,750	\$ 9,268
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 1,620	\$ 1,626
Accrued employee compensation	183	237
Accrued warranty	111	113
Current portion of long-term debt	560	—
Accrued expenses	639	650
Total current liabilities	3,113	2,626
Long-term accrued warranty	125	120
Long-term accrued income taxes	12	15
Other non-current liabilities	123	122
Long-term debt	4,316	5,021
Total Liabilities	7,689	7,904
Total Equity	1,061	1,364
Total Liabilities and Equity	\$ 8,750	\$ 9,268

(a) The information in this column was derived from the Company's audited Consolidated Balance Sheet as of June 30, 2017.

SEAGATE TECHNOLOGY PLC
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share data)
(Unaudited)

	For the Three Months Ended		For the Six Months Ended	
	December 29, 2017	December 30, 2016	December 29, 2017	December 30, 2016
Revenue	\$ 2,914	\$ 2,894	\$ 5,546	\$ 5,691
Cost of revenue	2,037	2,003	3,933	3,999
Product development	250	305	513	620
Marketing and administrative	142	155	287	308
Amortization of intangibles	19	28	41	57
Restructuring and other, net	33	33	84	115
Total operating expenses	2,481	2,524	4,858	5,099
Income from operations	433	370	688	592
Interest income	6	1	13	2
Interest expense	(61)	(50)	(122)	(100)
Other, net	(7)	(11)	(20)	(11)
Other expense, net	(62)	(60)	(129)	(109)
Income before income taxes	371	310	559	483
Provision for income taxes	212	13	219	19
Net income	\$ 159	\$ 297	\$ 340	\$ 464
Net income per share:				
Basic	\$ 0.55	\$ 1.00	\$ 1.18	\$ 1.56
Diluted	0.55	1.00	1.17	1.55
Number of shares used in per share calculations:				
Basic	288	296	289	297
Diluted	291	298	291	299
Cash dividends declared per ordinary share	\$ 0.63	\$ 0.63	\$ 1.26	\$ 1.26

SEAGATE TECHNOLOGY PLC
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	For the Six Months Ended	
	December 29, 2017	December 30, 2016
OPERATING ACTIVITIES		
Net income	\$ 340	\$ 464
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	318	391
Share-based compensation	59	73
Impairment of long-lived assets	—	9
Deferred income taxes	204	3
Other non-cash operating activities, net	3	18
Changes in operating assets and liabilities:		
Accounts receivable, net	145	110
Inventories	(32)	(140)
Accounts payable	59	170
Accrued employee compensation	(54)	70
Accrued expenses, income taxes and warranty	3	69
Vendor receivables	42	19
Other assets and liabilities	—	(9)
Net cash provided by operating activities	<u>1,087</u>	<u>1,247</u>
INVESTING ACTIVITIES		
Acquisition of property, equipment and leasehold improvements	(201)	(235)
Proceeds from the sale of property and equipment	2	(1)
Maturities of short-term investments	—	6
Other investing activities, net	(11)	(4)
Net cash used in investing activities	<u>(210)</u>	<u>(234)</u>
FINANCING ACTIVITIES		
Redemption and repurchase of debt	(152)	—
Taxes paid related to net share settlement of equity awards	(21)	(24)
Repurchases of ordinary shares	(361)	(248)
Dividends to shareholders	(366)	(188)
Proceeds from issuance of ordinary shares under employee stock plans	35	47
Net cash used in financing activities	<u>(865)</u>	<u>(413)</u>
Effect of foreign currency exchange rate changes on cash, cash equivalents, and restricted cash	5	(12)
Increase in cash, cash equivalents, and restricted cash	17	588
Cash, cash equivalents, and restricted cash at the beginning of the period	<u>2,543</u>	<u>1,132</u>
Cash, cash equivalents, and restricted cash at the end of the period	<u>\$ 2,560</u>	<u>\$ 1,720</u>

Use of non-GAAP financial information

The Company uses non-GAAP measures of adjusted revenue, gross margin, net income, diluted earnings per share and operating expenses which are adjusted from results based on GAAP to exclude certain expenses, gains and losses. These non-GAAP financial measures may be provided to enhance the user's overall understanding of the Company's current financial performance and its 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 it believes are not indicative of its core operating results and because it is similar to the approach used in connection with the financial models and estimates published by financial analysts who follow the Company.

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 its industry.

SEAGATE TECHNOLOGY PLC
ADJUSTMENTS TO GAAP NET INCOME AND DILUTED NET INCOME PER SHARE
(In millions, except per share amounts)
(Unaudited)

		<u>For the Three Months Ended December 29, 2017</u>	<u>For the Six Months Ended December 29, 2017</u>
Reconciliation of GAAP Net Income:			
GAAP Net income	\$	159	\$ 340
Non-GAAP adjustments:			
Revenue	A	(6)	(6)
Cost of revenue	B	14	40
Product development	C	2	3
Marketing and administrative	D	1	1
Amortization of intangibles	E	18	39
Restructuring and other, net	F	33	84
Other expense, net	G	3	2
Provision for income taxes	H	<u>207</u>	<u>207</u>
Non-GAAP net income	\$	<u>431</u>	\$ <u>710</u>
Reconciliation of GAAP Diluted Net Income Per Share:			
GAAP	\$	0.55	\$ 1.17
Non-GAAP	\$	1.48	\$ 2.44
Shares used in diluted net income per share calculation		291	291

A For the three and six months ended December 29, 2017, Revenue has been adjusted on a non-GAAP basis to exclude the favorable adjustments for sales of certain discontinued products.

B For the three and six months ended December 29, 2017, Cost of revenue has been adjusted on a non-GAAP basis to exclude amortization of intangibles associated with acquisitions and write off of certain inventory and other charges related to restructuring.

C For the three and six months ended December 29, 2017, Product development expenses have been adjusted on a non-GAAP basis to exclude the impact of write off of certain fixed assets and other charges related to restructuring.

D For the three and six months ended December 29, 2017, Marketing and administrative expenses have been adjusted on a non-GAAP basis to exclude the write off of certain fixed assets related to restructuring.

E For the three and six months ended December 29, 2017, Amortization of intangibles primarily related to our acquisitions has been excluded on a non-GAAP basis.

F For the three and six months ended December 29, 2017, Restructuring and other net, has been adjusted on a non-GAAP basis primarily related to reductions in our workforce as a result of our ongoing focus on cost efficiencies in all areas of our business.

G For the three and six months ended December 29, 2017, Other expense, net has been adjusted on a non-GAAP basis to exclude the net impact of losses recognized on the early redemption and repurchase of debt and impact of our disposed data service business.

H For the three and six months ended December 29, 2017, Provision for income taxes represents the tax effects of non-GAAP adjustments determined using a hybrid with and without method and effective tax rate for the applicable adjustment and jurisdiction and a provisional tax expense of \$208 million for the re-measurement of our U.S. deferred tax assets at the lower 21% tax rate resulting from the Tax Cuts and Jobs Act enacted on December 22, 2017.