



## Press Release

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### SEAGATE TECHNOLOGY REPORTS FISCAL FIRST QUARTER 2019 FINANCIAL RESULTS

- Revenues of \$3.0 billion, up 14% year-over-year
- Exabyte shipments of 98.8, up 41% year-over-year
- GAAP diluted earnings per share (EPS) of \$1.54, up 148% year-over-year; non-GAAP diluted EPS of \$1.70, up 77% year-over-year
- Free Cash Flow (FCF) of \$410 million, compared with \$113 million for the same period last year

**CUPERTINO, CA** – November 2, 2018 – Seagate Technology plc (NASDAQ: STX) (the “Company” or “Seagate”) today reported financial results for the quarter ended September 28, 2018.

“In the September quarter, we achieved strong financial results in revenue, profitability and cash flow, reflecting solid execution and positive demand for our products across multiple markets. By delivering competitive cost-effective mass storage solutions, Seagate is a crucial supplier in supporting the Data Age digital transformations that are happening across the storage marketplace. We believe our deep storage industry expertise, leading technology portfolio and focused execution will continue to drive long-term success for the company and deliver value to our shareholders,” said Dave Mosley, Seagate’s chief executive officer.

#### Quarterly Financial Results

	GAAP		Non-GAAP	
	FQ1 2019	FQ1 2018	FQ1 2019	FQ1 2018
Revenue (\$M)	\$2,991	\$2,632	\$2,992	\$2,632
Gross Margin	30.5%	28.0%	31.0%	29.0%
Net Income (\$M)	\$450	\$181	\$496	\$279
Diluted Earnings Per Share	\$1.54	\$0.62	\$1.70	\$0.96

In the first quarter, the Company generated \$587 million in cash flow from operations and \$410 million in free cash flow, paid cash dividends of \$181 million and repurchased 3 million ordinary shares for \$150 million. Cash and cash equivalents totaled \$1.9 billion at the end of the quarter.

For a detailed reconciliation of GAAP to non-GAAP results, see accompanying financial tables.

Seagate has issued a Supplemental Financial Information document, which is available on Seagate’s Investors Relations website at [www.seagate.com/investors](http://www.seagate.com/investors).

## **Quarterly Cash Dividend**

The Board of Directors of the Company (the “Board”) has approved a quarterly cash dividend of \$0.63 per share, which will be payable on January 2, 2019 to shareholders of record as of the close of business on December 19, 2018. The payment of any future quarterly dividends will be at the discretion of the Board and will be dependent upon Seagate’s financial position, results of operations, available cash, cash flow, capital requirements and other factors deemed relevant by the Board.

## **Investor Communications**

Seagate management will hold a public webcast today at 6:00 a.m. Pacific Time that can be accessed on its Investor Relations website at [www.seagate.com/investors](http://www.seagate.com/investors). During today’s webcast, the Company will provide an outlook for its second fiscal quarter of 2019, including key underlying assumptions.

An archived audio webcast of this event will be available on Seagate’s Investors Relations website at [www.seagate.com/investors](http://www.seagate.com/investors) shortly following the event conclusion.

## **About Seagate**

To learn more about the Company’s products and services, visit [www.seagate.com](http://www.seagate.com) and follow us on Twitter, Facebook, LinkedIn, Spiceworks, YouTube and subscribe to our blog. The contents of our website and social media channels are not a part of this release.

## **Cautionary Note Regarding Forward-Looking Statements**

*This press release 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 the Company’s plans, strategies and prospects, financial projections, expectations regarding market demand and the Company’s products, shifts in technology, the Company’s ability to meet market and industry expectations and the effects of these future trends and expectations on the Company’s business and shareholder value and dividend issuance plans for the fiscal quarter ending December 28, 2018 and beyond. These statements identify prospective information and may include words such as “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “projects,” “should,” “may,” “will,” or the negative of these words, variations of these words and comparable terminology. These forward-looking statements are based on information available to the Company as of the date of this report 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: items that may be identified during its financial statement closing process that cause adjustments to the estimates included in this report; the uncertainty in global economic and political conditions; the impact of the variable demand and adverse pricing environment for storage products; the Company’s ability to successfully qualify, manufacture and sell its storage products in increasing volumes on a cost-effective basis and with acceptable quality; the impact of competitive product announcements; the Company’s ability to achieve projected cost savings in connection with restructuring plans and consolidation of manufacturing activities; possible excess industry supply with respect to particular storage products and competing alternative storage technology solutions; the impact of trade barriers imposed by the U.S. government and potential corresponding actions by other countries in which the Company conducts its business; disruptions to its supply chain or production capabilities; unexpected advances in competing technologies or changes in market trends; the development and introduction of products based on new technologies and expansion into new data storage markets; the Company’s ability to effectively manage its debt obligations and comply with certain covenants in its credit facilities with respect to financial ratios and financial condition tests; currency fluctuations that may impact the Company’s margins, international sales and results of operations; cyber-attacks or other data breaches that disrupt the Company’s operations or result in the dissemination of proprietary or confidential information and cause reputational harm; cybersecurity threats and vulnerabilities associated with the Company’s infrastructure updates to its information technology systems; and fluctuations in interest rates. Information concerning risks, uncertainties and other factors that could cause results to differ materially from the expectations described in this press release is contained in the Company’s Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (“SEC”) on August 3, 2018, the “Risk Factors” section of which is incorporated into this press release by*

*reference, and other documents filed with or furnished to the SEC. 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, except as required by applicable law.*

*The inclusion of Seagate's website address in this press release is intended to be an inactive textual reference only and not an active hyperlink. The information contained in, or that can be accessed through, Seagate's website and social media channels are not part of this press release.*

**SEAGATE TECHNOLOGY PLC**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In millions)  
(Unaudited)

	September 28, 2018	June 29, 2018 <sup>(a)</sup>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,942	\$ 1,853
Accounts receivable, net	1,202	1,184
Inventories	1,116	1,053
Other current assets	263	220
<b>Total current assets</b>	<b>4,523</b>	<b>4,310</b>
Property, equipment and leasehold improvements, net	1,789	1,792
Investment in debt security	1,259	1,275
Goodwill	1,237	1,237
Other intangible assets, net	169	188
Deferred income taxes	416	417
Other assets, net	185	191
<b>Total Assets</b>	<b>\$ 9,578</b>	<b>\$ 9,410</b>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,776	\$ 1,728
Accrued employee compensation	174	253
Accrued warranty	110	112
Current portion of long-term debt	499	499
Accrued expenses	616	598
<b>Total current liabilities</b>	<b>3,175</b>	<b>3,190</b>
Long-term accrued warranty	122	125
Long-term accrued income taxes	11	10
Other non-current liabilities	102	100
Long-term debt, less current portion	4,322	4,320
<b>Total Liabilities</b>	<b>7,732</b>	<b>7,745</b>
<b>Total Equity</b>	<b>1,846</b>	<b>1,665</b>
<b>Total Liabilities and Equity</b>	<b>\$ 9,578</b>	<b>\$ 9,410</b>

(a) The information in this column was derived from the Company's audited Consolidated Balance Sheet as of June 29, 2018.

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

	For the Three Months Ended	
	September 28, 2018	September 29, 2017
Revenue	\$ 2,991	\$ 2,632
Cost of revenue	2,078	1,896
Product development	266	263
Marketing and administrative	115	145
Amortization of intangibles	6	22
Restructuring and other, net	23	51
Total operating expenses	<u>2,488</u>	<u>2,377</u>
Income from operations	503	255
Interest income	24	7
Interest expense	(58)	(61)
Other, net	(1)	(13)
Other expense, net	<u>(35)</u>	<u>(67)</u>
Income before income taxes	468	188
Provision for income taxes	18	7
Net income	<u>\$ 450</u>	<u>\$ 181</u>
Net income per share:		
Basic	\$ 1.57	\$ 0.62
Diluted	1.54	0.62
Number of shares used in per share calculations:		
Basic	287	290
Diluted	292	292
Cash dividends declared per ordinary share	\$ 0.63	\$ 0.63

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

	For the Three Months Ended	
	September 28, 2018	September 29, 2017
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 450	\$ 181
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	134	161
Share-based compensation	18	32
Deferred income taxes	2	(3)
Other non-cash operating activities, net	(18)	1
Changes in operating assets and liabilities:		
Accounts receivable, net	(9)	(10)
Inventories	(66)	(32)
Accounts payable	119	(30)
Accrued employee compensation	(79)	(87)
Accrued expenses, income taxes and warranty	45	16
Other assets and liabilities	(9)	8
Net cash provided by operating activities	<u>587</u>	<u>237</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of property, equipment and leasehold improvements	(177)	(124)
Proceeds from sale of properties previously classified as held for sale	6	—
Purchases of strategic investments	(5)	—
Other investing activities, net	—	(8)
Net cash used in investing activities	<u>(176)</u>	<u>(132)</u>
<b>FINANCING ACTIVITIES</b>		
Dividends to shareholders	(181)	(184)
Repurchases of ordinary shares	(150)	(166)
Taxes paid related to net share settlement of equity awards	(27)	(20)
Proceeds from issuance of ordinary shares under employee stock plans	32	29
Redemption and repurchase of debt	—	(22)
Net cash used in financing activities	<u>(326)</u>	<u>(363)</u>
Effect of foreign currency exchange rate changes on cash, cash equivalents and restricted cash	<u>3</u>	<u>4</u>
Increase (decrease) in cash, cash equivalents and restricted cash	88	(254)
Cash, cash equivalents and restricted cash at the beginning of the period	1,857	2,543
Cash, cash equivalents and restricted cash at the end of the period	<u>\$ 1,945</u>	<u>\$ 2,289</u>

**Use of non-GAAP financial information**

The Company uses non-GAAP measures of adjusted revenue, gross margin, operating expenses, net income and diluted earnings per share 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 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**  
**RECONCILIATIONS OF GAAP TO NON-GAAP MEASURES**  
(In millions, except per share amounts and gross margin)  
(Unaudited)

	Three Months Ended		
	September 28, 2018	June 29, 2018	September 29, 2017
<b>GAAP Revenue</b>	\$ 2,991	\$ 2,835	\$ 2,632
Adjustment to discontinued products	1	—	—
<b>Non-GAAP Revenue</b>	<u>\$ 2,992</u>	<u>\$ 2,835</u>	<u>\$ 2,632</u>
<b>GAAP Gross Margin</b>	\$ 913	\$ 904	\$ 736
Adjustment to discontinued products	1	—	—
Accelerated depreciation, impairment and other charges related to cost saving efforts	—	—	1
Amortization of acquired intangible assets	13	14	14
Other charges	—	—	11
<b>Non-GAAP Gross Margin</b>	<u>\$ 927</u>	<u>\$ 918</u>	<u>\$ 762</u>
<b>GAAP Gross Margin</b>	30.5%	31.9%	28.0%
<b>Non-GAAP Gross Margin</b>	31.0%	32.4%	29.0%
<b>GAAP Operating Expenses</b>	\$ 410	\$ 399	\$ 481
Accelerated depreciation, impairment and other charges related to cost saving efforts	(1)	—	—
Amortization of acquired intangible assets	(4)	(5)	(21)
Restructuring and other, net	(23)	6	(51)
Other charges	—	(1)	(1)
<b>Non-GAAP Operating Expenses</b>	<u>\$ 382</u>	<u>\$ 399</u>	<u>\$ 408</u>
<b>GAAP Net Income</b>	\$ 450	\$ 461	\$ 181
Adjustment to discontinued products	1	—	—
Accelerated depreciation, impairment and other charges related to cost saving efforts	1	—	1
Amortization of acquired intangible assets	17	19	35
Restructuring and other, net	23	(6)	51
Strategic investment losses, (gains) or impairment recognized	4	8	—
Other charges	—	1	11
Income tax adjustments	—	(8)	—
<b>Non-GAAP Net Income</b>	<u>\$ 496</u>	<u>\$ 475</u>	<u>\$ 279</u>
Shares used in diluted net income per share calculation	292	293	292
<b>GAAP Diluted Net Income Per Share</b>	\$ 1.54	\$ 1.57	\$ 0.62
<b>Non-GAAP Diluted Net Income Per Share</b>	\$ 1.70	\$ 1.62	\$ 0.96

**The Company's Non-GAAP measures are adjusted for the following items:**

**Adjustment to discontinued products**

These adjustments relate to sales of certain discontinued products or changes in sales provision for discontinued products. These adjustments are inconsistent in amount and frequency and are excluded in the non-GAAP measures as these adjustments are not indicative of the underlying ongoing operating performance.

**Accelerated depreciation, impairment and other charges related to cost saving efforts**

These expenses are excluded in the non-GAAP measure due to its inconsistent in amount and frequency and are excluded to facilitate a more meaningful evaluation of the Company's current operating performance and comparison to its past periods operating performance.

**Amortization of acquired intangible assets**

The Company records expense from amortization of intangible assets that were acquired in connection with its business combinations over their estimated useful lives. Such charges are inconsistent in size and are significantly impacted by the timing and magnitude of the Company's acquisitions. Consequently, these expenses are excluded in the non-GAAP measures to facilitate a more meaningful evaluation of its current operating performance and comparison to its past periods operating performance.

**Other charges**

The other charges primarily include write-off of certain discontinued inventory and expense related to disposed business. These charges are inconsistent in amount and frequency and are excluded in the non-GAAP measures to facilitate a more meaningful evaluation of its current operating performance and comparison to its past periods operating performance.

**Restructuring and other, net**

Restructuring charges and other, net are costs associated with restructuring plans that are primarily related to costs associated with reduction in the Company's workforce, exiting certain facilities and other related costs. These also exclude charges or gains from sale of properties classified as held-for-sale. These costs or benefits do not reflect the Company's ongoing operating performance and consequently are excluded from the non-GAAP measures to facilitate a more meaningful evaluation of its current operating performance and comparison to its past periods operating performance.

**Strategic investment losses, (gains) or impairment recognized**

From time to time, the Company incurs losses or gains from strategic investment accounted under equity method of accounting or records impairments charges which are not considered as part of its ongoing operating performance. The resulting expense or gain is inconsistent in amount and frequency and consequently are excluded from the non-GAAP measures to facilitate a more meaningful evaluation of its current operating performance and comparison to its past periods operating performance.

**Income tax adjustments**

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. It also includes a provisional tax benefit for the re-measurement of the Company's U.S. deferred tax assets at the lower 21% tax rate resulting from the U.S. Tax Cuts and Jobs Act enacted on December 22, 2017.