



## Press Release

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

- Revenue of \$2.31 billion
- GAAP diluted earnings per share (EPS) of \$0.69; non-GAAP diluted EPS of \$0.83
- Cash flow from operations of \$438 million and free cash flow of \$291 million
- Returned \$505 million to shareholders; declared cash dividend of \$0.63 per share

**CUPERTINO, CA** – April 30, 2019 – Seagate Technology plc (NASDAQ: STX) (the “Company” or “Seagate”) today reported financial results for its fiscal third quarter ending March 29, 2019.

“Seagate executed very well in the third quarter while navigating near-term demand head-winds. Our focus on operational efficiency and expense discipline drove better-than-expected EPS and free cash flow generation,” said Dave Mosley, Seagate’s chief executive officer.

“We began shipping the industry’s first 16-terabyte high capacity drives in the fiscal third quarter and expect to ramp high volume production in the second half calendar 2019. The Data Age digital transformation has given rise to many new applications including machine learning, autonomous vehicles, and Smart Cities, which all rely on faster access to an increasing amount of data. These trends are creating significant opportunities for our mass data storage solutions and we are successfully executing our technology roadmap to address growing demand.”

#### Quarterly Financial Results

	GAAP		Non-GAAP	
	FQ3 2019	FQ3 2018	FQ3 2019	FQ3 2018
Revenue (\$M)	\$2,313	\$2,803	\$2,313	\$2,803
Gross Margin	26.0%	30.2%	26.6%	30.8%
Net Income (\$M)	\$195	\$381	\$235	\$424
Diluted Earnings Per Share	\$0.69	\$1.31	\$0.83	\$1.46

In the third quarter, the Company generated \$438 million in cash flow from operations and \$291 million in free cash flow. Year to date, the Company has generated \$1.3 billion in cash flow from operations and \$862 million in free cash flow. Seagate’s

balance sheet is healthy and during the third quarter, the Company paid cash dividends of \$178 million and repurchased 7.2 million ordinary shares for \$327 million. Cash and cash equivalents totaled \$1.4 billion at the end of the quarter. There were 277 million ordinary shares issued and outstanding as of 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") declared a quarterly cash dividend of \$0.63 per share, which will be payable on July 3, 2019 to shareholders of record as of the close of business on June 19, 2019. 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.

### **Business Outlook**

Our outlook for the fourth fiscal quarter is based on our current assumptions and expectations; actual results may differ materially, as a result of, among other things, the important factors discussed in the Cautionary Note Regarding Forward-Looking Statements section of this release.

The Company is providing the following guidance for its fiscal fourth quarter 2019:

- Revenue of approximately \$2.32 billion, plus or minus 5%
- Non-GAAP diluted earnings per share of approximately \$0.83, plus or minus 5%

Guidance regarding non-GAAP diluted earnings per share excludes known charges related to amortization of acquired intangible assets of \$0.06 per share.

We have not reconciled our non-GAAP diluted earnings per share to the most directly comparable GAAP measure because material items that may impact these measures are out of our control and/or cannot be reasonably predicted including, but not limited to, accelerated depreciation, impairment, and other charges related to cost saving efforts, restructuring charges, strategic investment losses or impairment recognized, income tax adjustments on these measures, and other charges that may arise. The amounts of these measures are not currently available, but may be material to future results. A reconciliation of the non-GAAP diluted earnings per share to the corresponding GAAP measures is not available without unreasonable effort. A reconciliation of our historical non-GAAP financial measures to their nearest GAAP equivalent is contained in this release.

### **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).

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 outlook for future periods, including the fourth quarter of fiscal 2019, expectations regarding the Company's products, our ability to ramp production, market demand, 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 as well as dividend issuance plans for the fiscal quarter ending June 28, 2019 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, such as import/export duties and restrictions, tariffs and quotas, imposed by the U.S. or other countries in which the Company conducts 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)

	March 29, 2019	June 29, 2018 <sup>(a)</sup>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,388	\$ 1,853
Accounts receivable, net	897	1,184
Inventories	1,001	1,053
Other current assets	201	220
<b>Total current assets</b>	<b>3,487</b>	<b>4,310</b>
Property, equipment and leasehold improvements, net	1,822	1,792
Investment in debt security	1,318	1,275
Goodwill	1,237	1,237
Other intangible assets, net	129	188
Deferred income taxes	416	417
Other assets, net	187	191
<b>Total Assets</b>	<b>\$ 8,596</b>	<b>\$ 9,410</b>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,310	\$ 1,728
Accrued employee compensation	145	253
Accrued warranty	100	112
Current portion of long-term debt	—	499
Accrued expenses	591	598
<b>Total current liabilities</b>	<b>2,146</b>	<b>3,190</b>
Long-term accrued warranty	112	125
Long-term accrued income taxes	5	10
Other non-current liabilities	122	100
Long-term debt, less current portion	4,522	4,320
<b>Total Liabilities</b>	<b>6,907</b>	<b>7,745</b>
<b>Total Equity</b>	<b>1,689</b>	<b>1,665</b>
<b>Total Liabilities and Equity</b>	<b>\$ 8,596</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		For the Nine Months Ended	
	March 29, 2019	March 30, 2018	March 29, 2019	March 30, 2018
Revenue	\$ 2,313	\$ 2,803	\$ 8,019	\$ 8,349
Cost of revenue	1,712	1,956	5,711	5,889
Product development	238	254	750	767
Marketing and administrative	110	135	345	422
Amortization of intangibles	6	6	17	47
Restructuring and other, net	11	11	41	95
Total operating expenses	<u>2,077</u>	<u>2,362</u>	<u>6,864</u>	<u>7,220</u>
Income from operations	236	441	1,155	1,129
Interest income	21	10	67	23
Interest expense	(55)	(60)	(169)	(182)
Other, net	13	2	28	(18)
Other expense, net	<u>(21)</u>	<u>(48)</u>	<u>(74)</u>	<u>(177)</u>
Income before income taxes	215	393	1,081	952
Provision for income taxes	20	12	52	231
Net income	<u>\$ 195</u>	<u>\$ 381</u>	<u>\$ 1,029</u>	<u>\$ 721</u>
Net income per share:				
Basic	\$ 0.69	\$ 1.33	\$ 3.62	\$ 2.50
Diluted	0.69	1.31	3.57	2.48
Number of shares used in per share calculations:				
Basic	281	286	284	288
Diluted	284	291	288	291
Cash dividends declared per ordinary share	\$ 0.63	\$ 0.63	\$ 1.89	\$ 1.89

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

	For the Nine Months Ended	
	March 29, 2019	March 30, 2018
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 1,029	\$ 721
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	407	461
Share-based compensation	73	85
Deferred income taxes	15	209
Gain on sale of property and equipment	(1)	—
Other non-cash operating activities, net	(68)	9
Changes in operating assets and liabilities:		
Accounts receivable, net	296	124
Inventories	49	(20)
Accounts payable	(366)	74
Accrued employee compensation	(108)	(49)
Accrued expenses, income taxes and warranty	(32)	(24)
Other assets and liabilities	19	55
Net cash provided by operating activities	<u>1,313</u>	<u>1,645</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of property, equipment and leasehold improvements	(451)	(270)
Proceeds from settlement of foreign currency forward exchange contracts	66	—
Proceeds from sale of strategic investments	10	—
Proceeds from sale of properties previously classified as held for sale	27	43
Proceeds from sale of property and equipment	3	2
Purchases of strategic investments	(14)	(8)
Other investing activities, net	—	(6)
Net cash used in investing activities	<u>(359)</u>	<u>(239)</u>
<b>FINANCING ACTIVITIES</b>		
Redemption and repurchase of debt	(499)	(209)
Dividends to shareholders	(539)	(545)
Repurchases of ordinary shares	(613)	(361)
Taxes paid related to net share settlement of equity awards	(30)	(22)
Net proceeds from issuance of long-term debt	196	—
Proceeds from issuance of ordinary shares under employee stock plans	68	110
Net cash used in financing activities	<u>(1,417)</u>	<u>(1,027)</u>
Effect of foreign currency exchange rate changes on cash, cash equivalents and restricted cash	<u>(3)</u>	<u>8</u>
(Decrease) increase in cash, cash equivalents and restricted cash	(466)	387
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>\$ 1,391</u>	<u>\$ 2,930</u>

## **Use of non-GAAP financial information**

The Company uses non-GAAP measures of adjusted revenue, gross margin, operating expenses, net income, diluted earnings per share and free cash flow which are adjusted from results based on GAAP to exclude certain gains, losses and expenditures. 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 gains, losses and expenditures 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)

	For the Three Months Ended		For the Nine Months Ended	
	March 29, 2019	March 30, 2018	March 29, 2019	March 30, 2018
<b>GAAP Revenue</b>	\$ 2,313	\$ 2,803	\$ 8,019	\$ 8,349
Adjustment to discontinued products	—	—	1	(6)
<b>Non-GAAP Revenue</b>	<u>\$ 2,313</u>	<u>\$ 2,803</u>	<u>\$ 8,020</u>	<u>\$ 8,343</u>
<b>GAAP Gross Margin</b>	\$ 601	\$ 847	\$ 2,308	\$ 2,460
Adjustment to discontinued products	—	—	1	(6)
Accelerated depreciation, impairment and other charges related to cost saving efforts	—	1	—	2
Amortization of acquired intangible assets	14	15	40	43
Other charges	—	—	(1)	11
<b>Non-GAAP Gross Margin</b>	<u>\$ 615</u>	<u>\$ 863</u>	<u>\$ 2,348</u>	<u>\$ 2,510</u>
<b>GAAP Gross Margin</b>	26.0%	30.2%	28.8%	29.5%
<b>Non-GAAP Gross Margin</b>	26.6%	30.8%	29.3%	30.1%
<b>GAAP Operating Expenses</b>	\$ 365	\$ 406	\$ 1,153	\$ 1,331
Accelerated depreciation, impairment and other charges related to cost saving efforts	—	(4)	(2)	(6)
Amortization of acquired intangible assets	(5)	(4)	(14)	(43)
Restructuring and other, net	(11)	(11)	(41)	(95)
Other charges	—	(2)	—	(4)
<b>Non-GAAP Operating Expenses</b>	<u>\$ 349</u>	<u>\$ 385</u>	<u>\$ 1,096</u>	<u>\$ 1,183</u>
<b>GAAP Net Income</b>	\$ 195	\$ 381	\$ 1,029	\$ 721
Adjustment to discontinued products	—	—	1	(6)
Accelerated depreciation, impairment and other charges related to cost saving efforts	—	5	2	8
Amortization of acquired intangible assets	19	19	54	86
Restructuring and other, net	11	11	41	95
Losses recognized on the early redemption and repurchase of debt	—	1	—	4
Strategic investment losses or impairment recognized	—	3	2	3
Other charges	—	3	(1)	15
Income tax adjustments	10	1	8	208
<b>Non-GAAP Net Income</b>	<u>\$ 235</u>	<u>\$ 424</u>	<u>\$ 1,136</u>	<u>\$ 1,134</u>
Shares used in diluted net income per share calculation	284	291	288	291
<b>GAAP Diluted Net Income Per Share</b>	\$ 0.69	\$ 1.31	\$ 3.57	\$ 2.48
<b>Non-GAAP Diluted Net Income Per Share</b>	\$ 0.83	\$ 1.46	\$ 3.94	\$ 3.90
<b>GAAP Net Cash Provided by Operating Activities</b>	\$ 438	\$ 558	\$ 1,313	\$ 1,645
Acquisition of property, equipment and leasehold improvements	147	69	451	270
<b>Free Cash Flow</b>	<u>\$ 291</u>	<u>\$ 489</u>	<u>\$ 862</u>	<u>\$ 1,375</u>



**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 inconsistency 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.

**Losses Recognized on the early redemption and repurchase of debt**

From time to time, the Company incurs losses from the early redemption and repurchase of certain long-term debt instruments. These losses represent the difference between the reacquisition costs and the par value of the debt extinguished and include the write off of any related unamortized debt issuance costs. The amount of these charges may be inconsistent in size and varies depending on the timing of the repurchase of debt.

**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.

**Free cash flow**

Free cash flow is a non-GAAP measure defined as net cash provided by operating activities less acquisition of property, equipment and leasehold improvements. This non-GAAP financial measure is used by management to assess the Company's sources of liquidity, capital structure and operating performance.