



FISCAL Q3 2017

SUPPLEMENTAL FINANCIAL INFORMATION

April 26, 2017

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 the Company's plans, strategies and prospects, estimates of industry growth, market demand, and dividend issuance plans for the fiscal quarter ending June 30, 2017 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 conditions; the impact of the variable demand and adverse pricing environment for disk drives; 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; the Company's ability to achieve projected cost savings in connection with restructuring plans; possible excess industry supply with respect to particular disk drive products; 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; our ability to comply with certain covenants in our credit facilities with respect to financial ratios and financial condition tests; currency fluctuations that may impact the Company's margins and international sales; cyber-attacks or other data breaches that disrupt our operations or results in the dissemination of proprietary or confidential information and cause reputational harm; 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 on August 5, 2016, the "Risk Factors" section of which is incorporated into this press release by reference, and other documents filed with or furnished to the Securities and Exchange Commission. 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 adjusted revenue, net income, diluted earnings per share, earnings per share, gross margin, gross margin as a percentage of revenue, operating expenses, free cash flow, EBITDA and Credit Agreement defined 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 similar to the approach used in connection with the financial models and estimates published by financial analysts who follow the Company. 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.








DATA AGE
2025

THE EVOLUTION OF DATA THROUGH 2025

Data is transforming our lives in new and important ways

An IDC White Paper, Sponsored by  SEAGATE

-  The Data Age 2025 predicts data creation will swell to a total of **163ZB** by 2025.
-  Whereas once consumers were the primary creators of the bulk of the world's data, The Data Age 2025 predicts this will shift, with enterprises creating **60%** of the world's data in 2025
-  Embedded systems and the Internet of Things (IoT) - By 2025, an average connected person anywhere in the world will interact with connected devices nearly **4,800** times per day – basically one interaction every 18 seconds.
-  Machine learning is changing the landscape - IDC estimates that the amount of the global datasphere subject to data analysis will grow by a factor of 50 to **5.2ZB** in 2025.
-  True mobile and real-time data - By 2025, over **25%** of data created will be real-time in nature, and IoT real-time data will constitute over 95% of it.

Product and Technology Development Highlights



At the Open Compute Project Summit, Seagate has announced our new 12TB helium enterprise drives are now shipping to cloud providers for evaluation, and we plan to start volume shipments in the June quarter of 2017.



Seagate introduces the Game Drive for Xbox Halo Wars® 2 Special Edition Portable Drive, in collaboration with Microsoft® and 343 Industries.



DJI and Seagate announce strategic partnership to advance data solutions for the unmanned aerial vehicles (UAV) ecosystem.



Seagate and Synology bring IronWolf Health Management to Synology NAS.

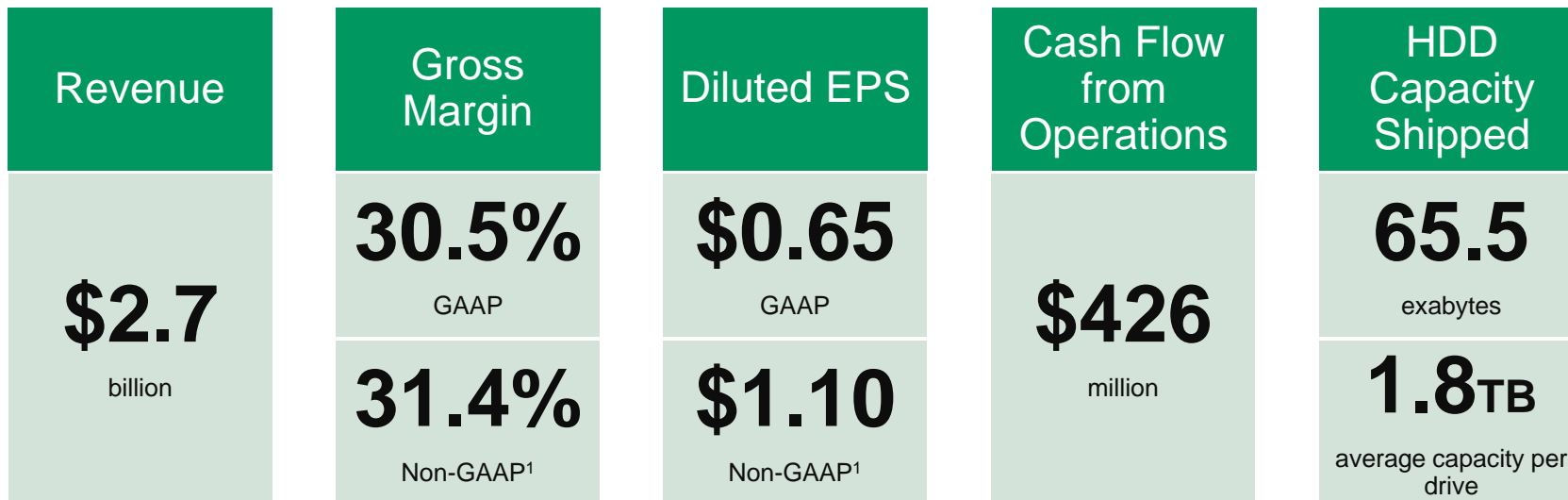


Seagate helps strengthen Federal Cybersecurity with new data encryption capabilities. Seagate's portfolio of hard drives and solid-state drives designed to meet stringent federal security standards now integrate with advanced encryption key management software and services from Fernetix, LLC.



At Consumer Electronics Show, LaCie announced Rugged Thunderbolt™ USB-C and LaCie d2 Thunderbolt 3 drives for creative professional workflows, an upgrade for the LaCie® Rugged® and d2 storage solutions.

Q3 FY2017 Financial Highlights



1. See 'Reconciliation Tables' section for GAAP reconciliation.

Quarterly Financial Trends

	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17
GAAP Results									
Revenue (\$M)	3,330	2,927	2,925	2,986	2,595	2,654	2,797	2,894	2,674
Gross Margin %	28.7%	26.5%	23.6%	24.8%	20.2%	24.9%	28.6%	30.8%	30.5%
Operating Expenses (\$M)	612	570	603	512	497	559	580	521	550
Net Income (loss) (\$M)	291	138	34	165	(21)	70	167	297	194
Diluted EPS (LPS)	\$0.88	\$0.43	\$0.11	\$0.55	(\$0.07)	\$0.23	\$0.55	\$1.00	\$0.65
Non-GAAP Results¹									
Revenue (\$M)	3,330	2,927	2,927	2,985	2,591	2,653	2,797	2,893	2,675
Gross Margin %	28.9%	27.2%	24.2%	25.6%	22.7%	25.8%	29.5%	31.8%	31.4%
Operating Expenses (\$M)	555	515	501	453	439	443	472	458	443
Net Income (\$M)	357	250	165	246	66	207	299	412	329
Diluted EPS ²	\$1.08	\$0.77	\$0.54	\$0.82	\$0.22	\$0.69	\$0.99	\$1.38	\$1.10
End of Qtr Actual Share Count (M)	318	315	299	296	298	299	299	295	297
Diluted Shares O/S for EPS (M)	330	323	308	301	298	300	301	298	300
Dividends Per Share Paid	\$0.54	\$0.54	\$0.54	\$0.63	\$0.63	\$0.63	-	\$0.63	\$0.63
Shares Repurchased (M)	12.0	3.2	20.0	2.9	-	-	3.0	4.1	-
Fiscal YTD Shares Repurchased (M)	15.4	18.6	20.0	23.0	23.0	23.0	3.0	7.1	7.1
Revenue by Product Line (\$M)									
HDD	3,098	2,713	2,722	2,727	2,371	2,455	2,589	2,652	2,424
Enterprise Systems, Flash, and Other	232	214	203	259	224	199	208	242	250
HDD Revenue by Channel³									
OEM	71%	73%	69%	68%	69%	71%	70%	66%	66%
Distributors	17%	15%	18%	16%	16%	16%	18%	18%	19%
Retail	12%	12%	13%	16%	15%	13%	12%	16%	15%

1. See "Reconciliation Tables" section for GAAP reconciliation.

2. The number of shares used in the Non-GAAP diluted net income per share computation for Q3'16 is 299 million as it includes dilutive shares related to employee equity award plans. Such shares were excluded from the computation of GAAP diluted net income per share as to do so would be anti-dilutive.

3. HDD Revenue by Channel reflects channel distribution of HDD revenue only.

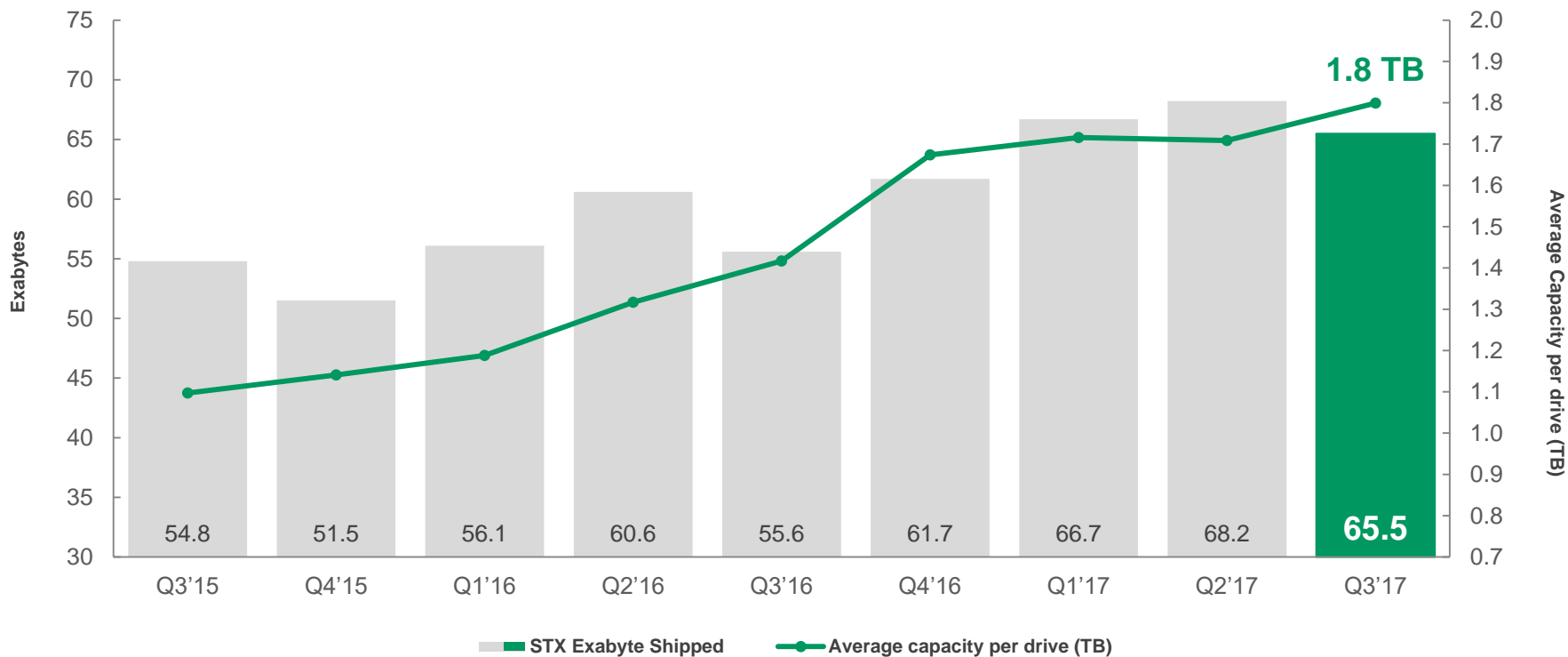
Product Mix Trends

		Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17
Enterprise										
Capacity (EB)	Mission Critical	2.5	2.4	2.4	2.5	2.2	2.2	2.4	2.6	2.3
	Nearline	14.8	13.0	12.2	15.1	17.7	24.7	25.7	21.6	21.4
Client non-Compute										
Capacity (EB)	Consumer Electronics ¹	7.4	10.1	11.6	10.5	8.4	11.3	13.7	14.8	13.6
	Consumer	8.2	7.4	9.2	11.0	9.3	8.6	8.9	12.1	10.8
Client Compute										
Capacity (EB)	Desktop + Notebook	21.9	18.6	20.7	21.4	18.0	14.7	16.0	17.1	17.3
Total HDD Capacity (EB)		54.8	51.5	56.1	60.6	55.6	61.7	66.7	68.2	65.5
Average Capacity per Drive (TB)		1.1	1.1	1.2	1.3	1.4	1.7	1.7	1.7	1.8
Enterprise as a % of Total Revenue		36%	35%	33%	34%	37%	41%	41%	37%	36%
Client non-Compute as a % of Total Revenue		22%	26%	28%	27%	24%	27%	28%	31%	29%
Client Compute as a % of Total Revenue		36%	32%	33%	31%	30%	24%	24%	24%	25%

NOTE: Minor calculation variances are due to rounding.

1. Consumer Electronics includes exabytes from surveillance, DVR, NAS, and gaming.

Exabytes Shipped and Average Capacity per Drive



Cash, Cash Flow, and Operational Trends

	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17
Cash ¹ (\$M)	2,614	2,492	1,921	1,264	1,199	1,131	1,494	1,716	3,026
Debt (\$M)	3,891	4,111	4,096	4,098	4,089	4,091	4,092	4,093	5,231
Cash Flow From Operations ⁶ (\$M)	374	228	824	382	205	269	591	656	426
Capital Expenditures ² (\$M)	159	201	209	137	95	146	140	95	95
Free Cash Flow ³ (\$M)	215	27	615	245	110	123	451	561	331
YTD Cash Flow From Operations ^{4,6} (\$M)	2,419	2,647	824	1,206	1,411	1,680	591	1,247	1,673
YTD Shares Repurchased ⁵ (\$M)	907	1,087	983	1,090	1,090	1,090	101	248	248
YTD Dividend Paid ⁴ (\$M)	493	664	163	351	539	727	-	188	374
YTD Percent Return of OCF ⁴	58%	66%	139%	119%	115%	108%	17%	35%	37%
Days Sales Outstanding	48	54	47	43	44	45	43	38	39
Days Inventory Outstanding	42	42	45	43	41	40	42	46	51
Days Payables Outstanding	65	64	77	71	66	69	71	74	78
Cash Conversion Cycle	25	32	15	14	19	16	13	10	12
Worldwide Headcount	53,602	52,346	51,079	50,048	46,673	45,487	44,455	44,882	43,214

NOTE: Minor calculation variances are due to rounding.

1. Cash is defined as the sum of cash and cash equivalents, short-term investments, and restricted cash and investments in the Balance Sheet. Beginning Q1'16, restricted cash is no longer classified as "Cash" in the Balance Sheet.

2. Capital Expenditures is 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.

5. Based on Fiscal Year. For YTD Shares Repurchased through Fiscal Q2'16, \$1,061 million was paid in cash and \$29 million was accrued for as of January 1, 2016.

6. Cash Flow from Operations has been retrospectively adjusted from Q1'16 for the impact of the adoption of ASU 2016-18, Statement of Cash Flows: Restricted Cash, which requires amount generally described as restricted cash and restricted cash equivalents to be included with cash and cash equivalents when reconciling the total beginning and ending balances for the periods presented on the Statement of Cash Flows.



RECONCILIATION TABLES

GAAP to Non-GAAP Reconciliations

(\$ Millions)	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17
GAAP net income (loss)	\$291	\$138	\$34	\$165	(\$21)	\$70	\$167	\$297	\$194
Non-GAAP adjustments									
A. Revenue	-	-	2	(1)	(4)	(1)	-	(1)	1
B. Cost of revenue	8	19	17	23	67	23	25	29	24
C. Product development	4	2	6	3	2	5	-	2	30
C. Marketing and administrative	7	12	4	10	9	3	(1)	1	2
D. Amortization of intangibles	32	32	33	29	27	28	27	27	27
E. Restructuring and other, net	14	9	59	17	20	80	82	33	48
F. Other income (expense), net	1	17	10	-	(34)	(1)	(1)	24	-
G. Provision for income taxes	-	21	-	-	-	-	-	-	3
Non-GAAP net income	\$357	\$250	\$165	\$246	\$66	\$207	\$299	\$412	\$329
Diluted net income (loss) per share:									
GAAP	\$0.88	\$0.43	\$0.11	\$0.55	(\$0.07)	\$0.23	\$0.55	\$1.00	\$0.65
Non-GAAP	\$1.08	\$0.77	\$0.54	\$0.82	\$0.22	\$0.69	\$0.99	\$1.38	\$1.10
Shares used in diluted net income (loss) share calculation ¹	330	323	308	301	298	300	301	298	300

A. Revenue has been adjusted on a non-GAAP basis for changes in the sales provision for discontinued products.

B. Cost of revenue has been adjusted on a non-GAAP basis to exclude amortization of intangibles associated with acquisitions, accelerated depreciation, the write off of certain fixed assets related to restructuring and other charges.

C. Product development and Marketing and administrative expenses have been adjusted on a non-GAAP basis to exclude accelerated depreciation, the write off of certain fixed assets related to restructuring and other charges and to reflect the impact of certain strategic development costs.

D. Amortization of intangibles primarily related to our acquisitions has been excluded on a non-GAAP basis.

E. Restructuring and other, net, has been adjusted on a non-GAAP basis primarily related to a reduction in our workforce as a result of our ongoing focus on cost efficiencies in all areas of our business.

F. Other income (expense), net, has been adjusted on a non-GAAP basis to exclude the impairment of a certain strategic investment.

G. Provision for income taxes has been adjusted for 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.

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 Revenue and Cost of revenue. Non-GAAP gross margin % is defined as Non-GAAP gross margin divided by Non-GAAP 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, adjusted for non-GAAP items C through E noted in the table above. Non-GAAP operating income is defined as Income from operations adjusted for non-GAAP items A through E noted in the table above. Non-GAAP operating margin is Non-GAAP operating income divided by Non-GAAP Revenue.

1. The number of shares used in the Non-GAAP diluted net income per share computation for Q3'16 is 299 million as it includes dilutive shares related to employee equity award plans. Such shares were excluded from the computation of GAAP diluted net income per share as to do so would be anti-dilutive.

GAAP to Adjusted EBITDA Reconciliations

(\$ Millions)	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17
Income Before Income Taxes	\$304	\$149	\$31	\$180	\$9	\$54	\$173	\$310	\$212
EBITDA adjustments									
Depreciation	164	172	167	163	155	156	158	149	140
Amortization	39	40	41	46	43	44	42	42	42
Interest Income	(1)	(2)	(1)	(1)	(1)	(1)	(1)	(1)	(5)
Interest Expense	48	55	47	48	47	51	50	50	60
EBITDA	\$554	\$414	\$285	\$436	\$253	\$304	\$422	\$550	\$449
Non-GAAP adjustments									
A. Revenue	-	-	2	(1)	(4)	(1)	-	(1)	1
B. Cost of Revenue	1	12	10	8	52	3	(1)	10	7
C. Product Development	4	2	6	3	2	2	-	1	27
C. Marketing and administrative	7	12	4	10	9	1	(1)	1	2
D. Restructuring and other, net	14	9	59	17	20	80	82	33	48
E. Other income (expense), net	1	17	10	-	(34)	(1)	(1)	24	-
Adjusted EBITDA	\$581	\$466	\$376	\$473	\$298	\$388	\$501	\$618	\$534
Share-based Compensation (\$M)	33	31	33	32	30	25	40	33	37
Credit Agreement Defined EBITDA¹	\$614	\$497	\$409	\$505	\$328	\$413	\$541	\$651	\$571

A. Revenue has been adjusted on a non-GAAP basis for changes in the sales provision for discontinued products.

B. Cost of revenue has been adjusted on a non-GAAP basis to exclude the write off of certain fixed assets related to restructuring and other charges.

C. Product development and Marketing and administrative expenses have been adjusted on a non-GAAP basis to exclude the write off of certain fixed assets related to restructuring and other charges and to reflect the impact of certain strategic development costs.

D. Restructuring and other, net, has been adjusted on a non-GAAP basis primarily related to a reduction in our workforce as a result of our ongoing focus on cost efficiencies in all areas of our business.

E. Other income (expense), net, has been adjusted on a non-GAAP basis to exclude the impairment of a certain strategic investment.

1. Credit Agreement Defined EBITDA includes the adjustment for expense related to share-based compensation.

Reconciliation of Gross Margin to Non-GAAP Gross Margin & Gross Profit to Non-GAAP Gross Profit

	(\$M)	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17
Gross profit		955	776	689	741	524	662	801	891	816
Accelerated depreciation, impairment and other charges related to cost saving efforts		-	-	4	4	52	6	16	16	7
Amortization of acquired intangible assets		7	7	6	15	15	15	13	13	13
Other charges		1	12	9	3	(4)	1	(4)	(1)	5
Non-GAAP gross profit		963	795	708	763	587	684	826	919	841
Gross margin		28.7%	26.5%	23.6%	24.8%	20.2%	24.9%	28.6%	30.8%	30.5%
Non-GAAP gross margin		28.9%	27.2%	24.2%	25.6%	22.7%	25.8%	29.5%	31.8%	31.4%

Reconciliation of Operating Expenses to Non-GAAP Operating Expenses

	(\$M)	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17
Total operating expenses		612	570	603	512	497	559	580	521	550
Accelerated depreciation, impairment and other charges related to cost saving efforts		-	(10)	-	(5)	-	(5)	(1)	(1)	(30)
Amortization of acquired intangible assets		(32)	(32)	(33)	(29)	(27)	(28)	(27)	(27)	(27)
Restructuring and other, net		(14)	(9)	(59)	(17)	(20)	(80)	(82)	(33)	(48)
Other charges		(11)	(4)	(10)	(8)	(11)	(3)	2	(2)	(2)
Total non-GAAP operating expenses		555	515	501	453	439	443	472	458	443

Reconciliation of Net Income to EBITDA

	(\$M)	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17
Net income (loss)		291	138	34	165	(21)	70	167	297	194
Interest income		(1)	(2)	(1)	(1)	(1)	(1)	(1)	(1)	(5)
Interest expense		48	55	47	48	47	51	50	50	60
Income tax expense (benefit)		13	11	(3)	15	30	(16)	6	13	18
Depreciation and amortization		203	212	208	209	198	200	200	191	182
EBITDA		554	414	285	436	253	304	422	550	449

Reconciliation of Net Income (Loss) to Non-GAAP Net Income

	(\$M)	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17
Net income (loss)		291	138	34	165	(21)	70	167	297	194
Accelerated depreciation, impairment and other charges related to cost saving efforts		-	10	4	9	52	11	17	17	37
Amortization of acquired intangible assets		39	39	39	44	42	43	40	40	40
Restructuring and other, net		14	9	59	17	20	80	82	33	48
Interest income on the final arbitration award settlement in the case against Western Digital		-	-	-	-	(33)	-	-	-	-
Losses (gains) recognized on the early redemption and repurchase of debt		-	22	-	-	(2)	-	-	-	-
Other charges		13	11	29	11	8	3	(7)	25	7
Income tax adjustments		-	21	-	-	-	-	-	-	3
Non-GAAP net income		357	250	165	246	66	207	299	412	329



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