

SEAGATE TECHNOLOGY PLC
CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions)

(Unaudited)

	September 29, 2017	June 30, 2017 ^(a)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,285	\$ 2,539
Accounts receivable, net	1,209	1,199
Inventories	1,014	982
Other current assets	316	321
Total current assets	4,824	5,041
Property, equipment and leasehold improvements, net	1,817	1,875
Goodwill	1,237	1,238
Other intangible assets, net	255	281
Deferred income taxes	609	609
Other assets, net	214	224
Total Assets	\$ 8,956	\$ 9,268
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 1,539	\$ 1,626
Accrued employee compensation	150	237
Accrued warranty	111	113
Accrued expenses	658	650
Total current liabilities	2,458	2,626
Long-term accrued warranty	119	120
Long-term accrued income taxes	15	15
Other non-current liabilities	120	122
Long-term debt	5,002	5,021
Total Liabilities	7,714	7,904
Equity:		
Total Equity	1,242	1,364
Total Liabilities and Equity	\$ 8,956	\$ 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)

	<u>For the Three Months Ended</u>	
	<u>September 29, 2017</u>	<u>September 30, 2016</u>
Revenue	\$ 2,632	\$ 2,797
Cost of revenue	1,896	1,996
Product development	263	315
Marketing and administrative	145	155
Amortization of intangibles	22	28
Restructuring and other, net	51	82
Total operating expenses	<u>2,377</u>	<u>2,576</u>
Income from operations	255	221
Interest income	7	1
Interest expense	(61)	(50)
Other, net	<u>(13)</u>	<u>1</u>
Other expense, net	<u>(67)</u>	<u>(48)</u>
Income before income taxes	188	173
Provision for income taxes	<u>7</u>	<u>6</u>
Net income	<u>\$ 181</u>	<u>\$ 167</u>
Net income per share:		
Basic	\$ 0.62	\$ 0.56
Diluted	0.62	0.55
Number of shares used in per share calculations:		
Basic	290	299
Diluted	292	301
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 29, 2017	September 30, 2016
OPERATING ACTIVITIES		
Net income	\$ 181	\$ 167
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	161	200
Share-based compensation	32	40
Deferred income taxes	(3)	1
Other non-cash operating activities, net	1	(7)
Changes in operating assets and liabilities:		
Accounts receivable, net	(10)	12
Inventories	(32)	(46)
Accounts payable	(30)	101
Accrued employee compensation	(87)	32
Accrued expenses, income taxes and warranty	16	89
Other assets and liabilities	8	2
Net cash provided by operating activities	<u>237</u>	<u>591</u>
INVESTING ACTIVITIES		
Acquisition of property, equipment and leasehold improvements	(124)	(140)
Maturities of short-term investments	—	1
Other investing activities, net	(8)	—
Net cash used in investing activities	<u>(132)</u>	<u>(139)</u>
FINANCING ACTIVITIES		
Redemption and repurchase of debt	(22)	—
Taxes paid related to net share settlement of equity awards	(20)	(23)
Repurchases of ordinary shares	(166)	(101)
Dividends to shareholders	(184)	—
Proceeds from issuance of ordinary shares under employee stock plans	29	35
Net cash used in financing activities	<u>(363)</u>	<u>(89)</u>
Effect of foreign currency exchange rate changes on cash, cash equivalents, and restricted cash	4	—
(Decrease) increase in cash, cash equivalents, and restricted cash	(254)	363
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>\$ 2,289</u>	<u>\$ 1,495</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 September 29, 2017</u>	<u>For the Three Months Ended September 30, 2016</u>
Reconciliation of GAAP Net Income:		
GAAP Net income	\$ 181	\$ 167
Non-GAAP adjustments:		
Revenue	—	—
Cost of revenue	A 26	25
Product development	B 1	—
Marketing and administrative	C —	(1)
Amortization of intangibles	D 21	27
Restructuring and other, net	E 51	82
Other expense, net	F (1)	(1)
Provision for income taxes	G —	—
Non-GAAP net income	<u>\$ 279</u>	<u>\$ 299</u>
Reconciliation of GAAP Diluted Net Income Per Share:		
GAAP	\$ 0.62	\$ 0.55
Non-GAAP	\$ 0.96	\$ 0.99
Shares used in diluted net income per share calculation	292	301

A For the three months ended September 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. For the three months ended September 30, 2016, Cost of revenue has been adjusted on a non-GAAP basis to exclude amortization of intangibles associated with acquisitions and write off of certain fixed assets.

B For the three months ended September 29, 2017, Product development expenses have been adjusted on a non-GAAP basis to exclude other charges related to restructuring.

C For the three months ended September 30, 2016, Marketing and administrative expenses have been adjusted on a non-GAAP basis primarily to reflect the impact of our disposed data service business.

D For the three months ended September 29, 2017 and September 30, 2016, Amortization of intangibles primarily related to our acquisitions has been excluded on a non-GAAP basis.

E For the three months ended September 29, 2017 and September 30, 2016, 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.

F For the three months ended September 29, 2017 and September 30, 2016, Other expense, net has been adjusted on a non-GAAP basis to exclude the impact of our disposed data service business.

G For the three months ended September 29, 2017 and September 30, 2016, 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.