

Supplemental Financial Information

FISCAL Q2 2018



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 March 30, 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 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; the impact of competitive product announcements; the Company's ability to achieve projected cost savings in connection with its 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; the Company's ability to 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 and international sales; 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; 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 4, 2017, 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.



Q2 FY2018 Financial Highlights

Revenue	Gross Margin GAAP	Diluted EPS GAAP	HDD Capacity Shipped
\$2.9 _B	30.1%	\$0.55	87.5 _{EB}
Cash Flow from Operations	Gross Margin NON-GAAP ¹	Diluted EPS NON-GAAP ¹	Avg. Capacity per Drive
\$850 _M	30.4%	\$1.48	2.2 _{TB}

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



Quarterly Financial Trends

	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18
GAAP Results									
Revenue (\$M)	2,986	2,595	2,654	2,797	2,894	2,674	2,406	2,632	2,914
Gross Margin %	24.8%	20.2%	24.9%	28.6%	30.8%	30.5%	27.7%	28.0%	30.1%
Operating Expenses (\$M)	512	497	559	580	521	550	470	481	444
Net Income (loss) (\$M)	165	(21)	70	167	297	194	114	181	159
Diluted EPS (LPS)	\$0.55	(\$0.07)	\$0.23	\$0.55	\$1.00	\$0.65	\$0.38	\$0.62	\$0.55
Non-GAAP Results¹									
Revenue (\$M)	2,985	2,591	2,653	2,797	2,893	2,675	2,406	2,632	2,908
Gross Margin %	25.6%	22.7%	25.8%	29.5%	31.8%	31.4%	28.9%	29.0%	30.4%
Operating Expenses (\$M)	453	439	443	472	458	443	422	408	390
Net Income (\$M)	246	66	207	299	412	329	192	279	431
Diluted EPS ²	\$0.82	\$0.22	\$0.69	\$0.99	\$1.38	\$1.10	\$0.65	\$0.96	\$1.48
End of Qtr Actual Share Count (M)	296	298	299	299	295	297	292	289	285
Diluted Shares O/S for EPS (M)	301	298	300	301	298	300	297	292	291
Dividends Per Share Paid	\$0.63	\$0.63	\$0.63	-	\$0.63	\$0.63	\$0.63	\$0.63	\$0.63
Shares Repurchased (M)	2.9	-	-	3.0	4.1	-	5.0	5.0	5.0
Fiscal YTD Shares Repurchased (M)	23.0	23.0	23.0	3.0	7.1	7.1	12.1	5.0	10.0
Revenue by Product Line (\$M)									
HDD	2,727	2,371	2,455	2,589	2,652	2,424	2,220	2,390	2,701
Enterprise Systems, Flash, and Other	259	224	199	208	242	250	186	242	213
HDD Revenue by Channel³									
OEM	68%	69%	71%	70%	66%	66%	67%	67%	67%
Distributors	16%	16%	16%	18%	18%	19%	18%	17%	17%
Retail	16%	15%	13%	12%	16%	15%	15%	16%	16%

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.



HDD Product Mix Trends

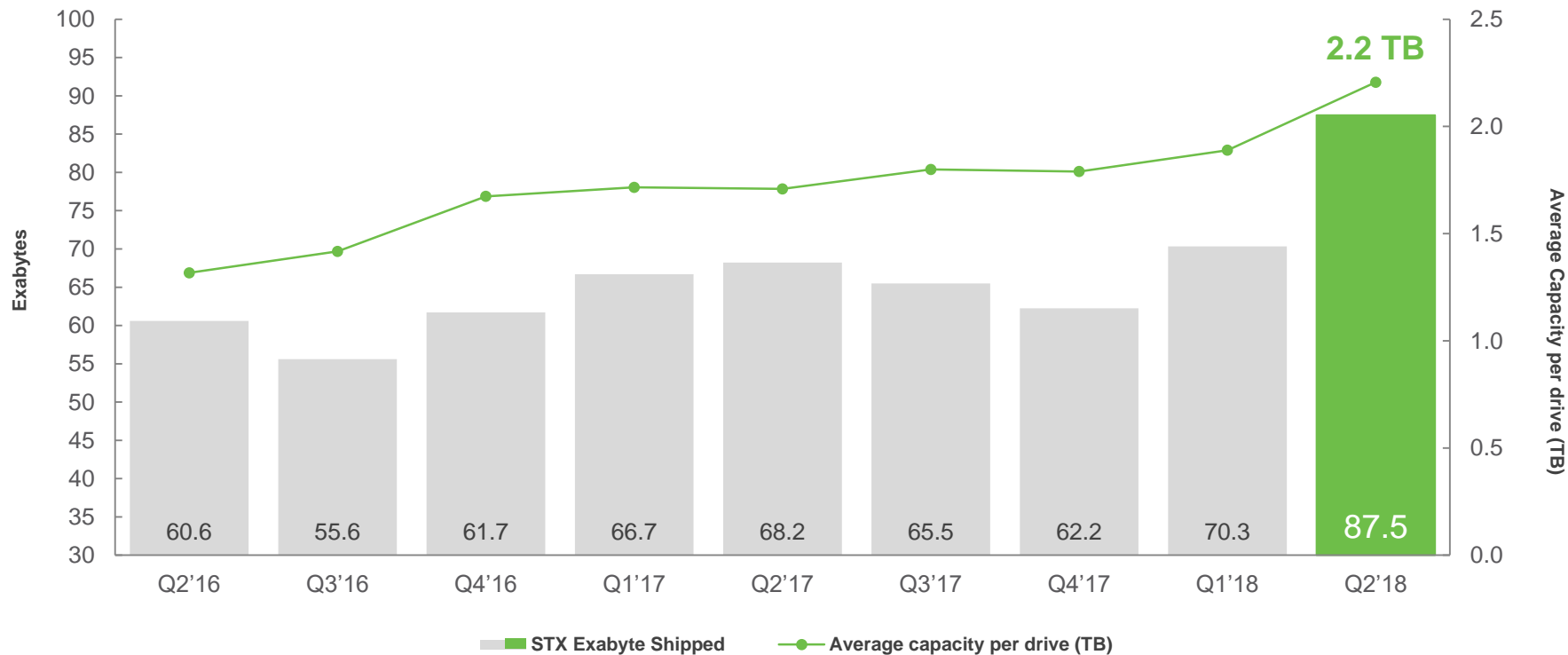
		Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18
Enterprise										
Capacity (EB)	Mission Critical	2.5	2.2	2.2	2.4	2.6	2.3	2.2	2.1	2.4
	Nearline	15.1	17.7	24.7	25.7	21.6	21.4	21.2	25.1	35.1
Average Capacity per Drive (TB)		2.2	2.6	3.2	3.2	3.0	3.2	3.4	3.9	4.3
Edge non-Compute / Client non-Compute										
Capacity (EB)	Consumer Electronics ¹	10.5	8.4	11.3	13.7	14.8	13.6	12.4	13.5	17.1
	Consumer	11.0	9.3	8.6	8.9	12.1	10.8	9.5	11.1	13.8
Average Capacity per Drive (TB)		1.5	1.6	1.6	1.6	1.9	2.0	1.9	1.9	2.2
Edge Compute / Client Compute										
Capacity (EB)	Desktop + Notebook	21.4	18.0	14.7	16.0	17.1	17.3	16.8	18.6	19.2
Average Capacity per Drive (TB)		0.9	0.9	0.9	1.0	1.0	1.1	1.0	1.1	1.1
Total HDD Capacity (EB)		60.6	55.6	61.7	66.7	68.2	65.5	62.2	70.3	87.5
Average Capacity per Drive (TB)		1.3	1.4	1.7	1.7	1.7	1.8	1.8	1.9	2.2
Enterprise as a % of Total Revenue		34%	37%	41%	41%	37%	36%	37%	36%	40%
Client non-Compute as a % of Total Revenue		27%	24%	27%	28%	31%	29%	29%	29%	30%
Client Compute as a % of Total Revenue		31%	30%	24%	24%	24%	25%	26%	26%	23%

NOTE: Minor calculation variances are due to rounding.

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



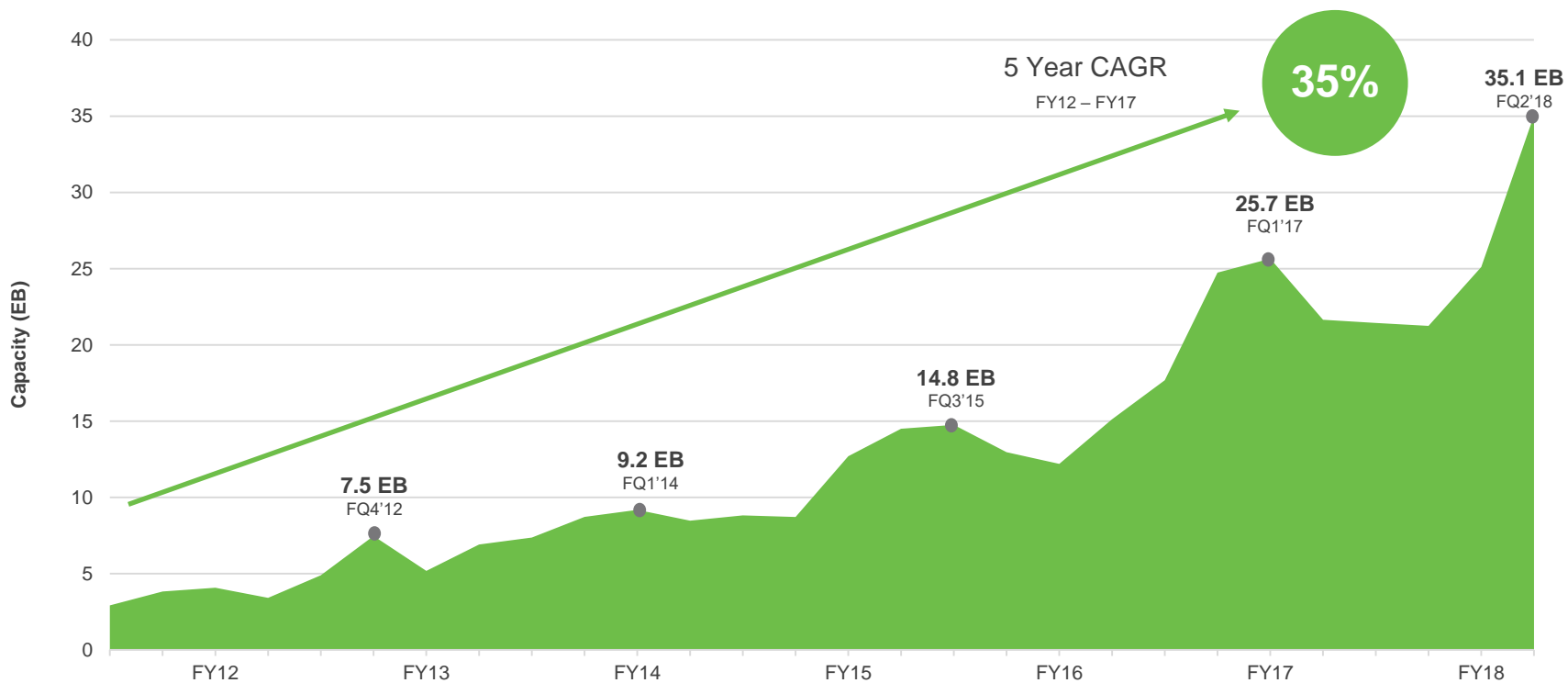
HDD Exabytes Shipped and Average Capacity per Drive



NOTE: Minor calculation variances are due to rounding.



Nearline Demand Trend



NOTE: Minor changes and calculation variances to historical exabytes are due to rounding.



Cash, Cash Flow, and Operational Trends

	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18
Cash (\$M)	1,264	1,199	1,131	1,494	1,716	3,026	2,539	2,285	2,556
Debt (\$M)	4,098	4,089	4,091	4,092	4,093	5,231	5,021	5,002	4,876
Cash Flow From Operations (\$M)	382	205	269	591	656	426	243	237	850
Capital Expenditures ¹ (\$M)	137	95	146	140	95	95	104	124	77
Free Cash Flow ² (\$M)	245	110	123	451	561	331	139	113	773
YTD Cash Flow From Operations ³ (\$M)	1,206	1,411	1,680	591	1,247	1,673	1,916	237	1,087
YTD Shares Repurchased ⁴ (\$M)	1,090	1,090	1,090	101	248	248	460	166	361
YTD Dividend Paid ^{3,5} (\$M)	351	539	727	-	188	374	561	184	366
Days Sales Outstanding	43	44	45	43	38	39	45	42	33
Days Inventory Outstanding	43	41	40	42	46	51	51	49	45
Days Payables Outstanding	71	66	69	71	74	78	85	74	72
Cash Conversion Cycle	14	19	16	13	10	12	12	17	6
Worldwide Headcount	50,048	46,673	45,487	44,455	44,882	43,214	41,221	40,496	40,966

NOTE: Minor calculation variances are due to rounding.

1. Capital Expenditures is cash paid for the acquisition of property, equipment, and leasehold improvements.

2. Free cash flow is a non-GAAP measure defined as cash flow from operations less capital expenditures.

3. Based on Fiscal Year.

4. 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.

5. In Fiscal Q1'17 a quarterly cash dividend of \$0.63 per share was declared on August 2, 2016, which was payable on October 5, 2016.



Product and Technology Development Highlights

Seagate and JD.com Jointly Launch Joy Drive

Launched the Seagate® Joy Drive - a portable device that allows Android smartphone and tablet users to expand their storage and battery usage.

The Seagate Joy Drive is a power bank and mobile capacity expansion unit for Android devices rolled into one easy-to-use package, and is designed for heavy mobile users who want to expand their storage capacity and battery range. The unit allows them to connect to their smart devices, store and read data, and enjoy media content on-the-go. Delivering up to 1000GB (1TB) capacity.

Seagate® Fast SSD

Announced new Seagate® Fast SSD – an ultra-portable flash drive that teams fast performance of up to 540MB/s transfer rates, with shock-resistance and USB-C connectivity. Users can backup or sync their content using Seagate's new Toolkit software. The Seagate Fast SSD is available in 250GB, 500GB and 1TB capacities and will be shipping this spring.

LaCie® DJI Copilot

Announced the second product offering from Seagate's strategic partnership with DJI, the new LaCie® DJI Copilot is a complete backup on-set solution – enabling drone users to quickly ingest and review their content in full resolution without a PC.

With 2000GB (2TB) of storage, users can quickly connect and reference the built-in screen to initiate direct file transfer from an SD card to LaCie DJI Copilot. The Copilot BOSS (Back-up On-Set Solution) app by LaCie allows users to playback video in full resolution as well as manage and organize files with their mobile phone or tablet, and a built-in power bank recharges your mobile devices.

New High Density Enclosure with Next Generation Operating System

Announced the launch of the 5U84 high-density enclosure built with a next-generation operating system that together delivers performance, capacity and reliability. The 5U84 enclosure and firmware technology will enable businesses to store massive quantities of data in a high-availability enclosure that provides high performance access to data.

Using next generation data protection technology, Seagate's Advanced Distributed Autonomic Protection Technology (ADAPT) can eliminate up to 95% of performance degradation during a disk drive rebuild when compared to traditional RAID solutions, meaning the 5U84 is essentially "self-healing".

12TB Drives for NAS and Desktop Computing

Announced its IronWolf™, IronWolf™ Pro and BarraCuda® Pro hard drives are now available at capacities up to 12TB.

Seagate's 12TB IronWolf and BarraCuda Pro drives further extend the capabilities of the leading Seagate Guardian Series to meet the growing data needs of large enterprise business, small and medium-sized businesses (SMBs), and creative professionals.

Drive for AI-Enabled Surveillance

Announced SkyHawk™ AI hard disk drive (HDD), the first drive created specifically for artificial intelligence (AI) enabled video surveillance solutions. Building on Seagate's 10-year track record of delivering surveillance optimized storage performance, SkyHawk AI provides unprecedented bandwidth and processing power to manage always-on, data-intensive workloads, while simultaneously analyzing and recording footage from multiple HD cameras.



RECONCILIATION TABLES

GAAP to Non-GAAP Reconciliations

(\$ Millions)	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18
GAAP net income (loss)	\$165	(\$21)	\$70	\$167	\$297	\$194	\$114	\$181	\$159
<u>Non-GAAP adjustments</u>									
A. Revenue	(1)	(4)	(1)	-	(1)	1	-	-	(6)
B. Cost of revenue	23	67	23	25	29	24	30	26	14
C. Product development	3	2	5	-	2	30	13	1	2
D. Marketing and administrative	10	9	3	(1)	1	2	3	-	1
E. Amortization of intangibles	29	27	28	27	27	27	18	21	18
F. Restructuring and other, net	17	20	80	82	33	48	14	51	33
G. Other income (expense), net	-	(34)	(1)	(1)	24	-	6	(1)	3
H. Provision for income taxes	-	-	-	-	-	3	(6)	-	207
Non-GAAP net income	\$246	\$66	\$207	\$299	\$412	\$329	\$192	\$279	\$431
<u>Diluted net income (loss) per share:</u>									
GAAP	\$0.55	(\$0.07)	\$0.23	\$0.55	\$1.00	\$0.65	\$0.38	\$0.62	\$0.55
Non-GAAP	\$0.82	\$0.22	\$0.69	\$0.99	\$1.38	\$1.10	\$0.65	\$0.96	\$1.48
Shares used in diluted net income (loss) share calculation ¹ (M)	301	298	300	301	298	300	297	292	291

- A. Revenue has been adjusted on a non-GAAP basis to exclude the favorable adjustments for sales of certain discontinued products.
- B. 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. 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. 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. Amortization of intangibles primarily related to our acquisitions has been excluded on a non-GAAP basis.
- F. 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. Other income (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. 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.

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 F noted in the table above. Non-GAAP operating income is defined as Income from operations adjusted for non-GAAP items A through F 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)	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18
Income Before Income Taxes	\$180	\$9	\$54	\$173	\$310	\$212	\$120	\$188	\$371
EBITDA adjustments									
Depreciation	163	155	156	158	149	140	134	125	124
Amortization	46	43	44	42	42	42	42	36	33
Interest Income	(1)	(1)	(1)	(1)	(1)	(5)	(5)	(7)	(6)
Interest Expense	48	47	51	50	50	60	62	61	61
EBITDA	\$436	\$253	\$304	\$422	\$550	\$449	\$353	\$403	\$583
Non-GAAP adjustments									
A. Revenue	(1)	(4)	(1)	-	(1)	1	-	-	(6)
B. Cost of Revenue	8	52	3	(1)	10	7	3	12	-
C. Product Development	3	2	2	-	1	27	13	1	1
D. Marketing and administrative	10	9	1	(1)	1	2	3	-	1
E. Restructuring and other, net	17	20	80	82	33	48	14	51	33
F. Other income (expense), net	-	(34)	(1)	(1)	24	-	6	(1)	3
Adjusted EBITDA	\$473	\$298	\$388	\$501	\$618	\$534	\$392	\$466	\$615
Share-based Compensation	\$32	\$30	\$25	\$40	\$33	\$37	\$27	\$32	\$27
Credit Agreement Defined EBITDA¹	\$505	\$328	\$413	\$541	\$651	\$571	\$419	\$498	\$642

A. Revenue has been adjusted on a non-GAAP basis to exclude the favorable adjustments for sales of certain discontinued products.

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

C. 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. 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. 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. Other income (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.

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)	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18
Gross profit		741	524	662	801	891	816	666	736	877
Accelerated depreciation, impairment and other charges related to cost saving efforts		4	52	6	16	16	7	5	1	-
Amortization of acquired intangible assets		15	15	15	13	13	13	24	14	14
Other charges		3	(4)	1	(4)	(1)	5	1	11	(6)
Non-GAAP gross profit		763	587	684	826	919	841	696	762	885
Gross margin		24.8%	20.2%	24.9%	28.6%	30.8%	30.5%	27.7%	28.0%	30.1%
Non-GAAP gross margin		25.6%	22.7%	25.8%	29.5%	31.8%	31.4%	28.9%	29.0%	30.4%

Reconciliation of Operating Expenses to Non-GAAP Operating Expenses

	(\$M)	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18
Total operating expenses		512	497	559	580	521	550	470	481	444
Accelerated depreciation, impairment and other charges related to cost saving efforts		(5)	-	(5)	(1)	(1)	(30)	(7)	-	(2)
Amortization of acquired intangible assets		(29)	(27)	(28)	(27)	(27)	(27)	(17)	(21)	(18)
Restructuring and other, net		(17)	(20)	(80)	(82)	(33)	(48)	(14)	(51)	(33)
Other charges		(8)	(11)	(3)	2	(2)	(2)	(10)	(1)	(1)
Total non-GAAP operating expenses		453	439	443	472	458	443	422	408	390

Reconciliation of Net Income to EBITDA

	(\$M)	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18
Net income (loss)		165	(21)	70	167	297	194	114	181	159
Interest income		(1)	(1)	(1)	(1)	(1)	(5)	(5)	(7)	(6)
Interest expense		48	47	51	50	50	60	62	61	61
Income tax expense (benefit)		15	30	(16)	6	13	18	6	7	212
Depreciation and amortization		209	198	200	200	191	182	176	161	157
EBITDA		436	253	304	422	550	449	353	403	583

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

	(\$M)	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18
Net income (loss)		165	(21)	70	167	297	194	114	181	159
Accelerated depreciation, impairment and other charges related to cost saving efforts		9	52	11	17	17	37	12	1	2
Amortization of acquired intangible assets		44	42	43	40	40	40	41	35	32
Restructuring and other, net		17	20	80	82	33	48	14	51	33
Interest income on the final arbitration award settlement in the case against Western Digital		-	(33)	-	-	-	-	-	-	-
Losses (gain) recognized on the early redemption and repurchase of debt		-	(2)	-	-	-	-	7	-	3
Other charges		11	8	3	(7)	25	7	10	11	(5)
Income tax adjustments		-	-	-	-	-	3	(6)	-	207
Non-GAAP net income		246	66	207	299	412	329	192	279	431



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