



SUPPLEMENTAL FINANCIAL INFORMATION

Q3FY21



SEAGATE

Safe Harbor Statement

This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical fact. Information concerning risks, uncertainties and other factors that could cause results to differ materially from the expectations described in this document include, among others, those risks and uncertainties included under the captions “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Company’s Annual Report on Form 10-K for the year ended July 3, 2020 filed with the U.S. Securities and Exchange Commission (“SEC”) on August 7, 2020. Additional information will also be set forth in our Quarterly Report on Form 10-Q for the quarter ended April 2, 2021. Undue reliance should not be placed on any forward-looking statements in this document, which are based on information available to us on, and which speak only as of, the date hereof. The Company undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date they were made, unless required by applicable law.

Use of Non-GAAP Financial Information

To supplement the consolidated financial statements presented in accordance with U.S. generally accepted accounting principles (GAAP), the Company uses non-GAAP measures of adjusted revenue, gross profit, gross margin, operating expenses, income from operations, operating margin, net income, diluted EPS, free cash flow and Credit Agreement defined EBITDA, which are adjusted from results based on GAAP to exclude certain benefits, 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 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 benefits, 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. 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 investing activities.

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 or replacement for, or superior to, GAAP results. These non-GAAP measures may differ from the non-GAAP measures reported by other companies in its industry.

Executive Summary

Solid March Quarter Executed Exceedingly Well

Delivering strong Performance

- Grew revenue QoQ, bucking typical seasonal trends
- Expanded gross margin, operating margin and EPS QoQ
- Set multiple new quarterly records including Mass Capacity revenue and total HDD exabyte (EB) shipments

Executing Technology & Product Roadmaps

- Solid shipment growth of 16TB and 18TB
- Volume ramp of industry leading MACH.2 dual actuator drives with a leading hyperscale customer
- On track to have 4 Lyve Cloud sites by end of calendar year

Strong Capital Strategy

- Returned a combined \$912M through dividends and share repurchases
- Fiscal year to date, repurchased approximately 12% of our common shares outstanding

Q3FY21 Financial Highlights

\$2.7B

REVENUE

27.1%

GROSS MARGIN
GAAP

14.1%

OPERATING MARGIN
GAAP

\$1.39

DILUTED EPS
GAAP

140EB

HDD CAPACITY
SHIPPED

\$1.1B

YTD CASH FLOW FROM
OPERATIONS

27.4%

GROSS MARGIN
NON-GAAP¹

15.4%

OPERATING MARGIN
NON-GAAP¹

\$1.48

DILUTED EPS
NON-GAAP¹

5.1TB

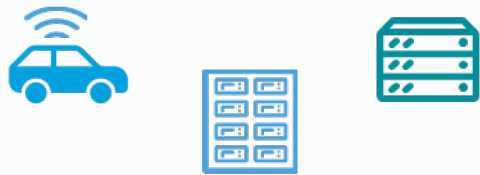
AVG. CAPACITY
PER DRIVE

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

Q3FY21 Market Highlights



Mass Capacity Storage



- Strong cloud data center demand and ongoing recovery in the enterprise nearline markets
- Video and Image Applications (VIA) demand strengthening in Q4FY21 following the anticipated seasonal slowdown in Q3FY21
- Expect CY21 Mass Capacity EB growth consistent with 35% long-term CAGR



Legacy Markets



- Improving enterprise mission critical sales and relatively stable desktop PC demand dampened typical seasonal slowdown
- Stable demand for mission critical and consumer drives expected to moderate pace of year-over-year revenue declines

Mass Capacity storage includes nearline, VIA and network-attached storage. **Legacy markets** include mission critical, desktop, notebook, digital video recorders, gaming consoles and consumer applications.

Quarterly Financial Trends

In Q3FY21 (Non-GAAP):

- Revenue increased QoQ and YoY
- Gross margin expanded 60bps QoQ
- Operating income inside increased long-term target range
- EPS exceeded guidance range

	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	QoQ	YoY
GAAP Results							
Revenue (\$M)	2,718	2,517	2,314	2,623	2,731	4%	0%
Gross Margin %	27.4%	26.5%	25.8%	26.5%	27.1%	0.6 ppt	-0.4 ppt
Operating Expenses (\$M)	370	400	345	348	354	2%	-4%
Operating Margin %	13.8%	10.6%	10.8%	13.3%	14.1%	0.9 ppt	0.3 ppt
Net Income (\$M)	320	166	223	280	329	18%	3%
Diluted EPS	\$1.22	\$0.64	\$0.86	\$1.12	\$1.39	24%	14%
Non-GAAP Results¹							
Revenue (\$M)	2,718	2,517	2,314	2,623	2,731	4%	0%
Gross Margin %	28.0%	27.3%	26.5%	26.8%	27.4%	0.6 ppt	-0.6 ppt
Operating Expenses (\$M)	340	313	320	319	329	3%	-3%
Operating Margin %	15.5%	14.8%	12.7%	14.7%	15.4%	0.7 ppt	-0.1 ppt
Net Income (\$M)	363	311	242	323	350	8%	-4%
Diluted EPS	\$1.38	\$1.20	\$0.93	\$1.29	\$1.48	15%	7%
End of Qtr Actual Share Count (M)	257	257	258	240	230	-4%	-11%
Diluted Shares O/S for EPS (M)	263	260	259	251	237	-6%	-10%
Revenue by Product Line (\$M)							
HDD	2,526	2,321	2,137	2,425	2,493	3%	-1%
Enterprise Data Solutions, SSD & Other	192	195	177	198	238	20%	24%
Revenue by Channel							
OEM	73%	74%	70%	66%	71%	5.0 ppt	-1.1 ppt
Distributors	17%	14%	16%	18%	17%	-1.4 ppt	-0.4 ppt
Retail	10%	12%	15%	16%	12%	-3.6 ppt	1.5 ppt

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

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

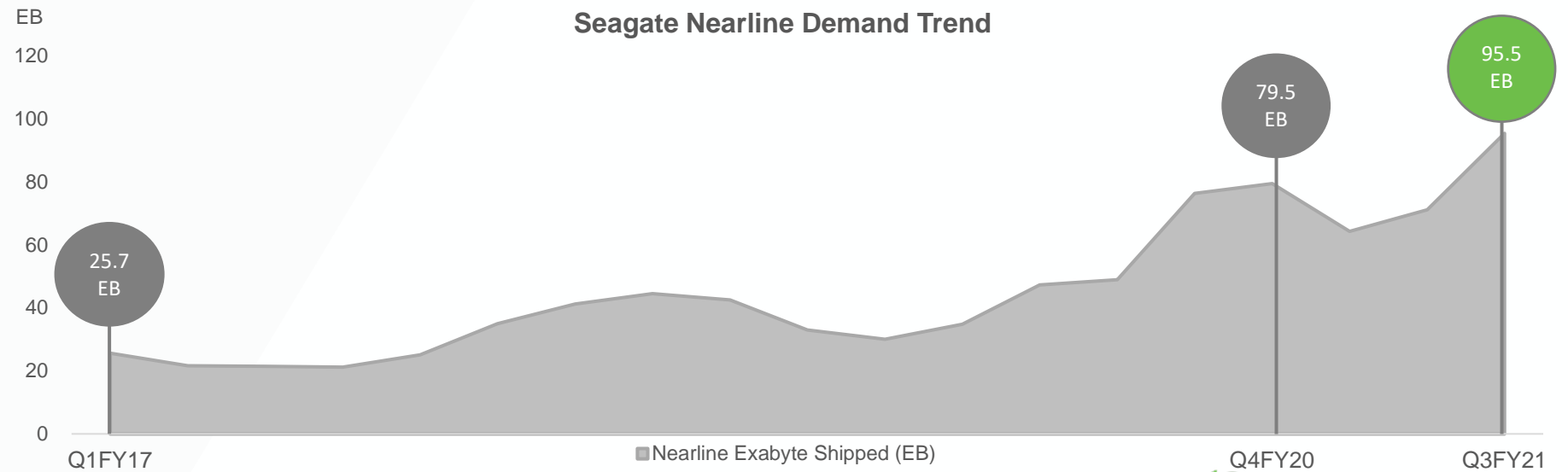
HDD Product Mix

In Q3FY21:

- Record EB shipments:
 - HDD shipments of 140EB
 - Mass Capacity shipments of 111EB
- ≥16TB capacities contributed nearly 50% of exabyte shipments

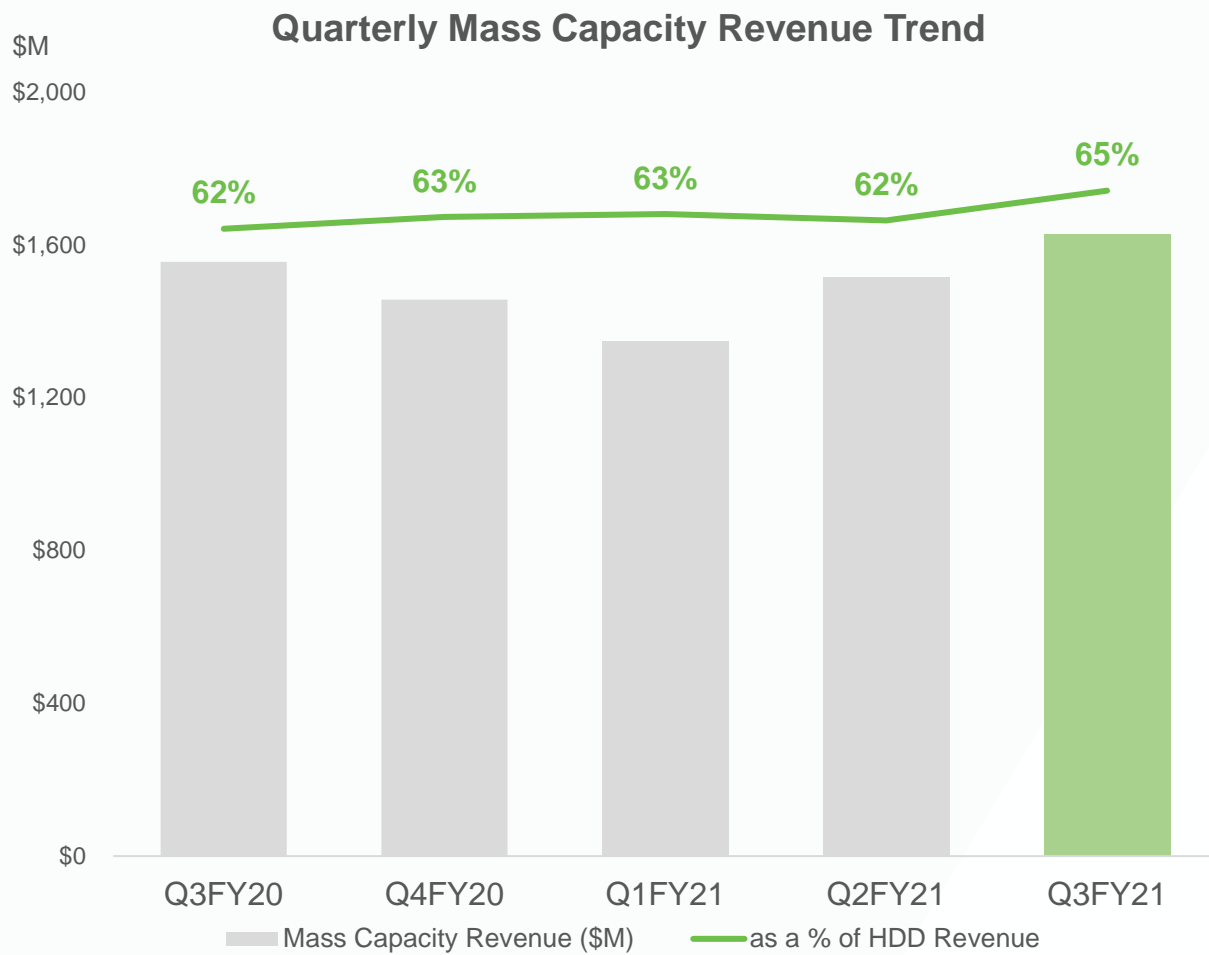
	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	QoQ	YoY
Capacity Shipped (EB)							
Mass Capacity	91.1	90.5	86.6	97.2	110.6	14%	21%
<i>Nearline</i>	76.4	79.5	64.3	71.2	95.5	34%	25%
Legacy	29.1	26.4	27.8	32.0	29.0	-9%	0%
Average Capacity per Drive (TB)							
Mass Capacity	8.2	9.2	8.2	7.9	9.6	22%	18%
Legacy	1.6	1.6	1.8	1.8	1.8	-1%	12%
Capacity Shipped (EB)							
	120.2	117.0	114.4	129.2	139.6	8%	16%
Average Capacity per Drive (TB)							
	4.1	4.5	4.4	4.3	5.1	17%	23%

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

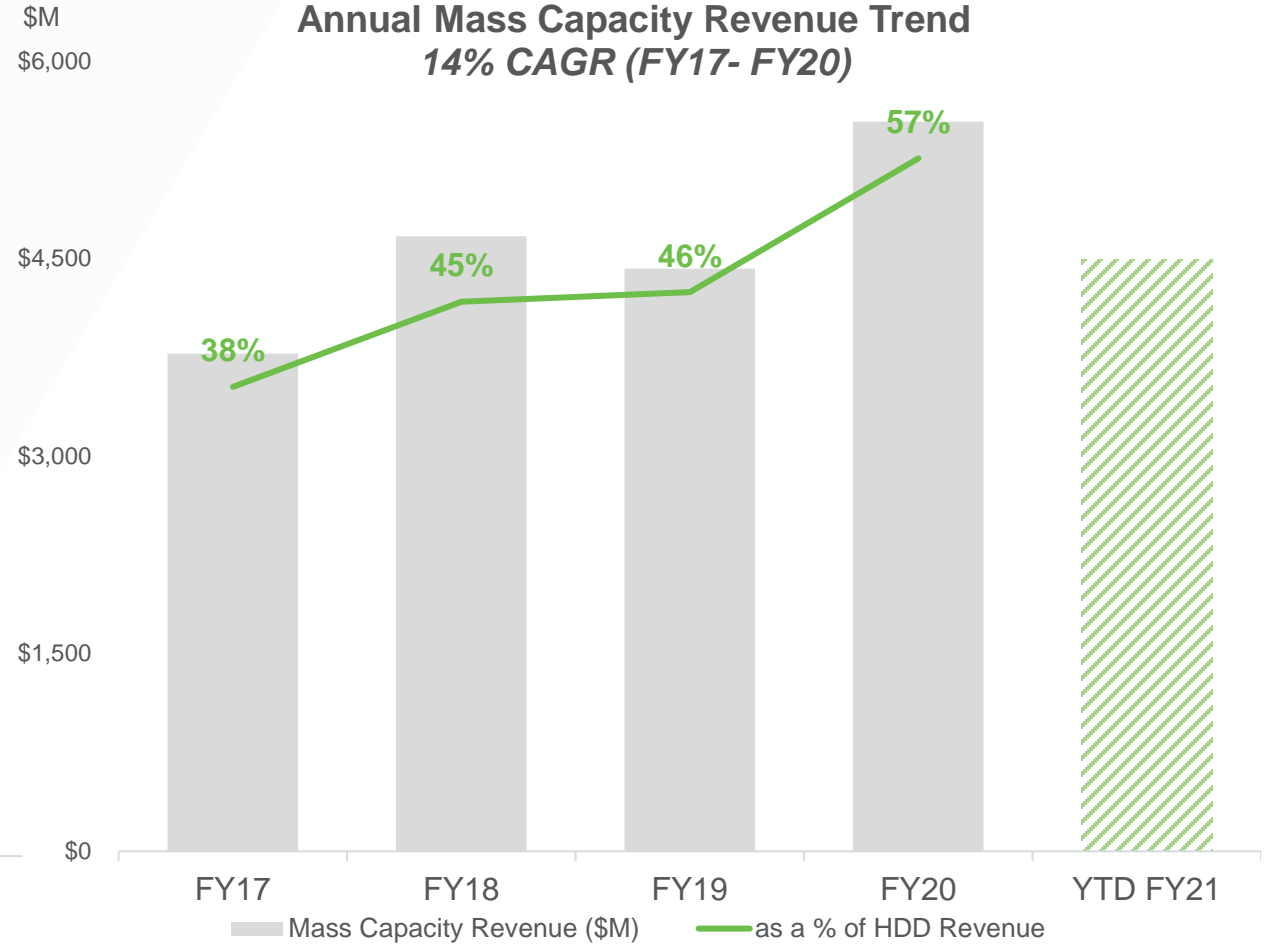


Mass Capacity Trends

Quarterly Mass Capacity Revenue Trend



Annual Mass Capacity Revenue Trend
14% CAGR (FY17- FY20)



Cash, Cash Flow, and Operational Trends

In Q3FY21:

- Generated \$274M free cash flow
- Returned \$912M value to shareholders through dividend & share buybacks
- Retired 11M ordinary shares

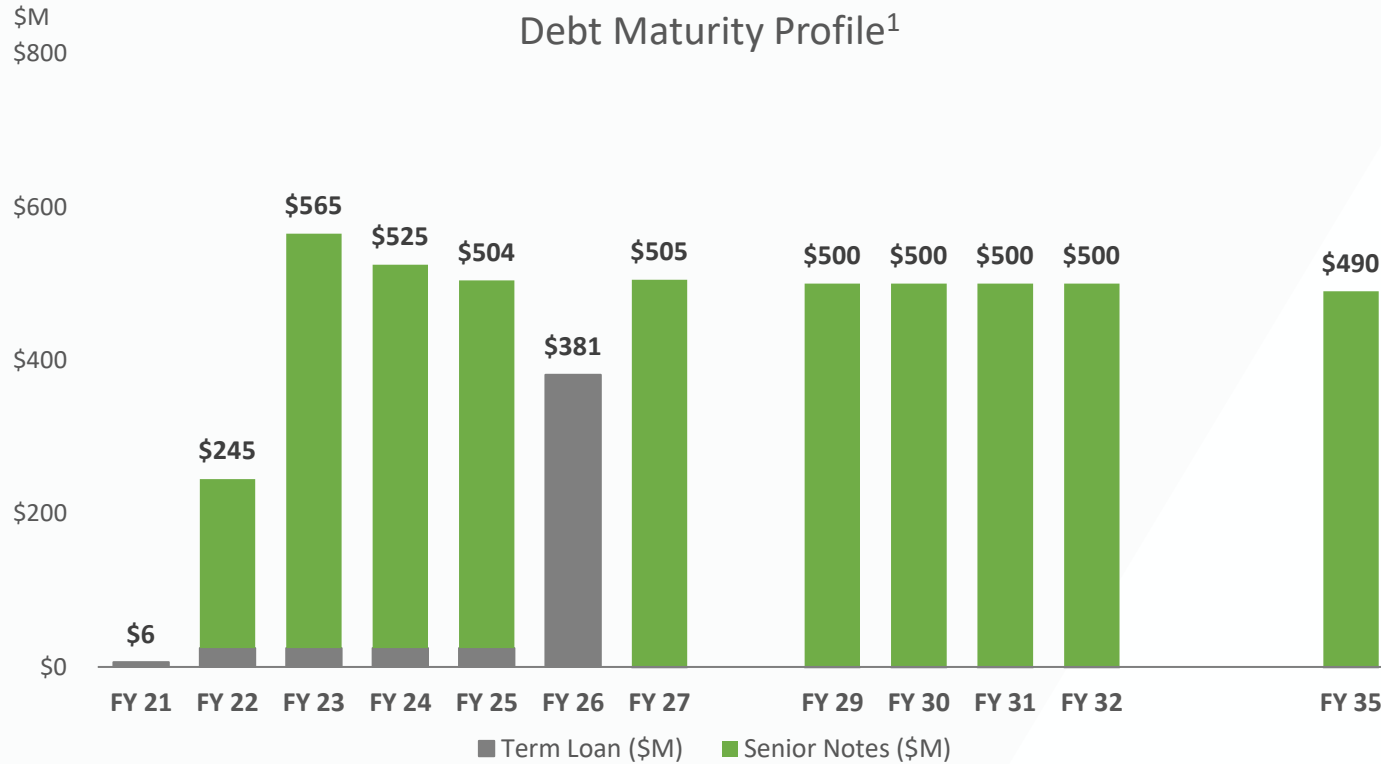
	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21
Cash ¹ (\$M)	1,612	1,722	1,664	1,799	1,212
Debt (\$M)	4,103	4,175	4,163	5,145	5,142
Cash Flow From Operations (\$M)	390	388	297	473	378
Capital Expenditures ² (\$M)	130	114	111	159	104
Free Cash Flow ³ (\$M)	260	274	186	314	274
YTD Cash Flow From Operations ⁴ (\$M)	1,326	1,714	297	770	1,148
YTD Shares Repurchased ⁴ (M)	795	850	68	1,068	1,819
YTD Dividend Paid ⁴ (\$M)	505	673	167	334	495
Dividends Per Share Paid	\$0.65	\$0.65	\$0.65	\$0.65	\$0.67
Shares Repurchased (M)	4.0	1.1	1.5	18.2	11.3
YTD Shares Repurchased (M)	15.7	16.8	1.5	19.7	31.0
Days Sales Outstanding	39	40	34	28	33
Days Inventory Outstanding	51	56	70	62	59
Days Payables Outstanding	84	89	95	82	85
Cash Conversion Cycle	5	8	9	8	6
Worldwide Headcount (000's)	41	42	40	40	40

NOTE: Minor calculation variances are due to rounding.

1. Cash includes Cash and cash equivalents.
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.



Capital Structure



\$2.9B Liquidity²

- \$1.2B Cash
- \$1.725B Revolving credit facility

\$5.1B Debt

- Low weighted average interest rate 4.3%
- Pro forma weighted average maturity of ~7 years

LTM Adjusted EBITDA \$1.8B

- Target appropriate leverage ratio over the long-term

NOTE: Minor calculation variances are due to rounding.

1. Principal Outstanding
2. As of April 2, 2021, liquidity levels include both Cash and cash equivalents and revolver.

Debt Metrics

	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21
Debt (\$M)	4,103	4,175	4,163	5,145	5,142
Cash and cash equivalents (\$M)	1,612	1,722	1,664	1,799	1,212
Net Debt (\$M)	2,491	2,453	2,499	3,346	3,930
LTM Cash Interest Expense (\$M)	209	226	192	186	194
LTM Credit Agreement Defined EBITDA (\$M) ¹	1,844	1,870	1,847	1,825	1,828
Total Leverage Ratio ²	2.2x	2.2x	2.3x	2.8x	2.8x
Total Leverage Ratio on Net Debt ³	1.4x	1.3x	1.4x	1.8x	2.1x
Interest Coverage Ratio ⁴	8.8x	8.3x	9.6x	9.8x	9.4x

The Credit Agreement includes three financial covenants: (1) interest coverage ratio, (2) total leverage ratio, and (3) a minimum liquidity amount. Seagate was in compliance with the covenants as of April 2, 2021 and, based on its outlook and the information currently available to Seagate, expects to be in compliance for the next 12 months.

NOTE: Minor calculation variances are due to rounding.

1. See 'Reconciliation Tables' section for reconciliation of net income to Credit Agreement defined EBITDA.
2. Total Leverage Ratio not to exceed 4.0 as of the end of any fiscal quarter. For the capitalized terms included but not defined here, please see the Credit Agreement filed with the SEC.
3. Reflects Net Debt divided by LTM Credit Agreement Defined EBITDA.
4. Interest Coverage Ratio not to be less than 3.25 as of the end of any fiscal quarter.

RECONCILIATION TABLES



Reconciliation of Gross Profit to Non-GAAP Gross Profit (\$M)	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21
Gross Profit	746	667	596	696	740
Accelerated depreciation, impairment and other charges related to cost saving efforts	-	3	2	-	-
Amortization of acquired intangible assets	9	9	9	1	1
Share-based compensation	7	7	7	7	8
Non-GAAP Gross Profit	762	686	614	704	749
Gross Margin %	27.4%	26.5%	25.8%	26.5%	27.1%
Non-GAAP Gross Margin %	28.0%	27.3%	26.5%	26.8%	27.4%
Reconciliation of Operating Expenses to Non-GAAP Operating Expenses (\$M)	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21
Operating Expenses	370	400	345	348	354
Amortization of acquired intangible assets	(3)	(2)	(3)	(3)	(3)
Restructuring and other, net	(2)	(63)	(1)	(2)	2
Share-based compensation	(20)	(22)	(21)	(23)	(21)
Other charges	(5)	-	-	(1)	(3)
Non-GAAP Operating Expenses	340	313	320	319	329
Reconciliation of Income From Operations to Non-GAAP Income From Operations (\$M)	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21
Income From Operations	376	267	251	348	386
Accelerated depreciation, impairment and other charges related to cost saving efforts	-	3	2	-	-
Amortization of acquired intangible assets	12	11	12	4	4
Restructuring and other, net	2	63	1	2	(2)
Share-based compensation	27	29	28	30	29
Other charges	5	-	-	1	3
Non-GAAP Income From Operations	422	373	294	385	420
Operating Margin %	13.8%	10.6%	10.8%	13.3%	14.1%
Non-GAAP Operating Margin %	15.5%	14.8%	12.7%	14.7%	15.4%
Reconciliation of Net Income to Non-GAAP Net Income (\$M)	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21
Net Income	320	166	223	280	329
Accelerated depreciation, impairment and other charges related to cost saving efforts	-	3	2	-	-
Amortization of acquired intangible assets	12	11	12	4	4
Restructuring and other, net	2	63	1	2	(2)
Losses and costs recognized on the modification or early redemption and repurchase of debt	-	32	2	-	-
Strategic investment losses (gains) or impairment recognized	-	19	(31)	7	(13)
Share-based compensation	27	29	28	30	29
Other charges	4	1	14	1	3
Income tax adjustments	(2)	(13)	(9)	(1)	-
Non-GAAP Net Income	363	311	242	323	350
Shares used in diluted earnings per share calculation (M)	263	260	259	251	237
GAAP Diluted Net Income Per Share	\$1.22	\$0.64	\$0.86	\$1.12	\$1.39
Non-GAAP Diluted Net Income Per Share	\$1.38	\$1.20	\$0.93	\$1.29	\$1.48

Reconciliation of Net Income to Credit Agreement Defined EBITDA (\$M)	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21
Net Income	320	166	223	280	329
Interest Income	(4)	(1)	(1)	-	(1)
Interest Expense	49	49	50	52	59
Income Tax Expense (Benefit)	18	(6)	(2)	11	10
Depreciation and Amortization	94	100	99	96	99
EBITDA	477	308	369	439	496
Losses and costs recognized on the modification or early redemption and repurchase of debt	-	32	2	-	-
Strategic investment losses (gains) or impairment recognized	-	19	(31)	7	(13)
Restructuring and other, net	2	63	1	2	(2)
Share-based compensation	27	29	28	30	29
Other charges	4	1	15	1	3
Credit Agreement Defined EBITDA	510	452	384	479	513

1. "Credit Agreement Defined EBITDA" sometimes referred to as "Adjusted EBITDA".

Non-GAAP Measures Adjusted for the Following Items:

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

These expenses are excluded in the non-GAAP measures due to the 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.

Share-based compensation

These expenses consist primarily of expenses for employee share-based compensation. Given the variety of equity awards used by companies, the varying methodologies for determining share-based compensation expense, the subjective assumptions involved in those determinations, and the volatility in valuations that can be driven by market conditions outside the Company's control, the Company believes excluding share-based compensation expense enhances the ability of management and investors to understand and assess the underlying performance of its business over time and compare it against the Company's peers, a majority of whom also exclude share-based compensation expense from their non-GAAP results.

Restructuring and other, net

Restructuring 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. 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.

Other charges

The other charges primarily include impairments or write-offs of other assets and certain discontinued inventory, write-offs related to an internal reorganization and IT transformation costs. 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.

Losses and costs recognized on the modification or early redemption and repurchase of debt

From time to time, the Company incurs losses and fees from the early redemption and repurchase of certain long-term debt instruments. The losses represent the difference between the reacquisition costs and the par value of the debt extinguished. Other fees include any new fees associated with a modification and the write-off of any unamortized debt issuance costs associated with an extinguishment of debt. The amount of these charges may be inconsistent in size and varies depending on the timing of the repurchase of debt and consequently is 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) recognized

From time to time, the Company incurs losses or gains from strategic investments accounted for under the equity method of accounting or records downward or upward adjustments on cost basis investments if an impairment or observable price adjustment is recognized in the current period that are not considered as part of its ongoing operating performance. The resulting expense or gain is inconsistent in amount and frequency and consequently is 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 or benefit 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.

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.