

SEAGATE TECHNOLOGY PLC

FORM 8-K (Current report filing)

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| Sector | Technology |
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934**

Date of report (date of earliest event reported): October 20, 2010

SEAGATE TECHNOLOGY PUBLIC LIMITED COMPANY
(Exact name of Registrant as specified in its charter)

Ireland
(State or other jurisdiction
of incorporation)

001-31560
(Commission File Number)

98-0648577
(IRS Employer
Identification Number)

**Arthur Cox Building
Earlsfort Terrace
Dublin 2
Ireland**
(Address of principal executive office)

NA
(Zip Code)

Registrant's telephone number, including area code: (353) (1) 618-0517

NA
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

On October 20, 2010, Seagate Technology plc (or the “Company”) issued a press release and supplemental commentary reporting its financial results for the fiscal quarter ended October 1, 2010. The press release and supplemental commentary are attached to this Current Report on Form 8-K as Exhibit 99.1 and 99.2, respectively.

The information contained in this report and the attached press release is “furnished” but not “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits are attached to this Current Report on Form 8-K:

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|---|
| 99.1 | Press release, dated October 20, 2010, of Seagate Technology plc entitled “Seagate Technology Reports Fiscal First Quarter 2011 Financial Results.” |
| 99.2 | Supplemental Commentary, dated October 20, 2010, of Seagate Technology plc entitled “Seagate Technology Fiscal First Quarter 2011 Financial Results.” |

Cautionary Note Regarding Forward-Looking Statements

This Current Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are based on information available to Seagate as of the date of this Current Report. Current expectations, forecasts and assumptions involve a number of risks, uncertainties, and other factors that could cause actual results to differ materially from those anticipated by these forward-looking statements. Such risks, uncertainties, and other factors may be beyond the Company’s control. In particular, global economic conditions may pose a risk to the Company’s operating and financial performance. Such risks and uncertainties also include the impact of variable demand; dependence on 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; and the Company’s ability to achieve projected cost savings. Information concerning risks, uncertainties and other factors that could cause results to differ materially from those projected in the forward-looking statements is contained in the Company’s Annual Report on Form 10-K and Form 10-K/A as filed with the U.S. Securities and Exchange Commission on August 20, 2010 and October 6, 2010, respectively, which statements are incorporated into this Current Report by reference. 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.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

SEAGATE TECHNOLOGY PUBLIC LIMITED COMPANY

By: /s/ PATRICK J. O'MALLEY

Name: Patrick J. O'Malley

Title: Executive Vice President and Chief Financial Officer

Date: October 20, 2010



Press Release

Media Relations Contact:
Brian Ziel (831.439.5429)
brian.ziel@seagate.com

Investor Relations Contact:
Rod Cooper (831.439.2371)
rod.j.cooper@seagate.com

**SEAGATE TECHNOLOGY REPORTS FISCAL FIRST QUARTER
2011 FINANCIAL RESULTS**

SCOTTS VALLEY, CA – October 20, 2010 – Seagate Technology plc (NASDAQ: STX) today reported financial results for the quarter ended October 1, 2010. The company shipped 49.2 million disk drives and on a GAAP basis reported revenue of \$2.7 billion, gross margin of 20.4%, net income of \$149 million and diluted earnings per share of \$0.31. On a non-GAAP basis, which excludes the impact of purchased intangibles amortization, restructuring and costs related to the redemption of the Maxtor convertible notes, Seagate reported net income of \$180 million and diluted earnings per share of \$0.37.

For reconciliation of non-GAAP to GAAP results, see accompanying financial tables.

Investor Communications

Seagate will hold a conference call to review its first fiscal quarter results today at 2:00 p.m. Pacific Time. The conference call will consist of opening comments from Steve Luczo followed by a question and answer session with the executive management team.

Due to regulatory requirements the company will not at this time be providing any additional information concerning the preliminary indication of interest regarding a going private transaction that was disclosed on October 14, 2010, and the company will not provide, discuss or answer questions regarding the outlook for the December quarter or any future fiscal periods. Further, in view of these regulatory requirements, the company will not be hosting individual meetings with investors or analysts (either in person or via conference call) until further notice.

Seagate has issued a Supplemental Commentary document. The Supplemental Commentary will not be read during today's call, but rather it is available in the [investor relations](#) section of seagate.com.

Conference Call

The conference call can be accessed online at seagate.com or by phone as follows:

USA: (866) 362-4666

International: (617) 597-5313

Participant Passcode: 56698262

Replay

A replay will be available beginning today at 6:00 p.m. Pacific Time. The replay can be accessed from seagate.com.

About Seagate

Seagate is the world leader in hard disk drives and storage solutions. Learn more at seagate.com.

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, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are based on information available to Seagate as of the date of this press release. Current expectations, forecasts and assumptions involve a number of risks, uncertainties, and other factors that could cause actual results to differ materially from those anticipated by these forward-looking statements. Such risks, uncertainties, and other factors may be beyond the Company's control. In particular, global economic conditions may pose a risk to the Company's operating and financial performance. Such risks and uncertainties also include the impact of variable demand; dependence on Seagate'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; and the Company's ability to achieve projected cost savings. Information concerning risks, uncertainties and other factors that could cause results to differ materially from those projected in the forward-looking statements is contained in the Company's Annual Report on Form 10-K and Form 10-K/A as filed with the U.S. Securities and Exchange Commission on August 20, 2010 and October 6, 2010, respectively, which statements are incorporated into this press release by reference. These forward-looking statements should not be relied upon as representing the Company's views as of any subsequent date and Seagate undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date they were made.

SEAGATE TECHNOLOGY PLC
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions)
(Unaudited)

| | <u>October 1, 2010</u> | <u>July 2, 2010 ^(a)</u> |
|---|----------------------------|--|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,783 | \$ 2,263 |
| Short-term investments | 283 | 252 |
| Restricted cash and investments | 102 | 114 |
| Accounts receivable, net | 1,511 | 1,400 |
| Inventories | 743 | 757 |
| Deferred income taxes | 125 | 118 |
| Other current assets | 609 | 514 |
| Total current assets | <u>5,156</u> | <u>5,418</u> |
| Property, equipment and leasehold improvements, net | 2,275 | 2,263 |
| Deferred income taxes | 379 | 395 |
| Other assets, net | 178 | 171 |
| Total assets | <u>\$ 7,988</u> | <u>\$ 8,247</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 1,776 | \$ 1,780 |
| Accrued employee compensation | 127 | 263 |
| Accrued warranty | 181 | 189 |
| Accrued expenses | 466 | 422 |
| Accrued income taxes | 6 | 14 |
| Current portion of long-term debt | 560 | 329 |
| Total current liabilities | <u>3,116</u> | <u>2,997</u> |
| Long-term accrued warranty | 172 | 183 |
| Long-term accrued income taxes | 62 | 59 |
| Other non-current liabilities | 101 | 111 |
| Long-term debt, less current portion | 1,614 | 2,173 |
| Total liabilities | <u>5,065</u> | <u>5,523</u> |
| Shareholders' equity: | | |
| Total shareholders' equity | <u>2,923</u> | <u>2,724</u> |
| Total liabilities and shareholders' equity | <u>\$ 7,988</u> | <u>\$ 8,247</u> |

(a) The information in this column was derived from the Company's audited Consolidated Balance Sheet as of July 2, 2010.

SEAGATE TECHNOLOGY PLC
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share data)
(Unaudited)

| | For the Three Months Ended | |
|--|-----------------------------------|----------------------------|
| | October 1, 2010 | October 2, 2009 |
| Revenue | \$ 2,697 | \$ 2,663 |
| Cost of revenue | 2,147 | 2,010 |
| Product development | 209 | 208 |
| Marketing and administrative | 105 | 106 |
| Amortization of intangibles | 1 | 8 |
| Restructuring and other, net | 4 | 46 |
| Impairment of long-lived assets | — | 64 |
| Total operating expenses | 2,466 | 2,442 |
| Income from operations | 231 | 221 |
| Interest income | 2 | 1 |
| Interest expense | (46) | (45) |
| Other, net | (34) | 3 |
| Other expense, net | (78) | (41) |
| Income before income taxes | 153 | 180 |
| Provision for income taxes | 4 | 1 |
| Net income | \$ 149 | \$ 179 |
| Net income per share: | | |
| Basic | \$ 0.32 | \$ 0.36 |
| Diluted | 0.31 | 0.35 |
| Number of shares used in per share calculations: | | |
| Basic | 471 | 494 |
| Diluted | 487 | 512 |

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

| | For the Three Months Ended | |
|---|-----------------------------------|----------------------------|
| | October 1, 2010 | October 2, 2009 |
| OPERATING ACTIVITIES | | |
| Net income | \$ 149 | \$ 179 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 189 | 204 |
| Share-based compensation | 13 | 11 |
| Loss on redemption of debt | 24 | — |
| Impairment of long-lived assets | — | 64 |
| Deferred income taxes | 8 | 1 |
| Other non-cash operating activities, net | (7) | 3 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable, net | (111) | (209) |
| Inventories | 14 | (35) |
| Accounts payable | 159 | 112 |
| Accrued employee compensation | (136) | (2) |
| Accrued expenses, income taxes and warranty | 10 | (70) |
| Other assets and liabilities | (67) | 20 |
| Net cash provided by operating activities | 245 | 278 |
| INVESTING ACTIVITIES | | |
| Acquisition of property, equipment and leasehold improvements | (358) | (89) |
| Purchases of short-term investments | (80) | (41) |
| Sales of short-term investments | 38 | 1 |
| Maturities of short-term investments | 11 | 57 |
| Change in restricted cash and investments | 12 | 10 |
| Other investing activities, net | (2) | (2) |
| Net cash used in investing activities | (379) | (64) |
| FINANCING ACTIVITIES | | |
| Proceeds from short-term borrowings | — | 15 |
| Repayment of short-term borrowings | — | (150) |
| Repayments of long-term debt and capital lease obligations | (362) | (334) |
| Change in restricted cash and investments | — | 332 |
| Proceeds from issuance of ordinary shares under employee stock plans | 16 | 26 |
| Net cash used in financing activities | (346) | (111) |
| Increase (decrease) in cash and cash equivalents | (480) | 103 |
| Cash and cash equivalents at the beginning of the period | 2,263 | 1,427 |
| Cash and cash equivalents at the end of the period | \$ 1,783 | \$ 1,530 |

Use of non-GAAP financial information

To supplement the condensed consolidated financial statements presented in accordance with generally accepted accounting principles (GAAP), Seagate provides non-GAAP measures of net income and diluted net income per share, 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. 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 consistent 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 our industry.

SEAGATE TECHNOLOGY PLC
ADJUSTMENTS TO GAAP NET INCOME AND DILUTED NET INCOME PER SHARE
(In millions, except per share amounts)
(Unaudited)

| | For the Three Months Ended | |
|--|-----------------------------------|----------------------------|
| | October 1, 2010 | October 2, 2009 |
| GAAP net income | \$ 149 | \$ 179 |
| Non-GAAP adjustments: | | |
| Loss on redemption of debt | A 24 | — |
| Restructuring charges | B 4 | 46 |
| Amortization of purchased intangible assets | C 3 | 10 |
| Impairment of long-lived assets | D — | 64 |
| Adjustments for taxes | E — | (2) |
| Non-GAAP net income | <u>\$ 180</u> | <u>\$ 297</u> |
| Diluted net income per share: | | |
| GAAP | \$ 0.31 | \$ 0.35 |
| Non-GAAP | \$ 0.37 | \$ 0.58 |
| Shares used in diluted net income per share calculation: | 487 | 512 |

A The Company incurred a loss upon redemption of its 5.75% Subordinated Debentures due March 2012 and its 2.375% Convertible Senior Notes due August 2012.

B For the three months ended October 1, 2010 and October 2, 2009, the Company recorded restructuring charges primarily related to the planned closure of its Ang Mo Kio manufacturing operations in Singapore.

C For the three months ended October 1, 2010 and October 2, 2009, amortization of purchased intangible assets acquired in acquisitions was allocated as follows:

| | For the Three Months Ended | |
|---|-----------------------------------|----------------------------|
| | October 1, 2010 | October 2, 2009 |
| Cost of revenue | \$ 2 | \$ 2 |
| Amortization of intangibles | 1 | 8 |
| Total amortization of purchased intangible assets | <u>\$ 3</u> | <u>\$ 10</u> |

D For the three months ended October 2, 2009, the Company recognized \$64 million as Impairment of long-lived assets in connection with a plan to sell certain equipment related to certain research activities that have ceased.

E To exclude the tax effects, where applicable, of adjustments to GAAP net income.

Seagate Technology Fiscal First Quarter 2011 Financial Results

Supplemental Commentary
October 20, 2010

The information in this written commentary, which was historically presented during our live conference call, is now being provided to the investment community concurrently with our press release to allow additional time for review and analysis prior to commencement of the live call. Please note that these remarks will not be read during the call. The live call will consist of opening comments from Steve Luczo, Chairman, President and CEO, followed by a Q&A session with the executive management team.

Cautionary Note Regarding Forward-Looking Statements

This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements include, but are not limited to, statements regarding customer demand for disk drives and general market conditions. These forward-looking statements are based on information available to Seagate as of the date of this document. Current expectations, forecasts and assumptions involve a number of risks, uncertainties, and other factors that could cause actual results to differ materially from those anticipated by these forward-looking statements. Such risks, uncertainties, and other factors may be beyond the Company's control. In particular, global economic conditions may pose a risk to the Company's operating and financial performance. Such risks and uncertainties also include the impact of variable demand; dependence on Seagate'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; and the Company's ability to achieve projected cost savings. Information concerning risks, uncertainties and other factors that could cause results to differ materially from those projected in the forward-looking statements is contained in the Company's Annual Report on Form 10-K and Form 10-K/A as filed with the U.S. Securities and Exchange Commission on August 20, 2010 and October 6, 2010, respectively, which statements are incorporated into this document by reference. These forward-looking statements should not be relied upon as representing the Company's views as of any subsequent date and Seagate undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date they were made.

Fiscal First Quarter 2011 Financial Highlights

Seagate's first fiscal quarter of 2011 reflected a less than normal seasonal increase in demand for hard disk drives, while macro-economic conditions and competitive dynamics remained challenging.

The Total Available Market ("TAM") for hard disk drives in the September quarter is estimated to be approximately 165 million units, near the low-end of the company's expectations at the beginning of the quarter, and well below historical seasonal trends. This represents an increase of approximately 5% compared to the prior quarter and 8% compared to the year-ago quarter.

Units Shipped, Revenue and Gross Margin

Seagate shipped 49.2 million units, up 5% as compared to the prior quarter and 6% compared to the year-ago quarter. Revenue was \$2.7 billion, at the low end of the expected range due primarily to continued weakness in consumer spending in the U.S. and Europe, and ample availability of hard disk drives during the quarter which resulted in a very competitive pricing environment. Gross Margin as a percent of revenue was 20.4%, below the target range due primarily to the competitive pricing environment.

Operating Expenses

R&D and SG&A on a GAAP basis totaled \$314 million for the September quarter, down approximately 6% from the previous quarter due primarily to lower costs related to performance based variable compensation.

Restructuring

Restructuring expense of \$4 million in the September quarter reflect costs associated with previously announced restructuring activities.

Other expense, net

Other income and expense for the September quarter on a GAAP basis was an expense of \$78 million, up approximately \$38 million when compared to the prior quarter. \$24 million of the increase is related to the redemption of the Maxtor convertible notes. Additionally, substantial foreign currency exchange rate fluctuations during the September quarter negatively impacted other income and expense by approximately \$12 million. Seagate has an active foreign currency hedging program and continues to explore various strategies to hedge future foreign exchange exposures; however, as long as the U.S. dollar continues to rapidly weaken, our ability to minimize the impact could be limited.

Selected Balance Sheet Items

Cash, cash equivalents, restricted cash, and short-term investments totaled \$2.2 billion at the end of the September quarter, down approximately \$461 million as compared to the June quarter in large part reflecting the redemption for cash of the Maxtor convertible notes and investment in capital equipment. Long-term debt (including current portion) was reduced by \$328 million to \$2.2 billion at the end of the quarter.

Cash Flow from Operations was \$245 million, Capital Investments were \$358 million and free cash flow (Cash Flow from Operations less Capital Investments) was (\$113) million.

Days Sales Outstanding increased by 3 days to 51 days reflecting the elimination of early pay discounts in certain channels as it was no longer considered to be economically attractive or necessary in order to remain market competitive.

Inventory on Seagate's balance sheet at the end of the September quarter was \$743 million, down \$14 million from the prior quarter.

Disk Drive Market Commentary

Consistent with last quarter's report, Seagate provides data and commentary for the following major market categories 1] Enterprise, 2] Client Compute, and 3] Client non-Compute. A disk drive is associated with one of these three market categories based on how it is configured. For example, if a customer buys a standard 2.5-inch ATA drive from Seagate, this would be included in the Client Compute category regardless of the application into which the drive is ultimately integrated. The Client non-Compute category only contains drives specifically designed or configured for non-compute applications.

Please note, all references to unit TAM's by market is Seagate's best estimate based on preliminary shipment information and is subject to change.

Enterprise Products

The TAM for enterprise class disk drives, which includes disk drives for both mission critical and nearline applications, was approximately 13 million units up 23% over the year ago quarter. Mission critical products continue to represent the bulk of the TAM at just over 7 million units. Seagate shipped 4.6 million drives for mission critical server and storage applications and 2.3 million drives for nearline applications, representing a 17% and 34% increase year-over-year, respectively.

Client Compute Products

The TAM for client compute disk drives, which includes disk drives designed for use in mobile and desktop computers, was approximately 124 million units, up 3% year-over-year. The mobile TAM was approximately 70 million units, and the desktop TAM was approximately 54 million units.

Seagate shipped in total 33.3 million client compute disk drives in the September quarter. Mobile drives accounted for 13.4 million units, up 3% year-over-year and desktop drives for 19.9 million units, down 2% year-over-year.

Inventory of Seagate 3.5-inch ATA (desktop) disk drives in the distribution channel at the end of the quarter was less than 4 weeks on hand, which is below Seagate's targeted range of 4-6 weeks.

Non-Compute Market

The non-compute market consists of disk drives specifically configured for consumer electronic (“CE”) applications plus Seagate branded products sold at retail. The September quarter TAM for the non-compute market was approximately 28 million disk drives, comprised of 17 million CE drives and 11 million for branded products .

In the September quarter, Seagate shipped 5.9 million CE disk drives, an increase of 28% year-over-year and 3.1 million Seagate branded storage products, up 14% year-over-year.

Operations, Products/Technology

The focus in R&D and operations continues to be on executing time-to-market product introductions and supplying customers with high-quality products.

Products and Technology

Seagate continues to make progress on new product execution and time-to-market delivery for the broadest portfolio in the industry. Some new product and technology highlights include:

- Enterprise market – Seagate and Samsung announced an agreement whereby the two companies will jointly develop and cross-license related controller technologies for solid state drive (“SSD”) storage devices to attain the high levels of performance, reliability and endurance demanded by enterprise storage applications.
- Client compute market – Seagate continued to qualify with OEM customers and increase volume production of its Momentus[®] XT 2.5-inch, solid-state hybrid product line. Additionally, qualification was completed at a major OEM of the industry’s first 2.5-inch, 7200 RPM product at 375GB per disk (750GB total capacity).
- Client non-compute market – The company launched three key products during the September quarter: GoFlex[™] Home, centralized storage and wireless backup for the home; GoFlex[™] ultra-portable drive, the industry’s first 1.5TB 2.5-inch portable external storage device; and, BlackArmor[®] 440, the industry’s first four-bay, 12TB network storage server.

Operations/Component Supply

Inventory turns for the quarter was approximately 11.6 – within the targeted range. Availability of critical components (glass substrates, finished media, and recording heads) appears to be adequate to support the near-term demand environment.

Capital Investments/Capacity Planning

Investments in capital equipment for the September quarter totaled approximately \$358 million, reflecting cash payments associated with equipment receipts that occurred near the end of the last fiscal year.