

Seagate Technology plc
Form 10-Q
April 30, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended April 3, 2015

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from: to

Commission File Number 001-31560

SEAGATE TECHNOLOGY PUBLIC LIMITED COMPANY

(Exact name of registrant as specified in its charter)

Ireland

98-0648577

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(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification Number)

38/39 Fitzwilliam Square

Dublin 2, Ireland

(Address of principal executive offices)

Telephone: (353) (1) 234-3136

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer:

Accelerated filer:

Non-accelerated filer:

Smaller reporting company:

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of April 28, 2015, 317,381,531 of the registrant's ordinary shares, par value \$0.00001 per share, were issued and outstanding.

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	April 3, 2015	June 27, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,604	\$ 2,634
Short-term investments	6	20
Restricted cash and investments	4	4
Accounts receivable, net	1,769	1,729
Inventories	1,083	985
Deferred income taxes	121	126
Other current assets	244	279
Total current assets	5,831	5,777
Property, equipment and leasehold improvements, net	2,182	2,136
Goodwill	871	537
Other intangible assets, net	410	359
Deferred income taxes	499	499
Other assets, net	243	184
Total Assets	\$ 10,036	\$ 9,492
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 1,683	\$ 1,549
Accrued employee compensation	256	296
Accrued warranty	147	148
Accrued expenses	483	405
Current portion of long-term debt	474	
Total current liabilities	3,043	2,398
Long-term accrued warranty	126	125
Long-term accrued income taxes	34	90
Other non-current liabilities	185	127
Long-term debt	3,457	3,920
Total Liabilities	6,845	6,660
Commitments and contingencies (See Notes 11 and 13)		
Equity:		
Seagate Technology plc Shareholders' Equity:		
Ordinary shares and additional paid-in capital	5,696	5,511
Accumulated other comprehensive loss	(33)	(2)
Accumulated deficit	(2,472)	(2,677)
Total Seagate Technology plc Shareholders' Equity	3,191	2,832
Noncontrolling interest		

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Total Equity		3,191		2,832
Total Liabilities and Equity	\$	10,036	\$	9,492

The information as of June 27, 2014 was derived from the Company's audited Consolidated Balance Sheet as of June 27, 2014.

See Notes to Condensed Consolidated Financial Statements.

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SEAGATE TECHNOLOGY PLC

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share data)

(Unaudited)

	For the Three Months Ended		For the Nine Months Ended	
	April 3, 2015	March 28, 2014	April 3, 2015	March 28, 2014
Revenue	\$ 3,330	\$ 3,406	\$ 10,811	\$ 10,423
Cost of revenue	2,375	2,447	7,778	7,502
Product development	346	297	1,029	903
Marketing and administrative	219	190	654	561
Amortization of intangibles	33	26	95	71
Restructuring and other, net	14	2	24	20
Gain on arbitration award, net			(620)	
Total operating expenses	2,987	2,962	8,960	9,057
Income from operations	343	444	1,851	1,366
Interest income	1	1	4	7
Interest expense	(48)	(52)	(152)	(145)
Other, net	8	(3)	118	44
Other income (expense), net	(39)	(54)	(30)	(94)
Income before income taxes	304	390	1,821	1,272
Provision for (benefit from) income taxes	13	(5)	216	22
Net income	291	395	1,605	1,250
Less: Net income attributable to noncontrolling interest				
Net income attributable to Seagate Technology plc	\$ 291	\$ 395	\$ 1,605	\$ 1,250
Net income per share attributable to Seagate Technology plc ordinary shareholders:				
Basic	\$ 0.90	\$ 1.21	\$ 4.92	\$ 3.68
Diluted	0.88	1.17	4.81	3.56
Number of shares used in per share calculations:				
Basic	323	327	326	340
Diluted	330	338	334	351
Cash dividends declared per Seagate Technology plc ordinary share	\$ 0.54	\$ 0.43	\$ 1.51	\$ 1.24

See Notes to Condensed Consolidated Financial Statements.

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SEAGATE TECHNOLOGY PLC

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions)

(Unaudited)

	For the Three Months Ended		For the Nine Months Ended	
	April 3, 2015	March 28, 2014	April 3, 2015	March 28, 2014
Net income	\$ 291	\$ 395	\$ 1,605	\$ 1,250
Other comprehensive income (loss), net of tax:				
Cash flow hedges				
Change in net unrealized gain (loss) on cash flow hedges	(3)	1	(12)	
Less: reclassification for amounts included in net income	7		9	
Net change	4	1	(3)	
Marketable securities				
Change in net unrealized gain (loss) on marketable securities				1
Less: reclassification for amounts included in net income				
Net change				1
Post-retirement plans				
Change in unrealized gain (loss) on post-retirement plans				1
Less: reclassification for amounts included in net income				
Net change				1
Foreign currency translation adjustments	(12)	4	(28)	9
Total other comprehensive income (loss), net of tax	(8)	5	(31)	11
Comprehensive income	283	400	1,574	1,261
Less: Comprehensive income attributable to noncontrolling interest				
Comprehensive income attributable to Seagate Technology plc	\$ 283	\$ 400	\$ 1,574	\$ 1,261

See Notes to Condensed Consolidated Financial Statements.

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SEAGATE TECHNOLOGY PLC

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)

(Unaudited)

	For the Nine Months Ended	
	April 3, 2015	March 28, 2014
OPERATING ACTIVITIES		
Net income	\$ 1,605	\$ 1,250
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	629	668
Share-based compensation	106	87
Deferred income taxes	(3)	(17)
(Gain) loss on sale of property and equipment	1	(6)
Gain on sale of investments		(32)