

Seagate Technology plc
Form 10-Q
January 28, 2014

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 December 27, 2013

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
(State or other jurisdiction of
incorporation or organization)

98-0648577
(I.R.S. Employer
Identification Number)

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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 January 24, 2014, 328,755,155 shares of the registrant's ordinary shares, par value \$0.00001 per share, were issued and outstanding.

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PART I

FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SEAGATE TECHNOLOGY PLC

CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions)

(Unaudited)

	December 27, 2013	June 28, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,293	\$ 1,708
Short-term investments	46	480
Restricted cash and investments	4	101
Accounts receivable, net	1,615	1,670
Inventories	948	854
Deferred income taxes	116	115
Other current assets	267	484
Total current assets	5,289	5,412
Property, equipment and leasehold improvements, net	2,128	2,269
Goodwill	477	476
Other intangible assets, net	329	405
Deferred income taxes	465	456
Other assets, net	202	225
Total Assets	\$ 8,890	\$ 9,243
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 1,577	\$ 1,690
Accrued employee compensation	267	335
Accrued warranty	158	176
Accrued expenses	455	407
Current portion of long-term debt		3
Total current liabilities	2,457	2,611
Long-term accrued warranty	141	144
Long-term accrued income taxes	103	87
Other non-current liabilities	122	121
Long-term debt, less current portion	3,572	2,774
Total Liabilities	6,395	5,737
Commitments and contingencies (See Notes 11 and 13)		
Equity:		
Seagate Technology plc Shareholders' Equity:		
Ordinary shares and additional paid-in capital	5,404	5,286
Accumulated other comprehensive loss	(7)	(13)
Accumulated deficit	(2,902)	(1,778)
Total Seagate Technology plc Shareholders' Equity	2,495	3,495
Noncontrolling interest		11

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Total Equity		2,495		3,506
Total Liabilities and Equity	\$	8,890	\$	9,243

The information as of June 28, 2013 was derived from the Company's audited Consolidated Balance Sheet as of June 28, 2013.

See Notes to Condensed Consolidated Financial Statements.

SEAGATE TECHNOLOGY PLC

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share data)

(Unaudited)

	For the Three Months Ended		For the Six Months Ended	
	December 27, 2013	December 28, 2012	December 27, 2013	December 28, 2012
Revenue	\$ 3,528	\$ 3,668	\$ 7,017	\$ 7,400
Cost of revenue	2,541	2,676	5,055	5,347
Product development	312	277	606	545
Marketing and administrative	190	139	371	289
Amortization of intangibles	25	20	45	39
Restructuring and other, net	16	1	18	1
Total operating expenses	3,084	3,113	6,095	6,221
Income from operations	444	555	922	1,179
Interest income	1	2	6	4
Interest expense	(49)	(55)	(93)	(111)
Other, net	46	(3)	47	27
Other expense, net	(2)	(56)	(40)	(80)
Income before income taxes	442	499	882	1,099
Provision for income taxes	14	7	27	25
Net income	428	492	855	1,074
Less: Net income attributable to noncontrolling interest				
Net income attributable to Seagate Technology plc	\$ 428	\$ 492	\$ 855	\$ 1,074
Net income per share attributable to Seagate Technology plc ordinary shareholders:				
Basic	\$ 1.27	\$ 1.33	\$ 2.46	\$ 2.81
Diluted	1.24	1.30	2.39	2.73
Number of shares used in per share calculations:				
Basic	336	369	347	382
Diluted	346	379	357	394
Cash dividends declared per Seagate Technology plc ordinary share	\$ 0.43	\$ 0.70	\$ 0.81	\$ 1.02

See Notes to Condensed Consolidated Financial Statements.

SEAGATE TECHNOLOGY PLC

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions)

(Unaudited)

	For the Three Months Ended		For the Six Months Ended	
	December 27, 2013	December 28, 2012	December 27, 2013	December 28, 2012
Net Income	\$ 428	\$ 492	\$ 855	\$ 1,074
Other comprehensive income, net of tax:				
Cash flow hedges				
Change in unrealized loss on cash flow hedges	(2)		(1)	
Less: reclassification for amounts included in net income				
Net change	(2)		(1)	
Marketable securities				
Change in unrealized (loss) gain on marketable securities		(4)	1	23
Less: reclassification for amounts included in net income		2		1
Net change		(2)	1	24
Post-retirement plans				
Change in unrealized gain on post-retirement plans	1		1	
Less: reclassification for amounts included in net income				
Net change	1		1	
Foreign currency translation adjustments		2	5	3
Total other comprehensive income, net of tax	(1)		6	27
Comprehensive income	427	492	861	1,101
Less: Comprehensive income attributable to noncontrolling interest				1
Comprehensive income attributable to Seagate Technology plc	\$ 427	\$ 492	\$ 861	\$ 1,100

See Notes to Condensed Consolidated Financial Statements.

SEAGATE TECHNOLOGY PLC

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)

(Unaudited)

	For the Six Months Ended	
	December 27, 2013	December 28, 2012
OPERATING ACTIVITIES		
Net income	\$ 855	\$ 1,074
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	457	430
Share-based compensation	57	