

Seagate Technology plc
Form 10-Q
November 02, 2018
[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended September 28, 2018

**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

(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 every Interactive Data File required to be submitted 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 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, or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, and smaller reporting company and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer:

Accelerated filer:

Non-accelerated filer:

Smaller reporting company:

Emerging growth company:

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 October 29, 2018, 286,201,437 of the registrant's ordinary shares, par value \$0.00001 per share, were issued and outstanding.

Table of Contents

INDEX

SEAGATE TECHNOLOGY PLC

	PAGE NO.
PART I	
<u>FINANCIAL INFORMATION</u>	
Item 1. <u>Financial Statements</u>	3
<u>Condensed Consolidated Balance Sheets September 28, 2018 (Unaudited) and June 29, 2018</u>	4
<u>Condensed Consolidated Statements of Operations Three Months Ended September 28, 2018 and September 29, 2017 (Unaudited)</u>	5
<u>Condensed Consolidated Statements of Comprehensive Income Three Months Ended September 28, 2018 and September 29, 2017 (Unaudited)</u>	6
<u>Condensed Consolidated Statements of Cash Flows Three Months Ended September 28, 2018 and September 29, 2017 (Unaudited)</u>	7
<u>Condensed Consolidated Statement of Shareholders Equity Three Months Ended September 28, 2018 (Unaudited)</u>	8
<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	9
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	29
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	37
Item 4. <u>Controls and Procedures</u>	38
PART II	
<u>OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	39
Item 1A. <u>Risk Factors</u>	39
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	39
Item 3. <u>Defaults Upon Senior Securities</u>	39
Item 4. <u>Mine Safety Disclosures</u>	39
Item 5. <u>Other Information</u>	39
Item 6. <u>Exhibits</u>	40
<u>SIGNATURES</u>	41

Table of Contents

PART I

FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Table of Contents	Page
<u>Condensed Consolidated Balance Sheets</u>	4
<u>Condensed Consolidated Statements of Operations</u>	5
<u>Condensed Consolidated Statements of Comprehensive Income</u>	6
<u>Condensed Consolidated Statements of Cash Flows</u>	7
<u>Condensed Consolidated Statement of Shareholders' Equity</u>	8
<u>Notes to Condensed Consolidated Financial Statements</u>	9
<u>Note 1. Basis of Presentation and Summary of Significant Accounting Policies</u>	9
<u>Note 2. Balance Sheet Information</u>	12
<u>Note 3. Debt</u>	14
<u>Note 4. Income Taxes</u>	15
<u>Note 5. Goodwill and Other Intangible Assets</u>	16
<u>Note 6. Restructuring and Exit Costs</u>	17
<u>Note 7. Derivative Financial Instruments</u>	17
<u>Note 8. Fair Value</u>	20
<u>Note 9. Equity</u>	24
<u>Note 10. Revenue</u>	24
<u>Note 11. Share-based Compensation</u>	25
<u>Note 12. Guarantees</u>	25
<u>Note 13. Earnings Per Share</u>	26
<u>Note 14. Legal, Environmental and Other Contingencies</u>	26
<u>Note 15. Subsequent Events</u>	28

See Notes to Condensed Consolidated Financial Statements.

Table of Contents**SEAGATE TECHNOLOGY PLC****CONDENSED CONSOLIDATED BALANCE SHEETS**

(In millions)

(Unaudited)

	September 28, 2018	June 29, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,942	\$ 1,853
Accounts receivable, net	1,202	1,184
Inventories	1,116	1,053
Other current assets	263	220
Total current assets	4,523	4,310
Property, equipment and leasehold improvements, net	1,789	1,792
Investment in debt security	1,259	1,275
Goodwill	1,237	1,237
Other intangible assets, net	169	188
Deferred income taxes	416	417
Other assets, net	185	191
Total Assets	\$ 9,578	\$ 9,410
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 1,776	\$ 1,728
Accrued employee compensation	174	253
Accrued warranty	110	112
Current portion of long-term debt	499	499
Accrued expenses	616	598
Total current liabilities	3,175	3,190
Long-term accrued warranty	122	125
Long-term accrued income taxes	11	10
Other non-current liabilities	102	100
Long-term debt, less current portion	4,322	4,320
Total Liabilities	7,732	7,745
Commitments and contingencies (See Notes 12 and 14)		
Shareholders' Equity:		
Ordinary shares and additional paid-in capital	6,427	6,377

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Accumulated other comprehensive loss	(12)	(16)
Accumulated deficit	(4,569)	(4,696)
Total Equity	1,846	1,665
Total Liabilities and Equity	\$ 9,578	\$ 9,410

The information as of June 29, 2018 was derived from the Company's audited Consolidated Balance Sheet as of June 29, 2018.

See Notes to Condensed Consolidated Financial Statements.

Table of Contents**SEAGATE TECHNOLOGY PLC****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(In millions, except per share data)

(Unaudited)

	For the Three Months Ended	
	September 28, 2018	September 29, 2017
Revenue	\$ 2,991	\$ 2,632
Cost of revenue	2,078	1,896
Product development	266	263
Marketing and administrative	115	145
Amortization of intangibles	6	22
Restructuring and other, net	23	51
Total operating expenses	2,488	2,377
Income from operations	503	255
Interest income	24	7
Interest expense	(58)	(61)
Other, net	(1)	(13)
Other expense, net	(35)	(67)
Income before income taxes	468	188
Provision for income taxes	18	7
Net income	\$ 450	\$ 181
Net income per share:		
Basic	\$ 1.57	\$ 0.62
Diluted	1.54	0.62
Number of shares used in per share calculations:		
Basic	287	290
Diluted	292	292
Cash dividends declared per ordinary share	\$ 0.63	\$ 0.63

See Notes to Condensed Consolidated Financial Statements.

Table of Contents**SEAGATE TECHNOLOGY PLC****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(In millions)

(Unaudited)

	For the Three Months Ended	
	September 28, September 29,	
	2018	2017
Net income	\$ 450	\$ 181
Other comprehensive income (loss), net of tax:		
Cash flow hedges		
Change in net unrealized gain (loss) on cash flow hedges	3	
Less: reclassification for amounts included in net income	(1)	
Net change	2	
Marketable securities		
Change in net unrealized gain (loss) on available-for-sale debt securities		
Less: reclassification for amounts included in net income		
Net change		
Post-retirement plans		
Change in unrealized gain (loss) on post-retirement plans		
Less: reclassification for amounts included in net income		
Net change		
Foreign currency translation adjustments	2	4
Total other comprehensive income (loss), net of tax	4	4
Comprehensive income	\$ 454	\$ 185

See Notes to Condensed Consolidated Financial Statements.

Table of Contents**SEAGATE TECHNOLOGY PLC****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In millions)

(Unaudited)

	For the Three Months Ended September 28, September 29, 2018 2017	
OPERATING ACTIVITIES		
Net income	\$ 450	\$ 181
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	134	161
Share-based compensation	18	32
Deferred income taxes	2	(3)
Other non-cash operating activities, net	(18)	1
Changes in operating assets and liabilities:		
Accounts receivable, net	(9)	(10)
Inventories	(66)	(32)
Accounts payable	119	(30)
Accrued employee compensation	(79)	(87)
Accrued expenses, income taxes and warranty	45	16
Other assets and liabilities	(9)	