

Seagate Technology plc
Form 10-Q
January 26, 2017
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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 December 30, 2016

**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	98-0648577 (I.R.S. Employer
incorporation or organization)	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: (Do not check if a smaller reporting company)

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 23, 2017, 295,176,874 of the registrant's ordinary shares, par value \$0.00001 per share, were issued and outstanding.

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	December 30, 2016	July 1, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,716	\$ 1,125
Short-term investments		6
Accounts receivable, net	1,211	1,318
Inventories	1,008	868
Other current assets	205	216
Total current assets	4,140	3,533
Property, equipment and leasehold improvements, net	2,012	2,160
Goodwill	1,237	1,237
Other intangible assets, net	364	448
Deferred income taxes	614	616
Other assets, net	194	219
Total Assets	\$ 8,561	\$ 8,213
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 1,631	\$ 1,517
Accrued employee compensation	254	184
Accrued warranty	114	104
Accrued expenses	682	444
Total current liabilities	2,681	2,249
Long-term accrued warranty	108	102
Long-term accrued income taxes	13	14
Other non-current liabilities	143	164

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Long-term debt	4,093	4,091
Total Liabilities	7,038	6,620
Commitments and contingencies (See Notes 12 and 14)		
Shareholders' Equity:		
Ordinary shares and additional paid-in capital	6,049	5,929
Accumulated other comprehensive loss	(33)	(25)
Accumulated deficit	(4,493)	(4,311)
Total Equity	1,523	1,593
Total Liabilities and Equity	\$ 8,561	\$ 8,213

The information as of July 1, 2016 was derived from the Company's audited Consolidated Balance Sheet as of July 1, 2016.

See Notes to Condensed Consolidated Financial Statements.

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	For the Three Months Ended		For the Six Months Ended	
	December 30,	January 1,	December 30,	January 1,
	2016	2016	2016	2016
Revenue	\$ 2,894	\$ 2,986	\$ 5,691	\$ 5,911
Cost of revenue	2,003	2,245	3,999	4,482
Product development	305	304	620	632
Marketing and administrative	155	160	308	341
Amortization of intangibles	28	31	57	65
Restructuring and other, net	33	17	115	76
Total operating expenses	2,524	2,757	5,099	5,596
Income from operations	370	229	592	315
Interest income	1	1	2	2
Interest expense	(50)	(48)	(100)	(95)
Other, net	(11)	(2)	(11)	(11)
Other expense, net	(60)	(49)	(109)	(104)
Income before income taxes	310	180	483	211
Provision for income taxes	13	15	19	13
Net income	\$ 297	\$ 165	\$ 464	\$ 198
Net income per share:				
Basic	\$ 1.00	\$ 0.55	\$ 1.56	\$ 0.66
Diluted	1.00	0.55	1.55	0.65
Number of shares used in per share calculations:				
Basic	296	299	297	301
Diluted	298	301	299	304
Cash dividends declared per ordinary share	\$ 0.63	\$ 0.63	\$ 1.26	\$ 1.17

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		For the Six Months Ended	
	December 30,	January 1,	December 30,	January 1,
	2016	2016	2016	2016
Net income	\$ 297	\$ 165	\$ 464	\$ 198
Other comprehensive income (loss), net of tax:				
Cash flow hedges				
Change in net unrealized (loss) gain on cash flow hedges	(2)		(3)	(2)
Less: reclassification for amounts included in net income		1	1	2
Net change	(2)	1	(2)	
Marketable securities				
Change in net unrealized gain (loss) on marketable securities				
Less: reclassification for amounts included in net income				
Net change				
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	(7)	(3)	(6)	(3)
Total other comprehensive income (loss), net of tax	(9)	(2)	(8)	(2)
Comprehensive income	\$ 288	\$ 163	\$ 456	\$ 196

See Notes to Condensed Consolidated Financial Statements.

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	For the Six Months Ended	
	December 30,	January 1,
	2016	2016
OPERATING ACTIVITIES		
Net income	\$ 464	\$ 198
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	391	417
Share-based compensation	73	65
Impairment of long-lived assets	9	
Deferred income taxes	3	
Other non-cash operating activities, net	18	11
Changes in operating assets and liabilities:		
Accounts receivable, net	110	384
Inventories	(140)	(32)
Accounts payable	170	257
Accrued employee compensation	70	(87)
Accrued expenses, income taxes and warranty	69	(5)
Other assets and liabilities	10	(2)
Net cash provided by operating activities	1,247	1,206
INVESTING ACTIVITIES		
Acquisition of property, equipment and leasehold improvements	(235)	(346)
Proceeds from the sale of property and equipment	(1)	
Maturities of short-term investments	6	
Cash used in acquisition of business, net of cash acquired		(634)&nb