

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

	June 28, 2019	June 29, 2018 <sup>(a)</sup>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,220	\$ 1,853
Accounts receivable, net	989	1,184
Inventories	970	1,053
Other current assets	184	220
Total current assets	4,363	4,310
Property, equipment and leasehold improvements, net	1,869	1,792
Investment in debt security	—	1,275
Goodwill	1,237	1,237
Other intangible assets, net	111	188
Deferred income taxes	1,114	417
Other assets, net	191	191
Total Assets	<u>\$ 8,885</u>	<u>\$ 9,410</u>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,420	\$ 1,728
Accrued employee compensation	169	253
Accrued warranty	91	112
Current portion of long-term debt	—	499
Accrued expenses	552	598
Total current liabilities	2,232	3,190
Long-term accrued warranty	104	125
Long-term accrued income taxes	4	10
Other non-current liabilities	130	100
Long-term debt, less current portion	4,253	4,320
Total Liabilities	6,723	7,745
Total Equity	2,162	1,665
Total Liabilities and Equity	<u>\$ 8,885</u>	<u>\$ 9,410</u>

(a) The information in this column was derived from the Company's audited Consolidated Balance Sheet as of June 29, 2018.

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

	For the Three Months Ended		For the Fiscal Years Ended	
	June 28, 2019	June 29, 2018	June 28, 2019	June 29, 2018 (a)
Revenue	\$ 2,371	\$ 2,835	\$ 10,390	\$ 11,184
Cost of revenue	1,747	1,931	7,458	7,820
Product development	241	259	991	1,026
Marketing and administrative	108	140	453	562
Amortization of intangibles	6	6	23	53
Restructuring and other, net	(63)	(6)	(22)	89
Total operating expenses	<u>2,039</u>	<u>2,330</u>	<u>8,903</u>	<u>9,550</u>
Income from operations	332	505	1,487	1,634
Interest income	17	15	84	38
Interest expense	(55)	(54)	(224)	(236)
Other, net	(3)	—	25	(18)
Other expense, net	<u>(41)</u>	<u>(39)</u>	<u>(115)</u>	<u>(216)</u>
Income before income taxes	291	466	1,372	1,418
(Benefit) provision for income taxes	(692)	5	(640)	236
Net income	<u>\$ 983</u>	<u>\$ 461</u>	<u>\$ 2,012</u>	<u>\$ 1,182</u>
Net income per share:				
Basic	\$ 3.57	\$ 1.61	\$ 7.13	\$ 4.10
Diluted	3.54	1.57	7.06	4.05
Number of shares used in per share calculations:				
Basic	275	287	282	288
Diluted	278	293	285	292
Cash dividends declared per ordinary share	\$ 0.63	\$ 0.63	\$ 2.52	\$ 2.52

(a) The information in this column was derived from the Company's audited Consolidated Statement of Operations for the year ended June 29, 2018.

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

	<b>For the Fiscal Years Ended</b>	
	<b>June 28, 2019</b>	<b>June 29, 2018 (a)</b>
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 2,012	\$ 1,182
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	541	598
Share-based compensation	99	112
Impairment of assets	3	—
Deferred income taxes	(690)	193
Other non-cash operating activities, net	(97)	(11)
Changes in operating assets and liabilities:		
Accounts receivable, net	204	16
Inventories	80	(71)
Accounts payable	(268)	65
Accrued employee compensation	(84)	16
Accrued expenses, income taxes and warranty	(81)	(46)
Other assets and liabilities	42	59
Net cash provided by operating activities	<u>1,761</u>	<u>2,113</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of property, equipment and leasehold improvements	(602)	(366)
Proceeds from the sale of assets	144	71
Proceeds from settlement of foreign currency forward exchange contracts	29	—
Purchase of debt security	—	(1,279)
Proceeds from redemption of debt security	1,283	—
Purchases of strategic investments	(18)	—
Proceeds from sale of strategic investments	10	—
Other investing activities, net	—	(14)
Net cash provided by (used in) investing activities	<u>846</u>	<u>(1,588)</u>
<b>FINANCING ACTIVITIES</b>		
Redemption and repurchase of debt	(819)	(214)
Dividends to shareholders	(713)	(726)
Repurchases of ordinary shares	(963)	(361)
Taxes paid related to net share settlement of equity awards	(31)	(23)
Net proceeds from issuance of long-term debt	245	—
Proceeds from issuance of ordinary shares under employee stock plans	69	113
Net cash used in financing activities	<u>(2,212)</u>	<u>(1,211)</u>
Effect of foreign currency exchange rate changes on cash, cash equivalents and restricted cash	(1)	—
Increase (decrease) in cash, cash equivalents and restricted cash	394	(686)
Cash, cash equivalents and restricted cash at the beginning of the year	1,857	2,543
Cash, cash equivalents and restricted cash at the end of the year	<u>\$ 2,251</u>	<u>\$ 1,857</u>

(a) The information in this column was derived from the Company's audited Consolidated Statement of Cash Flows for the year ended June 29, 2018.

## **Use of non-GAAP financial information**

The Company uses non-GAAP measures of adjusted revenue, gross margin, net income, diluted EPS and operating expenses which are adjusted from results based on GAAP to exclude certain benefits, expenses, gains and losses. These non-GAAP financial measures may be provided to enhance the user's overall understanding of the Company's current financial performance and its prospects for the future. Specifically, the Company believes non-GAAP results provide useful information to both management and investors as these non-GAAP results exclude certain benefits, expenses, gains and losses that it believes are not indicative of its core operating results and because it is similar to the approach used in connection 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 its industry.

**SEAGATE TECHNOLOGY PLC**  
**RECONCILIATIONS OF GAAP TO NON-GAAP MEASURES**  
(In millions, except per share amounts and gross margin)  
(Unaudited)

	For the Three Months Ended		For the Twelve Months Ended	
	June 28, 2019	June 29, 2018	June 28, 2019	June 29, 2018
<b>GAAP Revenue</b>	\$ 2,371	\$ 2,835	\$ 10,390	\$ 11,184
Adjustment to discontinued products	—	—	1	(6)
<b>Non-GAAP Revenue</b>	<u>\$ 2,371</u>	<u>\$ 2,835</u>	<u>\$ 10,391</u>	<u>\$ 11,178</u>
<b>GAAP Gross Margin</b>	\$ 624	\$ 904	\$ 2,932	\$ 3,364
Adjustment to discontinued products	—	—	1	(6)
Accelerated depreciation, impairment and other charges related to cost saving efforts	—	—	—	2
Amortization of acquired intangible assets	12	14	52	57
Other charges	—	—	(1)	11
<b>Non-GAAP Gross Margin</b>	<u>\$ 636</u>	<u>\$ 918</u>	<u>\$ 2,984</u>	<u>\$ 3,428</u>
<b>GAAP Gross Margin</b>	26.3%	31.9%	28.2%	30.1%
<b>Non-GAAP Gross Margin</b>	26.8%	32.4%	28.7%	30.7%
<b>GAAP Operating Expenses</b>	\$ 292	\$ 399	\$ 1,445	\$ 1,730
Accelerated depreciation, impairment and other charges related to cost saving efforts	—	—	(2)	(6)
Amortization of acquired intangible assets	(5)	(5)	(19)	(48)
Restructuring and other, net	63	6	22	(89)
Other charges	—	(1)	—	(5)
<b>Non-GAAP Operating Expenses</b>	<u>\$ 350</u>	<u>\$ 399</u>	<u>\$ 1,446</u>	<u>\$ 1,582</u>
<b>GAAP Net Income</b>	\$ 983	\$ 461	\$ 2,012	\$ 1,182
Adjustment to discontinued products	—	—	1	(6)
Accelerated depreciation, impairment and other charges related to cost saving efforts	—	—	2	8
Amortization of acquired intangible assets	17	19	71	105
Restructuring and other, net	(63)	(6)	(22)	89
Losses recognized on the early redemption and repurchase of debt	—	—	—	4
Strategic investment losses or impairment recognized	—	8	2	11
Other charges	4	1	3	16
Income tax adjustments	(702)	(8)	(694)	200
<b>Non-GAAP Net Income</b>	<u>\$ 239</u>	<u>\$ 475</u>	<u>\$ 1,375</u>	<u>\$ 1,609</u>
Shares used in diluted net income per share calculation	278	293	285	292
<b>GAAP Diluted Net Income Per Share</b>	\$ 3.54	\$ 1.57	\$ 7.06	\$ 4.05
<b>Non-GAAP Diluted Net Income Per Share</b>	\$ 0.86	\$ 1.62	\$ 4.82	\$ 5.51
<b>GAAP Net Cash Provided by Operating Activities</b>	\$ 448	\$ 468	\$ 1,761	\$ 2,113
Acquisition of property, equipment and leasehold improvements	151	96	602	366
<b>Free Cash Flow</b>	<u>\$ 297</u>	<u>\$ 372</u>	<u>\$ 1,159</u>	<u>\$ 1,747</u>

**The Company's Non-GAAP measures are adjusted for the following items:**

**Adjustment to discontinued products**

These adjustments relate to sales of certain discontinued products or changes in sales provision for discontinued products. These adjustments are inconsistent in amount and frequency and are excluded in the non-GAAP measures as these adjustments are not indicative of the underlying ongoing operating performance.

**Accelerated depreciation, impairment and other charges related to cost saving efforts**

These expenses are excluded in the non-GAAP measure due to its inconsistency in amount and frequency and are excluded to facilitate a more meaningful evaluation of the Company's current operating performance and comparison to its past periods operating performance.

**Amortization of acquired intangible assets**

The Company records expense from amortization of intangible assets that were acquired in connection with its business combinations over their estimated useful lives. Such charges are inconsistent in size and are significantly impacted by the timing and magnitude of the Company's acquisitions. Consequently, these expenses are excluded in the non-GAAP measures to facilitate a more meaningful evaluation of its current operating performance and comparison to its past periods operating performance.

**Other charges**

The other charges primarily include write-off of certain discontinued inventory and expense related to disposed business. These charges are inconsistent in amount and frequency and are excluded in the non-GAAP measures to facilitate a more meaningful evaluation of its current operating performance and comparison to its past periods operating performance.

**Restructuring and other, net**

Restructuring charges and other, net are costs associated with restructuring plans that are primarily related to costs associated with reduction in the Company's workforce, exiting certain facilities and other related costs. These also exclude charges or gains from sale of properties. These costs or benefits do not reflect the Company's ongoing operating performance and consequently are excluded from the non-GAAP measures to facilitate a more meaningful evaluation of its current operating performance and comparison to its past periods operating performance.

**Losses Recognized on the early redemption and repurchase of debt**

From time to time, the Company incurs losses from the early redemption and repurchase of certain long-term debt instruments. These losses represent the difference between the reacquisition costs and the par value of the debt extinguished and include the write off of any related unamortized debt issuance costs. The amount of these charges may be inconsistent in size and varies depending on the timing of the repurchase of debt.

**Strategic investment gains or losses or impairment recognized**

From time to time, the Company incurs losses or gains from strategic investment accounted under equity method of accounting or records impairments charges which are not considered as part of its ongoing operating performance. The resulting expense or gain is inconsistent in amount and frequency and consequently are excluded from the non-GAAP measures to facilitate a more meaningful evaluation of its current operating performance and comparison to its past periods operating performance.

**Income tax adjustments**

Benefit or provision for income taxes represents the tax effect of non-GAAP adjustments determined using a hybrid with and without method and effective tax rate for the applicable adjustment and jurisdiction. For fiscal year 2019, it also includes

impacts from a release of valuation allowance related primarily to the Company's U.S. deferred tax assets. This was driven by improvements in the Company's profitability outlook in the U.S. including the Company's effort to structurally and operationally align its enterprise data solutions business with the rest of the Company. This does not materially change the Company's future worldwide effective tax rate. For fiscal year 2018, it includes impacts from the re-measurement of the Company's U.S. deferred tax assets at the lower 21% tax rate resulting from the U.S. Tax Cuts and Jobs Act enacted on December 22, 2017.

**Free cash flow**

Free cash flow is a non-GAAP measure defined as net cash provided by operating activities less acquisition of property, equipment and leasehold improvements. This non-GAAP financial measure is used by management to assess the Company's sources of liquidity, capital structure and operating performance.