

✓ Seagate in top 10 of profitability

12-29-87 BUS-5
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SCOTTS VALLEY — Forbes Magazine has picked Scotts Valley-based Seagate Technology Inc., a computer disk drive manufacturer, as the seventh most profitable company in America.

The high ranking was compiled by looking at how well a company has performed with its shareholders' investments over the past three to five years.

"We've always placed a lot of attention on getting a high return on equity," said Seagate Chairman Alan Shugart. "I knew we were right up there, but I'd never really put it all together."

He said it was "gratifying" to see a company that places an emphasis on its investors' revenues getting positive recognition.

"It's a good parameter. It's a good measure of how the company's management is managing the company's money. I think return on equity is a very important index," Shugart said.

Return on equity is a measure of how much a company earns on its shareholders' investments. For Seagate, the return on equity rose 61.1 percent over the past five years, and 44.4 percent over the past 12 months.

Seagate manufactures disk drives for computers and is expanding its manufacturing base vertically to become a full-system computer manufacturer, according to Shugart.

A crucial ingredient of those plans is the 207,000-square-foot Watsonville facility which was built in 1983 but never used until now. "Watsonville is a very key part of (the plans)," said Shugart.

In 1983 Seagate had planned to use the

building to manufacture disk drives. But with the boom-and-bust cycle of the high-tech industry in full swing, Seagate decided to move its manufacturing offshore.

The combined needs for higher-skilled labor and clean water have brought Seagate back to the Watsonville plant. Seagate Magnetics, a subsidiary of Seagate Technology, will be making a thin-film media for computer disks at the Watsonville facility, located off Airport Boulevard.

The company hopes to be operating by March with 800 new employees, after installing \$25 million worth of new equipment in the building.

"I'm delighted a successful company is coming to Watsonville," said Watsonville Mayor Betty Murphy. "But I'm still more interested in what is going on in the environmental impact report."

Seagate has to complete a new EIR and install all the mitigations called for in the environmental report before it can operate the facility at peak capacity. Company officials hope to have the plant fully operational in 2½ years.

Shugart said business hasn't been going as well the past two quarters, but he added even in slow times, the company has tried to maximize its investors' returns.

Despite the stock market crash of Oct. 19, Seagate's outlook is "bullish," he said. Seagate is among the 880 American firms listed in the Jan. 11 issue of Forbes Magazine for investor profitability.

Topping the list is shoe manufacturer Reebok, of Canton, Mass. It's followed by CenTrust, a savings bank in Miami, Fla.; Anchor Glass Container, Tampa, Fla.; Coleco Industries, W. Hartford, Conn.; Chrysler Corp., Detroit, Mich.; and Highland Superstores, Taylor, Mich.