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# Seagate rides high

## Record income, revenue reported

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SCOTTS VALLEY — To cap off a year marked by a major acquisition and a sharp reduction of its local workforce, Seagate Technology Inc. announced Wednesday record revenue and income for the three-month period ending Dec. 27. The computer disk drive company's chief executive said he expects business to be even better in 1997.

"Business is very, very strong and continues to be that," said Seagate Chairman Al Shugart in an interview Wednesday.

Shugart was feeling so bullish that he predicted Seagate will double its revenue by the year 2001.

The firm posted revenue of \$2.4 billion, net income of \$213 million and paid \$0.84 a share for the quarter. Seagate had revenues of \$2.34 billion, income of \$149 million and paid shareholders \$0.63 a share in the same quarter in 1995.

Revenues and income also were up sharply from the 1996 quarter ending Sept. 27, when Seagate had revenue of \$2.06 billion, net income of \$129 million and paid \$0.53 per share.

Shugart said Wednesday the company will offer employees 41 hours of profit sharing for the quarter. Shugart said it is the 20th consecutive quarter Seagate has offered employees the additional money.

Asked why the income was up so sharply, Shugart said that it took Seagate time to realize the financial benefits of the acquisition of rival Conner Peripherals last February.

"It takes a while to get your combined act together," Shugart said. The company was able to boost its gross profit margins on

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desktop products after the merger, he said.

After the merger, Seagate began using Conner's designs for data storage for desktop computers. Seagate also acquired Conner's software and media operations in the merger, which have also been important to boost the company's profits.

"Sounds like we knew what we were doing," Shugart said. Seagate stock was up 2 1/4 Wednesday on the New York Stock Exchange, to 44.

Seagate employs 937 in Scotts Valley, down from 1,581 in April.

In April, Seagate announced it was eliminating 500 jobs, mostly in Scotts Valley and San Jose. At the

same time, Seagate said it was transferring several key engineering operations out of Scotts Valley.

Seagate maintains some engineering and design activities in Scotts Valley, but the company doesn't design disk drives there any more.

"This has turned out to be administrative headquarters, no question about it," Shugart said of Scotts Valley.

Worldwide, the company employs 101,000. Of these, 13,000 work in the United States, while the rest are at Seagate facilities in Southeast Asia and Europe.

Reports of lagging sales of personal computers should not hurt the company, he said, since Seagate drives are mainly aimed at

bigger and faster computers than the average consumer might purchase. The average size drive produced by Seagate in 1996 was 1.6 gigabytes.

Shugart predicted Seagate will nearly double revenues by the year 2001, to \$19.1 billion. Seagate posted \$8.6 billion in revenue for its fiscal year ended June 28, 1996.

In September, Seagate announced it was going to buy back up to 7 million shares of its 107 million common shares outstanding. Companies traditionally buy back their own stock to raise the price or to give it stock to use for employee stock plans.

During the last quarter, Seagate put together a two-for-one stock split in the form of a stock dividend.