Seagate Technologies (STX)

Updated August 14th, 2025 by Nathan Parsh

Key Metrics

Current Price:	$157	**5 Year CAGR Estimate:**	-0.3%	**Market Cap:**	$33 B
Fair Value Price:	$115	**5 Year Growth Estimate:**	4.0%	**Ex-Dividend Date:**	09/30/25
% Fair Value:	137%	**5 Year Valuation Multiple Estimate:**	-6.1%	**Dividend Payment Date:**	10/09/25
Dividend Yield:	1.8%	**5 Year Price Target**	$139	**Years Of Dividend Growth:**	1
Dividend Risk Score:	D	**Sector:**	Technology	**Rating:**	Hold

Overview & Current Events

Seagate Technologies is a provides data storage products and data storage solutions to its customers. The company's portfolio of products offers a variety of products that meet the needs of its customers, such as hard disk drives, solid state hybrid drives, solid state drives, storage subsystems and computing solutions. Seagate Technologies was founded in 1978 and is headquartered in Dublin, Ireland. The company generated $6.6 billion of revenue last fiscal year and trades with a market capitalization $33 billion.

On January 21st, 2025, Seagate Technologies announced that it was increasing its quarterly dividend 2.9% to $0.72 per share.

On July 29th, 2025, Seagate Technologies reported results for the fourth quarter and fiscal year 2025 for the period ending June 27th, 2025. For the quarter, revenue grew 29.1% to $2.44 billion, which beat estimates by $20 million. Adjusted earnings-per-share of $2.59 compared to $1.05 in the prior fiscal year and was $0.15 better than expected. For the fiscal year, revenue surged 38.9% to $9.1 billion while adjusted earnings-per-share totaled $8.10.

Growth was powered by strength in nearline cloud and positive pricing action. Revenue was up 13% sequentially, marking eight out of nine quarters of quarter-over-quarter growth. Gross margin improved 120 basis points to 37.4% on a sequential basis and was up 560 basis points year-over-year. The operating margin of 23.5% represented a 30 basis point decline from Q3 2025, but expanded 660 basis point from Q4 2024. Adjusted EBITDA totaled $697 million. The company's free cash flow nearly doubled quarter-over-quarter to $425 million.

We expect that Seagate Technologies will earn $10.42 in fiscal year 2026, marking a 26.4% improvement from the prior period.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$2.26	$4.12	$5.52	$4.82	$4.95	$5.64	$8.18	$0.19	$1.58	$8.10	***$10.42***	***$12.68***
DPS	$2.43	$2.52	$2.52	$2.52	$2.60	$2.68	$2.80	$2.80	$2.80	$2.86	***$2.88***	***$3.18***
Shares[1]	299	292	287	278	260	233	217	207	210	218	***218***	***210***

Seagate Technologies' profitability varied widely over the last decade, from a small net loss during the last financial crisis up to record profits in 2012. The company's overall performance has been quite inconsistent in the past. Seagate Technologies' earnings-per-share have declined by 15.2% over the last decade, but we believe the company can produce EPS growth of 4% annually over the next five years given the high base from which EPS starts.

Following Seagate Technologies' strong earnings growth in calendar year 2018, 2019 was a down year for the company, due to generally weaker chip and memory markets. Things started to improve during the last couple of quarters, though, and 2020 was a more profitable year. The past few years have been weaker, but the company has guided towards growth for the current fiscal year. In the past, Seagate Technologies has lowered its operating expenses in order to grow its profits. It is, however, unclear whether the company can continue to lower its R&D and sales expenses without

[1] In Millions

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

hurting revenue growth in the long run. We believe that it is prudent to assume that more expense cutting will be harder to achieve moving forward, margins will thus not grow much in the future. Over the coming years, Seagate Technologies should benefit from demand growth for storage products. This demand was seen in the most recent quarter. Over the last five years, demand for Nearline HDDs, an intermediate type of data storage that makes up a sizable portion Seagate Technologies' HDD sales, has risen by a significant amount. Tailwinds such as the IoT result in a positive long-term sales growth outlook.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	15.8	9.6	10.1	10.0	9.7	15.6	8.7	326	65.4	17.5	***15.1***	***11.0***
Avg. Yld.	6.8%	6.4%	4.4%	5.3%	5.4%	3.0%	3.9%	4.5%	2.7%	2.0%	***1.8%***	***2.3%***

Shares of Seagate Technologies have gained $66, or 72.5%, since our May 1st, 2025 update. Seagate Technologies has been valued at a price-to-earnings multiple that has moved in a very wide range. Excluding FY 2023 and 2024, the stock has an average P/E of 12.1. Today, shares are trading at 15.1 times earnings estimates, which is above our target P/E of 11. Reaching our target valuation by 2031 would reduce annual returns by 6.1% over this period. Shares yield 1.8%, one of the stock's lowest of the last decade.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	108%	61%	46%	52%	53%	48%	34%	NMF	177%	35%	***28%***	***25%***

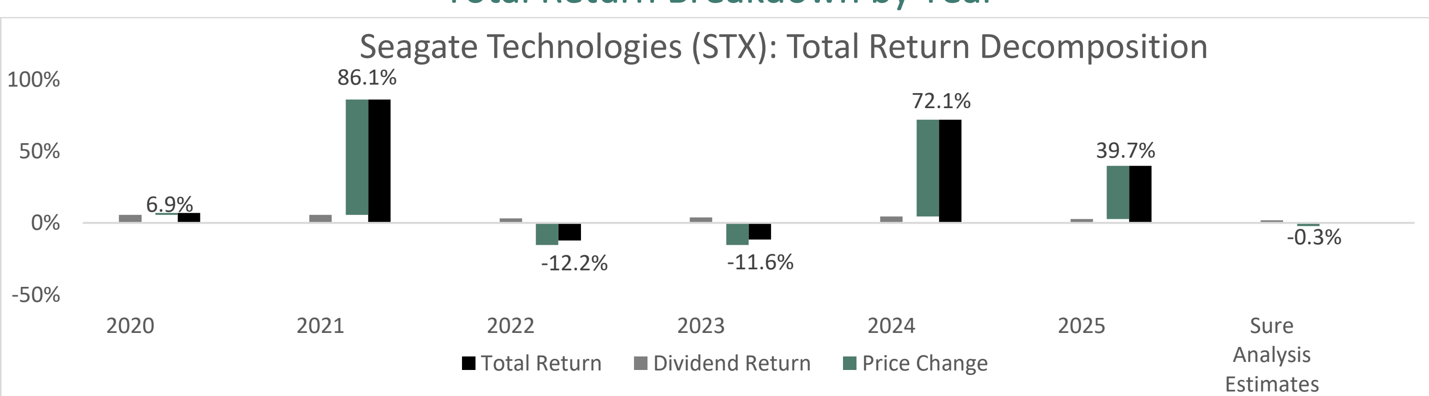
While Seagate Technologies has paid growing or stable dividends since 2011, the dividend payout ratio has ballooned towards unsustainable levels. This is especially true for FY 2023 and 2024. The fact that Seagate Technologies has managed to at least maintain its dividend over the last 10 years is impressive, but those looking for aggressive dividend growth will likely be disappointed by the company.

Seagate Technologies is one of the largest data storage companies in the world. It therefore is a major player in this relatively narrow, focused industry. Due to consolidation over the last few years, the industry has turned into an oligopoly, which has been beneficial for margins, and which limits competitive threats. Demand for storage products, and especially the prices for Seagate's products can be cyclical, which is why profits have been quite volatile in the past.

Final Thoughts & Recommendation

Following fourth quarter results, Seagate Technologies is projected to return -0.3% per year through fiscal year 2031, down from 5.9% previously. This estimate stems from earnings growth of 4% and a start dividend yield of 1.8% that are more than offset by multiple compression. Shares earn a hold recommendation at current levels.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	11,160	10,771	11,184	10,390	10,509	10,681	11,661	7,384	6,551	9,097
Gross Profit	2,615	3,174	3,364	2,932	2,842	2,917	3,469	1,351	1,536	3,200
Gross Margin	23.4%	29.5%	30.1%	28.2%	27.0%	27.3%	29.7%	18.3%	23.4%	35.2%
SG&A Exp.	635	606	562	453	473	502	559	491	460	-
D&A Exp.	815	749	598	541	379	397	451	513	264	251
Operating Profit	620	1,232	1,723	1,465	1,382	1,500	1,958	60	422	1,915
Operating Margin	5.6%	11.4%	15.4%	14.1%	13.2%	14.0%	16.8%	0.8%	6.4%	21.1%
Net Profit	248	772	1,182	2,012	1,004	1,314	1,649	(529)	335	1,469
Net Margin	2.2%	7.2%	10.6%	19.4%	9.6%	12.3%	14.1%	-7.2%	5.1%	16.1%
Free Cash Flow	1,093	1,482	1,747	1,159	1,129	1,128	1,276	626	664	818
Income Tax	26	43	236	(640)	28	34	30	33	110	44

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	8,213	9,268	9,410	8,885	8,930	8,675	8,944	7,556	7,739	8,023
Cash & Equivalents	1,125	2,539	1,853	2,220	1,722	1,209	615	786	1,358	893
Accounts Receivable	1,318	1,199	1,184	989	1,115	1,158	1,532	621	429	959
Inventories	868	982	1,053	970	1,142	1,204	1,565	1,140	1,239	1,440
Goodwill & Int. Ass.	1,685	1,519	1,425	1,348	1,295	1,266	1,246	1,237	1,219	1,221
Total Liabilities	6,620	7,904	7,745	6,723	7,143	8,044	8,835	8,755	9,230	8,476
Accounts Payable	1,517	1,626	1,728	1,420	1,808	1,725	2,058	1,603	1,786	1,604
Long-Term Debt	4,091	5,021	4,819	4,253	4,175	5,139	5,646	5,451	5,674	5,373
Shareholder's Equity	1,593	1,364	1,665	2,162	1,787	631	109	(1,199)	(1,491)	(453)
LTD/E Ratio	2.57	3.68	2.89	1.97	2.34	8.14	51.80	(4.55)	(3.81)	(11.86)

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	2.7%	8.8%	12.7%	22.0%	11.3%	14.9%	18.7%	-6.4%	4.4%	18.6%
Return on Equity	10.8%	52.2%	78.0%	105.1%	50.8%	108.7%	445.7%			
ROIC	3.9%	12.8%	18.4%	31.2%	16.2%	22.4%	28.6%	-10.6%	7.9%	30.9%
Shares Out.	299	292	287	278	260	233	217	207	210	218
Revenue/Share	36.95	36.02	38.30	36.46	39.66	43.60	52.06	35.67	30.90	41.92
FCF/Share	3.62	4.96	5.98	4.07	4.26	4.60	5.70	3.02	3.13	3.77

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.