Seagate Technologies (STX)

Updated January 28th, 2026 by Nathan Parsh

Key Metrics

Current Price:	$442	**5 Year Annual Expected Total Return:**	13.1%	**Market Cap:**	$96 B
Fair Value Price:	$323	**5 Year Growth Estimate:**	20.0%	**Ex-Dividend Date:**	03/25/26
% Fair Value:	137%	**5 Year Valuation Multiple Estimate:**	-6.1%	**Dividend Payment Date:**	04/08/26
Dividend Yield:	0.7%	**5 Year Price Target**	$802	**Years Of Dividend Growth:**	2
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.

On October 28th, 2025, Seagate Technologies increased its quarterly dividend 3.0% to $0.74 per share.

On January 27th, 2026, Seagate Technologies reported results for the second quarter of FY 2026 for the period ending January 2nd, 2026. For the quarter, revenue improved 21.5% to $2.83 billion, which topped estimates by $80 million. Adjusted earnings-per-share of $3.11 was a new record for the company, compared very favorably to $2.03 in the prior fiscal year, and was $0.27 better than expected.

Top- and bottom-line gains was powered by strength in Data Center markets and higher demand from global cloud customers. Revenue was up 7.6% sequentially, marking 10 out of 11 quarters of quarter-over-quarter growth. Gross margin expanded 150 basis points to a record 41.6% on a sequential basis and was up 670 basis points year-over-year. The record operating margin of 29.8% represented an 80 basis points improvement from Q1 2026 and was up 880 basis points from Q2 2025. Adjusted EBITDA totaled $962 million. The company's free cash flow grew 42% quarter-over-quarter to $607 million.

We expect that Seagate Technologies will earn $12.90 per share in fiscal year 2026, up from $10.99 and $10.42 previously. This would represent 59% improvement from the prior fiscal year.

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	***$12.90***	***$32.10***
DPS	$2.43	$2.52	$2.52	$2.52	$2.60	$2.68	$2.80	$2.80	$2.80	$2.86	***$2.96***	***$3.43***
Shares[1]	299	292	287	278	260	233	217	207	210	218	***216***	***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 increased by 15.2% over the last decade. Expectations for this year and beyond call for very high growth rates as well. As a result, we are raising our projected growth rate to 20% from 15%, but note that this could be too conservative of an estimate for the stock given its tailwinds.

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 next few years were 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 hurting revenue

[1] In Millions

growth in the long run. We believe that it is prudent to assume that more expense cutting will be harder to achieve moving forward, thus margin growth will come from improvements in the business. Over the coming years, Seagate Technologies should benefit from demand growth for storage products. This demand was seen once again in the most recent quarter. Tailwinds such as the IoT result in a positive long-term sales growth outlook.

Dividend growth has been low over the past two years and we predict 3% raises annually through FY2031.

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	***34.3***	***25.0***
Avg. Yld.	6.8%	6.4%	4.4%	5.3%	5.4%	3.0%	3.9%	4.5%	2.7%	2.0%	***0.7%***	***0.4%***

Shares of Seagate Technologies have gained $180, or 69%, since our October 29th, 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 34.3 times earnings estimates, which is above our new target P/E of 25. Reaching our target valuation by 2031 would reduce annual returns by 6.1% over this period. Shares yield 0.7%, one of the stock's lowest of the last decade.

Safety, Quality, Competitive Advantage, & Recession Resiliency

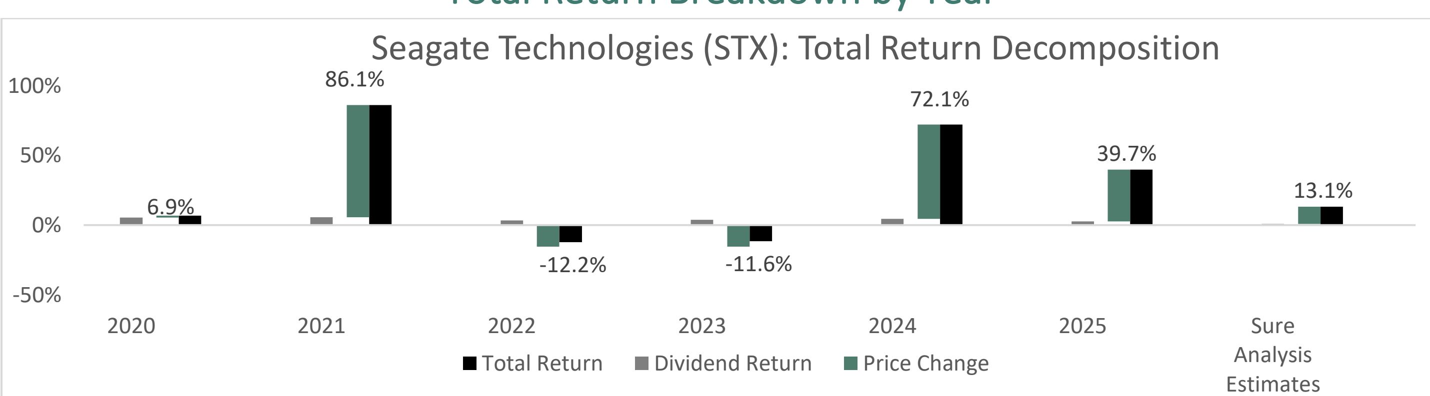
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	108%	61%	46%	52%	53%	48%	34%	NMF	177%	35%	***23%***	***11%***

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 second quarter results, Seagate Technologies is projected to return 13.1 % per year through fiscal year 2031, which is up from 5.8% previously. This estimate stems from earnings growth of 20% and a starting dividend yield of 0.7% that are offset by multiple compression. Shares earn a hold recommendation as the stock has had a massive rally this year and the dividend risk score is very weak.

Total Return Breakdown by Year



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.

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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.