

WDC

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Share price (& range)

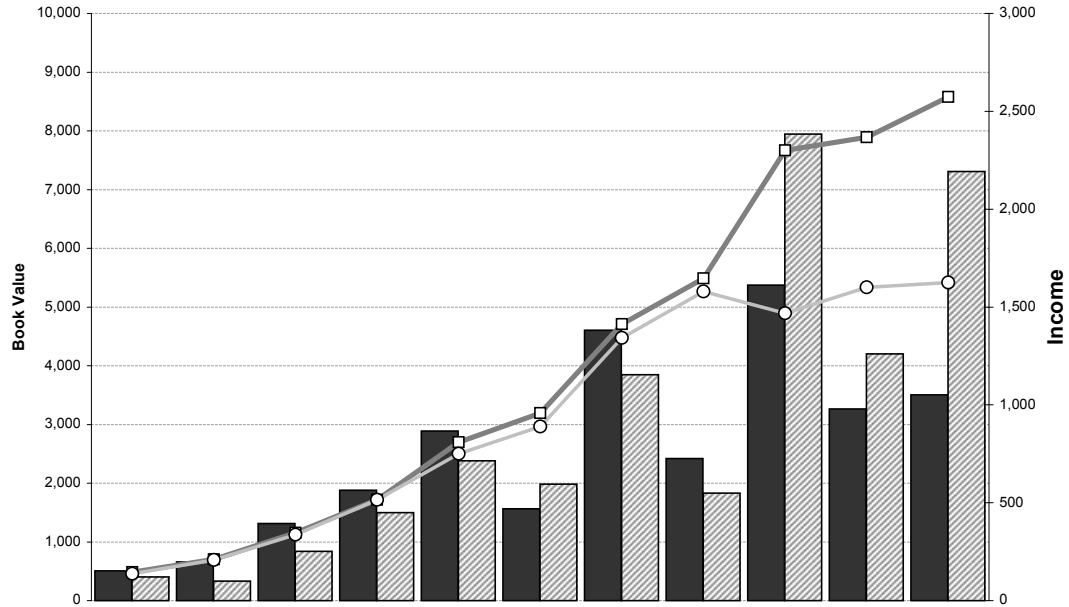
Company Name

Western Digital Corporation

\$86.73

31.39 - 31.39

Western Digital Corporation (Western Digital) is a developer and manufacturer of storage solutions, which enables people to create, manage, experience and preserve digital content. The Company designs and makes storage devices and home entertainment products under the HGST, WD and G-Technology brands. The Company's principal products are hard drives that use one or more rotating magnetic disks (magnetic media) to store and allow fast access to data. Hard drives are primary storage medium for digital content. The Company operates its global business through two independent subsidiaries: Hitachi Global Storage Technologies Holdings Pte. Ltd. (HGST) and Western Digital Corporation (WD). In September 2013, the Company announced that it has completed the acquisition of sTec, Inc. In October 2013, Western Digital Corporation completed the acquisition of Virident Systems, Inc.



| | |
|-------------------------------------|------------|
| Market Cap | \$21,249m |
| EV/EBIT TTM | 17.2 |
| P/E (cash adjusted) | 18.0 |
| P/FCF TTM (cash adjusted) | 8.7 |
| P/TBV | 3.9 |
| FCF/Net profit (10yr) | 122% |
| FCF - acq / Net profit (5yr) | 70% |
| Cap ex/depr (5yr) | 99% |
| Net Debt (cash) | (\$2,315m) |
| Interest Cover | 20 |
| Dividend Yield | 0.0% |

| | |
|--|-----------|
| DCF Valuation | |
| Intrinsic Value using 5 yr revenue growth | \$26,257m |
| Intrinsic Value using 5 yr net profit growth | \$26,902m |
| Current Enterprise Value | \$18,934m |
| Min. Margin of safety | 28% |

| | |
|--|-----|
| Capital allocation in last 5 years (% of total FCF) | |
| Acquisitions | 52% |
| Dividends | 2% |
| Share buybacks | 20% |
| Decrease/(increase) in net debt | 14% |

(may not sum to 100 due to liquidation/purchase of other assets)

| | |
|-----------------------------|------|
| Top Shareholders | |
| The Vanguard Group, Inc. | 6.6% |
| SSgA Funds Management, Inc. | 4.0% |
| BlackRock Fund Advisors | 3.5% |

| | 2004/06 | 2005/06 | 2006/06 | 2007/06 | 2008/06 | 2009/06 | 2010/06 | 2011/06 | 2012/06 | 2013/06 | TTM | CAGR | |
|-------------------------------------|------------|------------|------------|------------|------------|------------|--------------|------------|--------------|--------------|--------------|------------|------------|
| | | | | | | | | | | | | 5yr avg | 10 yr avg |
| Income | | | | | | | | | | | | | |
| Revenue | 3,047 | 3,639 | 4,341 | 5,468 | 8,074 | 7,453 | 9,850 | 9,526 | 12,478 | 15,351 | 15,268 | 20% | 18% |
| Gross Profit | 462 | 590 | 829 | 900 | 1,739 | 1,337 | 2,401 | 1,791 | 3,638 | 4,363 | 4,340 | 34% | 25% |
| Gross Margin | 15.2% | 16.2% | 19.1% | 16.5% | 21.5% | 17.9% | 24.4% | 18.8% | 29.2% | 28.4% | 28.4% | 23.7% | 20.7% |
| EBITDA | 257 | 332 | 526 | 625 | 1,468 | 1,106 | 2,035 | 1,383 | 2,890 | 2,510 | 2,468 | 23% | 26% |
| EBITDA Margin | 8.4% | 9.1% | 12.1% | 11.4% | 18.2% | 14.8% | 20.7% | 14.5% | 23.2% | 16.4% | 16.2% | 17.9% | 14.9% |
| Interest | (2) | 0 | (4) | (4) | (52) | (27) | (9) | (10) | (26) | (55) | (53) | | |
| PBT | 155 | 202 | 382 | 443 | 981 | 501 | 1,520 | 780 | 1,757 | 1,222 | 1,175 | 25% | 23% |
| Net profit (continuing) | 151 | 198 | 395 | 564 | 867 | 470 | 1,382 | 726 | 1,612 | 980 | 1,051 | 20% | 21% |
| Special income (charges) | 0 | 0 | 0 | 0 | (49) | (136) | 0 | 0 | (588) | 0 | (532) | | |
| EPS (continuing) | 0.74 | 0.96 | 1.84 | 2.57 | 3.92 | 2.12 | 6.06 | 3.14 | 6.69 | 4.07 | 4.29 | 18% | 19% |
| Owners Income exc. Special | 121 | 100 | 253 | 450 | 714 | 595 | 1,155 | 550 | 2,384 | 1,261 | 2,193 | 21% | 26% |
| Balance Sheet | | | | | | | | | | | | | |
| Book Value | 488 | 702 | 1,157 | 1,716 | 2,696 | 3,192 | 4,709 | 5,488 | 7,669 | 7,893 | 8,579 | 25% | 32% |
| Tangible book | 460 | 690 | 1,125 | 1,716 | 2,499 | 2,964 | 4,475 | 5,266 | 4,895 | 5,334 | 5,417 | 16% | 28% |
| TBV per share | 2.12 | 3.18 | 5.03 | 7.59 | 11.06 | 13.12 | 19.21 | 22.41 | 19.98 | 21.68 | 22.11 | 13% | 26% |
| ROI | 85.1% | 126.9% | 78.5% | 67.9% | 41.3% | 25.0% | 58.2% | 31.7% | 24.3% | 17.7% | 16.8% | 31% | 56% |
| Net debt (cash) | (310) | (546) | (655) | (885) | (598) | (1,312) | (2,334) | (3,196) | (1,023) | (2,354) | (2,315) | | |
| Cash Flow | | | | | | | | | | | | | |
| Depreciation & amortisation | (102) | (135) | (160) | (210) | (413) | (479) | (510) | (602) | (825) | (1,233) | (1,240) | 27% | 28% |
| Cap Ex | (132) | (233) | (302) | (324) | (615) | (490) | (737) | (778) | (641) | (952) | (630) | 18% | 22% |
| Net cash from continuing operations | 190 | 461 | 402 | 618 | 1,399 | 1,305 | 1,942 | 1,655 | 3,067 | 3,119 | 2,817 | | |
| Disposals (acquisitions) | (95) | 0 | 0 | 0 | (927) | (63) | (253) | (15) | (3,526) | (1) | | | |
| Dividends | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (181) | (178) | | |
| Share buybacks | (16) | (45) | (54) | (73) | (60) | (36) | 0 | (50) | (604) | (842) | (582) | | |
| Other Information | | | | | | | | | | | | | |
| Shares outstanding (diluted) | 217 | 217 | 224 | 226 | 226 | 226 | 233 | 235 | 245 | 246 | 245 | 1.7% | 1.3% |
| Receivable days | | | | | | | | | | | | | |
| Inventory days | | | | | | | | | | | | | |