

XYRATEX LTD  
Form 6-K  
January 10, 2013

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER**  
**SECURITIES EXCHANGE ACT OF 1934**

January 10, 2013

Commission File Number: 0001284823

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**XYRATEX LTD**

(Translation of registrant's name into English)

**Langstone Road,**

**Havant**

**PO9 1SA**

**United Kingdom**

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:  
x Form 20-F    o Form 40-F

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Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

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**NEWS RELEASE**

For Immediate Release

**Xyratex Ltd Announces Results for the Fourth Quarter and Fiscal Year 2012**

**Havant, UK January 10, 2013** Xyratex Ltd (Nasdaq: XRTX), a leading provider of data storage technology, today announced results for the fourth quarter and fiscal year ended November 30, 2012. Revenues for the fourth quarter were \$265.4 million, a decrease of 31.5% compared to revenues of \$387.6 million for the same period in the prior year.

For the fourth quarter of fiscal 2012, GAAP net loss was \$7.9 million, or \$0.29 per share, compared to GAAP net income of \$18.5 million, or \$0.65 per diluted share, in the same period in the prior year. Non-GAAP net loss was \$6.4 million, or \$0.24 per share, compared to non-GAAP net income of \$20.8 million, or \$0.73 per diluted share, in the same quarter a year ago(1).

Gross profit margin in the fourth quarter was 14.5%, compared to 17.7% in the same period in the prior year and 18.6% in the prior quarter. The decrease from the prior year primarily reflects a decline in gross margins for the Enterprise Data Storage Solutions products due to the effect of fixed costs relative to lower revenues.

Revenues for fiscal year 2012 were \$1,158.9 million, a decrease of 20% compared to revenues of \$1,448.5 million for fiscal year 2011. Gross profit margin for fiscal year 2012 was 16.9% compared to 15.3% in the previous year. The increase from the prior year was primarily due to higher margins for HDD Capital Equipment products.

GAAP net income for fiscal year 2012 was \$17.7 million, or \$0.63 per diluted share, compared to GAAP net income of \$28.3 million, or \$0.92 per diluted share, for fiscal year 2011. Non-GAAP net income for fiscal year 2012 decreased to \$24.6 million, or \$0.87 per diluted share, compared to non-GAAP net income of \$39.0 million, or \$1.27 per diluted share, for fiscal year 2011.

On December 17, 2012, the Company declared a one-time, special cash dividend of \$2.00 per common share and an accelerated quarterly dividend of \$0.075 per common share. These dividends, which totaled \$56.1 million, were paid on December 31, 2012 to shareholders of record as of December 27, 2012. The Company did not repurchase any of its common shares under its previously announced share repurchase plan during the fourth quarter. Repurchases in the 2012 fiscal year totaled 1,199,275 common shares at a total cost of \$13.6 million. The Company's cash balance amounted to \$117.2 million at the end of the fiscal year, an increase of \$14 million from the end of the third quarter.

Fiscal year 2012 was a challenging year for Xyratex. The macro-economic conditions certainly shifted midway through the year and both markets we serve experienced dynamic changes that caused our customers to be more cautious than our original expectations. Throughout the year we made adjustments to our business plan model to react to these unexpected changes in both



the global economy as well as those specific to the markets in which we participate. I believe that we are executing well on the long-term strategy that we outlined in October and we have positive results with new customer wins and opportunities heading into fiscal year 2013. We have made significant progress in the High Performance Computing data storage market with partners such as Cray Computing, DELL and HP, and I believe we are well positioned with our unique IP to deliver greater value for our customers and partners, said Steve Barber, CEO of Xyratex. Over the next 18 to 24 months, we have a number of new opportunities, particularly in the areas of High Performance Computing data storage and Big Data, that I believe will be positive for the company. We will continue to focus on new growth opportunities while also managing our costs and investments. I believe we are well positioned to capitalize on these opportunities.

## Business Outlook

The following statements are based on current expectations. These statements are forward-looking, and actual results may differ materially.

- Revenue in the first quarter of 2013 is projected to be in the range of \$159 million to \$189 million.
- The company anticipates recording a net loss per share of between \$0.08 and \$0.28 on a GAAP basis in the first quarter. On a non-GAAP basis the company anticipates recording a net loss per share of between \$0.01 and \$0.21 in the first quarter. Non-GAAP net loss per share excludes amortization of intangible assets, equity compensation expense, specified non-recurring items and related taxation expense.

## Conference Call Information

The company will host a conference call to discuss its results at 1:30 p.m. PT/4:30 p.m. ET on Thursday, January 10, 2013.

The conference call can be accessed online via the company's website [www.xyratex.com/investors](http://www.xyratex.com/investors), or by telephone as follows:

|                           |                |
|---------------------------|----------------|
| United States             | (800) 706-7745 |
| Outside the United States | (617) 614-3472 |
| Passcode                  | 41863387       |

A replay will be available via the company's website [www.xyratex.com/investors](http://www.xyratex.com/investors), or can be accessed by telephone through January 17, 2013 as follows:

|                           |                |
|---------------------------|----------------|
| United States             | (888) 286-8010 |
| Outside the United States | (617) 801-6888 |
| Passcode                  | 35785028       |

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(1) Non-GAAP net income (loss) and diluted earnings (loss) per share exclude (a) amortization and impairment of intangible assets, (b) equity compensation expense, (c) the reduction in acquisition deferred consideration, (d) the tax effects related to (a) through (c), (e) the



recognition of a Malaysia deferred tax asset in the first quarter of fiscal 2012 and (f) the tax expense resulting from a reduction in the deferred tax asset caused by a fall in U.K. tax rates. Reconciliation of non-GAAP net income (loss) and diluted earnings (loss) per share to GAAP net income (loss) and GAAP diluted earnings (loss) per share is included in a table immediately following the condensed consolidated statements of cash flow.

The intention in providing these non-GAAP measures is to provide supplemental information regarding the company's operational performance while recognizing that they have material limitations and that they should only be referred to with reference to, and not considered to be a substitute for, or superior to, the corresponding GAAP measure. The financial results calculated in accordance with GAAP and reconciliations of these non-GAAP measures to the comparable GAAP measures should be carefully evaluated. The non-GAAP financial measures used by the company may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies.

The company believes that the provision of these non-GAAP financial measures is useful to investors and investment analysts because it enables comparison to the Company's historical operating results, those of competitors and other industry participants and also provides transparency to the measures used by management in operational and financial decision making. In relation to the specific items excluded: (a) intangible assets represent costs incurred by the acquired business prior to acquisition, are not cash costs and will not be replaced when the assets are fully amortized and therefore the exclusion of these costs provides management and investors with better visibility of the costs required to generate revenue over time; (b) equity compensation expense is non-cash in nature and is outside the control of management during the period in which the expense is incurred; (c) the reduction in acquisition deferred consideration is non-cash and not comparable across periods or with other companies, (d) the exclusion of the related tax effects of excluding items (a) through (c) is necessary to show the effect on net income of the change in tax expense that would have been recorded if these items had not been incurred; (e) the recognition of the Malaysia deferred tax asset relates to the non-renewal of certain tax incentive arrangements in 2012, is non-recurring and will reverse if the incentive arrangements are renewed; and (f) the impact of the reduction in tax rates is non-cash and not comparable across periods or with other companies due to the existence of a significant U.K. related deferred tax asset which is expected to reduce over time.

#### **Safe Harbor Statement**

This press release contains forward-looking statements. These statements relate to future events or our future financial performance, including our projected revenue and net loss per share data on a GAAP and non-GAAP basis for the first quarter. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Factors that might cause such a difference include our inability to retain major customers and meet the required technical and performance specifications of our products in a timely manner or at all, the cyclical nature of the markets in which we operate, changes in our customers volume requirements, our inability to compete successfully in the competitive and rapidly changing marketplace in which we operate, deterioration in global economic conditions, diminished growth in the volume of digital information, patent infringement claims and our inability to protect our intellectual property and the impact of natural disasters. These risks and other factors include those listed under Risk Factors and elsewhere in our Annual Report on Form 20-F as filed with the Securities and Exchange Commission (File No. 000-50799). In some cases, you can identify forward-looking statements by terminology such as may, will, should, expects, intends, plans, anticipates, believes, estimates, predicts, projects, potential, continue, or the negative of these terms or other comparable terminology. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements.

### **About Xyratex**

Xyratex is a leading provider of data storage technology, including modular solutions for the enterprise data storage industry, and hard disk drive (HDD) capital equipment for the HDD industry. Xyratex enterprise data storage platforms provide a range of advanced, scalable data storage solutions for the Original Equipment Manufacturer and High Performance Computing communities. As the largest capital equipment supplier to the HDD industry, Xyratex enables disk drive manufacturers and their component suppliers to meet today's technology and productivity requirements. Xyratex has over 25 years of experience in research and development relating to disk drives, storage systems and manufacturing process technology.

Founded in 1994 in an MBO from IBM, and with headquarters in the UK, Xyratex has an established global base with R&D and operational facilities in North America, Asia and Europe.

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## XYRATEX LTD

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

|   | Three Months Ended,<br>November 30,<br>2012         |                      | Year Ended,<br>November 30,<br>2011 |                      |
|---|---|----------------------|-------------------------------------|----------------------|
|   | November 30,<br>2012                                | November 30,<br>2011 | November 30,<br>2012                | November 30,<br>2011 |
|   | (US dollars in thousands, except per share amounts) |                      |                                     |                      |
| Revenues  | \$ 265,446  | \$ 387,593           | \$ 1,158,898                        | \$ 1,448,476         |
| Cost of revenues  | 226,941   | 318,993              | 963,062                             | 1,226,404            |
| Gross profit  | 38,505  | 68,600               | 195,836                             | 222,072              |
| Operating expenses:   |   |                      |                                     |                      |
| Research and development  | 26,436  | 27,286               | 103,667                             | 115,558              |
| Selling, general and administrative   | 17,507  | 14,263               | 68,432                              | 66,377               |
| Restructuring costs   | 4,120   | 2,750                | 4,120                               | 2,750                |
| Impairment of intangible assets   |   | 2,230                |                                     | 2,230                |
| Amortization of intangible assets   | 617   | 897                  | 3,154                               | 4,176                |
| Total operating expenses  | 48,680  | 47,426               | 179,373                             | 191,091              |
| Operating income (loss)   | (10,175)  | 21,174               | 16,463                              | 30,981               |
| Interest income, net  | 176   | 104                  | 799                                 | 392                  |
| Income (loss) before income taxes   | (9,999)   | 21,278               | 17,262                              | 31,373               |
| Provision (benefit) for income taxes  | (2,056)   | 2,762                | (398)                               | 3,076                |
| Net income (loss)   | \$ (7,943)  | \$ 18,516            | \$ 17,660                           | \$ 28,297            |
| Net earnings (loss) per share:  |   |                      |                                     |                      |
| Basic   | \$ (0.29)   | \$ 0.67              | \$ 0.64                             | \$ 0.96              |
| Diluted   | \$ (0.29)   | \$ 0.65              | \$ 0.63                             | \$ 0.92              |
| Weighted average common shares (in thousands), used in computing net earnings (loss) per share: |   |                      |                                     |                      |
| Basic   | 27,024  | 27,544               | 27,513                              | 29,605               |
| Diluted   | 27,024  | 28,505               | 28,199                              | 30,631               |
| Cash dividends declared per share   | \$ 0.08   | \$ 0.06              | \$ 0.29                             | \$ 0.11              |

## XYRATEX LTD

## UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

|  | November 30,<br>2012                     | November 30,<br>2011 |
|--|--|----------------------|
|  | (US dollars and amounts in<br>thousands) |                      |
| <b>ASSETS</b>  |  |                      |
| <b>Current assets:</b>   |  |                      |
| Cash and cash equivalents  | \$ 117,174                               | \$ 132,630           |
| Accounts receivable, net   | 132,917                                  | 200,742              |
| Inventories  | 171,605                                  | 164,180              |
| Prepaid expenses   | 3,134                                    | 3,296                |
| Deferred income taxes  | 228                                      | 9,020                |
| Other current assets   | 7,121                                    | 7,016                |
| <b>Total current assets</b>  | <b>432,179</b>                           | <b>516,884</b>       |
| Property, plant and equipment, net   | 40,194                                   | 45,215               |
| Intangible assets, net   | 14,975                                   | 18,128               |
| Deferred income taxes  | 23,929                                   | 13,476               |
| <b>Total assets</b>  | <b>\$ 511,277</b>                        | <b>\$ 593,703</b>    |
| <b>LIABILITIES AND SHAREHOLDERS EQUITY</b>   |  |                      |
| <b>Current liabilities:</b>  |  |                      |
| Accounts payable   | \$ 82,125                                | \$ 168,696           |
| Employee compensation and benefits payable   | 17,961                                   | 21,786               |
| Deferred revenue   | 18,521                                   | 7,692                |
| Income taxes payable   | 369                                      | 43                   |
| Other accrued liabilities  | 17,767                                   | 26,312               |
| <b>Total current liabilities</b>   | <b>136,743</b>                           | <b>224,529</b>       |
| Long-term debt   |  |                      |
| <b>Total liabilities</b>   | <b>136,743</b>                           | <b>224,529</b>       |
| <b>Shareholders equity</b>   |  |                      |
| Common shares (in thousands), par value \$0.01 per share 70,000 authorized, 27,024 and 27,568 issued and outstanding | 270                                      | 276                  |
| Additional paid-in capital   | 354,593                                  | 361,070              |
| Accumulated other comprehensive income   | 863                                      | (1,337)              |
| Accumulated income   | 18,808                                   | 9,165                |
| <b>Total shareholders equity</b>   | <b>374,534</b>                           | <b>369,174</b>       |
| <b>Total liabilities and shareholders equity</b>   | <b>\$ 511,277</b>                        | <b>\$ 593,703</b>    |

## XYRATEX LTD

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

|   | Year Ended,               |                      |
|---|---------------------------|----------------------|
|   | November 30,<br>2012      | November 30,<br>2011 |
|   | (US dollars in thousands) |                      |
| <b>Cash flows from operating activities:</b>                                      |                           |                      |
| Net income  | \$ 17,660                 | \$ 28,297            |
| Adjustments to reconcile net income to net cash provided by operating activities: |                           |                      |
| Depreciation  | 17,936                    | 19,405               |
| Amortization of intangible assets   | 3,155                     | 4,176                |
| Impairment of intangible assets   |                           | 2,230                |
| Non-cash equity compensation  | 6,602                     | 7,127                |
| Loss on sale of assets  | 2,297                     | 1,299                |
| Deferred income taxes   | (2,541)                   | 1,438                |
| Changes in assets and liabilities, net of impact of acquisitions and divestitures |                           |                      |
| Accounts receivable   | 67,825                    | 8,753                |
| Inventories   | (7,425)                   | 31,846               |
| Prepaid expenses and other current assets   | 1,208                     | (3,971)              |
| Accounts payable  | (86,571)                  | 15,162               |
| Employee compensation and benefits payable  | (3,825)                   | (852)                |
| Deferred revenue  | 10,829                    | (10,266)             |
| Income taxes payable  | 326                       | (687)                |
| Other accrued liabilities   | (1,743)                   | 2,975                |
| Net cash provided by operating activities   | 25,733                    | 106,932              |
| <b>Cash flows from investing activities:</b>                                      |                           |                      |
| Investments in property, plant and equipment                                      | (15,212)                  | (20,232)             |
| Payment for acquisition of intangible assets                                      | (3,500)                   | (4,700)              |
| Acquisition of business   |                           | (7,433)              |
| Net cash used in investing activities   | (18,712)                  | (32,365)             |
| <b>Cash flows from financing activities:</b>                                      |                           |                      |
| Proceeds from issuance of shares  | 661                       | 3,344                |
| Repurchase of shares  | (13,600)                  | (32,290)             |
| Dividends to shareholders   | (9,538)                   | (1,459)              |
| Decrease in book overdraft  |                           | (2,374)              |
| Net cash used in financing activities   | (22,477)                  | (32,779)             |
| Change in cash and cash equivalents   | (15,456)                  | 41,788               |
| Cash and cash equivalents at beginning of period                                  | 132,630                   | 90,842               |
| Cash and cash equivalents at end of period  | \$ 117,174                | \$ 132,630           |

## XYRATEX LTD

## SUPPLEMENTAL INFORMATION

## Summary Reconciliation Of GAAP Net Income (Loss) To Non-GAAP Net Income (Loss)

|   | Three Months Ended   |                      | Year Ended   |                      |
|---|--|----------------------|--|----------------------|
|   | November 30,<br>2012<br>(US dollars in thousands, except<br>per share amounts) | November 30,<br>2011 | November 30,<br>2012<br>(US dollars in thousands, except per<br>share amounts) | November 30,<br>2011 |
| GAAP net income (loss)                          | \$ (7,943)   | \$ 18,516            | \$ 17,660  | \$ 28,297            |
| Amortization of intangible assets               | 617  | 897                  | 3,154  | 4,176                |
| Equity compensation                             | 1,554  | 859                  | 6,602  | 7,127                |
| Reduction in acquisition deferred consideration |  | (676)                |  | (676)                |
| Impairment of intangible assets                 |  | 2,230                |  | 2,230                |
| Tax effect of above non-GAAP adjustments        | (526)  | (1,074)              | (2,450)  | (3,214)              |
| Effect of changes in tax rates                  | (134)  |                      | 1,105  | 1,044                |
| Malaysia deferred tax asset recognized          |  |                      | (1,489)  |                      |
| Non-GAAP net income (loss)                      | \$ (6,432)   | \$ 20,752            | \$ 24,582  | \$ 38,984            |

## Summary Reconciliation Of Diluted GAAP Earnings (Loss) Per Share To Diluted Non-GAAP Earnings (Loss) Per Share

|   |           |         |         |         |
|---|-----------|---------|---------|---------|
| Diluted GAAP earnings (loss) per share          | \$ (0.29) | \$ 0.65 | \$ 0.63 | \$ 0.92 |
| Amortization of intangible assets               | 0.02      | 0.03    | 0.11    | 0.14    |
| Equity compensation                             | 0.06      | 0.03    | 0.23    | 0.23    |
| Reduction in acquisition deferred consideration |           | (0.02)  |         | (0.02)  |
| Impairment of intangible assets                 |           | 0.08    |         | 0.07    |
| Tax effect of above non-GAAP adjustments        | (0.02)    | (0.04)  | (0.09)  | (0.10)  |
| Effect of changes in tax rates                  | (0.01)    |         | 0.04    | 0.03    |
| Malaysia deferred tax asset recognized          |           |         | (0.05)  |         |
| Diluted non-GAAP earnings (loss) per share      | \$ (0.24) | \$ 0.73 | \$ 0.87 | \$ 1.27 |

## Segmental Information

|                                   |            |            |              |              |
|-----------------------------------|------------|------------|--------------|--------------|
| Revenues:                         |            |            |              |              |
| Enterprise Data Storage Solutions | \$ 200,135 | \$ 352,578 | \$ 974,043   | \$ 1,324,547 |
| HDD Capital Equipment             | 65,311     | 35,015     | 184,855      | 123,929      |
| Total                             | \$ 265,446 | \$ 387,593 | \$ 1,158,898 | \$ 1,448,476 |
| Gross profit:                     |            |            |              |              |
| Enterprise Data Storage Solutions | \$ 28,487  | \$ 62,467  | \$ 155,326   | \$ 212,654   |

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|                       |    |        |    |        |    |         |    |         |
|-----------------------|----|--------|----|--------|----|---------|----|---------|
| HDD Capital Equipment |    | 10,298 |    | 6,295  |    | 41,475  |    | 10,242  |
| Equity compensation   |    | (280)  |    | (162)  |    | (965)   |    | (824)   |
| Total                 | \$ | 38,505 | \$ | 68,600 | \$ | 195,836 | \$ | 222,072 |

**Summary Of Equity Compensation**

|                                     |    |       |    |     |    |       |    |       |
|-------------------------------------|----|-------|----|-----|----|-------|----|-------|
| Cost of revenues                    | \$ | 280   | \$ | 162 | \$ | 965   | \$ | 824   |
| Research and development            |    | 522   |    | 290 |    | 2,300 |    | 2,534 |
| Selling, general and administrative |    | 752   |    | 407 |    | 3,337 |    | 3,769 |
| Total equity compensation           | \$ | 1,554 | \$ | 859 | \$ | 6,602 | \$ | 7,127 |

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

XYRATEX LTD  
(Registrant)

Date: January 10, 2013

By:

/s/ Richard Pearce  
Name: Richard Pearce  
Title: Chief Financial Officer