

XYRATEX LTD  
Form 6-K  
June 23, 2005

# U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## FORM 6-K

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

June 23, 2005

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**XYRATEX LTD**

(Registrant's name)

**Langstone Road**

**Havant**

**PO9 ISA**

(Address of Principal Executive Offices)

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Indicate by check mark whether the registrant files annual reports under cover of Form 20-F or Form 40-F.

Form 20-F  Form 40-F

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Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

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**Xyratex Ltd Announces Results for the Second Quarter Fiscal Year 2005**

Q2 Revenues \$169.6 million, up 56.9% Year over Year, 19% quarter over quarter

**Havant, UK June 23, 2005** Xyratex Ltd (Nasdaq: XRTX), a leading provider of modular enterprise class data storage subsystems and storage process technology, today announced results for the second fiscal quarter, ended May 31, 2005. Revenues for the quarter were \$169.6 million, an increase of 56.9% compared to revenues of \$108.1 million for the same period last year and an increase of 19% compared to \$142.5 million in the prior quarter.

For the second fiscal quarter, GAAP net income was \$11.0 million, or \$0.38 per diluted share. Non-GAAP net income was \$13.0 million, or a diluted earnings per share of \$0.45, compared to non-GAAP net income of \$5.7 million in the same quarter a year ago. A reconciliation between net income on a GAAP basis and net income on a non-GAAP basis is provided in a table immediately following the Consolidated Statements of Cash Flows below.

Gross profit margin in the second quarter was 22%, compared to 21.5% in the same period last year and 20.8% in the prior quarter.

This was a very strong quarter for us in so many ways. We executed very well in meeting the demands of our partners, we expanded our product portfolio with the launch of a number of new products, and we increased our customer base with a number of new wins in the quarter. Finally, we successfully completed the strategic acquisition of Oliver Design, said Steve Barber, CEO of Xyratex. We continue to see strong demand for our products and technologies within both businesses. The company is in an excellent position to benefit from the strong industry dynamics driving growth.

**Business Highlights**

We acquired Oliver Design, a privately held developer and manufacturer of disk drive media cleaning technology. We are now able to combine Xyratex's industry-leading expertise in high volume disk drive test, servo writing and automated media handling technologies with Oliver Design's extensive experience in the complex media cleaning process. This important technology acquisition enables the company to better address the immediate growth opportunity in magnetic media contamination process controls.

We announced the ultra-high density near-line mass storage system, Model 4835, to the Original Equipment Manufacturer (OEM) storage market. The Xyratex 4835 near-line storage system is aimed at applications requiring large-capacity and low-cost disk storage incorporating Xyratex RAID technology.

We acquired rights to a Linux based software library and invested in a new team with key software skills to accelerate the capabilities and scope of our Storage Appliance product line into the SMB market.

We demonstrated our newest Serial Attached SCSI (SAS) expander-based storage enclosure at Storage Networking World in April. The new 3U 16 drive enclosure offers Xyratex's OEM customers SAS expandability up to 48 TB (16 x 500 GB drive capacity and up to 6 enclosures).

### **Business Outlook**

The following statements are based on current expectations. These statements are forward-looking, and actual results may differ materially. Following the acquisition of Oliver Design last month, we are providing expectations for the fiscal year. Going forward, as per our guidance policy, we will provide guidance for the next quarter only. These statements do not include the potential impact of any future acquisitions or divestitures.

Revenue in the third fiscal quarter of 2005 is projected to be in the range \$155 to \$165 million. Revenue for fiscal year 2005 is expected to increase to a range of \$660 to \$675 million.

Fully diluted earnings per share is anticipated to be between \$0.18 and \$0.25 on a GAAP basis in the third quarter. On a non-GAAP basis fully diluted earnings per share is anticipated to be between \$0.20 and \$0.27.

Fully diluted earnings per share for fiscal year 2005 is expected to be between \$1.35 and \$1.45 on a GAAP basis. On a non-GAAP basis fully diluted earnings per share is expected to be between \$1.50 and \$1.60, including a contribution of \$0.13 to \$0.17 associated with the acquisition of Oliver Design. Non-GAAP earnings per share excludes non-cash equity compensation, amortization of intangible assets, certain other acquisition related charges and related taxation expense.

### **Conference Call/Webcast Information**

The Xyratex quarterly results conference call will be held on Thursday, June 23, 2005 at 2:00 p.m. Pacific Time/5:00 p.m. Eastern Time and can be accessed by dialing (800) 599-9795 in the United States or (617) 786-2905 outside the United States, using passcode 11795616. The call will also be broadcast as a live audio webcast, which can be accessed via [www.xyratex.com/investor](http://www.xyratex.com/investor).

A replay of the conference call can be accessed by dialing 888-286-8010 in the United States or (617) 801-6888 outside the United States, using replay code 48048666. The replay will be available through June 30, 2005. The webcast will be archived on the company website for future reference.



### **Safe Harbor Statement**

The foregoing information contains forward-looking statements. These statements relate to future events or our future financial performance 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. 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, potential, could, 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 modular enterprise class data storage subsystems and storage process technology. The company designs and manufactures enabling technology that provides OEM and disk drive manufacturer customers with data storage products to support high-performance storage and data communication networks. Xyratex has over 20 years of experience in research and development relating to disk drives, storage systems and high-speed communication protocols.

Founded in 1994 in a management buy-out from IBM, and with its headquarters in the UK, Xyratex has an established global base with R&D and operational facilities in Europe, the United States and South East Asia.

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## XYRATEX LTD

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

|   | Three Months Ended                                  |                 | Six Months Ended |                 |
|---|---|-----------------|------------------|-----------------|
|   | May 31,<br>2005                                     | May 31,<br>2004 | May 31,<br>2005  | May 31,<br>2004 |
|   | (US dollars in thousands, except per share amounts) |                 |                  |                 |
| Revenues  | \$ 169,604  | \$ 108,122      | \$ 312,127       | \$ 227,407      |
| Cost of revenues  | 132,353   | 84,884          | 245,193          | 175,259         |
| Gross profit  | 37,251  | 23,238          | 66,934           | 52,148          |
| Operating expenses:   |   |                 |                  |                 |
| Research and development - development arrangement  |   |                 |                  | (6,000)         |
| Research and development - other  | 12,858  | 9,222           | 23,420           | 17,172          |
| Total research and development  | 12,858  | 9,222           | 23,420           | 11,172          |
| Selling, general and administrative - non cash equity compensation  | 191   |                 | 381              |                 |
| Selling, general and administrative - other   | 8,914   | 6,257           | 17,319           | 12,583          |
| Total selling, general and administrative   | 9,105   | 6,257           | 17,700           | 12,583          |
| Amortization of intangible assets   | 328   | 362             | 726              | 394             |
| In process research and development   | 2,230   |                 | 2,230            |                 |
| Other costs   |   | 439             |                  | 1,863           |
| Total operating expenses  | 24,521  | 16,280          | 44,076           | 26,012          |
| Operating income  | 12,730  | 6,958           | 22,858           | 26,136          |
| Interest income (expense), net  | 320   | (20)            | 669              | 828             |
| Income before income taxes  | 13,050  | 6,938           | 23,527           | 26,964          |
| Provision for income taxes  | 2,000   | 1,881           | 3,034            | 4,036           |
| Net income  | 11,050  | 5,057           | 20,493           | 22,928          |
| Net income per share:   |   |                 |                  |                 |
| Basic   | \$ 0.39   | \$ 0.46         | \$ 0.73          | \$ 2.07         |
| Diluted   | \$ 0.38   | \$ 0.46         | \$ 0.71          | \$ 2.07         |
| Weighted average common shares and class B preferred ordinary shares, respectively (in thousands), used in computing net income per share |   |                 |                  |                 |
| Basic   | 28,372  | 11,099          | 28,246           | 11,099          |
| Diluted   | 29,089  | 11,099          | 28,993           | 11,099          |
| Pro forma net income per common share from continuing operations (a)  |   |                 |                  |                 |
| Basic   | \$ 0.39   | \$ 0.20         | \$ 0.73          | \$ 0.97         |
| Diluted   | \$ 0.38   | \$ 0.20         | \$ 0.71          | \$ 0.94         |