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Western Digital ready to spin up

One of two factories resumes production

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Western Digital Corp, the world's leading hard drive maker, resumed production at one of its two plants in Thailand this week, estimating the floods will cost the company between US\$225 million and \$275 million this quarter.

The California-based firm restarted production at one of its buildings in Bang Pa-in, Ayutthaya, a week ahead of schedule.

The plant had been inundated since mid-October. Slider manufacturing equipment was removed for assessment and refurbishment, and production resumed Nov 30.

Western Digital expects to restart head slider production at the Thai facility and at its new slider fabrication plant in Penang, Malaysia, in the first quarter of next year, the company said in a release.

"The passion, perseverance, ingenuity and execution exhibited by the WD team has enabled us to make substantial progress in partially restoring our operations in Thailand, well in advance of our earliest expectations," said president and CEO John Coyne.

Meanwhile, WD's plant at Nava Nakorn Industrial Estate, Pathum Thani, has remained submerged. The estate is expected to be pumped dry within 10 days; then refurbishment will begin.

Flood costs are estimated at \$275 million for the final quarter. WD expects to file a property damage claim of at least \$50 million, with an additional

claim for business interruption in the same period.

"The company believes that hard drive industry shipments in the December quarter will be limited to approximately 120 million units due to production and supply constraints related to the historic flooding in Thailand," it said.

WD forecasts demand of 170-180 million units for this quarter. Significant supply constraints will continue in the first three months of 2012 and beyond.

In the meantime, the firm anticipates completing its purchase of Hitachi Global Storage Technologies (HGST) in the March quarter.

WD is in the process of complying with a remedy provision of the European Commission and receiving approval from the remaining regulatory authorities.