

ZEBRA TECHNOLOGIES CORP

Form 10-Q

May 08, 2018

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 000-19406

Zebra Technologies Corporation

(Exact name of registrant as specified in its charter)

Delaware 36-2675536

(State or other jurisdiction of (I.R.S. Employer incorporation or organization) Identification No.)

3 Overlook Point, Lincolnshire, IL 60069

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (847) 634-6700

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definition of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if smaller reporting company) Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards pursuant to section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 1, 2018, there were 53,397,555 shares of Class A Common Stock, \$.01 par value, outstanding.

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PART I - FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements
 ZEBRA TECHNOLOGIES CORPORATION AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS
 (In millions, except share data)

	March 31, 2018 (Unaudited)	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 64	\$ 62
Accounts receivable, net of allowances for doubtful accounts of \$2 million and \$3 million as of March 31, 2018 and December 31, 2017, respectively	471	479
Inventories, net	448	458
Income tax receivable	31	40
Prepaid expenses and other current assets	39	24
Total Current assets	1,053	1,063
Property, plant and equipment, net	262	264
Goodwill	2,463	2,465
Other intangibles, net	276	299
Long-term deferred income taxes	115	119
Other long-term assets	80	65
Total Assets	\$ 4,249	\$ 4,275
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$ 43	\$ 51
Accounts payable	411	424
Accrued liabilities	221	296
Deferred revenue	201	186
Income taxes payable	56	43
Total Current liabilities	932	1,000
Long-term debt	2,090	2,176
Long-term deferred revenue	144	148
Other long-term liabilities	102	117

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Total Liabilities	3,268		3,441	
Stockholders' Equity:				
Preferred stock, \$.01 par value; authorized 10,000,000 shares; none issued	—		—	
Class A common stock, \$.01 par value; authorized 150,000,000 shares; issued 72,151,857 shares	1		1	
Additional paid-in capital	266		257	
Treasury stock at cost, 18,755,228 and 18,915,762 shares at March 31, 2018 and December 31, 2017, respectively	(616))	(620))
Retained earnings	1,376		1,248	
Accumulated other comprehensive loss	(46))	(52))
Total Stockholders' Equity	981		834	
Total Liabilities and Stockholders' Equity	\$ 4,249		\$ 4,275	

See accompanying Notes to Consolidated Financial Statements.

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CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except share data)

(Unaudited)

	Three Months Ended	
	March 31, 2018	April 1, 2017
Net sales:		
Net sales of tangible products	\$839	\$ 735
Revenue from services and software	138	130
Total Net sales	977	865
Cost of sales:		
Cost of sales of tangible products	423	379
Cost of services and software	89	85
Total Cost of sales	512	464
Gross profit	465	401
Operating expenses:		
Selling and marketing	120	109
Research and development	101	96
General and administrative	71	75
Amortization of intangible assets	23	50
Acquisition and integration costs	2	27
Exit and restructuring costs	4	4
Total Operating expenses	321	361
Operating income	144	40
Other expenses:		
Foreign exchange loss	—	(1)
Interest expense, net	(11)	(41)
Total Other expenses, net	(11)	(42)
Income (loss) before income taxes	133	(2)
Income tax expense (benefit)	24	(10)
Net income	\$109	