

ZEBRA TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In millions, except share data)

	December 31,	
	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 30	\$ 44
Accounts receivable, net of allowances for doubtful accounts of \$2 million and \$3 million as of December 31, 2019 and 2018, respectively	613	520
Inventories, net	474	520
Income tax receivable	32	24
Prepaid expenses and other current assets	46	54
Total Current assets	1,195	1,162
Property, plant and equipment, net	259	249
Right-of-use lease asset	107	—
Goodwill	2,622	2,495
Other intangibles, net	275	232
Deferred income taxes	127	114
Other long-term assets	126	87
Total Assets	\$ 4,711	\$ 4,339
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$ 197	\$ 157
Accounts payable	552	552
Accrued liabilities	379	322
Deferred revenue	238	210
Income taxes payable	38	60
Total Current liabilities	1,404	1,301
Long-term debt	1,080	1,434
Long-term lease liabilities	100	—
Deferred income taxes	—	8
Long-term deferred revenue	221	172
Other long-term liabilities	67	89
Total Liabilities	2,872	3,004
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	339	294
Treasury stock at cost, 18,148,925 and 18,280,673 shares as of December 31, 2019 and 2018, respectively	(689)	(613)
Retained earnings	2,232	1,688
Accumulated other comprehensive loss	(44)	(35)
Total Stockholders' Equity	1,839	1,335
Total Liabilities and Stockholders' Equity	\$ 4,711	\$ 4,339

See accompanying Notes to Consolidated Financial Statements.

ZEBRA TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except share data)

	Year Ended December 31,		
	2019	2018	2017
Net sales			
Tangible products	\$ 3,907	\$ 3,685	\$ 3,223
Services and software	578	533	499
Total Net sales	4,485	4,218	3,722
Cost of sales:			
Tangible products	2,006	1,871	1,677
Services and software	379	366	335
Total Cost of sales	2,385	2,237	2,012
Gross profit	2,100	1,981	1,710
Operating expenses:			
Selling and marketing	503	483	448
Research and development	447	444	389
General and administrative	323	328	301
Amortization of intangible assets	103	97	184
Acquisition and integration costs	22	8	50
Exit and restructuring costs	10	11	16
Total Operating expenses	1,408	1,371	1,388
Operating income	692	610	322
Other expenses:			
Foreign exchange loss	(6)	(5)	(1)
Interest expense, net	(89)	(91)	(227)
Other, net	1	10	(6)
Total Other expenses, net	(94)	(86)	(234)
Income before income tax	598	524	88
Income tax expense	54	103	71
Net income	\$ 544	\$ 421	\$ 17
Basic earnings per share	\$ 10.08	\$ 7.86	\$ 0.33
Diluted earnings per share	\$ 9.97	\$ 7.76	\$ 0.32

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ZEBRA TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended December 31,		
	2019	2018	2017
Cash flows from operating activities:			
Net income	\$ 544	\$ 421	\$ 17
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	175	175	263
Investment (gain) loss	(3)	(10)	1
Amortization of debt issuance costs and discounts	6	15	38
Share-based compensation	48	45	35
Debt extinguishment costs	1	1	65
Deferred income taxes	(42)	2	(9)
Unrealized loss (gain) on forward interest rate swaps	19	(8)	(2)
Other, net	—	4	4
Changes in operating assets and liabilities:			
Accounts receivable, net	(96)	(31)	161
Inventories, net	51	(43)	(110)
Other assets	(20)	(12)	16
Accounts payable	(5)	122	(49)
Accrued liabilities	(18)	35	13
Deferred revenue	71	51	17
Income taxes	(31)	24	26
Other operating activities	(15)	(6)	(8)
Net cash provided by operating activities	685	785	478
Cash flows from investing activities:			
Acquisition of businesses, net of cash acquired	(262)	(72)	—
Purchases of property, plant and equipment	(61)	(64)	(50)
Proceeds from the sale of long-term investments	10	2	—
Purchases of long-term investments	(22)	(3)	(1)
Net cash used in investing activities	(335)	(137)	(51)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	637	909	1,371
Payments of long term-debt	(949)	(1,566)	(1,825)
Payments of debt extinguishment costs	(1)	(1)	(65)
Payments of debt issuance costs and discounts	(6)	(2)	(5)
Payments for repurchases of common stock	(47)	—	—
Payments of taxes related to net settlements of equity awards, net of proceeds from exercise of stock options and stock purchase plan purchases	(32)	(1)	7
Unremitted cash collections from servicing factored receivables	33	—	—
Net cash used in financing activities	(365)	(661)	(517)
Effect of exchange rate changes on cash	1	(5)	(4)
Net decrease in cash and cash equivalents	(14)	(18)	(94)
Cash and cash equivalents at beginning of year	44	62	156
Cash and cash equivalents at end of year	\$ 30	\$ 44	\$ 62
Supplemental disclosures of cash flow information:			
Income taxes paid	\$ 140	\$ 76	\$ 65
Interest paid	\$ 63	\$ 90	\$ 195

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