

Zebra Technologies

Fourth Quarter and Full Year 2024 Results

February 13, 2025



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Agenda

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Q4 Summary
Bill Burns, CEO

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Q4 Financials and 2025 Outlook
Nathan Winters, CFO

03

Advancing Enterprise Asset Intelligence
Bill Burns, CEO

04

Q&A
Bill Burns, CEO
Nathan Winters, CFO



Fourth Quarter 2024 Summary ⁽¹⁾

- Delivered results above our outlook
- Sales of \$1,334M, reflecting 31.6% organic net sales growth
 - Double-digit growth across all major product categories, vertical markets and regions
 - Solid growth in Services and Software
- Adjusted EBITDA Margin of 22.1%, increased 670bps
 - Adjusted Gross Margin increased 410bps due to volume leverage
 - Adjusted Operating Expenses as a percent of sales improved 290bps
- Non-GAAP Diluted EPS \$4.00, up 134%

Continued demand recovery and higher year-end spending from North American retailers drove strong operating expense leverage.

⁽¹⁾ Refer to the appendix of this presentation for reconciliations of GAAP to non-GAAP financial measures



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Fourth Quarter P&L Summary⁽¹⁾

In millions, except per share data	4Q24	4Q23	Change
Net Sales	\$1,334	\$1,009	+32.2%
Organic Net Sales Growth			+31.6%
Adjusted Gross Profit	\$650	\$450	+44.4%
Adjusted Gross Margin	48.7%	44.6%	+410bps
Adjusted Operating Expenses	\$373	\$312	+19.6%
Adjusted EBITDA	\$295	\$155	+90.3%
Adjusted EBITDA Margin	22.1%	15.4%	+670bps
Non-GAAP Diluted EPS	\$4.00	\$1.71	+133.9%

SEGMENT ORGANIC NET SALES GROWTH

- Asset Intelligence & Tracking +28.8%
- Enterprise Visibility & Mobility +33.1%

REGIONAL ORGANIC NET SALES GROWTH

- North America +36%
- EMEA +24%
- Asia Pacific +30%
- Latin America +40%

⁽¹⁾ Refer to the appendix of this presentation for reconciliations of GAAP to non-GAAP financial measures

Cash Flow & Balance Sheet

Cash Flow: FY24

- Free cash flow of \$954M, \$1,045M higher YoY
 - Working capital improvement
 - Stronger operating performance
 - Lower income tax payments
 - \$135M less settlement payments
 - Proceeds from interest rate swaps
 - Lower incentive compensation payments
- 136% free cash flow conversion⁽¹⁾
- \$43M net debt paydown
- \$47M share repurchase

Strong Liquidity Position: YE24

- \$901M cash & cash equivalents
- \$2.2B balance sheet debt
- 1.2x net-debt-to-adjusted-EBITDA ratio⁽¹⁾
- \$1.5B revolving credit facility capacity

⁽¹⁾ Refer to the appendix of this presentation for reconciliations of GAAP to non-GAAP financial measures

Outlook & Assumptions⁽¹⁾

1Q25

- Sales growth between 8% and 11%
 - Includes 1 point unfavorable impact from FX
- Adjusted EBITDA margin ~ 21%
- Non-GAAP diluted EPS \$3.50 - \$3.70
- *\$7M gross profit net impact from import tariffs*

FY25

- Sales growth between 3% and 7%
 - Includes 130 basis point unfavorable impact from FX
- Adjusted EBITDA margin 21% - 22%
- Non-GAAP diluted EPS \$14.75 - \$15.25
- Free cash flow at least \$750M
- Capital expenditures \$60M - \$70M
- Depreciation \$65M - \$75M and Amortization \$90M - \$100M
- Stock-based compensation expense \$120M - \$140M
- Non-GAAP tax rate ~17%
- *\$20M gross profit net impact from import tariffs*

As we enter 2025, our order backlog supports a solid Q1. We remain cautious in our full-year outlook as our customers navigate an uncertain environment.

⁽¹⁾ These outlook statements do not include any projected results from the pending acquisition of Photoneo which is expected to close 1Q25

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Zebra Digitizes & Automates the Front Line of Business

Purpose-Built Hardware + Software + Cloud Analytics



Enabling Improved Outcomes Across Our End Markets



Retail & E-Commerce

Elevated Customer Experience
Optimized Inventory
Engaged Associates



Transportation & Logistics

Enhance Worker Productivity
Increase Asset Utilization and Inventory Visibility
Meet Customer Expectations



Manufacturing

Production Throughput
Operational Excellence
Quality and Compliance



Healthcare

Patient Safety
Unified Staff Collaboration
Strengthened Operational Efficiency



Other Markets

Critical Communications
Outage and Disaster Management

Realized double-digit sales growth in all primary verticals as end-market demand recovers.

The Modern Store by Zebra

AI-Driven Customer-First Solutions

Optimized Inventory

- Reduce product waste shrink rates
- Increase inventory accuracy
- Improve on-shelf availability

Elevated Customer Experience

- Increase checkout speed
- Reduce customer wait times
- Improve in store order fulfillment

Engaged Associates

- Improve task completion time
- Increase time spent with customers
- Streamline task management



Zebra Companion[⚡] AI Agents

- ⚡ Knowledge
- ⚡ Sales
- ⚡ Merchandising
- ⚡ Device Manager

Zebra AI Suite for Mobile Computing

Trained models, APIs and Agents to accelerate the utilization of AI in frontline operations

Opportunity Across Our End Markets

Market Served	Longer-Term Opportunity
Retail & E-commerce	<ul style="list-style-type: none">• Technology equipped frontline workers to drive productivity and satisfaction• Reimagining point-of-sale and solutions to address shrink• E-commerce growth with shorter lead time expectations
Transportation & Logistics	<ul style="list-style-type: none">• On-demand economy driving need for increased visibility and productivity• Last mile fulfillment productivity to address increased demand• Automation to address labor constraints and improve operational efficiency
Manufacturing	<ul style="list-style-type: none">• Investments in supply chain traceability, efficiency and resiliency• Transform operations with machine vision, robotics and AI
Healthcare	<ul style="list-style-type: none">• Digitally connecting assets, patients and staff for safe and efficient care• Patient engagement and virtual care, including home healthcare opportunity
Other Markets	<ul style="list-style-type: none">• Digitizing workflows in public safety and field service• Modernizing end-to-end supply chain

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Q&A



Appendix

Use of Non-GAAP Financial Information

This presentation contains certain Non-GAAP financial measures, consisting of “Adjusted EBITDA,” “Adjusted EBITDA margin,” “Adjusted EBITDA % of adjusted net sales,” “adjusted gross margin,” “adjusted gross profit,” “adjusted net sales,” “adjusted operating expenses,” “EBITDA,” “free cash flow,” “free cash flow conversion,” “net debt,” “net debt to adjusted EBITDA ratio,” “non-GAAP diluted earnings per share,” “non-GAAP earnings per share,” “non-GAAP net income,” “organic net sales,” “organic net sales growth (decline),” and “regional organic net sales growth (decline).” Management presents these measures to focus on the on-going operations and believes it is useful to investors because they enable them to perform meaningful comparisons of past and present operating results. The company believes it is useful to present non-GAAP financial measures, which exclude certain significant items, as a means to understand the performance of its ongoing operations and how management views the business. Please see the “Reconciliation of GAAP to non-GAAP Financial Measures” tables and accompanying disclosures at the end of this presentation for more detailed information regarding non-GAAP financial measures herein, including the items reflected in adjusted net earnings calculations. These measures, however, should not be construed as an alternative to any other measure of performance determined in accordance with GAAP.

The company does not provide a reconciliation for non-GAAP estimates on a forward-looking basis (including the information under “Outlook” above) where it is unable to provide a meaningful or accurate calculation or estimation of reconciling items and the information is not available without unreasonable effort. This is due to the inherent difficulty of forecasting the timing or amount of various items that have not yet occurred, are out of the company’s control and/or cannot be reasonably predicted, and that would impact diluted net earnings per share, the most directly comparable forward-looking GAAP financial measure. For the same reasons, the company is unable to address the probable significance of the unavailable information. Forward-looking non-GAAP financial measures provided without the most directly comparable GAAP financial measures may vary materially from the corresponding GAAP financial measures.

As a global company, Zebra's operating results reported in U.S. dollars are affected by foreign currency exchange rate fluctuations because the underlying foreign currencies in which the company transacts change in value over time compared to the U.S. dollar; accordingly, the company presents certain organic growth financial information, which includes impacts of foreign currency translation, to provide a framework to assess how the company’s businesses performed excluding the impact of foreign currency exchange rate fluctuations. Foreign currency impact represents the difference in results that are attributable to fluctuations in the currency exchange rates used to convert the results for businesses where the functional currency is not the U.S. dollar. This impact is calculated by translating the current period results at the currency exchange rates used in the comparable prior year period as well as removing realized cash flow hedge gains and losses from both the current and prior year periods. The company believes these measures should be considered a supplement to and not in lieu of the company’s performance measures calculated in accordance with GAAP.

GAAP to Non-GAAP Organic Net Sales Growth (Decline) Reconciliation (Unaudited)

	Three Months Ended		
	December 31, 2024		
	AIT	EVM	Consolidated
Consolidated Reported GAAP Net sales growth	29.5 %	33.6 %	32.2 %
Adjustments:			
Impact of foreign currency translations ⁽¹⁾	(0.7)%	(0.5)%	(0.6)%
Consolidated Organic Net sales growth	28.8 %	33.1 %	31.6 %

	Twelve Months Ended		
	December 31, 2024		
	AIT	EVM	Consolidated
Consolidated Reported GAAP Net sales (decline) growth	(0.2)%	13.7 %	8.7 %
Adjustments:			
Impact of foreign currency translations ⁽¹⁾	(0.7)%	(0.5)%	(0.6)%
Consolidated Organic Net sales (decline) growth	(0.9)%	13.2 %	8.1 %

- (1) Operating results reported in U.S. Dollars are affected by foreign currency exchange rate fluctuations. Foreign currency translation impact represents the difference in results that are attributable to fluctuations in the currency exchange rates used to convert the results for businesses where the functional currency is not the U.S. Dollar. This impact is calculated by translating the current period results at the currency exchange rates used in the comparable prior year period as well as removing realized cash flow hedge gains and losses from both the current and prior year periods.

GAAP to Non-GAAP Regional Organic Net Sales Growth Reconciliation

(Unaudited)

	Three Months Ended				
	December 31, 2024				
	North America	EMEA	Asia-Pacific	Latin America	Consolidated
Reported GAAP Regional Net sales growth	35.9 %	25.9 %	29.3 %	39.3 %	32.2 %
Adjustments:					
Impact of foreign currency translations ⁽¹⁾	— %	(1.6)%	1.1 %	0.3 %	(0.6)%
Regional Organic Net sales growth	35.9 %	24.3 %	30.4 %	39.6 %	31.6 %

	Twelve Months Ended				
	December 31, 2024				
	North America	EMEA	Asia-Pacific	Latin America	Consolidated
Reported GAAP Regional Net sales growth	5.9 %	14.4 %	1.9 %	15.1 %	8.7 %
Adjustments:					
Impact of foreign currency translations ⁽¹⁾	— %	(2.2)%	0.7 %	0.4 %	(0.6)%
Regional Organic Net sales growth	5.9 %	12.2 %	2.6 %	15.5 %	8.1 %

- (1) Operating results reported in U.S. Dollars are affected by foreign currency exchange rate fluctuations. Foreign currency translation impact represents the difference in results that are attributable to fluctuations in the currency exchange rates used to convert the results for businesses where the functional currency is not the U.S. Dollar. This impact is calculated by translating the current period results at the currency exchange rates used in the comparable prior year period as well as removing realized cash flow hedge gains and losses from both the current and prior year periods.

GAAP to Non-GAAP Gross Margin Reconciliation

(\$ in millions)
(Unaudited)

	Three Months Ended					
	December 31, 2024			December 31, 2023		
	AIT	EVM	Consolidated	AIT	EVM	Consolidated
<u>GAAP</u>						
Reported Net sales	\$ 448	\$ 886	\$ 1,334	\$ 346	\$ 663	\$ 1,009
Reported Gross profit	223	425	648	159	289	448
Gross Margin	49.8 %	48.0 %	48.6 %	46.0 %	43.6 %	44.4 %

<u>Non-GAAP</u>						
Adjusted Net sales	\$ 448	\$ 886	\$ 1,334	\$ 346	\$ 663	\$ 1,009
Adjusted Gross profit ⁽¹⁾	224	426	650	160	290	450
Adjusted Gross Margin	50.0 %	48.1 %	48.7 %	46.2 %	43.7 %	44.6 %

	Twelve Months Ended					
	December 31, 2024			December 31, 2023		
	AIT	EVM	Consolidated	AIT	EVM	Consolidated
<u>GAAP</u>						
Reported Net sales	\$ 1,647	\$ 3,334	\$ 4,981	\$ 1,651	\$ 2,933	\$ 4,584
Reported Gross profit	793	1,620	2,413	787	1,336	2,123
Gross Margin	48.1 %	48.6 %	48.4 %	47.7 %	45.6 %	46.3 %

<u>Non-GAAP</u>						
Adjusted Net sales	\$ 1,647	\$ 3,334	\$ 4,981	\$ 1,651	\$ 2,933	\$ 4,584
Adjusted Gross profit ⁽¹⁾	796	1,626	2,422	789	1,340	2,129
Adjusted Gross Margin	48.3 %	48.8 %	48.6 %	47.8 %	45.7 %	46.4 %

(1) Adjusted Gross profit excludes share-based compensation expense.

GAAP to Non-GAAP Net Income Reconciliation

(\$ in millions, except share data)
(Unaudited)

	Three Months Ended		Twelve Months Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
GAAP Net income	\$ 163	\$ 17	\$ 528	\$ 296
Adjustments to Cost of sales ⁽¹⁾				
Share-based compensation	2	2	9	6
Total adjustments to Cost of sales	2	2	9	6
Adjustments to Operating expenses ⁽¹⁾				
Amortization of intangible assets	24	26	104	104
Acquisition and integration costs	3	2	6	6
Share-based compensation	23	18	101	60
Exit and restructuring costs	—	16	17	98
Total adjustments to Operating expenses	50	62	228	268
Adjustments to Other income (expense), net ⁽¹⁾				
Amortization of debt issuance costs and discounts	1	1	2	3
Investment loss	—	—	6	1
Foreign exchange (gain) loss	(11)	4	(5)	2
Forward interest rate swap loss (gain)	—	25	(31)	(9)
Total adjustments to Other (expense) income, net	(10)	30	(28)	(3)
Income tax effect of adjustments ⁽²⁾				
Reported income tax expense (benefit)	45	(15)	107	38
Adjusted income tax	(42)	(7)	(143)	(97)
Total adjustments to income tax	3	(22)	(36)	(59)
Total adjustments	45	72	173	212
Non-GAAP Net income	<u>\$ 208</u>	<u>\$ 89</u>	<u>\$ 701</u>	<u>\$ 508</u>
GAAP earnings per share				
Basic	\$ 3.17	\$ 0.32	\$ 10.25	\$ 5.75
Diluted	\$ 3.14	\$ 0.31	\$ 10.18	\$ 5.72
Non-GAAP earnings per share				
Basic	\$ 4.04	\$ 1.72	\$ 13.62	\$ 9.88
Diluted	\$ 4.00	\$ 1.71	\$ 13.52	\$ 9.82
Basic weighted average shares outstanding	51,542,093	51,366,299	51,494,957	51,378,051
Diluted weighted average and equivalent shares outstanding	51,986,818	51,687,374	51,879,709	51,710,962

(1) Presented on a pre-tax basis.

(2) Represents adjustments to GAAP income tax expense commensurate with pre-tax non-GAAP adjustments (including the resulting impacts to U.S. BEAT/GILTI provisions), as well as adjustments to exclude the impacts of certain discrete income tax items and incorporate the anticipated annualized effects of current year tax planning.

GAAP to Non-GAAP EBITDA Reconciliation

(\$ in millions)
(Unaudited)

	Three Months Ended		Twelve Months Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
GAAP Net income	\$ 163	\$ 17	\$ 528	\$ 296
Add back:				
Depreciation (excluding exit and restructuring costs)	18	17	68	69
Amortization of intangible assets	24	26	104	104
Total Other expense, net	17	72	107	147
Income tax expense (benefit)	45	(15)	107	38
EBITDA (Non-GAAP)	267	117	914	654
Adjustments to Cost of sales				
Share-based compensation	2	2	9	6
Total adjustments to Cost of sales	2	2	9	6
Adjustments to Operating expenses				
Acquisition and integration costs	3	2	6	6
Share-based compensation	23	18	101	60
Exit and restructuring costs	—	16	17	98
Total adjustments to Operating expenses	26	36	124	164
Total adjustments to EBITDA	28	38	133	170
Adjusted EBITDA (Non-GAAP)	\$ 295	\$ 155	\$ 1,047	\$ 824
Adjusted EBITDA % of Adjusted Net Sales (Non-GAAP)	22.1 %	15.4 %	21.0 %	18.0 %

GAAP to Non-GAAP Free Cash Flow Reconciliation

(\$ in millions)
(Unaudited)

	Twelve Months Ended	
	December 31, 2024	December 31, 2023
Net cash provided by (used in) operating activities	\$ 1,013	\$ (4)
Less: Purchases of property, plant and equipment	(59)	(87)
Free cash flow (Non-GAAP) ⁽¹⁾	<u>\$ 954</u>	<u>\$ (91)</u>
Free cash flow conversion (Non-GAAP) ⁽²⁾	136 %	(18)%

(1) Free cash flow, a non-GAAP measure, is defined as Net cash provided by (used in) operating activities in a period minus purchases of property, plant and equipment (capital expenditures) made in that period.

(2) Free cash flow conversion, a non-GAAP measure, is defined as Free cash flow divided by Non-GAAP Net income for the period.

GAAP to Non-GAAP Net Debt to Adjusted EBITDA Reconciliation

(\$ in millions)
(Unaudited)

	Twelve Months Ended	
	December 31, 2024	December 31, 2023
Total Debt	\$ 2,183	\$ 2,226
Less: Cash and cash equivalents	(901)	(137)
Net Debt (Non-GAAP) ⁽¹⁾	<u>\$ 1,282</u>	<u>\$ 2,089</u>
Net Debt to Adjusted EBITDA ratio (Non-GAAP) ⁽²⁾	1.2	2.5

(1) Net debt, a non-GAAP measure, is defined as Total debt minus Cash and cash equivalents as of the period end date.

(2) Net debt to adjusted EBITDA, a non-GAAP ratio, is defined as Net debt divided by adjusted EBITDA for the trailing 12 months.



About Zebra

Zebra (NASDAQ: ZBRA) provides the tools to help businesses grow with asset visibility, connected frontline workers and intelligent automation. The company operates in more than 100 countries, and our customers include over 80% of the Fortune 500. Designed for the frontline, Zebra's award-winning portfolio includes hardware, software, and services, all backed by our 50+ years of innovation and global partner ecosystem.

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