

ZEBRA TECHNOLOGIES CORP
Form 10-Q
May 02, 2013
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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 30, 2013

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
(State or other jurisdiction of
incorporation or organization)

36-2675536
(I.R.S. Employer
Identification No.)

475 Half Day Road, Suite 500, 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

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of large accelerated filer, accelerated filer and smaller reporting 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

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 April 26, 2013, there were 50,923,113 shares of Class A Common Stock, \$.01 par value, outstanding.

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ZEBRA TECHNOLOGIES CORPORATION AND SUBSIDIARIES

QUARTER ENDED MARCH 30, 2013

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(Amounts in thousands)

	March 30, 2013 (Unaudited)	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 49,592	\$ 64,740
Investments and marketable securities	364,529	324,140
Accounts receivable, net	169,255	168,732
Inventories, net	116,417	123,357
Deferred income taxes	12,962	13,484
Prepaid expenses and other current assets	17,379	16,410
Total current assets	730,134	710,863
Property and equipment at cost, less accumulated depreciation and amortization	101,054	101,349
Long-term deferred income taxes	2,134	2,602
Goodwill	94,942	94,942
Other intangibles, net	37,288	39,151
Long-term investments and marketable securities	3,443	5,195
Other assets	14,602	13,646
Total assets	\$ 983,597	\$ 967,748
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 20,141	\$ 23,045
Accrued liabilities	43,932	57,234
Deferred revenue	13,445	13,326
Income taxes payable	2,374	1,609
Total current liabilities	79,892	95,214
Deferred rent	1,245	1,303
Other long-term liabilities	16,096	14,229
Total liabilities	97,233	110,746
Stockholders' equity:		
Preferred Stock	0	0
Class A Common Stock	722	722
Additional paid-in capital	140,736	139,523
Treasury stock	(638,596)	(641,438)
Retained earnings	1,392,062	1,368,520

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Accumulated other comprehensive loss	(8,560)	(10,325)
Total stockholders' equity	886,364	857,002
Total liabilities and stockholders' equity	\$ 983,597	\$ 967,748

See accompanying notes to consolidated financial statements.

Table of Contents**ZEBRA TECHNOLOGIES CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF EARNINGS**

(Amounts in thousands, except per share data)

(Unaudited)

	Three Months Ended March 30, 2013	March 31, 2012
Net sales:		
Net sales of tangible products	\$ 225,121	\$ 232,476
Revenue from services and software	11,816	11,399
Total net sales	236,937	243,875
Cost of sales:		
Cost of sales of tangible products	117,111	119,033
Cost of services and software	6,761	4,959
Total cost of sales	123,872	123,992
Gross profit	113,065	119,883
Operating expenses:		
Selling and marketing	33,515	32,114
Research and development	21,858	20,416
General and administrative	25,276	24,320
Amortization of intangible assets	1,863	770
Acquisition costs	482	254
Exit and restructuring costs	1,895	0
Total operating expenses	84,889	77,874
Operating income	28,176	42,009
Other income (expense):		
Investment income	677	592
Foreign exchange loss	(98)	(342)
Other, net	9	(364)
Total other income (expense)	588	(114)
Income before income taxes	28,764	41,895
Income taxes	5,222	11,731
Net income	\$ 23,542	\$ 30,164

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Basic earnings per share	\$ 0.46	\$ 0.58
Diluted earnings per share	\$ 0.46	\$ 0.58
Basic weighted average shares outstanding	50,980	51,998
Diluted weighted average and equivalent shares outstanding	51,366	52,301
See accompanying notes to consolidated financial statements.		

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ZEBRA TECHNOLOGIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in thousands)

(Unaudited)

	Three Months Ended	
	March 30,	March 31,
	2013	2012
Net income	\$ 23,542	\$ 30,164
Other comprehensive income (loss):		
Unrealized gains (losses) on hedging transactions, net of income taxes	1,743	(4,646)
Unrealized holding gains (losses) on investments, net of income taxes	(72)	570
Foreign currency translation adjustment	94	83
Comprehensive income	\$ 25,307	\$ 26,171

See accompanying notes to consolidated financial statements.

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(Amounts in thousands)

(Unaudited)

	Three Months Ended	
	March 30,	March 31,
	2013	2012
Cash flows from operating activities:		
Net income	\$ 23,542	\$ 30,164
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	7,372	5,959
Share-based compensation	2,146	3,800
Excess tax benefit from share-based compensation	(358)	(66)
Loss on sale of property and equipment	136	83
Deferred income taxes	990	(391)
Changes in assets and liabilities:		
Accounts receivable, net	(516)	(1,862)
Inventories, net	6,943	7,169
Other assets	(137)	9,395
Accounts payable	(7,119)	(3,378)
Accrued liabilities	(12,787)	(16,881)
Deferred revenue	1,618	1,151
Income taxes	649	6,135
Other operating activities	1,685	(4,725)
Net cash provided by operating activities	24,164	36,553
Cash flows from investing activities:		
Purchases of property and equipment	(1,952)	(7,654)
Proceeds from the sale of business	0	13,790
Acquisition of intangible assets	(500)	0
Acquisition of long-term equity investment	(604)	0
Purchases of investments and marketable securities	(106,947)	(132,390)
Maturities of investments and marketable securities	3,144	81,189
Proceeds from sales of investments and marketable securities	65,094	21,748
Net cash used in investing activities	(41,765)	(23,317)
Cash flows from financing activities:		
Purchase of treasury stock	(3,888)	(9,775)
Proceeds from exercise of stock options and stock purchase plan purchases	5,913	