

## Zebra Technologies Corp. (ZBRA) - \$205.79 per share

*Enabling enterprise asset intelligence*



Ray Rund  
Senior Research  
Analyst

**Zebra Technologies Corp.** is the leader in the \$10B for Enterprise Asset which includes mobile computing, RFID readers, capture scanners, & barcode printing. ZBRA also provides related software and The market grows at the rate GDP +1-2% per year. ZBRA investing in adjacent markets that are larger and growing more rapidly.

### Company Background

ZBRA started in 1969 and was the first to market laser barcode printers and handheld scanners. These along with RFID printers and readers form the core of ZBRA's Asset Intelligence and Tracking (AIT) has over 40% of the barcode printing market. This is highly profitable and grows slowly. In 2014 ZBRA transformative acquisition of Motorola's mobile business. This became their Enterprise Visibility and Mobility (EVM) business. EVM is the leader in mobile computing and data capture solutions with 40-share of these markets. EVM now accounts for two of ZBRA's TTM revenue of \$4.4B.

### The Future is Software and Solutions

Since acquiring the EVM business, Zebra has strategy of internal investment and acquisitions aimed becoming a full line provider of systems for asset and information access. Recent internal developments acquisitions have expanded their software offerings to include software which use the data captured by devices for real-time analytics and decision making. these additions Zebra has begun to address an \$15B in adjacent market opportunities which are faster than the \$10B markets which ZBRA already dominates.

ZBRA is benefitting from major trends that are driving growth. These trends include the rapid expansion of e-commerce, cloud computing, mobile workforce computing, intelligent automation, and on-demand fulfillment (e.g. one-day deliveries). All of these trends require real time data collection, analysis and decision making. Enterprises are investing in this area to operational efficiency, optimize work flows, control and to meet the increasingly rigorous expectations of customers.

### Enabling Visibility at the Enterprise Edge



ZBRA provides customers with a full range of mobile computers, printers, scanners and devices, technical support, maintenance, software and cloud-based subscriptions globally. Services and supplies provide recurring revenue from their very large global installed base.

### Price Chart



# Zebra Technologies Corp. (ZBRA)

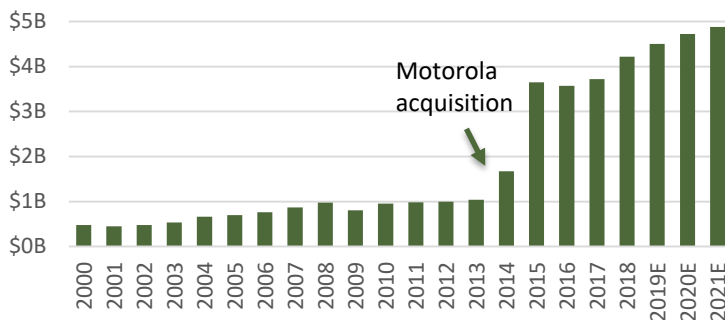
## Strategies for Growth

ZBRA is following a two part growth strategy. The first is to outpace competition in the core AIT and EVM businesses. Using product innovation, their large installed base, and strong distribution networks, ZBRA is capitalizing on technology transitions now occurring in the industry. Two major transitions driving growth are the shift to 2D barcode imaging (from 1D) and the adoption of RFID. A third major transition helping ZBRA increase market share is the shift to Android from legacy mobile computing devices that use obsolete and unsupported versions of Windows operating systems. ZBRA is the undisputed leader in Android based mobile computing, and is winning the majority of business for replacing Windows based devices. The Windows to Android replacement cycle also creates additional cross-selling opportunities for printers, smart sensors and new software. The second leg of ZBRA's growth strategy is to expand into what they are calling Enterprise Asset Intelligence. EAI combines aspects of cloud computing, automation, connected assets (IoT) and mobility to supply complete systems based on real-time data. ZBRA's investment in software capabilities positions the company to provide integrated solutions built around their sensors, printers and computers. ZBRA believes the EAI solutions market adds an additional \$15B to their addressed markets.

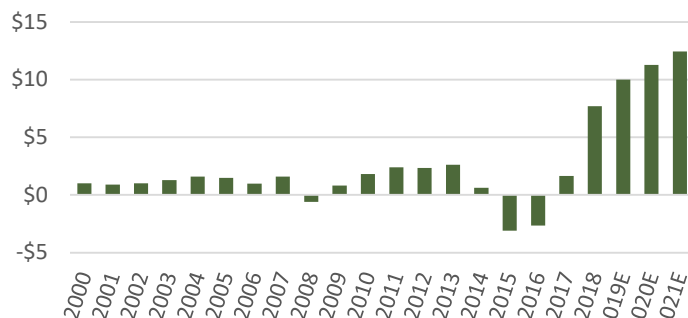
### 11 Characteristics

1) Growth	●	Expect 10-12% topline in coming years
2) Sustainable Advantage	●	Clear leader with scale and > 4,200
3) Strong Management	●	Experienced team with clear vision
4) Market Leadership	●	#1 share in AIT and EMV markets
5) Focused	●	Enterprise Asset Intelligence Solutions
6) Many Customer/Products	●	Wide distribution, no end customer >10%
7) Quality Leadership	●	Strong brands –with largest installed base
8) New Product Development	●	Smart sensors and ruggedized hardware
9) Positive Earnings/CF	●	Free cash flow of \$653 M in last 12
10) Conservative Financials	●	Reducing debt, Net Debt /EBITDA of 1.8
11) Inside Ownership	●	Insiders own 2.3% of equity

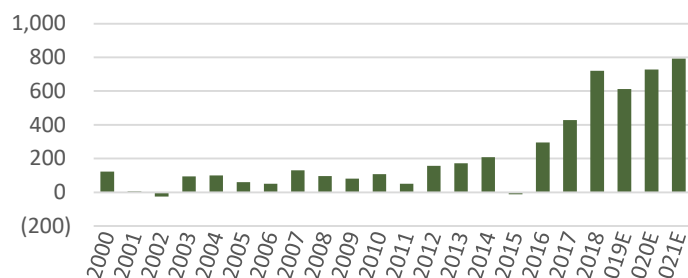
## ZBRA Revenue



## ZBRA GAAP EPS



## ZBRA Free Cash Flow (\$M)



Source: Company Reports, Thomson Reuters Consensus Estimates, & Shaker Investments

## Risks

- ZBRA depends on sales through distribution for the majority of their revenue. Top three distributors account for ~50% of revenue.
- ZBRA's competition in EAI is increasing. To dominate this rapidly growing market, ZBRA must continue to invest in their ability to provide complete and innovative solutions.

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