Zebra Technologies
First Quarter 2021 Results

May 4, 2021

Safe Harbor Statement

Statements made in this presentation which are not statements of historical fact are forward-looking statements and are subject to the safe harbor provisions created by the Private Securities Litigation Reform Act of 1995. Actual results may differ from those expressed or implied in the company's forward-looking statements. Zebra may elect to update forward-looking statements but expressly disclaims any obligation to do so, even if the company's estimates change. These forward-looking statements are based on current expectations, forecasts and assumptions and are subject to the risks and uncertainties inherent in Zebra's industry, market conditions, general domestic and international economic conditions, and other factors. These factors include customer acceptance of Zebra's hardware and software products and competitors' product offerings, and the potential effects of technological changes. The continued uncertainty over future global economic conditions, the availability of credit and capital markets volatility may have adverse effects on Zebra, its suppliers and its customers. In addition, a disruption in our ability to obtain products from vendors as a result of supply chain constraints, natural disasters, public health issues (including pandemics), or other circumstances could restrict sales and negatively affect customer relationships. Profits and profitability will be affected by Zebra's ability to control manufacturing and operating costs. Foreign exchange rates will have an effect on financial results because of the large percentage of our international sales. The outcome of litigation in which Zebra may be involved is another factor. The success of integrating acquisitions could also affect profitability, reported results and the company's competitive position in its industry. These and other factors could have an adverse effect on Zebra's sales, gross profit margins and results of operations. Descriptions of the risks, uncertainties and other factors that could affect the company's future operations and results can be found in Zebra's filings with the Securities and Exchange Commission. In particular, please refer to Zebra's latest filing of its Form 10-K and Form 10-Q. This presentation includes certain non-GAAP financial measures and we refer to the reconciliations to the comparable GAAP financial measures and related information.

Agenda

01 Q1 Highlights
Anders Gustafsson, CEO

02 Q1 Financials and 2021 Outlook
Nathan Winters, CFO

03 Advancing our Enterprise Asset Intelligence Vision
Anders Gustafsson, CEO

04 Q&A
Anders Gustafsson, CEO
Nathan Winters, CFO
Joe Heel, Chief Revenue Officer

First Quarter 2021 Highlights [1]

- Our teams continue to execute well in response to strong demand for our solutions as customers recover from the pandemic
- Delivered sales, EBITDA margin, and earnings per share results that exceeded our outlook, as customers prioritize investment in our solutions
- 25% Organic Net Sales growth
  - Double-digit growth across all regions, product & solutions categories, and vertical end markets
  - Particularly strong growth from small business through the channel, partially driven by pent-up demand
- Adjusted EBITDA margin of 25.3%, 620bp year-over-year increase
  - Gross margin improvement from favorable business mix, improved services & software margin, and favorable China tariff impact; offset by $11M incremental YoY premium freight costs ($15M in 1Q21)
  - Operating expense scaling, including lower travel costs
- Non-GAAP diluted EPS $4.79, up 79%

[1] Refer to the appendix of this presentation for reconciliations of GAAP to non-GAAP financial results

Agenda

First Quarter P&L Summary[1]

In millions, except per share data	1Q21	1Q20	Change
Adjusted Net Sales	$1,350	$1,052	+28.3%
Organic Net Sales Growth[2,3]			+25.0%
Adjusted Gross Profit	$660	$475	+38.9%
Adjusted Gross Margin	48.9%	45.2%	+370bps
Adjusted Operating Expenses	$337	$292	+15.4%
Adjusted EBITDA	$341	$201	+69.7%
Adjusted EBITDA Margin	25.3%	19.1%	+620bps
Non-GAAP Diluted EPS	$4.79	$2.67	+79.4%

SEGMENT ORGANIC SALES GROWTH[2,3]

- EVM Segment +26.8%
- AIT Segment +21.4%

REGIONAL ORGANIC SALES GROWTH[2,3]

- North America +28%
- EMEA +22%
- Asia Pacific +19%
- Latin America +31%

STRONG EBITDA & EPS IMPROVEMENT

- Higher gross margin
- Operating expense leverage
- Lower interest costs and lower share count, partially offset by higher tax

(1) Refer to the appendix of this presentation for reconciliations of GAAP to non-GAAP financial results
(2) Assumes constant FX to prior-year period
(3) Excludes revenue from acquisitions for the 12 months following each respective acquisition date

Cash Flow & Balance Sheet Highlights

1Q21 Cash Flow

- $214M free cash flow 1Q21
  - $119M higher free cash flow YoY primarily due to higher net income
- $13M of venture investments
- Debt repayments of $156M

Strong Liquidity Position Q121

- $177M in cash & cash equivalents
- $1.1B total debt on balance sheet
- Nearly $1B capacity under revolving credit facility
- Net-debt-to-adjusted-EBITDA ratio of 0.9x

Outlook & Assumptions [1]

2Q21

- Adjusted net sales growth ~ 38-42% YoY
  - ~ 450-500 basis point additive impact from recently acquired business [1] and FX
- Adj. EBITDA margin ~ 21-22%
- Non-GAAP diluted EPS ~ $4.00 to $4.20
- ~ $18M negative gross profit impact from premium freight (similar gross profit impact as prior year premium freight, COVID-19 mitigation, and China tariffs)

FY21

- Adjusted net sales growth ~ 18-22% YoY
  - ~ 3 percentage point additive impact from recently acquired business[1] and FX
- Adjusted EBITDA margin ~ 22-23%
- Free cash flow ≥ $850M
- Capital expenditures ~ $65-75M
- Depreciation ~ $65-75M and Amortization ~ $100-105M
- Stock-based compensation expense ~ $65-75M
- Cost of debt (pre-tax) ~ 3%
- Non-GAAP tax rate ~ 18%
- ~ $50-60M negative gross profit impact from premium freight

[1] Refers to impact to growth rate for the 12 months following acquisition date; Reflexis Systems, Inc. was acquired September 1, 2020

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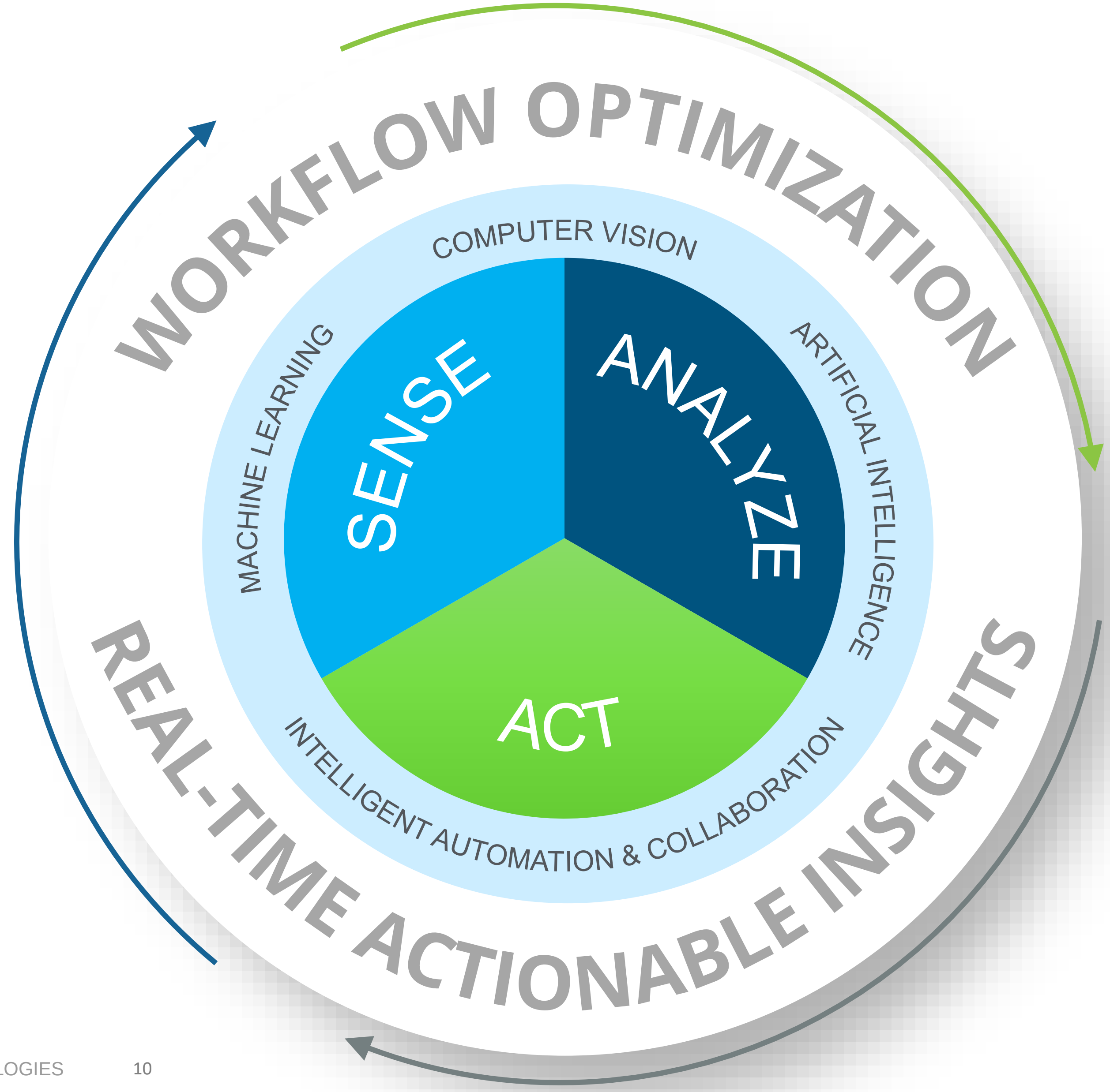
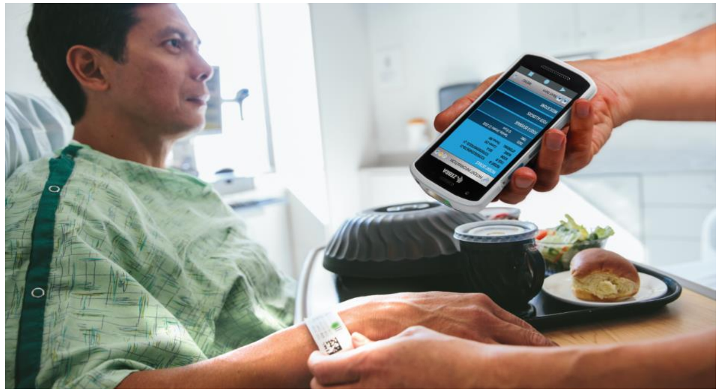
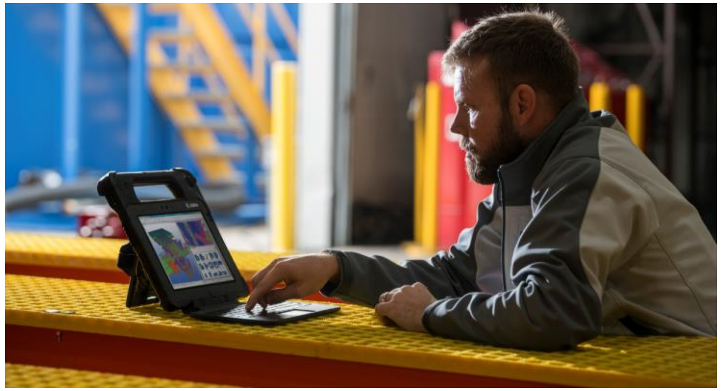
Zebra Digitizes & Automates the Front Line of Business

Transforming Workflows: Purpose-Built Hardware + Software + Cloud Analytics







Pandemic Behavioral Shifts Drive Urgency for Zebra's Solutions

Macro trends supporting our business have accelerated

Global ecommerce sales nearly doubling to $6.4 trillion by 2024 [(1)]

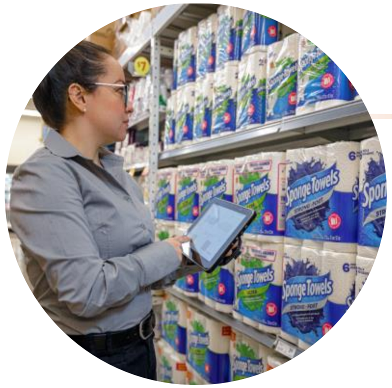
Global parcel shipping volume more than doubling to >220 billion packages per day by 2026 [(2)]

Preference for omni-channel shopping driving retailer technology investments

Pandemic increases importance of track and trace benefits

(1) Growth from $3.4 trillion in 2019 per eMarketer
(2) Pitney Bowes Parcel Shipping Index growth from 103 billion in 2019

Zebra Optimizes Workflows for the On-Demand Economy



Retail & Ecommerce

Intelligent Automation

Enterprise Mobility

IoT / Cloud Computing

Other Markets

Transportation & Logistics

Healthcare

Manufacturing

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Q&A


32.500 KG
71.650 LB
3.900 KG
8.600 LB
28.600 KG
63.050 LB
2.700 CU.FT.


AURORA

Appendix

Use of Non-GAAP Financial Information

This earnings release contains certain Non-GAAP financial measures, consisting of "adjusted net sales," "adjusted gross profit," "EBITDA," "Adjusted EBITDA," "Non-GAAP net income," "Non-GAAP earnings per share," "free cash flow," "organic net sales growth," and "adjusted operating expenses." 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 press release 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, for certain currencies, current period results at the currency exchange rates used in the comparable period in the prior year, rather than the exchange rates in effect during the current period. In addition, the company excludes the impact of its foreign currency hedging program in the prior year period. 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 Reconciliation (Unaudited)

	Three Months Ended April 3, 2021		
	AIT	EVM	Consolidated
Reported GAAP Consolidated Net sales growth	22.8 %	31.1 %	28.0 %
Adjustments:			
Impact of foreign currency translation (1)	(1.4)%	(1.7)%	(1.6)%
Impact of acquisitions (2)	— %	(2.6)%	(1.4)%
Consolidated Organic Net sales growth	21.4 %	26.8 %	25.0 %

(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, inclusive of the Company's foreign currency hedging program.

(2) For purposes of computing Organic Net sales growth, amounts directly attributable to the acquisition of Reflexis are excluded for twelve months following the September 1, 2020 acquisition date.

GAAP to Non-GAAP Gross Margin Reconciliation

(In millions)
(Unaudited)

	Three Months Ended					
	April 3, 2021			March 28, 2020		
	AIT	EVM	Consolidated	AIT	EVM	Consolidated
GAAP						
Reported Net sales [1]	$ 436	$ 914	$ 1,347	$ 355	$ 697	$ 1,052
Reported Gross profit [1]	210	448	655	171	303	473
Gross Margin	48.2 %	49.0 %	48.6 %	48.2 %	43.5 %	45.0 %
Non-GAAP						
Adjusted Net sales	$ 436	$ 914	$ 1,350	$ 355	$ 697	$ 1,052
Adjusted Gross profit [2]	210	450	660	171	304	475
Adjusted Gross Margin	48.2 %	49.2 %	48.9 %	48.2 %	43.6 %	45.2 %

(1) Consolidated results include corporate eliminations related to business acquisition purchase accounting adjustments that are not reported in segment results.

(2) Adjusted Gross profit excludes business acquisition purchase accounting adjustments, share-based compensation expense, and product sourcing diversification costs.

GAAP to Non-GAAP Net Income Reconciliation

(In millions, except share data)
(Unaudited)

	Three Months Ended	
	April 3, 2021	**March 28, 2020**
Net income	$ 228	$ 89
Adjustments to Net sales[1]		
Purchase accounting adjustments	3	—
Total adjustments to Net sales	3	—
Adjustments to Cost of sales[1]		
Share-based compensation	2	1
Product sourcing diversification initiative	—	1
Total adjustments to Cost of sales	2	2
Adjustments to Operating expenses[1]		
Amortization of intangible assets	26	16
Acquisition and integration costs	1	1
Share-based compensation	19	5
Exit and restructuring costs	—	4
Product sourcing diversification initiative	—	4
Total adjustments to Operating expenses	46	30
Adjustments to Other income (expense), net[1]		
Amortization of debt issuance costs and discounts	1	1
Investment gain	(1)	—
Foreign exchange (gain) loss	(2)	3
Forward interest rate swap (gain) loss	(8)	35
Total adjustments to Other income (expense), net	(10)	39
Income tax effect of adjustments[2]		
Reported income tax expense	48	14
Less: Adjusted income tax expense	(59)	(29)
Total adjustments to income tax	(11)	(15)
Total adjustments	30	56
Non-GAAP Net income	$ 258	$ 145
GAAP earnings per share		
Basic	$ 4.26	$ 1.66
Diluted	$ 4.22	$ 1.65
Non-GAAP earnings per share		
Basic	$ 4.83	$ 2.70
Diluted	$ 4.79	$ 2.67
Basic weighted average shares outstanding	53,484,265	53,760,873
Diluted weighted average and equivalent shares outstanding	53,964,330	54,318,044

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	
	April 3, 2021	March 28, 2020
Net income	$ 228	$ 89
Add back:		
Depreciation (excluding exit and restructuring costs)	18	18
Amortization of intangible assets	26	16
Total Other (income) expense, net	(4)	48
Income tax expense	48	14
EBITDA (Non-GAAP)	316	185
Adjustments to Net sales		
Purchase accounting adjustments	3	—
Total adjustments to Net sales	3	—
Adjustments to Cost of sales		
Share-based compensation	2	1
Product sourcing diversification initiative	—	1
Total adjustments to Cost of sales	2	2
Adjustments to Operating expenses		
Acquisition and integration costs	1	1
Share-based compensation	19	5
Exit and restructuring costs	—	4
Product sourcing diversification initiative	—	4
Total adjustments to Operating expenses	20	14
Total adjustments to EBITDA	25	16
Adjusted EBITDA (Non-GAAP)	$ 341	$ 201
Adjusted EBITDA % of Adjusted Net Sales	25.3 %	19.1 %

GAAP to Non-GAAP Free Cash Flow Reconciliation

(In millions)
(Unaudited)

	Three Months Ended	
	April 3, 2021	March 28, 2020
Net cash provided by operating activities	$ 224	$ 108
Less: Purchases of property, plant and equipment	(10)	(13)
Free cash flow (Non-GAAP)[1]	$ 214	$ 95

1. Free cash flow is defined as Net cash provided by operating activities in a period minus purchases of property, plant and equipment (capital expenditures) made in that period. This measure does not represent residual cash flows available for discretionary expenditures as the measure does not deduct the payments required for debt service and other contractual obligations or payments for future business acquisitions. Therefore, we believe it is important to view free cash flow as a measure that provides supplemental information to our entire statements of cash flows.