Section 1: 8-K (CURRENT REPORT)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 1, 2017

ZAGG INC
(Exact name of registrant as specified in charter)

Delaware	001-34528	20-2559624
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

910 West Legacy Center Drive, Suite 500
Midvale, Utah 84047
(Address of principal executive offices)

Registrant’s telephone number, including area code: (801) 263-0699

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition.

On November 1, 2017, ZAGG Inc (the "Registrant") issued a press release announcing the results of operations for the three and nine months ended September 30, 2017, and made publicly available certain supplemental financial information, including commentary on results of operations from Brad Holiday, Chief Financial Officer ("CFO"). The supplemental financial information – financial tables is furnished with this report as Exhibit 99.1, the press release is furnished with this report as Exhibit 99.2, and the supplemental financial information – CFO commentary is furnished with this report as Exhibit 99.3.

The Registrant also will hold its earnings conference call on November 1, 2017. The conference call will be available to interested parties through a live audio Internet broadcast accessible at investors.ZAGG.com under the events tab. A podcast of the conference call will be archived at investors.ZAGG.com for one year.

The information contained in Item 2.02 and 9.01 of this Current Report on Form 8-K, including Exhibits 99.1, 99.2, and 99.3 shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall they be deemed incorporated by reference in any registration statement or other filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in any such filing.

Item 9.01 Financial Statements and Exhibits.

Exhibit No.	Description
99.1	Supplemental Financial Information – Financial Tables for the Three and Nine Months Ended September 30, 2017
99.2	Results of Operations Press Release dated November 1, 2017
99.3	Supplemental Financial Information – CFO Commentary on Third Quarter 2017 Financial Results

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ZAGG Inc

By: **/s/ BRADLEY J. HOLIDAY**
Bradley J. Holiday
Chief Financial Officer

Date: **November 1, 2017**

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Section 2: EX-99.1 (SUPPLEMENTAL FINANCIAL INFORMATION - FINANCIAL TABLES FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017)

Exhibit 99.1

ZAGG INC AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except par value)
(Unaudited)

	September 30, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	$ 11,394	$ 11,604
Accounts receivable, net of allowances of $1,221 in 2017 and $824 in 2016	96,830	83,835
Inventories	72,005	72,769
Prepaid expenses and other current assets	3,531	3,414
Income tax receivable	138	2,814
Total current assets	183,898	174,436
Property and equipment, net of accumulated depreciation of $20,950 in 2017 and $18,371 in 2016	15,066	17,755
Goodwill	12,272	12,272
Intangible assets, net of accumulated amortization of $63,596 in 2017 and $55,298 in 2016	42,286	53,362
Deferred income tax assets	44,652	50,363
Other assets	1,635	2,541
Total assets	$ 299,809	$ 310,729
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 82,742	$ 85,022
Accrued liabilities	23,825	22,216
Sales returns liability	29,342	28,373
Accrued wages and wage related expenses	5,649	6,169
Deferred revenue	214	273
Line of credit	16,264	31,307
Current portion of long-term debt, net of deferred loan costs of $65 in 2017 and 2016	6,185	10,484
Total current liabilities	164,221	183,844
Noncurrent portion of long-term debt, net of deferred loan costs of $92 in 2017 and $141 in 2016	9,283	9,623

Total liabilities	173,504	193,467
Stockholders' equity:		
Common stock, $0.001 par value; 100,000 shares authorized; 34,057 and 33,840 shares issued in 2017 and 2016, respectively	$ 34	$ 34
Additional paid-in capital	95,106	92,782
Accumulated other comprehensive loss	(944)	(2,114)
Treasury stock, 6,065 and 5,831 common shares in 2017 and 2016 respectively, at cost	(37,636)	(36,145)
Retained earnings	69,745	62,705
Total stockholders' equity	126,305	117,262
Total liabilities and stockholders' equity	$ 299,809	$ 310,729

ZAGG INC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Net sales	$ 134,398	$ 124,662	$ 342,571	$ 286,928
Cost of sales	86,006	81,516	229,749	189,180
Gross profit	48,392	43,146	112,822	97,748
Operating expenses:				
Advertising and marketing	2,627	3,389	7,703	8,578
Selling, general and administrative	26,720	25,607	78,727	70,243
Loss on disputed mophie purchase price	-	24,317	-	24,317
Transaction costs	96	145	611	2,467
Impairment of intangible asset	-	-	1,959	-
Amortization of long-lived intangibles	3,014	2,398	9,040	9,909
Total operating expenses	32,457	55,856	98,040	115,514
Income (loss) from operations	15,935	(12,710)	14,782	(17,766)
Other income (expense):				
Interest expense	(417)	(575)	(1,527)	(1,367)
Other income (expense)	18	(81)	67	(272)
Total other expense	(399)	(656)	(1,460)	(1,639)
Income (loss) before provision for income taxes	15,536	(13,366)	13,322	(19,405)
Income tax (provision) benefit	(5,760)	6,261	(6,281)	7,963
Net income (loss)	$ 9,776	$ (7,105)	$ 7,041	$ (11,442)
Earnings (Loss) per share:				
Basic earnings (loss) per share	$ 0.35	$ (0.25)	$ 0.25	$ (0.41)
Diluted earnings (loss) per share	$ 0.34	$ (0.25)	$ 0.25	$ (0.41)

ZAGG INC AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP FINANCIAL INFORMATION TO GAAP
(Unaudited)

Unaudited Supplemental Data

The following is not a financial measure under generally accepted accounting principals (GAAP). In addition, this should not be construed as an alternative to any other measures of performance determined in accordance with GAAP, or as an indicator of our operating performance, liquidity or cash flows generated by operating, investing and financing activities as there may be significant factors or trends that it fails to address. We present this financial information because we believe that it is helpful to some investors as a measure of our operations. We caution investors that non-GAAP financial information, by its nature, departs from traditional accounting conventions; accordingly, its use can make it difficult to compare our results with our results from other reporting periods and with the results of other companies.

Adjusted EBITDA Reconciliation		Three months ended		Nine months ended	
		September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Net income (loss) in accordance with GAAP		$ 9,776	$ (7,105)	$ 7,041	$ (11,442)
Adjustments:					
a.	**Stock based compensation expense**	899	1,386	2,535	3,679
b.	**Depreciation and amortization**	5,486	4,989	16,505	16,484
c.	**Other (income) expense**	399	656	1,460	1,639
d.	**Impairment of intangible asset**	-	-	1,959	-
e.	**mophie transaction costs**	96	145	611	2,467
f.	**mophie fair value inventory write-up related to acquisition**	-	(739)	-	2,586
g.	**mophie restructuring charges**	-	138	437	1,201
h.	**mophie employee retention bonus**	-	300	346	500
i.	**Loss on disputed mophie purchase price**	-	24,317	-	24,317
j.	**Income tax benefit**	5,760	(6,261)	6,281	(7,963)
Adjusted EBITDA		$ 22,416	$ 17,826	$ 37,175	$ 33,468

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Section 3: EX-99.2 (RESULTS OF OPERATIONS PRESS RELEASE DATED NOVEMBER 1, 2017)

Exhibit 99.2

November 1, 2017

ZAGG Reports 2017 Third Quarter and Nine Months Results;
Company Raises 2017 Outlook

SALT LAKE CITY, November 1, 2017 (GLOBE NEWSWIRE) – ZAGG Inc (Nasdaq: ZAGG), a leading global mobile lifestyle company, today announced financial results for the third quarter and nine months ending September 30, 2017.

Third Quarter Highlights (Comparisons versus third quarter 2016)

- *Net sales of $134.4 million, an 8% increase compared to $124.7 million*
- *Gross margin of 36% compared to 35%*
- *Net income of $9.8 million compared to a net loss of ($7.1) million*
- *Adjusted EBITDA of $22.4 million compared to $17.8 million*

Year-to-Date Highlights (Comparisons versus nine months 2016)

- *Net sales of $342.6 million, a 19% increase compared to $286.9 million*
- *Gross margin of 33% compared to 34%*
- *Net income of $7.0 million compared to a net loss of ($11.4) million*
- *Adjusted EBITDA of $37.2 million compared to $33.5 million*

Increases 2017 Full Year Outlook

- *Net sales in the range of $500.0 million to $520.0 million, an increase from the previous guidance range of $470.0 million to $500.0 million*
- *Adjusted EBITDA in the range of $75.0 million to $78.0 million, an increase from the previous guidance range of $71.0 million to $75.0 million.*

“Our business performed extremely well across the board during the third quarter,” commented Randy Hales, President and Chief Executive Officer. “With two of the strongest brands in the mobile lifestyle category – InvisibleShield and mophie – combined with an enhanced operating structure, we’ve created a powerful platform that is generating record revenue and Adjusted EBITDA. In addition to our strong year-to-date results, we believe the Company has a long runway for growth evidenced by our increased guidance for 2017. Our optimism extends from our core product lines to our recently introduced wireless charging pad that supports Apple’s new iPhones. I am confident that the Company is well positioned to capitalize on the many opportunities that lie ahead and will deliver increased value to our shareholders for years to come.”

Third Quarter Results

(in millions, except per share amounts)	September 30, 2017	September 30, 2016
Net Sales	$ 134.4	$ 124.7
Gross Profit (Gross Profit %)	$ 48.4 (36)%	$ 43.1 (35)%
Net Income (Loss)	$ 9.8	$ (7.1)
Earnings (Loss) per Diluted Share	$ 0.34	$ (0.25)
Adjusted EBITDA (Margin %)	$ 22.4 (17)%	$ 17.8 (14)%

Third Quarter Results

Net sales for the third quarter increased by 8% to $134.4 million, compared to $124.7 million in 2016. The increase in sales was due primarily to (1) increased sales of screen protection products in key wireless and retail accounts, particularly in international markets, and (2) the launch of the mophie wireless charging pad.

Gross profit was $48.4 million, or 36% of net sales, compared to $43.1 million, or 35% of net sales in 2016. The 140 basis point improvement in gross margin was driven primarily by the mix of screen protection products, our highest margin product category, which increased during the three months ended September 30, 2017, to approximately 57% of net sales compared to approximately 52% of net sales during the three months ended September 30, 2016.

Net income was $9.8 million, compared to a net loss of ($7.1) million in 2016. Earnings per share was $0.34, on 28.4 million shares, compared to a loss per share of ($0.25), on 28.1 million shares.

Adjusted EBITDA was $22.4 million compared to $17.8 million.

Year-to-Date Results

(in millions, except per share amounts)	September 30, 2017	September 30, 2016
Net Sales	$ 342.6	$ 286.9
Gross Profit (Gross Profit %)	$ 112.8 (33)%	$ 97.7 (34)%
Net Income (Loss)	$ 7.0	$ (11.4)
Earnings (Loss) per Share	$ 0.25	$ (0.41)
Adjusted EBITDA (Margin %)	$ 37.2 (11)%	$ 33.5 (12)%

2017 Year-to-Date Results

Net sales for 2017 increased 19% to $342.6 million, compared $286.9 million in 2016. The increase in sales was due primarily to (1) increased sales of screen protection for new device releases during the current year, (2) higher sales of power management and power case products, and (3) a full nine months of mophie sales in 2017, compared to only seven months of mophie sales in 2016 (acquisition occurred on March 2, 2016).

Gross profit increased to $112.8 million, or 33% of net sales, compared to $97.7 million, or 34% of net sales. The decrease in gross profit margin was primarily attributable to (1) a full nine months of mophie operations in 2017, compared to only seven months of mophie operations in 2016, which are at lower gross profit margins than the corporate average, and (2) lower gross profit margin on curved glass for the Samsung Galaxy S8, compared to historical gross margins on non-curved glass products. These items were partially offset by amortization expense from the acquisition-related fair value inventory write-up in 2016, which did not recur in 2017.

Net income was $7.0 million, compared to a net loss of ($11.4) million in 2016. Earnings per share was $0.25, on 28.3 million shares, compared to a loss per share of ($0.41), on 28.0 million shares.

Adjusted EBITDA was $37.2 million compared to $33.5 million for the consolidated business in 2016.

2017 Business Outlook
The Company increased the annual guidance for 2017 as follows:

- Net sales of $500.0 to $520.0 million
- Gross margin in the low to mid 30 percent range
- Adjusted EBITDA of $75.0 to $78.0 million
- Annual effective tax rate of approximately 35%

The Company is unable to provide guidance for net income (loss), and reconciliation of Adjusted EBITDA to net income (loss), as the closest corresponding U.S. GAAP measure is not available without unreasonable efforts on a forward-looking basis due to the variability and complexity with respect to charges excluded from this non-GAAP measure. In particular, these complexities include the measures and effects of stock based compensation expense that are directly impacted by unpredictable fluctuations in our share price, and our tax expense that is directly impacted by our taxable income. We expect the variability of these charges could have a significant, and potentially unpredictable, impact on our future U.S. GAAP results.

Conference Call
A conference call will be held today, November 1, 2017 at 5:00 p.m. EST to review these results. Interested parties may access via the Internet on the Company's website at: investors.zagg.com.

About Non-GAAP Financial Information
Readers are cautioned that Adjusted EBITDA (earnings before interest, taxes, depreciation, amortization, stock-based compensation expense, other income (expense), mophie transaction costs, mophie fair value inventory write-up related to acquisition, mophie restructuring charges, mophie employee retention bonus, and impairment of intangible asset) is not a financial measure under US generally accepted accounting principles (GAAP). In addition, this financial information should not be construed as an alternative to any other measure of performance determined in accordance with GAAP, or as an indicator of operating performance, liquidity or cash flows generated by operating, investing and financing activities, as there may be significant factors or trends that it fails to address. We present Adjusted EBITDA because we believe that it is helpful to some investors as a measure of performance. We caution readers that non-GAAP financial information, by its nature, departs from traditional accounting conventions. Accordingly, its use can make it difficult to compare current results with results from other reporting periods and with the financial results of other companies.

Safe Harbor Statement
In addition to the historical information contained in this press release, this release contains (and oral communications made by ZAGG may contain) statements that relate to future events and expectations and, as such, constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, outlook, assumptions, or future events or performance, often, but not always, through the use of words or phrases such as "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "projects," "targets," or similar expressions, are not statements of historical facts and may be forward-looking. Readers are cautioned that such statements are subject to a multitude of risks and uncertainties that could cause future circumstances, events, or results to differ materially from those projected in the forward-looking statements.

In addition to any assumptions and other factors and matters referred to specifically in connection with such forward-looking statements, factors that could cause actual results or outcomes to differ materially from those contained in forward-looking statements include the following: (a) the ability to design, produce, and distribute the creative product solutions required to retain existing customers and to attract new customers; (b) building and maintaining marketing and distribution functions sufficient to gain meaningful international market share for ZAGG's products; (c) the ability to respond quickly with appropriate products after the adoption and introduction of new mobile devices by major manufacturers like Apple, Samsung, and Google; (d) changes or delays in announced launch schedules for (or recalls or withdrawals of) new mobile devices by major manufacturers like Apple, Samsung, and Google; (e) the ability to successfully integrate new operations or acquisitions, specifically including mophie inc., (f) the impact of inconsistent quality or reliability of new product offerings; (g) the impact of lower profit margins in certain new and existing product categories, including certain mophie products; (h) the impacts of changes in economic conditions, including on customer demand; (i) managing inventory in light of constantly shifting consumer demand; (j) the failure of information systems or technology solutions or the failure to secure information system data, failure to comply with privacy laws, security breaches, or the effect on the company from cyber-attacks, terrorist incidents, or the threat of terrorist incidents; and (k) adoption of or changes in accounting policies, principles, or estimates. Any forward-looking statement speaks only as of the date on which such statement is made. New factors emerge from time to time and it is not possible for management to predict all such factors, nor can it assess the impact of any such factor on the business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. Readers should also review the risks and uncertainties listed in ZAGG's most recent Annual Report on Form 10-K and other reports the company files with the U.S. Securities and Exchange Commission, including (but not limited to) Item 1A - "Risk Factors" in the Form 10-K and Management's Discussion and Analysis of Financial Condition and Results of Operations and the risks described therein from time to time. ZAGG disclaims any obligation to update publicly any forward-looking information, whether in response to new information, future events, or otherwise, except as required by applicable law.

About ZAGG Inc
ZAGG Inc (NASDAQ:ZAGG) is a global leader in accessories and technologies that empower mobile lifestyles. The Company has an award-winning product portfolio that includes screen protection, mobile keyboards, power management solutions, social tech, and personal audio sold under the ZAGG®, mophie®, InvisibleShield®, and IFROGZ® brands. ZAGG has operations in the United States, Ireland, and China. ZAGG products are available worldwide, and can be found at leading retailers including Best Buy, Verizon, AT&T, Sprint, Walmart, Target, Walgreens and Amazon.com. For more information, please visit the company’s websites at www.zagg.com and www.mophie.com and follow us on Facebook, Twitter and Instagram.

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CONTACT:

Investor Relations:
ICR Inc.
Brendon Frey
203-682-8216
brendon.frey@icrinc.com

Company:
ZAGG Inc
Jeff DuBois
801-506-7336
jeff.dubois@ZAGG.com

Media:
The Brand Amp
Katie Kotarak
949-438-1078
katie@thebrandamp.com

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Section 4: EX-99.3 (SUPPLEMENTAL FINANCIAL INFORMATION -

CFO COMMENTARY ON THIRD QUARTER 2017 FINANCIAL RESULTS)

Exhibit 99.3

ZAGG

Supplemental Financial Information – CFO Commentary

November 1, 2017

Document reference information

The commentary in this document can be referenced in the financial information found in the earnings release issued earlier today. The release can be found at investors.ZAGG.com, or in the Form 8-K furnished to the Securities and Exchange Commission website at sec.gov.

Third Quarter Summary Results

(Third quarter 2017 versus same period in the prior year. In millions, except per share amounts.)

Summary Financial Results

	Three Months Ended	
	Q3 2017	Q3 2016
Net Sales	$ 134.4	$ 124.7
Gross Margin	$ 48.4	$ 43.1
Gross Margin %	36%	35%
Net Income (Loss)	$ 9.8	$ (7.1)
Diluted Earnings (Loss) per Share	$ 0.34	$ (0.25)
Adjusted EBITDA	$ 22.4	$ 17.8

Sales by Category

	Three Months Ended			
	Q3 2017	% Total	Q3 2016	% Total
Screen Protection	$ 76.3	57%	$ 64.6	52%
Power Cases	$ 16.3	12%	$ 15.5	12%
Power Management	$ 25.1	19%	$ 27.2	22%
Audio	$ 7.9	6%	$ 7.8	6%
Keyboards	$ 7.5	5%	$ 8.0	6%
Other	$ 1.3	1%	$ 1.6	2%

Sales by Region/Channel

	Three Months Ended		
	Q3 2017	Q3 2016	% Growth
Domestic	$ 114.0	$ 108.8	5%
International	$ 20.4	$ 15.9	28%

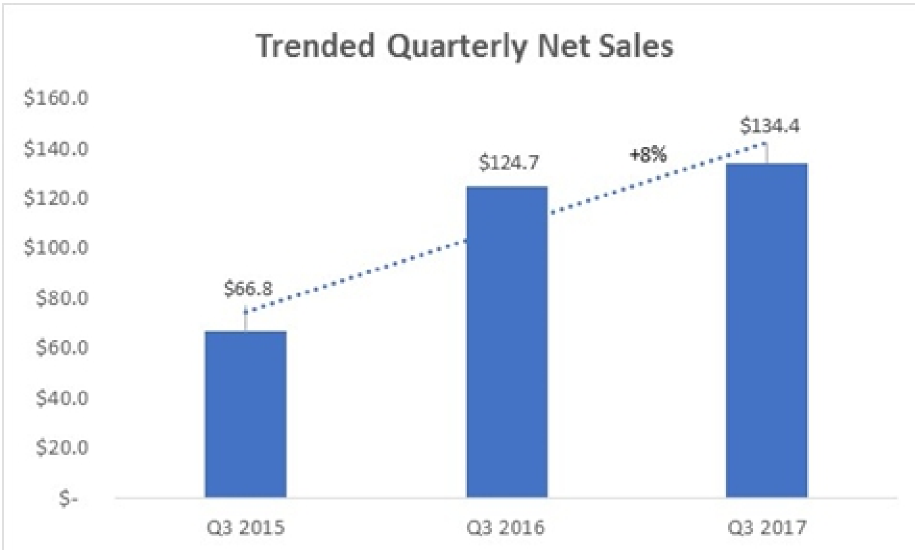
Sales by Channel

	Three Months Ended		
	Q3 2017	Q3 2016	% Growth
Retail	$ 121.2	$ 111.7	9%
Online	$ 9.1	$ 8.3	10%
Franchise & Kiosks	$ 4.1	$ 4.7	(13%)

2017 Third Quarter Results Discussion

(All comparisons are 2017 consolidated versus 2016 consolidated, unless otherwise noted)

Net sales



Net sales increased 8% to $134.4 million, compared to $124.7 million due primarily to (1) increased sales of screen protection products in key wireless and retail accounts, particularly in international markets, and (2) the launch of the mophie wireless charging pad. During the third quarter of 2016, the Company launched a new line of power station products and loaded-in a significant amount of product to retail, however, there was no similar power station launch in the third quarter of 2017, resulting in a decline in overall power management sales.

Gross profit/margin

Gross profit increased to $48.4 million or 36%, compared to $43.1 million or 35%. Typically, the Company experiences higher gross profit margin in periods when the mix of screen protection products increases. The mix of screen protection products increased during the three months ended September 30, 2017 to approximately 57% of net sales compared to approximately 52% of net sales during the three months ended September 30, 2016, benefiting overall gross profit margin.

Operating expense/margin

Operating expense decreased 42% to $32.5 million compared to $55.9 million and with the increase in sales and reduction in operating expense, overall leverage improved to 24% of sales compared to 45% last year. The decrease in operating expense was primarily attributable to (1) a $24.3 million impairment charge in 2016 that did not recur in 2017 and (2) an overall reduction in amortization expense related to intangible assets.

Net income (loss)

Net income was $9.8 million compared to net loss of $(7.1) million. Earnings per share was $0.34 (on 28.4 million shares) compared to loss per share of $(0.25) (on 28.1 million shares)

Adjusted EBITDA

Consolidated Adjusted EBITDA was $22.4 million compared to $17.8 million.

2017 Year-to-Date Summary Results

(First nine months 2017 versus same period in the prior year. In millions, except per share amounts.)

Summary Financial Results

	Nine Months Ended	
	Q3 2017	**Q3 2016**
Net Sales	$ 342.6	$ 286.9
Gross Margin	$ 112.8	$ 97.7
Gross Margin %	33%	34%
Net Income (Loss)	$ 7.0	$ (11.4)
Diluted Earnings (Loss) per Share	$ 0.25	$ (0.41)
Adjusted EBITDA	$ 37.2	$ 33.5

Sales by Category

	Nine Months Ended			
	Q3 2017	**% Total**	**Q3 2016**	**% Total**
Screen Protection	$ 178.0	52%	$ 153.0	53%
Power Cases	$ 60.2	18%	$ 43.3	15%
Power Management	$ 60.7	18%	$ 42.5	15%
Audio	$ 21.5	6%	$ 19.0	7%
Keyboards	$ 19.4	6%	$ 25.5	9%
Other	$ 2.8	0%	$ 3.6	1%

Sales by Region/Channel

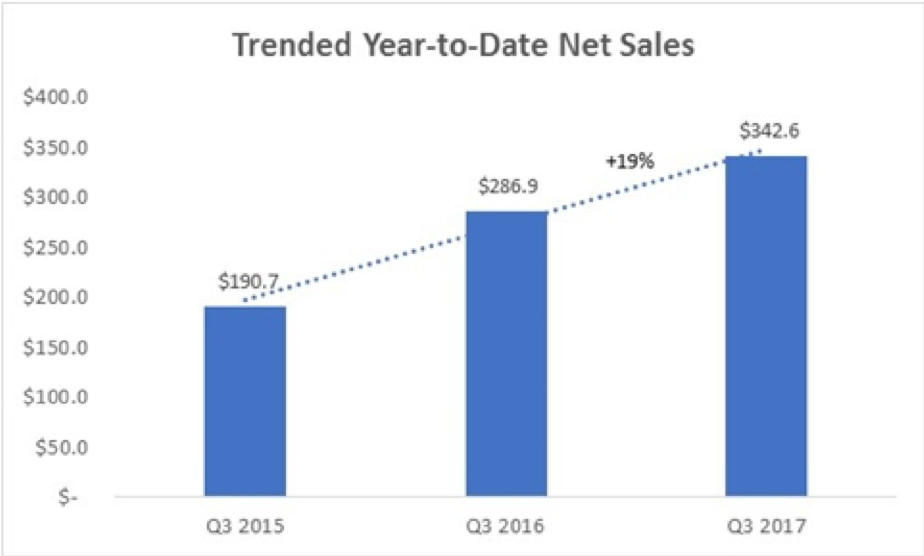
	Nine Months Ended		
	Q3 2017	**Q3 2016**	**% Growth**
Domestic	$ 292.6	$ 253.9	15%
International	$ 50.0	$ 33.0	51%

Sales by Channel

	Nine Months Ended		
	Q3 2017	**Q3 2016**	**% Growth**
Retail	$ 303.9	$ 252.0	21%
Online	$ 27.6	$ 22.7	21%
Franchise & Kiosks	$ 11.1	$ 12.2	(9%)

2017 Year-to-Date Results Discussion
(All comparisons are 2017 consolidated versus 2016 consolidated, unless otherwise noted)

Net sales



Net sales increased 19% to $342.6 million, compared to $286.9 million due primarily to (1) increased sales of screen protection for new device releases during the current year, (2) higher sales of power management and power case products, and (3) the launch of the mophie wireless charging pad.

It should be noted that the first nine months 2016 sales include only seven months of mophie sales as the acquisition occurred on March 3, 2016. Prior to the acquisition in 2016, mophie recorded sales of $17.3 million, which if added to the first half 2016 sales total of $286.9 million, the Company would still have realized an increase in sales over 2016 of $38.4 million or 13%.

Gross profit/margin
Gross profit increased to $112.8 million or 33%, compared to $97.7 million or 34%. The decrease in the gross profit margin percentage was primarily attributable to (1) a full nine months of mophie operations in 2017, compared to only seven months of mophie operations in 2016, which are at lower gross profit margins than the corporate average, and (2) lower gross profit margin on curved glass for the Samsung Galaxy S8, compared to historical gross margins on non-curved glass products. These items were partially offset by amortization expense from the acquisition-related fair value inventory write-up in 2016, which did not recur in 2017.

Operating expense/margin
Operating expense decreased to $98.0 million compared to $115.5 million. The decline in operating expense coupled with the increase in sales resulted in an improvement in overall leverage to 29% of sales compared to 40% last year. The decrease in operating expenses was primarily attributable to (1) a $24.3 million impairment charge in 2016 that did not recur in 2017, (2) synergies realized from cost reduction initiatives, (3) a reduction in transaction-related costs, (4) a reduction in advertising and marketing spend, and (5) an overall reduction in amortization expense. These decreases were partially offset by the following increases in operating expense: (1) the inclusion of nine months of mophie-related expenses for 2017 compared with seven months in 2016 and (2) the impairment of an intangible asset in 2017 related to an invalidated patent totaling $2.0 million.

Net income (loss)
Net income was $7.0 million compared to net loss of $(11.4) million. Earnings per share was $0.25 (on 28.3 million shares) compared to loss per share of $(0.41) (on 28.0 million shares)

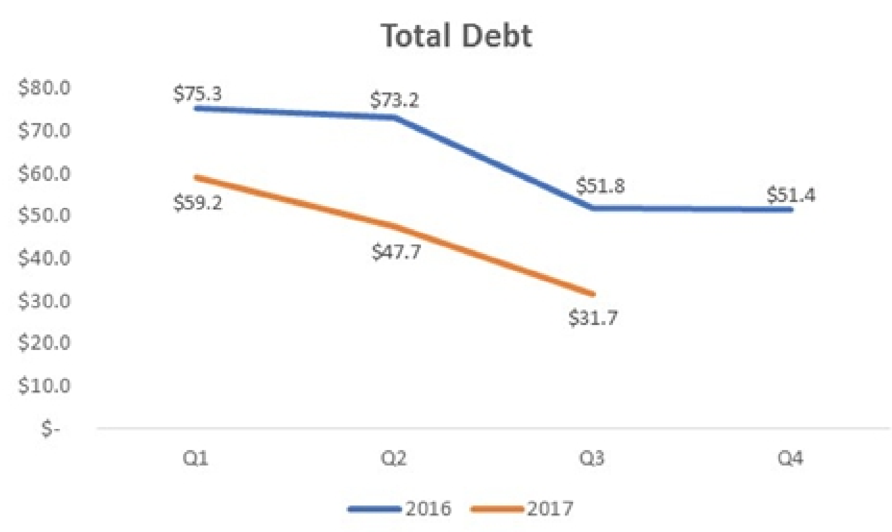
Adjusted EBITDA
Consolidated Adjusted EBITDA was $37.2 million compared to $33.5 million.

Balance Sheet Highlights (as of September 30, 2017)

(In millions, excluding DSOs and Inventory turns.)	September 30, 2017	December 31, 2016	September 30, 2016
Cash and Cash Equivalents	$ 11.4	$ 11.6	$ 9.0
Account Receivables	$ 96.8	$ 83.8	$ 83.1
Inventory	$ 72.0	$ 72.8	$ 66.2
Total Debt	$ 31.7	$ 51.4	$ 51.8
Line of Credit	$ 16.2	$ 31.3	$ 30.2
Term Loan	$ 15.5	$ 20.1	$ 21.6
DSOs	66	67	61
Inventory Turns*	6.8x	5.8x	6.5x

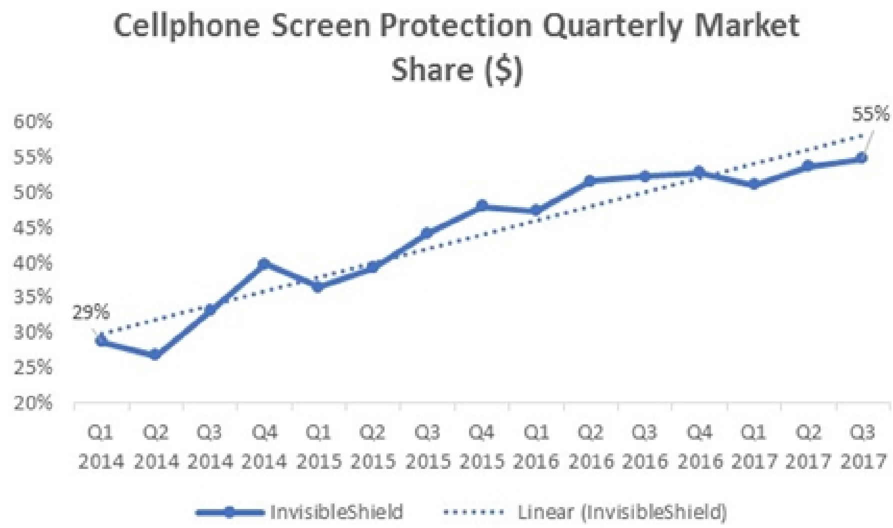
* Inventory turns defined as trailing 12-month sales divided by period-end inventory. The September 30, 2017 calculation of inventory turns excludes $5.1 million of Apple optimized charge pad inventory that was briefly in inventory at quarter-end. If the $5.1 million were included in the calculation, the inventory turns would be 6.4.

Total Debt
The Company has effectively managed its outstanding debt balance, which was reduced from $75.3 million in March 2016 to the quarter-end balance of $31.7 million.



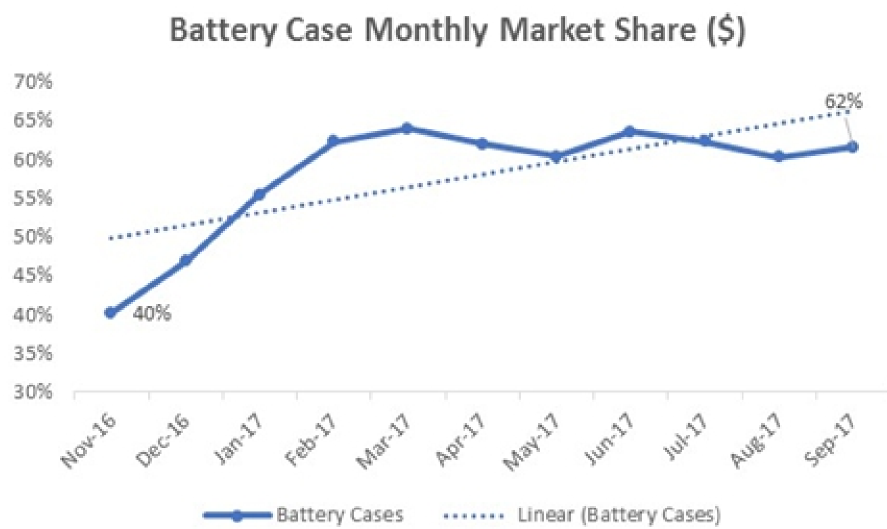
Market Share Information
Screen Protection
The Company continues to see strong and consistent growth in cellphone screen protection market share. From the first quarter of 2014 to the third quarter of 2017, InvisibleShield cellphone screen protection quarterly dollar market share has increased from 29% to 55%[1].

[1] Source: The NPD Group, U.S. Retail Tracking Service, Cell Phone Device Protection, January 2014 through September 2017.



Battery Cases & Power Management

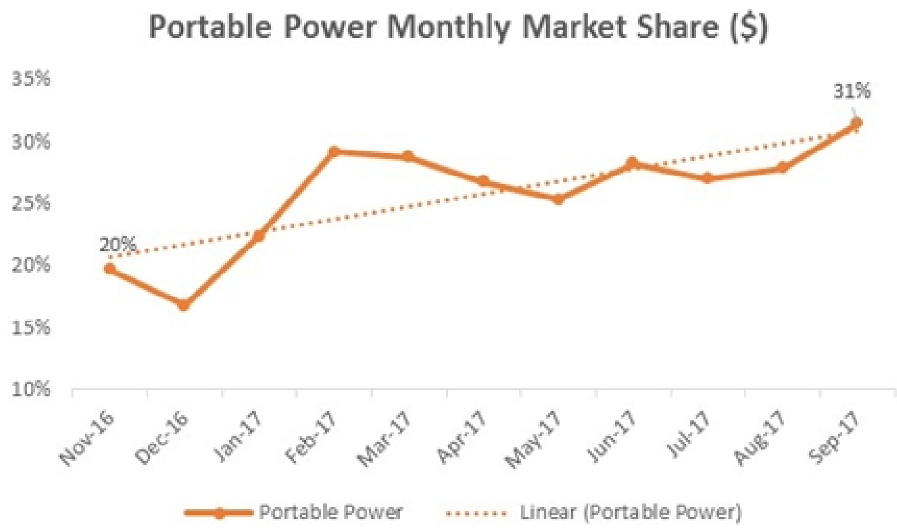
Since November 2016, mophie branded battery cases and portable power packs have experienced significant growth in dollar market share due to a combination of (1) new and innovative product launches and (2) an unconstrained mophie supply chain. Monthly battery case dollar market share increased from 40% to 62%[2] from November 2016 to September 2017.



Monthly portable power dollar market share increased from 20% to 31%[3] from November 2016 to September 2017.

[2] Source: The NPD Group, U.S. Retail Tracking Service, Charging Case, November 2016 through September 2017.

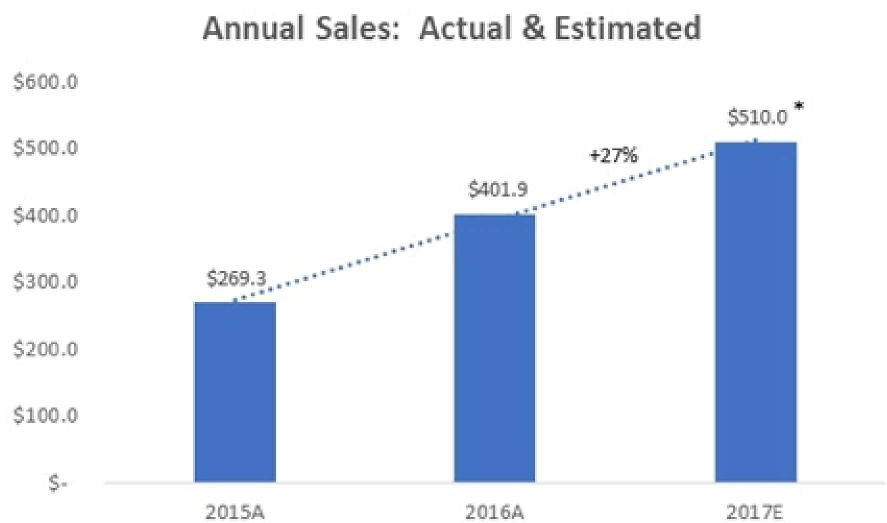
[3] Source: The NPD Group, U.S. Retail Tracking Service, Mobile Power, Charger Type: Portable Power Packs, November 2016 through September 2017.



2017 Business Outlook

The Company increased annual guidance for 2017 as follows:

- Net sales of $500 - $520 million
- Gross profit margin as a percentage of net sales in a range of low to mid 30's
- Adjusted EBITDA of $75 - $78 million
- Annual effective tax rate of approximately 35%



* Represents the midpoint of guidance of $500 to $520 million

Non-GAAP Financial Disclosure

ZAGG regularly discloses Adjusted EBITDA, a non-GAAP metric, in its financial releases. Readers should refer to the non-GAAP financial disclosures at the end of this document for information on the limitations of non-GAAP financial measures. An explanation of ZAGG's use of this non-GAAP financial measure and the reconciliation between GAAP and non-GAAP measures required by SEC Regulation G is included in ZAGG's press release today, which can be found at investors.ZAGG.com.

Readers are cautioned that Adjusted EBITDA (earnings before interest, taxes, depreciation, amortization, stock-based compensation expense, other income (expense), mophie transaction costs, mophie fair value inventory write-up related to acquisition, mophie restructuring charges, mophie employee retention bonus, and impairment of intangible asset) is not a financial measure under US generally accepted accounting principles (GAAP). In addition, this financial information should not be construed as an alternative to any other measure of performance determined in accordance with GAAP, or as an indicator of operating performance, liquidity or cash flows generated by operating, investing and financing activities, as there may be significant factors or trends that it fails to address. We present Adjusted EBITDA because we believe that it is helpful to some investors as a measure of performance. We caution readers that non-GAAP financial information, by its nature, departs from traditional accounting conventions. Accordingly, its use can make it difficult to compare current results with results from other reporting periods and with the financial results of other companies.

Safe Harbor Statement

In addition to the historical information contained in this press release, this release contains (and oral communications made by ZAGG may contain) statements that relate to future events and expectations and, as such, constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, outlook, assumptions, or future events or performance, often, but not always, through the use of words or phrases such as "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "projects," "targets," or similar expressions, are not statements of historical facts and may be forward-looking. Readers are cautioned that such statements are subject to a multitude of risks and uncertainties that could cause future circumstances, events, or results to differ materially from those projected in the forward-looking statements.

In addition to any assumptions and other factors and matters referred to specifically in connection with such forward-looking statements, factors that could cause actual results or outcomes to differ materially from those contained in forward-looking statements include the following: (a) the ability to design, produce, and distribute the creative product solutions required to retain existing customers and to attract new customers; (b) building and maintaining marketing and distribution functions sufficient to gain meaningful international market share for ZAGG's products; (c) the ability to respond quickly with appropriate products after the adoption and introduction of new mobile devices by major manufacturers like Apple, Samsung, and Google; (d) changes or delays in announced launch schedules for (or recalls or withdrawals of) new mobile devices by major manufacturers like Apple, Samsung, and Google; (e) the ability to successfully integrate new operations or acquisitions, specifically including mophie inc., (f) the impact of inconsistent quality or reliability of new product offerings; (g) the impact of lower profit margins in certain new and existing product categories, including certain mophie products; (h) the impacts of changes in economic conditions, including on customer demand; (i) managing inventory in light of constantly shifting consumer demand; (j) the failure of information systems or technology solutions or the failure to secure information system data, failure to comply with privacy laws, security breaches, or the effect on the company from cyber-attacks, terrorist incidents, or the threat of terrorist incidents; and (k) adoption of or changes in accounting policies, principles, or estimates. Any forward-looking statement speaks only as of the date on which such statement is made. New factors emerge from time to time and it is not possible for management to predict all such factors, nor can it assess the impact of any such factor on the business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. Readers should also review the risks and uncertainties listed in ZAGG's most recent Annual Report on Form 10-K and other reports the company files with the U.S. Securities and Exchange Commission, including (but not limited to) Item 1A - "Risk Factors" in the Form 10-K and Management's Discussion and Analysis of Financial Condition and Results of Operations and the risks described therein from time to time. ZAGG disclaims any obligation to update publicly any forward-looking information, whether in response to new information, future events, or otherwise, except as required by applicable law.

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