

ZAGG

annual shareholders meeting
06.12.14



This presentation contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended and such forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. “Forward-looking statements” describe future expectations, plans, results, or strategies and are generally preceded by words such as “may”, “future”, “plan” or “planned”, “will” or “should”, “expected”, “anticipates”, “draft”, “eventually” or “projected”. You 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, including the risks that actual results may differ materially from those projected in the forward-looking statements as a result of various factors, and other risks identified in filings made by the company with the Securities and Exchange Commission.



- **senior leadership**

- Randall Hales - president/CEO; board member
- Brandon O'Brien - CFO
- Jason Schwartz - COO
- Brian Stech - EVP Sales & Marketing
- Kent Wuthrich - EVP Product
- Kim Rogers - Director Investor Relations & Business Development
- Abby Barraclough - Legal, Human Resources

- **independent directors**

- Cheryl Larabee - Professor, College of Business & Economics, Boise State University
- Dan Maurer - SVP/GM Consumer Group; Intuit
- Todd Heiner - CEO Express Locations
- Brad Holiday - CFO Callaway Golf



- **what's working**

- revenue stabilizing; forecast return to growth late 2014
- generating cash flow from operations
- debt-free balance sheet
- category leadership: screen protection, keyboards, audio
- robust product pipeline
- strengthening team with great new hires

- **what's changing**

- improved sales execution (domestic & international)
- tighter inventory controls; distribution improvements
- detailed sales forecasting
- reduced reliance on Apple product launches
- two annual product launch cycles
- focused effort to strengthen brands







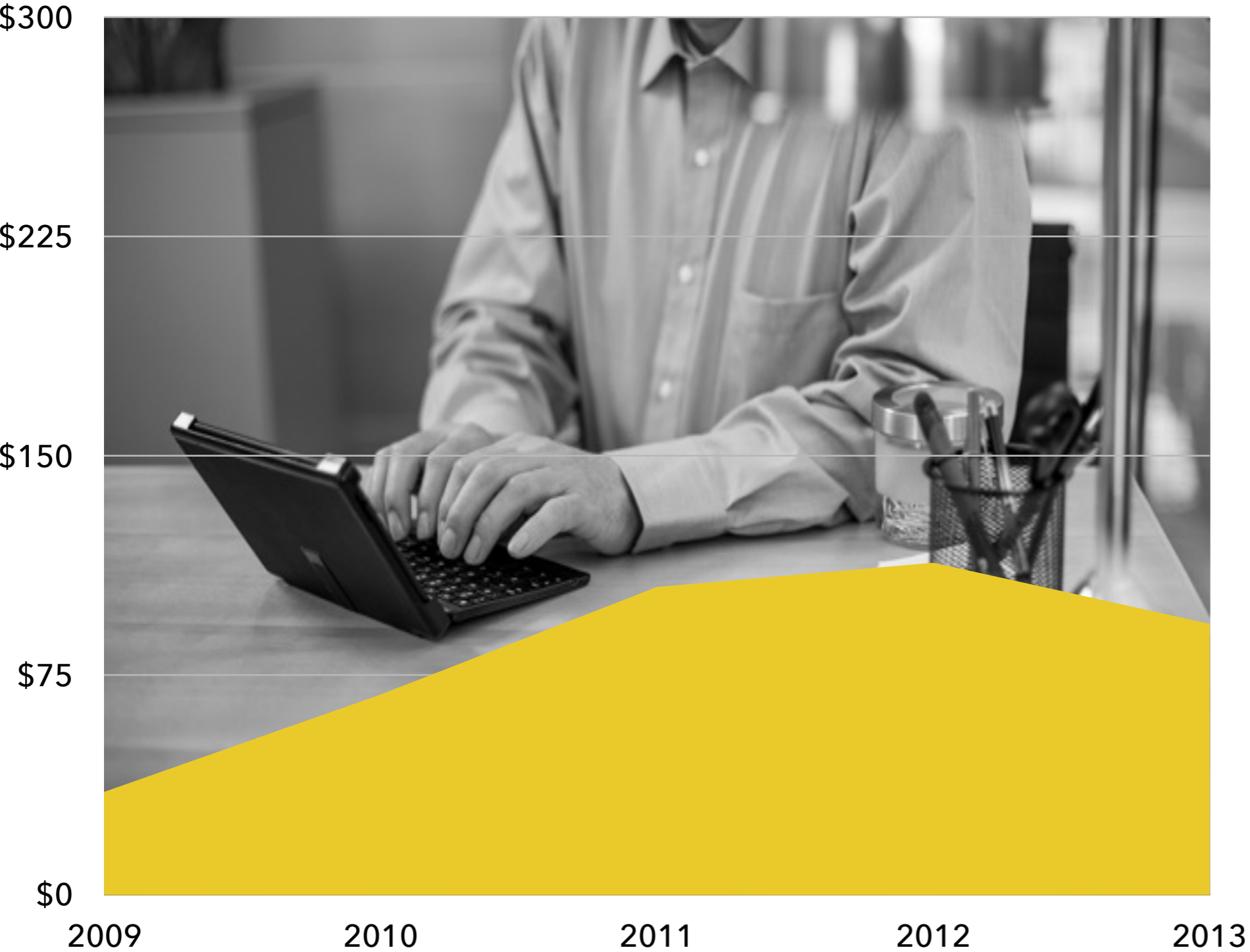
screen protection



product	market position	revenue contribution	gm%	sales trending
screen protection	#1	#1	above guidance	down
tablet keyboards				
audio				
power management				
cases				
misc.				



screen protection



one



HDX



glass



on
demand



keyboards



product	market position	revenue contribution	gm%	sales trending
invisibleSHIELD	#1	#1	above guidance	down
tablet keyboards	#2	#2	at guidance	up
audio				
power management				
cases				
misc.				



ZAGG's Tablet Keyboard Market Share

— Dollar Share — Unit Share



#1 selling iPad Air keyboard

#1 selling iPad Mini keyboard

Source: NPD – Retail Tracking Service; May 2014

audio



product	market position	revenue contribution	gm%	sales trending
invisibleSHIELD	#1	#1	above guidance	down
tablet keyboards	#1	#2	at guidance	up
audio	top five	#3	below guidance	up
power management				
cases				
misc.				



#1 selling personal audio product - iFrogz Plugz earbud

#1 selling headphone under \$15 - iFrogz Toxix

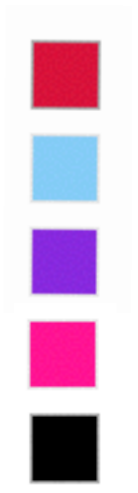
Tadpole sales are growing rapidly

power management



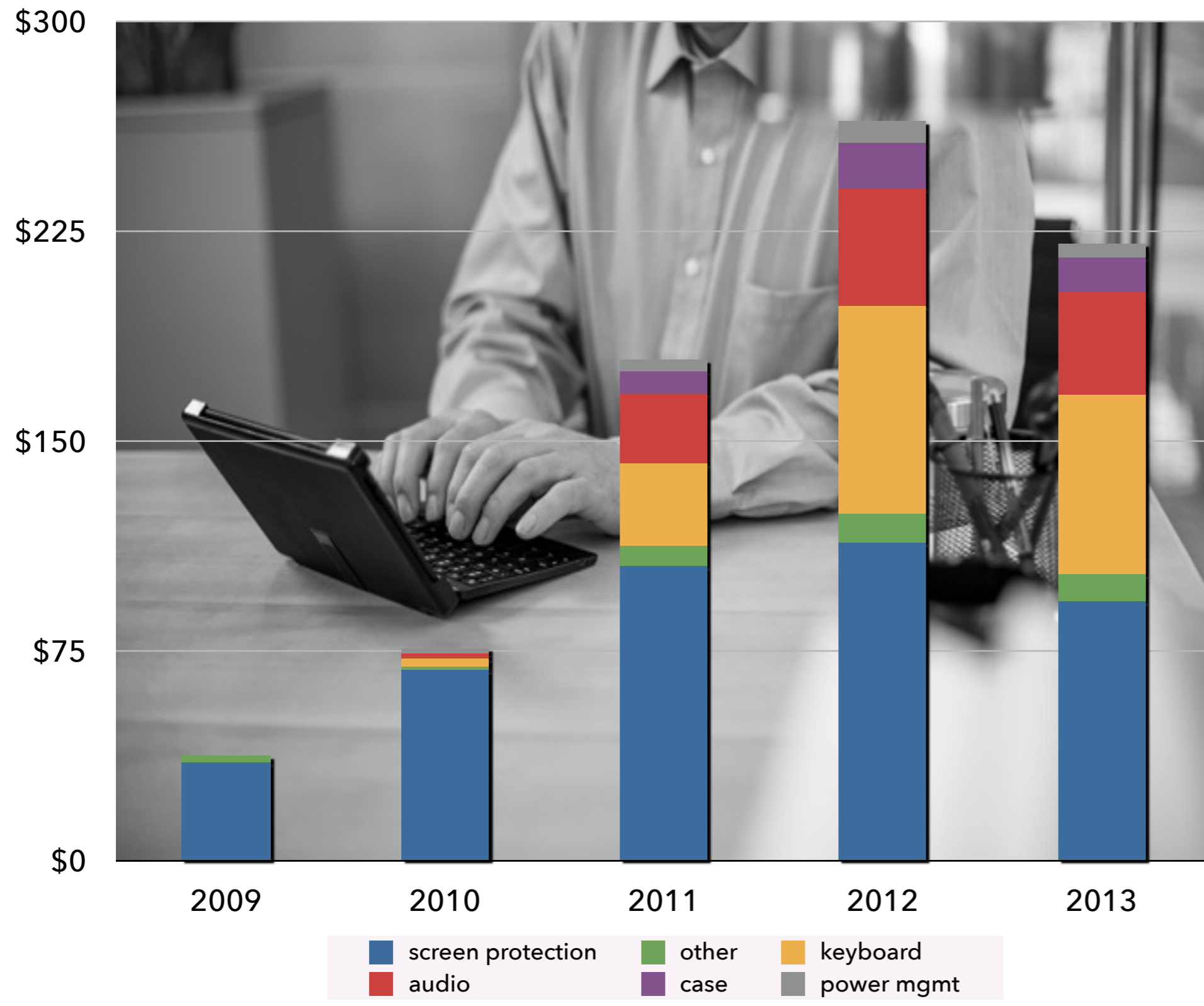
product	market position	revenue contribution	gm%	sales trending
invisibleSHIELD	#1	#1	above guidance	down
tablet keyboards	#1	#2	at guidance	up
audio	top five	#3	below guidance	up
power management	top five	#4	at guidance	up
cases				
misc.				





product	market position	revenue contribution	gm%	sales trending
invisibleSHIELD	#1	#1	above guidance	down
tablet keyboards	#1	#2	at guidance	up
audio	top five	#3	below guidance	up
power management	top five	#4	at guidance	up
cases	top twenty	#5	below guidance	down
misc.	N/A	#6	variety	up

product diversification



- **device specific product life cycles are approximately 10-months**
 - building a team that can adjust quickly to changing market
 - better leveraging market research, retail data, customer feedback, consumer feedback, and emerging trends
- **product management/product development**
 - added additional product management talent
 - added engineering talent (mechanical, electrical, software)
- **broad product offering spanning several product categories offers “one-stop” marketplace for our customers**







Work

Protect

Play

Values:

Values:

Values:

- Efficient
- First to Market
- Professional Design

- Superior Quality
- Backed by Science
- Confident

- Fun
- Clever
- Universal / Main Stream

Characteristics:

Characteristics:

Characteristics:

1. Premium Price Point
2. Functionally Enhances Device
3. Smart Design / Engineering
4. Sophisticated Colors & Materials

1. Premium Price Point
2. Durable Materials
3. Lifetime Warranty
4. Easy to Use / Install

1. Colorful
2. Affordable Pricing
3. Stylish
4. Playful



- **increasing consumer awareness**

- #1 priority is to increase distribution presence
- in-store displays, signage, promotion
- increased involvement in retailer advertising strategies
- packaging that reinforces brand identities
- on-line awareness (Facebook, Twitter, YouTube, etc.)
- editorial coverage strategy with all new products, new PR agency





- **re-organized sales team over past 9-months**
 - hired new EVP sales
 - hired six new account managers
 - hired new domestic wholesale and franchise manager
 - hired new account managers for L. America; France; Germany; U.K.
 - engaged sales training team
 - hired international managing director
- **re-structured sales compensation**
- **implemented recommendations from revenue acceleration consultants**



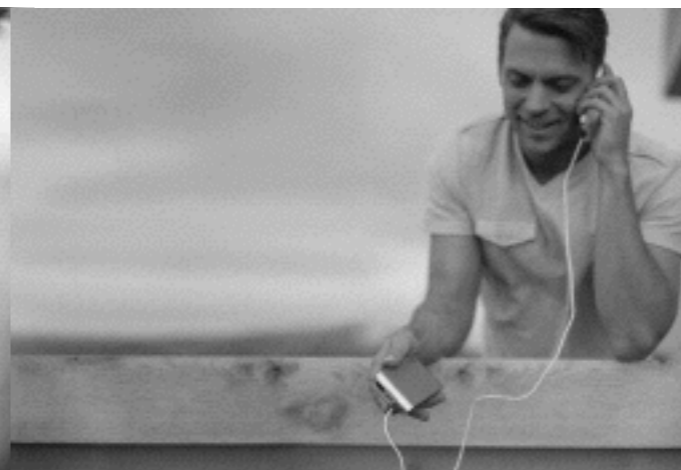
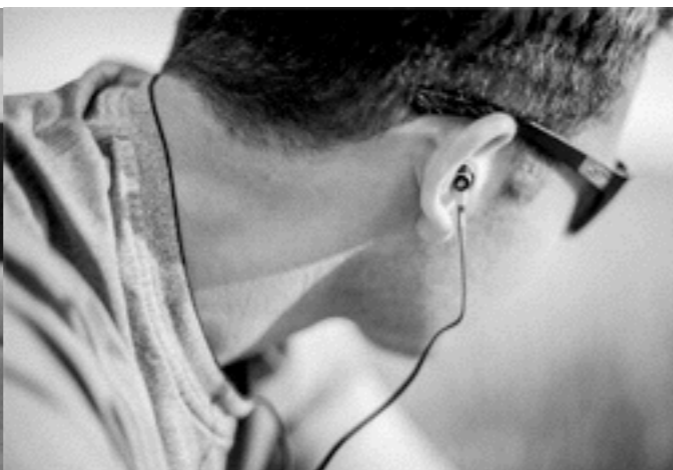
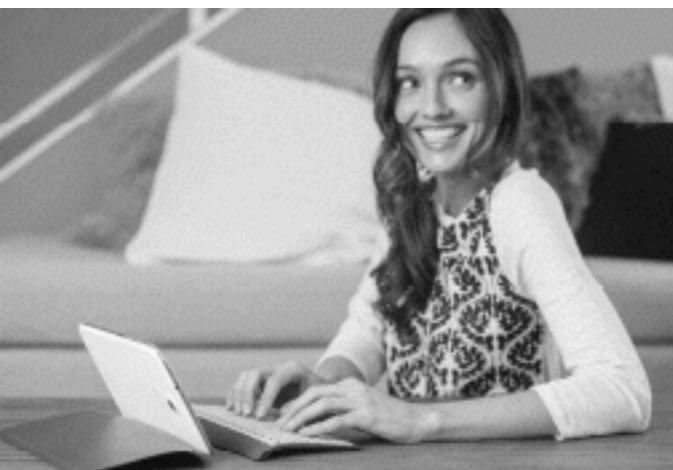
- **launched new website**
 - ZAGG.com; iFrogz (coming soon)
- **broader commerce strategy**
 - Amazon; brick & mortar.coms
- **language specific international websites**



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- robust product pipeline; two annual product launch cycles
- strengthening team with great new hires
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- **revenue: \$218m - \$228m**
- **gross margins: mid-to-high 30's**
- **ebitda: \$32m - \$34m**



- stabilizing revenue compression
- trending to guidance

	1q13	2q13	3q13	4q13	FY13	1q14
revenue	\$51,471	\$51,198	\$49,869	\$66,818	\$219,356	\$49,003
gm%	36.9%	42.1%	44.5%	36.6%	39.7%	36.3%
operating margin	3.9%	10.6%	12.9%	-4.3%	5.0%	4.0%
adjusted EBITDA	\$6,142	\$10,457	\$10,175	\$12,334	\$39,105	\$5,480
adjusted EBITDA margin	11.9%	20.4%	20.4%	18.5%	17.8%	11.2%
net income (loss)	\$876	\$2,774	\$3,184	(\$2,044)	\$4,790	\$988
EPS	\$0.03	\$0.09	\$0.10	(\$0.07)	\$0.15	\$0.03

- sufficient liquidity: cash from operations and \$60.0M LOC
- no outstanding debt

Cash	\$6,511	Accounts payable	\$13,893
Accounts receivable	\$36,573	Income taxes payable	\$1,710
Inventories	\$39,079	Accrued liabilities	\$3,191
Prepaid expenses & other current assets	\$1,499	Sales returns liability	\$5,442
Deferred income tax assets	\$8,009	Total Current Liabilities	\$24,326
Total Current Assets	\$91,671		
		Revolving line of credit	—
		Total liabilities	\$24,236
		Common stock, 32,560 shares issued	\$33
Property and equipment, net	\$4,897	Additional paid-in capital	\$83,408
Intangible assets, net	\$38,772	Accumulated other comprehensive income	(\$17)
Deferred income tax assets	\$11,377	Note receivable collateralized by stock	(\$348)
Note receivable	\$801	Treasury stock, 2,312 common shares at cost	(\$12,485)
Other assets	\$541	Retained earnings	\$53,232
		Total stockholders equity	\$123,832
Total Assets	\$148,059	Total Liabilities & Equity	\$148,059



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