



EARNINGS PRESENTATION

Q2-2017 Results | Aug 3, 2017

SAFE HARBOR



A number of forward-looking statements will be made during this presentation. Forward-looking statements are any statements that are not historical facts. These forward-looking statements are based on the current expectations of Motorola Solutions, and we can give no assurance that any future results or events discussed in these statements will be achieved. Any forward-looking statements represent our views only as of today and should not be relied upon as representing our views as of any subsequent date. Forward-looking statements are subject to a variety of risks and uncertainties that could cause our actual results to differ materially from the statements contained in this presentation.

Information about factors that could cause, and in some cases have caused, such differences can be found on pages 9 through 21 in Item 1A of Motorola Solutions' 2016 Annual Report on Form 10-K and in our other SEC filings available for free on the SEC's website at www.sec.gov, and on Motorola Solutions' website at www.motorolasolutions.com/investor

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Q2 HIGHLIGHTS



- **Sales of \$1.5B, up 5% vs. LY**
 - Products up 6% with growth in every region
 - Services up 3% including \$20M Airwave currency headwind
- **Non-GAAP EPS* growth of 9%**
- **Backlog up \$265M vs. LY**
- **\$80M share repurchases, \$77M dividends paid**
- **Announced the acquisition of Airbus DS Communications (Plant Holdings, Inc.), strengthening command center software portfolio**

* Non-GAAP, excluding highlighted items, stock-based compensation, and intangible amortization

FINANCIAL RESULTS



(\$M) Excluding per share amounts	Q2 2016	Q2 2017	Change
Revenue	\$1,430	\$1,497	5%
Operating Earnings*	\$324	\$328	1%
Operating Margin*	22.7%	21.9%	(80 bps)
Earnings Per Share*	\$1.03	\$1.12	9%

* Non-GAAP, excluding highlighted items, stock-based compensation, and intangible amortization

CASH FLOW



(\$M) Trailing Twelve Months	Q2 2016	Q2 2017	Change
Operating Cash Flow	\$1,020	\$1,176	\$156
Capital Expenditures	(\$237)	(\$249)	(\$12)
Free Cash Flow	\$783	\$927	\$144

Q2 2017

- OCF \$173M, down \$119M vs LY from working capital timing and ERP implementation
- FCF \$120M, down \$81M vs LY from working capital timing

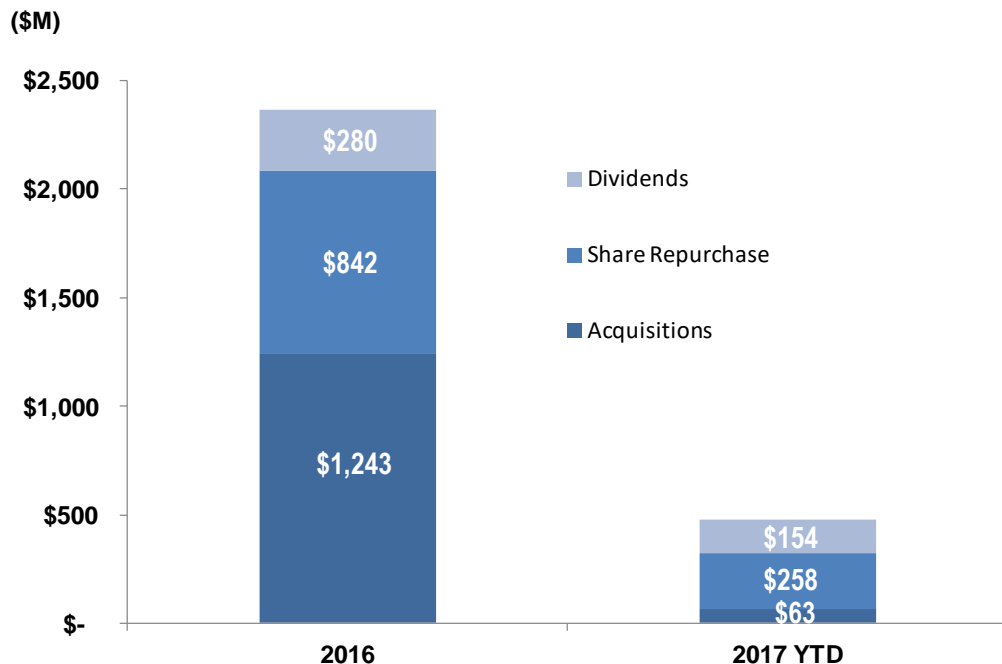
2017 YTD

- OCF \$315M, up \$11M vs LY driven by higher earnings
- FCF \$194M, up \$33M vs LY driven by higher earnings and lower capital expenditures

Trailing 12 Months

- Higher OCF driven by higher earnings
- Higher capital expenditures driven by the UK ESN project and the ERP implementation

CAPITAL ALLOCATION



Q2 Actions

- \$80M share repurchases
- \$77M dividend payments

- Subsequent to Q2, announced acquisition of Airbus DS Communications*

** 2017 does not include Kodiak Networks or Airbus DS Communications, as those have not yet closed

* Terms not disclosed

OUTLOOK (NON-GAAP)



Q3 2017

Revenue Growth	3% - 4%
Non-GAAP EPS	\$1.36 - \$1.41

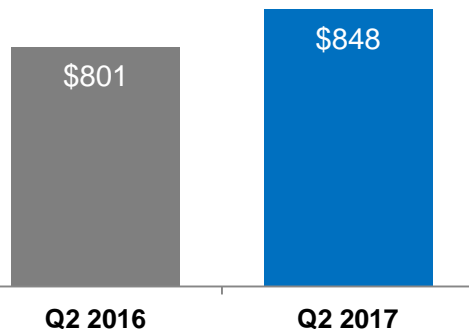
<u>Full Year 2017</u>	<u>Prior</u>	<u>Current</u>
Revenue Growth	~2%	3% - 4%
Non-GAAP EPS	\$5.08 - \$5.23	\$5.20 - \$5.30

Assumes current F/X rates and ~170m fully diluted shares for FY'17

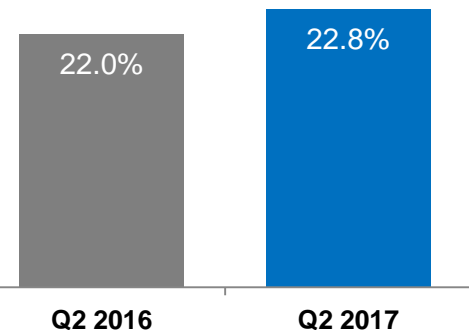
Q2 PRODUCTS RESULTS



Revenue (\$M)



Operating Margin % *



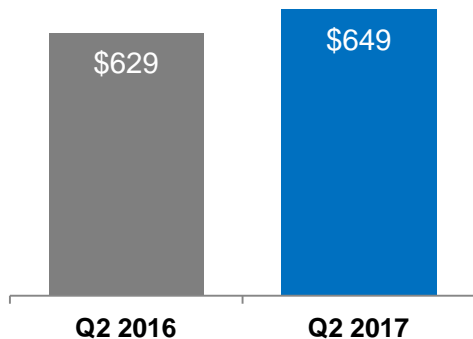
- Revenue up 6% vs. LY driven by strong demand for P25 LMR systems
- Operating margin up 80 bps, driven by higher sales and lower operating expenses
- Backlog up \$204M vs. LY driven by LMR systems
- Notable wins and achievements:
 - \$40M P25 system in Broward County, Florida
 - \$24M P25 system for a large U.S. utility
 - \$10M P25 devices in Australia

* Non-GAAP, excluding highlighted items, stock-based compensation, and intangible amortization

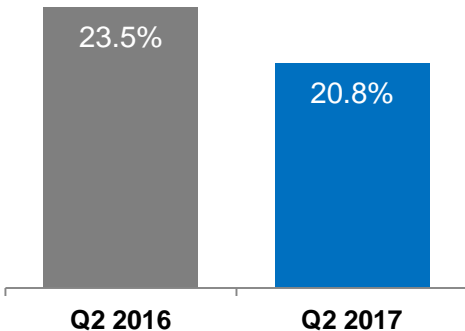
Q2 SERVICES RESULTS



Revenue (\$M)



Operating Margin % *

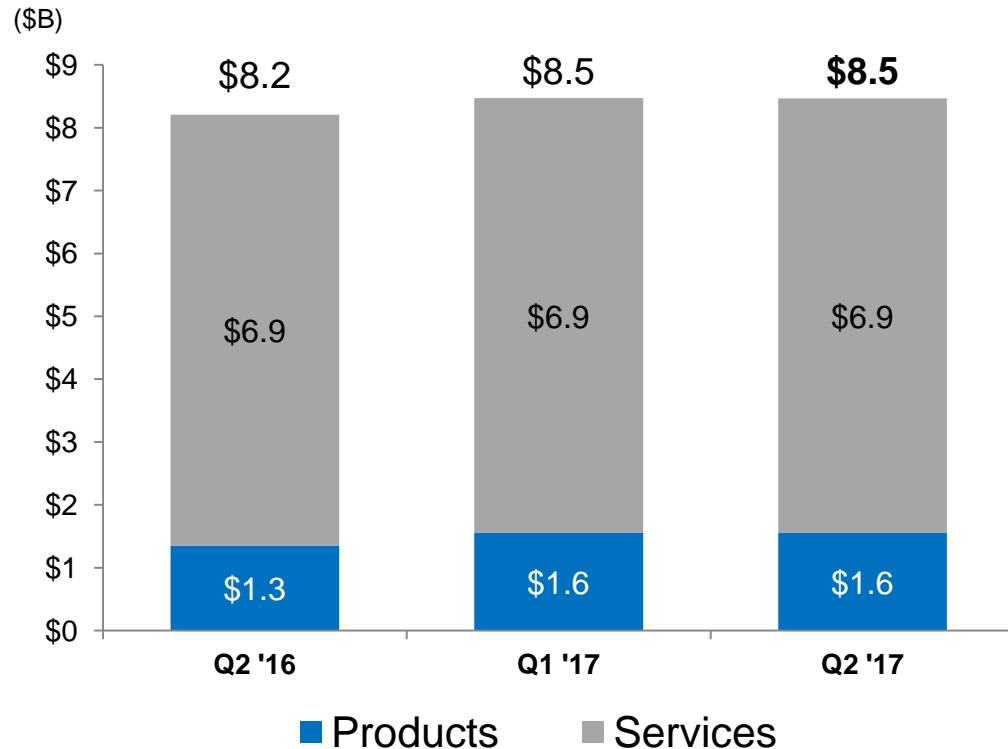


- Revenue up 3% vs. LY on strength in the Americas
- Managed & Support up 3% vs. LY
 - Airwave revenue \$124M, down \$20M vs. LY due to FX
- Operating margin contraction driven by Airwave, primarily FX

- Notable wins and achievements:
 - \$160M for 10 years of Managed & Support Services in Quebec, Canada
 - \$19M P25 system and 10 years of Managed & Support Services covering 3 counties in Kentucky

* Non-GAAP, excluding highlighted items, stock-based compensation, and intangible amortization

BACKLOG TREND



Annual Change (Q2'16 to Q2'17)

- Products up \$204M driven by systems
- Services up \$61M on strong orders in North America, offset by \$494M reduction in backlog related to Airwave

Sequential Change (Q1'17 to Q2'17)

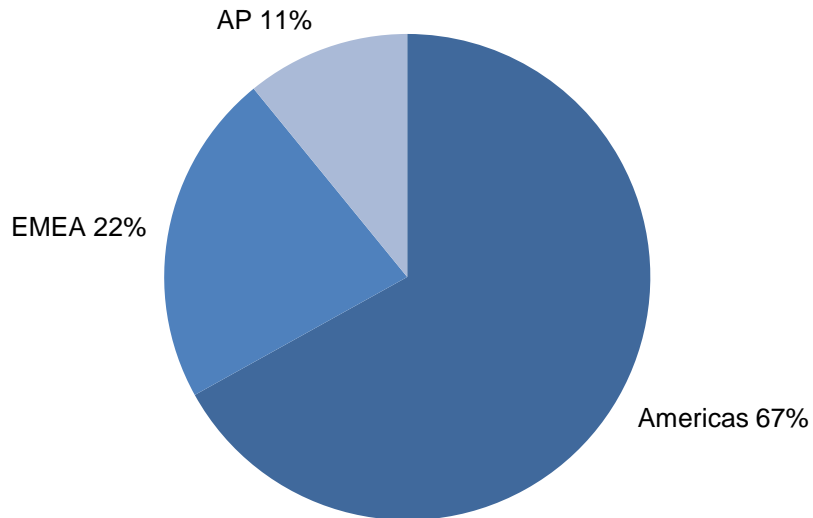
- Products and Services approximately flat

Q2 REGIONAL REVENUE



(\$M)	Q2 2016	Q2 2017	Change *
Americas	\$936	\$1,002	7%
EMEA	\$335	\$332	-1%
AP	\$159	\$163	2%
TOTAL	\$1,430	\$1,497	5%

Q2 2017 REVENUE BY REGION



AMERICAS – Growth driven by P25 LMR systems and services

EMEA – Decline driven by \$20M unfavorable FX.
Products revenue up 12% YoY

Asia Pacific – Growth driven by Products

* Values may differ due to rounding

Q&A PARTICIPANTS



Greg Brown - Chairman and CEO

Gino Bonanotte - Executive Vice President
and CFO

Bruce Brda - Executive Vice President,
Products & Solutions

Jack Molloy - Executive Vice President,
Worldwide Sales and Service

Chris Kutsor – Vice President,
Investor Relations

USE OF NON-GAAP MEASURES



In addition to the GAAP results provided during this event, Motorola Solutions has provided certain non-GAAP measurements. Motorola Solutions has provided these non-GAAP measurements as a measure to help investors better understand its core operating performance, enhance comparisons of Motorola Solutions' core operating performance from period-to-period and to allow better comparisons of Motorola Solutions' operating performance to that of its competitors. Among other things, the Company's management uses these operating results, excluding the identified items, to evaluate the performance of its businesses and to evaluate results relative to incentive compensation targets. Management uses operating results excluding these items because they believe this measure enables them to make better period-to-period evaluations of the financial performance of its core business operations. There are inherent limitations in the use of operating results excluding these items because the company's GAAP results include the impact of these items. The non-GAAP measures are intended only as a supplement to the comparable GAAP measures and the Company compensates for the limitations inherent in the use of non-GAAP measures by using GAAP measures in conjunction with the non-GAAP measures. As a result, investors should consider these non-GAAP measures in addition to, and not in substitution for, or as superior to, measures of financial performance prepared in accordance with GAAP.

Details of these items and reconciliations of the non-GAAP measurements provided during this presentation to GAAP measurements can be found in the Appendix to this presentation and on Motorola Solutions' website at www.motorolasolutions.com/investor

USE OF NON-GAAP MEASURES



“Constant Currency,” “Free Cash Flow,” and “Operating Expenses” are non-GAAP measures and should not be considered replacements for results in accordance with accounting principles generally accepted in the U.S. (“GAAP”). These non-GAAP measures may not be comparable to similarly-titled measures reported by other companies. The primary limitation of these measures is that they exclude the financial impact of items that would otherwise either increase or decrease our reported results. This limitation is best addressed by using these non-GAAP measures in combination with the most directly comparable GAAP measures in order to better understand the amounts, character and impact of any increase or decrease in reported amounts. The following provides additional information regarding these non-GAAP measures:

Constant Currency - We evaluate our results of operations on both an as reported and a constant currency basis. The constant currency presentation, which is a non-GAAP measure, excludes the impact of fluctuations in foreign currency exchange rates. We calculate constant currency percentages by converting our current period local currency results using prior-period exchange rates, and then comparing these adjusted values to prior period reported results.

Free Cash Flow - Operating Cash Flow minus CAPEX. We believe Free Cash Flow provides useful information to investors as it provides insight into the primary cash flow metric used by management to monitor and evaluate cash flows generated from our operations. This measure is also used as a component of incentive compensation.

Operating Expenses - R&D and SG&A expenses adjusted for stock based compensation expenses, reorganization charges, intangibles amortization expenses, and other highlighted items.

SUPPLEMENTAL NON-GAAP MEASURES

Motorola Solutions, Inc. and Subsidiaries Non-GAAP Trend
(In millions, except for per share amounts)

	Q1 '13	Q2 '13	Q3 '13	Q4 '13	Q1 '14	Q2 '14	Q3 '14	Q4 '14	Q1 '15	Q2 '15	Q3 '15	Q4 '15	Q1 '16	Q2 '16	Q3 '16	Q4 '16	Q1 '17	Q2 '17
Net sales	\$1,396	\$1,497	\$1,517	\$1,817	\$1,228	\$ 1,393	\$ 1,436	\$1,823	\$1,223	\$1,368	\$1,422	\$1,682	\$1,193	\$1,430	\$1,532	\$ 1,883	\$1,281	\$1,497
GAAP gross margin	693	750	765	901	577	656	685	912	548	648	685	838	502	676	762	928	570	690
Non-GAAP gross margin adjustments:																		
Stock-based compensation expense	5	4	4	4	4	3	2	2	3	2	2	2	2	2	2	3	2	2
Reorganization of business charges	—	5	5	7	1	3	7	—	2	3	1	4	16	8	1	18	4	2
Non-GAAP gross margin	698	759	774	912	582	662	694	914	553	653	688	844	520	686	765	949	576	694
GAAP Operating earnings (loss) ("OE")	174	203	246	325	107	138	207	(1,459)	119	254	231	389	100	224	341	403	176	257
Non-GAAP OE Adjustments:																		
Stock-based compensation expense	30	23	25	26	25	23	18	18	18	17	16	18	15	16	15	13	15	14
Reorganization of business charges	7	13	16	34	9	25	13	15	12	13	14	38	7	19	6	48	15	1
Intangibles amortization expense	—	—	—	—	1	1	1	1	2	3	2	2	13	38	31	30	36	37
Other highlighted items	—	—	—	—	(21)	8	11	1,906	—	(32)	26	5	13	17	—	26	(24)	15
Non-GAAP OE	\$ 216	\$ 248	\$ 296	\$ 396	\$ 126	\$ 201	\$ 259	\$ 483	\$ 156	\$ 260	\$ 292	\$ 458	\$ 166	\$ 324	\$ 396	\$ 541	\$ 224	\$ 328

SUPPLEMENTAL NON-GAAP MEASURES

Motorola Solutions, Inc. and Subsidiaries Non-GAAP Trend (In millions, except for per share amounts)

	Q1 '13	Q2 '13	Q3 '13	Q4 '13	Q1 '14	Q2 '14	Q3 '14	Q4 '14	Q1 '15	Q2 '15	Q3 '15	Q4 '15	Q1 '16	Q2 '16	Q3 '16	Q4 '16	Q1 '17	Q2 '17
Non-GAAP OE	\$ 216	\$ 248	\$ 296	\$ 396	\$ 126	\$ 201	\$ 259	\$ 483	\$ 156	\$ 260	\$ 292	\$ 458	\$ 166	\$ 324	\$ 396	\$ 541	\$ 224	\$ 328
GAAP OE%	12.5 %	13.6 %	16.2 %	17.9 %	8.7 %	9.9 %	14.4 %	(80.0)%	9.7 %	18.6 %	16.2 %	23.1 %	8.4 %	15.7 %	22.3 %	21.4 %	13.7 %	17.2 %
Non-GAAP Adj %	3.0 %	3.0 %	3.3 %	3.9 %	1.5 %	4.5 %	3.6 %	106.5 %	3.1 %	0.4 %	4.3 %	4.1 %	5.5 %	7.0 %	3.5 %	7.3 %	3.8 %	4.7 %
Non-GAAP OE %	15.5 %	16.6 %	19.5 %	21.8 %	10.3 %	14.4 %	18.0 %	26.5 %	12.8 %	19.0 %	20.5 %	27.2 %	13.9 %	22.7 %	25.8 %	28.7 %	17.5 %	21.9 %
GAAP Other income (expense)	(19)	(35)	5	(19)	(18)	(40)	(56)	(39)	9	(39)	(34)	(12)	(78)	(57)	(48)	(41)	(56)	(52)
Non-GAAP Below OE adjustments	—	—	23	—	—	—	(27)	—	46	—	—	39	(36)	—	—	—	3	(1)
Non-GAAP Other income (expense)	(19)	(35)	(18)	(19)	(18)	(40)	(29)	(39)	(37)	(39)	(34)	(51)	(42)	(57)	(48)	(41)	(59)	(51)
GAAP Earnings (loss)*	157	223	261	293	85	78	66	(926)	87	150	126	277	17	107	192	243	77	131
Non-GAAP OE adjustments	42	45	50	71	19	63	52	1,942	37	6	61	69	66	100	55	138	48	71
Non-GAAP below OE adjustments	—	—	(23)	—	—	—	27	—	(46)	—	—	(39)	36	—	—	—	(3)	1
Non-GAAP tax adjustments and effect	(57)	(11)	(2)	(6)	(32)	(20)	9	(728)	5	(13)	(21)	(27)	(27)	(27)	(14)	(35)	(2)	(14)
TOTAL Non-GAAP Earnings	\$ 142	\$ 257	\$ 286	\$ 358	\$ 72	\$ 121	\$ 154	\$ 288	\$ 83	\$ 143	\$ 166	\$ 280	\$ 92	\$ 180	\$ 233	\$ 346	\$ 120	\$ 189
GAAP earnings per share ("EPS")	\$ 0.56	\$ 0.81	\$ 0.98	\$ 1.12	\$ 0.33	\$ 0.30	\$ 0.27	\$(4.02)	\$ 0.4	\$ 0.72	\$ 0.63	\$ 1.56	\$ 0.1	\$ 0.61	\$ 1.13	\$ 1.43	\$ 0.45	\$ 0.78
Non-GAAP EPS adjustments	(0.05)	0.13	0.10	0.25	(0.05)	0.17	0.35	5.27	(0.02)	(0.04)	0.19	0.02	0.42	0.42	0.24	0.6	0.26	0.34
Non-GAAP EPS	\$ 0.51	\$ 0.94	\$ 1.08	\$ 1.37	\$ 0.28	\$ 0.47	\$ 0.62	\$ 1.25	\$ 0.38	\$ 0.68	\$ 0.82	\$ 1.58	\$ 0.52	\$ 1.03	\$ 1.37	\$ 2.03	\$ 0.71	\$ 1.12
Diluted, weighted average shares outstanding	280.7	274.7	265.3	261.2	258.3	256.2	248.2	230.5	217.8	209.5	201.3	177.5	170.0	174.8	169.6	170.4	169.9	169.0

* Amounts attributable to Motorola Solutions, Inc. common shareholders.



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MOTOROLA SOLUTIONS