

A grayscale photograph of the Chicago skyline, featuring prominent skyscrapers like the Willis Tower. The image is dark and serves as a background for the text.

EARNINGS PRESENTATION

Q3 RESULTS | November 1, 2018

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 8 through 20 in Item 1A of Motorola Solutions' 2017 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

This presentation is being made on the 1st day of November, 2018. The content of this presentation contains time-sensitive information that is accurate only as of the time hereof. If any portion of this presentation is rebroadcast, retransmitted or redistributed at a later date, Motorola Solutions will not be reviewing or updating the material that is contained herein.

Non-GAAP Statements: Where we have used non-GAAP financial measures, reconciliations to the most comparable GAAP measure are provided, along with a disclosure on the usefulness of the non-GAAP measure, in the appendix of this presentation. These measures include "Constant Currency," "Free Cash Flow," "Operating Expenses" and "Organic Revenue"

HIGHLIGHTS | Q3 2018



- **Sales of \$1.9B, up 13%**
 - Organic revenue* growth of 4% in constant currency
 - Products and Systems Integration revenue up 10% driven by Americas and EMEA
 - Services and Software revenue up 22% with growth in all regions
- **Non-GAAP EPS** of \$1.94, up 27%**
- **Backlog of \$9.5B, up 6% YoY**
- **Operating cash flow of \$338M, up \$68M vs LY**
- **Announced extension of Airwave and ESN with the UK Home Office**
- **Repaid remaining balance on revolving credit facility**
 - \$200M in Q3, \$100M subsequent to quarter-end

* Organic revenue reflects net sales calculated under GAAP excluding net sales from acquired business owned less than 4 full quarters and excluding the effects of ASC 606

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

FINANCIAL RESULTS



(\$M) EXCLUDING PER SHARE AMOUNTS	Q3 17	Q3 18	Change
Revenue	\$1,645	\$1,862	13%
Non-GAAP Operating Earnings*	\$412	\$452	10%
Non-GAAP Operating Margin*	25.0%	24.3%	(70 bps)
Non-GAAP Earnings Per Share*	\$1.53	\$1.94	27%

* Non-GAAP, excluding highlighted items, stock-based compensation, and intangible amortization. 2017 is restated for the implementation of accounting standard ASU 2017-07

CASH FLOW



(\$M) TRAILING TWELVE MONTHS	Q3 17	Q3 18*	Change
Operating Cash Flow	\$1,098	\$1,024	(\$74)
Pension Contribution		\$500	\$500
Adj. Operating Cash Flow	\$1,098	\$1,524	\$426
Capital Expenditures	(\$266)	(\$149)	\$117
Adj. Free Cash Flow	\$832	\$1,375	\$543

* Includes impact of \$500M debt funded pension contribution in Q1 2018

OUTLOOK (NON-GAAP)



Q4 2018

Revenue Growth	Approx. 13.5%
Non-GAAP EPS	\$2.50 - \$2.55

PRIOR FULL YEAR GUIDANCE AUG 2

Revenue Growth	Approx. 14.5%
Non-GAAP EPS	\$6.79 - \$6.89

UPDATED FULL YEAR 2018

Revenue Growth	Approx. 14.5%
Non-GAAP EPS	\$7.00 - \$7.05

Q4 Details

- Fully diluted share count ~173M
- Effective tax rate ~25%

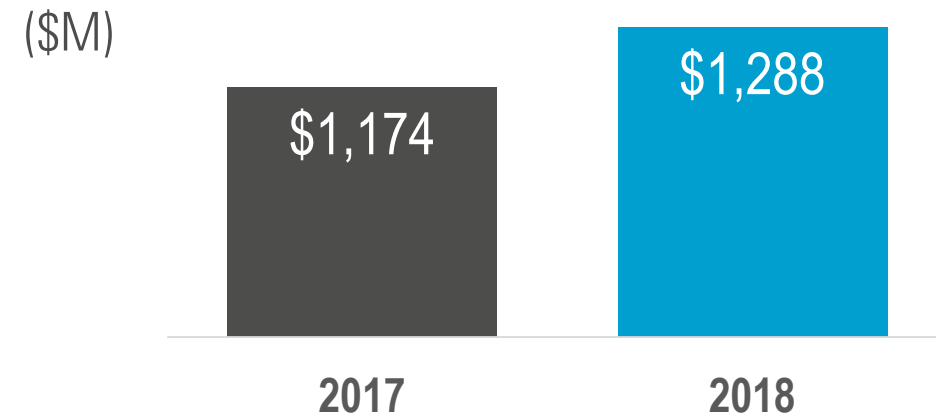
Full Year Details

- Raised EPS
- Fully diluted share count ~172M
- Effective tax rate ~22.5%
- Assumes current FX rates

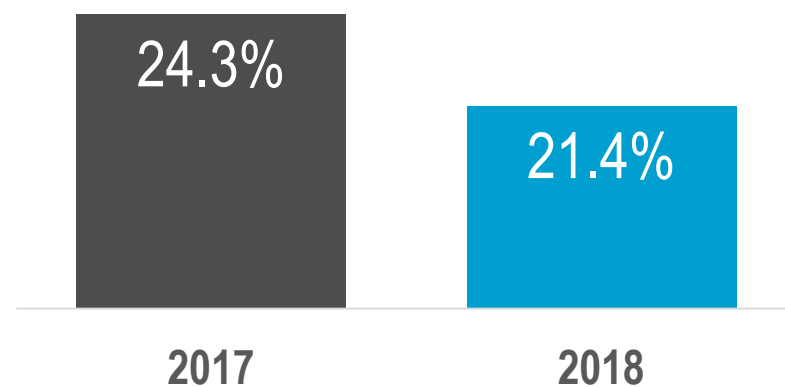
Q3 PRODUCTS AND SI RESULTS



Revenue



Non-GAAP Operating Margin % *



- **Revenue up 10%, driven by Americas and EMEA**
 - Revenue from acquisitions ~\$95M
- **Non-GAAP operating margin down 290 bps driven by acquisitions and lower system integration margins**
- **Backlog up \$277M vs LY with growth in all regions**
- **Notable wins and achievements:**
 - \$50M+ Tetra system upgrade in Europe
 - \$21M P25 system and device upgrade for city of Indianapolis and Marion County, IN
 - \$15M P25 device order for city of Austin, TX
 - \$12M P25 system order for city of Augusta, GA

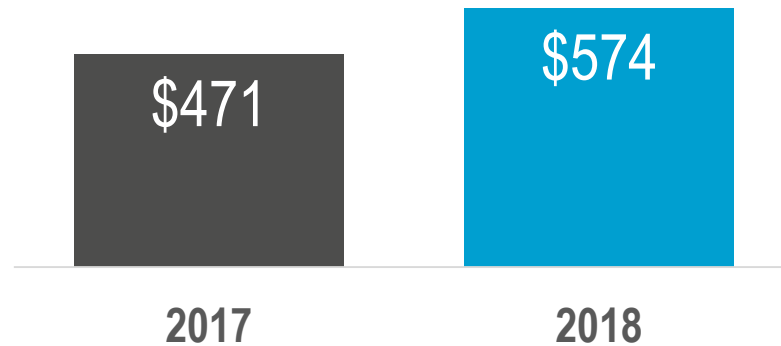
* Non-GAAP, excluding highlighted items, stock-based compensation, and intangible amortization

Q3 SERVICES AND SOFTWARE RESULTS

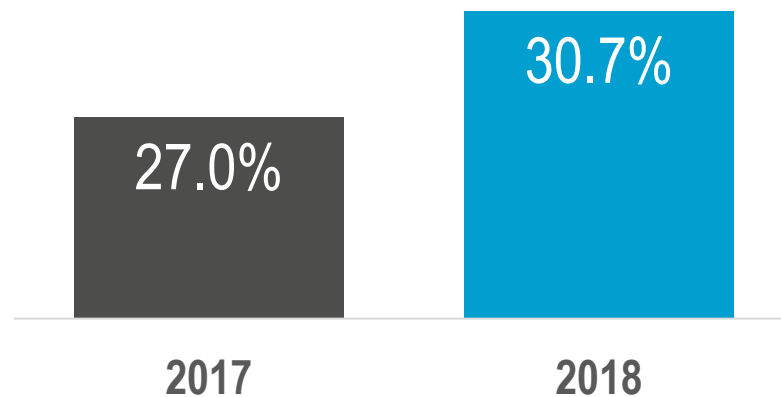


Revenue

(\$M)



Non-GAAP Operating Margin % *

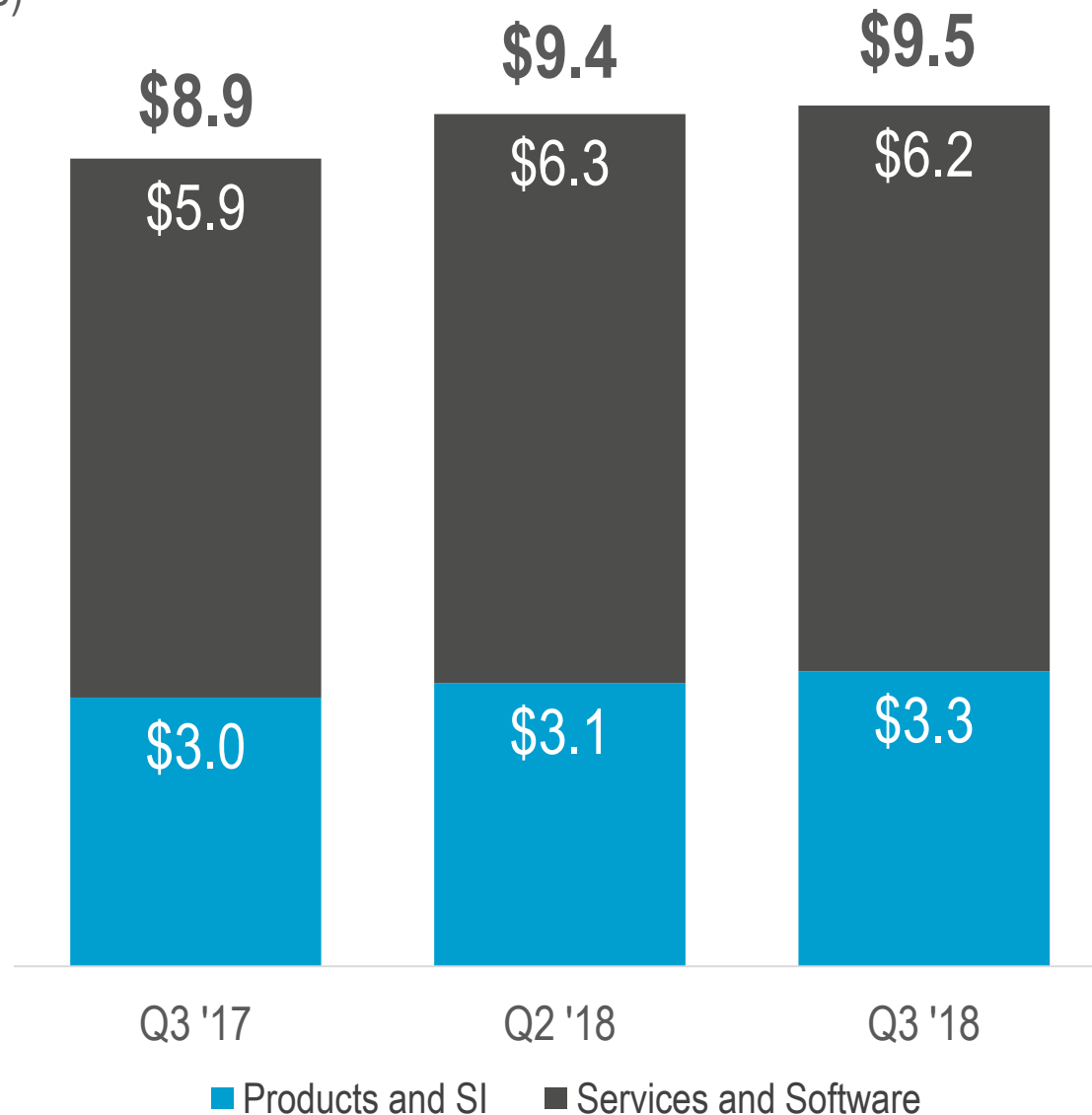


- Revenue up 22%, with growth in all regions
- Non-GAAP operating margin up 370 bps driven by favorable gross margin mix
- Backlog up \$295M vs LY driven by Americas and Asia Pac
- **Notable multi-year wins and achievements:**
 - \$19M digital evidence management solution contract from city of Las Vegas
 - \$18M computer aided dispatch (CAD) & mobile records contract for Chesterfield County, VA
 - \$17M services contract for Petrobras (Brazil)

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

BACKLOG TREND

(\$B)

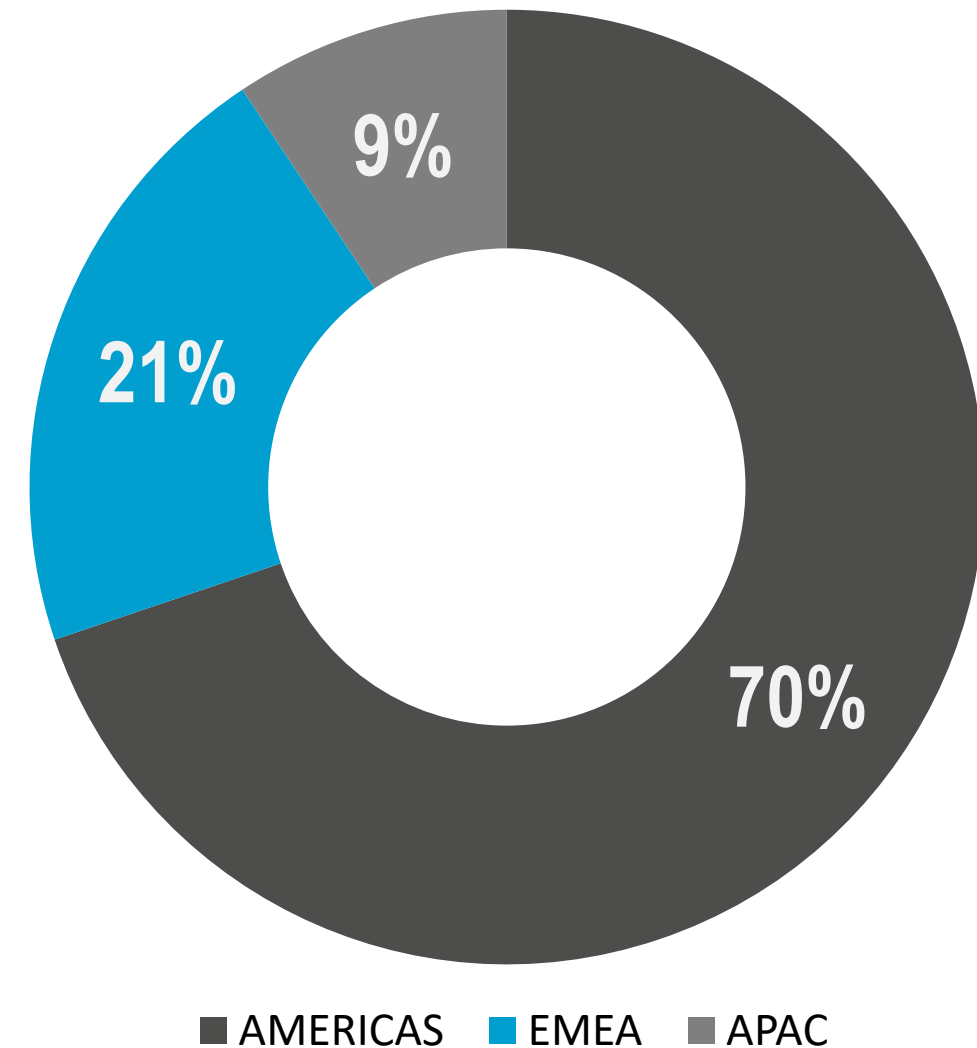


- **Annual Change (Q3 '17 to Q3 '18)**
 - Products and Systems Integration up \$277M, with growth in all regions
 - Services and Software up \$295M led by Americas and Asia Pac
- **Sequential Change (Q2 '18 to Q3 '18)**
 - Products and Systems Integration up \$118M driven by Americas
 - Services and Software down \$34M including ~\$135M of revenue recognition for Airwave

Q3 REGIONAL REVENUE

(\$M)	Q3 17	Q3 18	Change*
AMERICAS	\$1,123	\$1,300	16%
EMEA	\$346	\$388	12%
APAC	\$176	\$174	(1%)
TOTAL	\$1,645	\$1,862	13%

REVENUE % BY REGION



* Values may differ due to rounding

Q&A PARTICIPANTS



GREG BROWN

Chairman and CEO

GINO BONANOTTE

Executive Vice President and CFO

CHRIS KUTSOR

Vice President, Investor Relations

JACK MOLLOY

Executive Vice President,
Products & Sales

KELLY MARK

Executive Vice President,
Services & Software

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,” “Operating Expenses or Opex” and “Organic Revenue” 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.

Organic Revenue - Reflects net sales calculated under GAAP excluding net sales from acquired business owned for less than 4 full quarters, and excludes the effects of implementing ASC 606.

SUPPLEMENTAL NON-GAAP MEASURES

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

	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	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18
Net sales	\$ 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	\$ 1,645	\$ 1,957	\$ 1,468	\$ 1,760	\$ 1,862
GAAP gross margin	577	656	685	912	548	648	685	838	502	676	762	928	570	690	794	970	669	822	901
Non-GAAP gross margin adjustments:																			
Avigilon purchase accounting adjustment																		10	9
Stock-based compensation expense	4	3	2	2	3	2	2	2	2	2	2	3	2	2	2	2	2	2	3
Reorganization of business charges	1	3	7	—	2	3	1	4	16	8	1	18	4	2	2	1	5	7	4
Non-GAAP gross margin	582	662	694	914	553	653	688	844	520	686	765	949	576	695	798	973	676	841	917
GAAP Operating earnings ("OE")	113	144	213	430	108	210	220	378	88	212	330	417	173	261	347	503	171	273	294
Non-GAAP OE Adjustments:																			
Stock-based compensation expense	25	23	18	18	18	17	16	18	15	16	15	13	15	14	14	15	15	15	16
Reorganization of business charges	9	25	13	15	12	13	14	38	7	19	6	48	15	1	6	11	8	18	21
Intangibles amortization expense	1	1	1	1	2	3	2	2	13	38	31	30	36	37	39	39	41	53	46
Other highlighted items	(21)	8	11	23	—	—	26	5	13	17	—	—	(33)	(1)	2	(5)	18	—	59
Non-GAAP OE	\$ 132	\$ 207	\$ 265	\$ 489	\$ 145	\$ 248	\$ 281	\$ 447	\$ 154	\$ 312	\$ 385	\$ 529	\$ 212	\$ 316	\$ 412	\$ 566	\$ 260	\$ 378	\$ 452

SUPPLEMENTAL NON-GAAP MEASURES

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

	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	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18
GAAP OE%	9.2 %	10.3 %	14.8 %	23.6 %	8.8 %	15.4 %	15.5 %	22.5 %	7.4 %	14.8 %	21.5 %	22.1 %	13.5 %	17.4 %	21.1 %	25.7 %	11.6 %	15.5 %	15.8 %
Non-GAAP Adj %	1.5 %	4.6 %	3.7 %	3.2 %	3.1 %	2.7 %	4.3 %	4.1 %	5.5 %	7.0 %	3.6 %	6.0 %	3.0 %	3.7 %	3.9 %	3.2 %	6.1 %	6.0 %	8.5 %
Non-GAAP OE %	10.7 %	14.9 %	18.5 %	26.8 %	11.9 %	18.1 %	19.8 %	26.6 %	12.9 %	21.8 %	25.1 %	28.1 %	16.5 %	21.1 %	25.0 %	28.9 %	17.7 %	21.5 %	24.3 %
GAAP Other income (expense)	(24)	(46)	(62)	(1,928)	20	5	(23)	(1)	(66)	(45)	(37)	(55)	(53)	(56)	(61)	(38)	(31)	(46)	(24)
Non-GAAP Below OE adjustments	—	—	(27)	(1,883)	46	32	—	39	(36)	—	—	(26)	(6)	(17)	(20)	(2)	(4)	(2)	19
Non-GAAP Other expense	(24)	(46)	(35)	(45)	(26)	(27)	(23)	(40)	(30)	(45)	(37)	(29)	(47)	(39)	(41)	(36)	(27)	(44)	(43)
GAAP Earnings (loss)*	85	78	66	(926)	87	150	126	277	17	107	192	243	77	131	212	(575)	117	180	247
Non-GAAP OE adjustments	19	63	52	59	37	38	61	69	66	100	55	112	39	55	65	63	89	105	158
Non-GAAP below OE adjustments	—	—	27	1,883	(46)	(32)	—	(39)	36	—	—	26	6	17	20	2	4	2	(19)
Non-GAAP tax adjustments and effect	(32)	(20)	9	(728)	5	(13)	(21)	(27)	(27)	(27)	(14)	(35)	\$ (2)	\$ (14)	\$ (38)	\$ 865	\$ (22)	\$ (36)	\$ (51)
TOTAL Non-GAAP Earnings	\$ 72	\$ 121	\$ 154	\$ 288	\$ 83	\$ 143	\$ 166	\$ 280	\$ 92	\$ 180	\$ 233	\$ 346	\$ 120	\$ 189	\$ 259	\$ 355	\$ 188	\$ 251	\$ 335
GAAP earnings per share ("EPS")	\$ 0.33	\$ 0.30	\$ 0.27	\$ (4.02)	\$ 0.40	\$ 0.72	\$ 0.63	\$ 1.56	\$ 0.10	\$ 0.61	\$ 1.13	\$ 1.43	\$ 0.45	\$ 0.78	\$ 1.25	\$ (3.56)	\$ 0.69	\$ 1.05	\$ 1.43
EPS adjusted for dilution																(3.40)			
Non-GAAP EPS adjustments	(0.05)	0.17	0.35	5.27	(0.02)	(0.04)	0.19	0.02	0.42	0.42	0.24	0.60	0.25	0.34	0.28	5.50	0.41	0.41	0.51
Non-GAAP EPS	\$ 0.28	\$ 0.47	\$ 0.62	\$ 1.25	\$ 0.38	\$ 0.68	\$ 0.82	\$ 1.58	\$ 0.52	\$ 1.03	\$ 1.37	\$ 2.03	\$ 0.7	\$ 1.12	\$ 1.53	\$ 2.10	\$ 1.10	\$ 1.46	\$ 1.94
Diluted, w eighted average shares outstanding	258.3	256.2	248.2	230.5	217.8	209.5	201.3	177.5	177.0	174.8	169.6	170.4	169.9	169.0	169.0	168.9	170.6	171.7	172.6

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

SUPPLEMENTAL NON-GAAP MEASURES

Motorola Solutions, Inc. and Subsidiaries

Non-GAAP Organic Revenue

Total Motorola Solutions

Three Months Ended

	September 29, 2018	September 30, 2017	% Change
Net sales	\$ 1,862	\$ 1,645	13 %
Non-GAAP adjustments:			
Acquisitions	(149)	(4)	
ASC 606 impact	(19)	—	
Organic revenue	\$ 1,694	\$ 1,641	3 %
Less foreign exchange impact	9	—	
Organic revenue in constant currency	1,703	1,641	4 %

—
THANK YOU
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