

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

EARNINGS PRESENTATION

Q2 2020 RESULTS | AUGUST 6, 2020

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 10 through 22 in Item 1A of Motorola Solutions' 2019 Annual Report on Form 10-K, on page 34 of Motorola Solutions' 2020 first quarterly report on Form 10-Q, 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 6th day of August, 2020. 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. This measure includes "Free Cash Flow."

HIGHLIGHTS | Q2 2020

- **Sales of \$1.6B, down 13% vs the prior year**
 - Software and Services up 5% on growth in software and North America services
 - Products and Systems Integration down 22%, on declines in Professional & Commercial Radio ("PCR") and public safety LMR
- **GAAP EPS of \$0.78**
- **Non-GAAP EPS* of \$1.39**
- **Operating cash flow of \$209M; Free cash flow** of \$155M**
- **Paid \$109M in dividends, repurchased \$83M of shares, and used \$65M for acquisitions**
- **Repaid \$500M against revolver; \$300M in Q2 and \$200M subsequent to quarter end**
- **Subsequent to quarter end, acquired Pelco Inc., a global provider of video security solutions for \$110M**

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

**Free Cash Flow is defined as Operating Cash Flow less Capital Expenditures.

FINANCIAL RESULTS

	Q2 19	Q2 20	CHANGE
Revenue	\$1,860	\$1,618	(13%)
Non-GAAP Operating Earnings*	\$444	\$359	(19%)
Non-GAAP Operating Margin*	23.9%	22.2%	(170 bps)
Non-GAAP Earnings Per Share*	\$1.69	\$1.39	(18%)

(\$M) excluding per share amounts

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

CASH FLOW

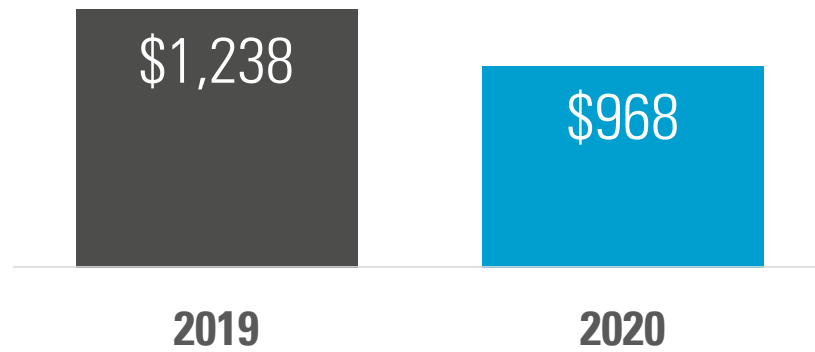
(\$M) TRAILING TWELVE MONTHS	Q2 19	Q2 20	CHANGE
Operating Cash Flow	\$1,652	\$1,837	\$185
Capital Expenditures	(\$244)	(\$221)	\$23
Free Cash Flow*	\$1,408	\$1,616	\$208

*Free Cash Flow is defined as Operating Cash Flow less Capital Expenditures.

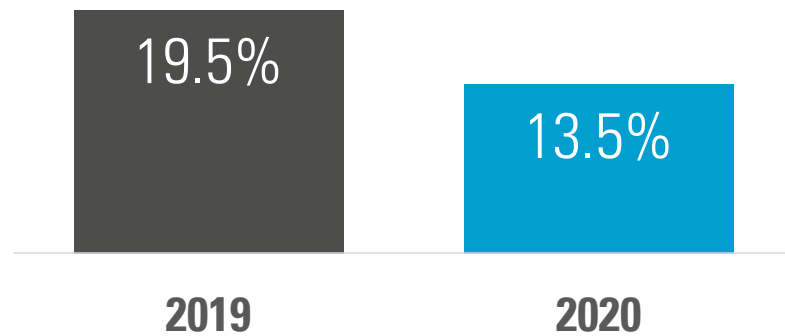
PRODUCTS & SI | Q2

Revenue

(\$M)



Non-GAAP Operating Margin*



- Revenue down 22% driven by Professional and Commercial Radio and public safety LMR
- Non-GAAP Operating margin* down 600 bps primarily due to lower sales

Notable wins and achievements:

Land Mobile Radio

- \$24M P25 order for the State of Alaska
- \$20M P25 order for Newton County, GA
- \$17M P25 order for the State of South Dakota

Video Security Solutions

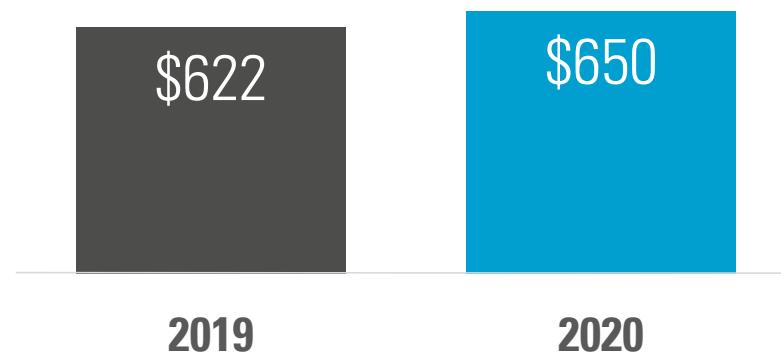
- Launched V300 continuous-operation body worn camera
- Closed acquisition of IndigoVision and subsequent to quarter end announced the acquisition of Pelco Inc.

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

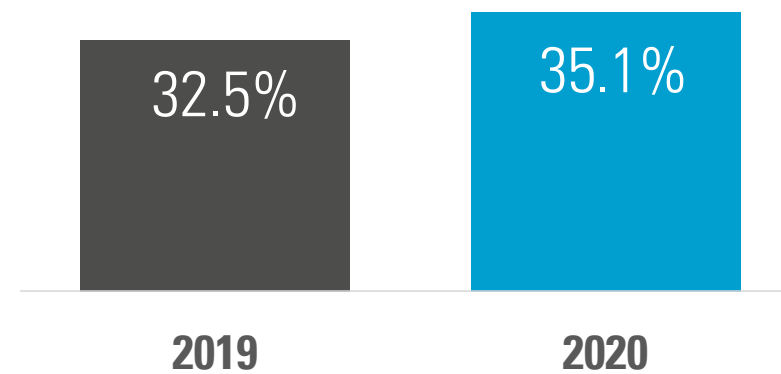
SOFTWARE & SERVICES | Q2

Revenue

(\$M)



Non-GAAP Operating Margin*



- Revenue up 5%, driven by growth in software and North America services
- Non-GAAP Operating margin* up 260 bps driven by higher gross margins and improved operating leverage
- Notable wins and achievements:

Software

- \$26M Next Generation 911 Services contract with Utah
- \$8M multi-year Computer Aided Dispatch contract for Baltimore County, MD

Services

- \$37M P25 multi-year contract with the state of Louisiana
- \$10M P25 multi-year statewide contract in North America

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

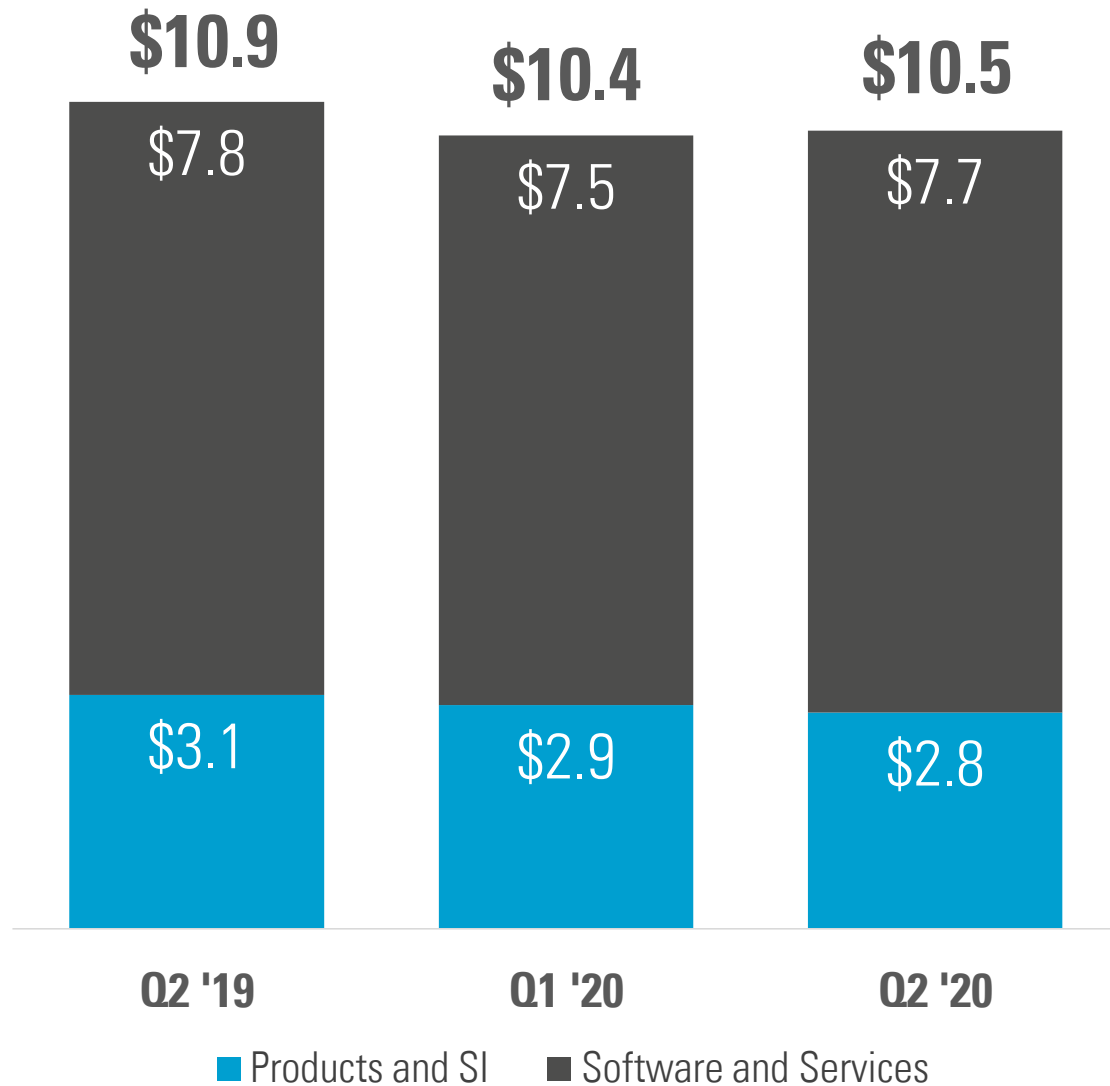
REGIONAL REVENUE

(\$M)	Q2 19	Q2 20	Change
NORTH AMERICA	\$1,253	\$1,093	(13%)
INTERNATIONAL	\$607	\$525	(14%)
TOTAL	\$1,860	\$1,618	(13%)

- **North America** down in Professional and Commercial Radio and public safety LMR partially offset by growth in Services and video security
- **International** down driven primarily by Professional and Commercial Radio and FX

BACKLOG TREND

(\$B)



Software and Services

- Y/Y down \$148M, inclusive of \$116M of unfavorable FX, revenue recognition for Airwave and ESN, partially offset by an increase in multi-year agreements in North America
- Q/Q up \$161M, inclusive of \$225M of favorable FX, partially offset by revenue recognition for Airwave and ESN

Products and Systems Integration

- Y/Y down \$228M, inclusive of \$10M of unfavorable FX, driven by large International deployments and lower orders due to delays in sales engagement related to COVID-19
- Q/Q down \$93M, inclusive of \$27M of favorable FX, driven by lower orders due to delays in sales engagement related to COVID-19

OUTLOOK (NON-GAAP)*

Q3 2020

Revenue Decline	(9%) to (8%)
Non-GAAP EPS	\$1.72 - \$1.78

FY 2020

Revenue Decline	approx. (7%)
Non-GAAP EPS	\$7.40 - \$7.52

Q3 Details

- Effective tax rate approx. 23%
- Fully diluted share count approx. 174M
- Pelco revenue ~\$20M, EPS slightly dilutive

FY Details

- Effective tax rate 21% to 22%
- Fully diluted share count approx. 175M
- Approx. \$30M F/X headwind
- Pelco revenue ~\$55M; EPS slightly dilutive

*Q3 and FY outlook assumes current F/X rates as of August 6th, 2020

Q&A PARTICIPANTS

GREG BROWN

Chairman and CEO

JASON WINKLER

Executive Vice President and CFO

TIM YOCUM

Vice President, Investor Relations

JACK MOLLOY

Executive Vice President,
Products & Sales

KELLY MARK

Executive Vice President,
Software & Services

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 investors.motorolasolutions.com.

USE OF NON-GAAP MEASURES

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

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.

SUPPLEMENTAL NON-GAAP MEASURES

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

	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4 '19	Q1'20	Q2'20
Net sales	\$ 1,468	\$ 1,760	\$ 1,862	\$ 2,254	\$ 1,657	\$ 1,860	\$ 1,994	\$ 2,377	\$ 1,655	\$ 1,618
GAAP gross margin	669	822	901	1,088	773	931	1,007	1,220	787	766
Non-GAAP gross margin adjustments:										
Avigilon purchase accounting adjustment		10	9					0	0	0
Stock-based compensation expense	2	2	3	3	4	3	3	4	5	4
Reorganization of business charges	5	7	4	43	4	4	3	6	6	15
Non-GAAP gross margin	676	841	917	1,134	781	938	1,013	1,230	798	785
GAAP Operating earnings ("OE")	171	273	294	516	229	349	413	590	259	218
Non-GAAP OE Adjustments:										
Stock-based compensation expense	15	15	16	17	23	27	27	27	33	27
Reorganization of business charges	8	18	21	15	4	8	15	13	12	26
Intangibles amortization expense	41	53	46	48	50	52	52	54	53	51
Other highlighted items	18	-	59	8	1	1	(4)	13	(21)	18
Non-GAAP OE	\$ 260	\$ 378	\$ 452	\$ 650	\$ 315	\$ 444	\$ 509	\$ 707	\$ 347	\$ 359
GAAP OE%	11.6 %	15.5 %	15.8 %	22.9 %	13.8 %	18.8 %	20.7 %	24.8 %	15.6 %	13.5 %
Non-GAAP Adj %	6.1 %	6.0 %	8.5 %	5.9 %	5.2 %	5.1 %	4.8 %	4.9 %	5.4 %	8.7 %
Non-GAAP OE %	17.7 %	21.5 %	24.3 %	28.8 %	19.0 %	23.9 %	25.5 %	29.7 %	21.0 %	22.2 %
GAAP Other income (expense)	(31)	(46)	(24)	(52)	(44)	(74)	(65)	(397)	(35)	(42)
Non-GAAP Below OE adjustments	(4)	(2)	19	(1)	(8)	(23)	(26)	(353)	1	4
Non-GAAP Other income (expense)	(27)	(44)	(43)	(51)	(36)	(51)	(39)	(44)	(36)	(46)
GAAP Earnings (loss) attributable to Motorola Solutions, Inc.	117	180	247	423	151	207	267	244	197	135
Non-GAAP OE adjustments	89	105	158	134	86	95	96	117	88	141
Non-GAAP below OE adjustments	4	2	(19)	1	8	23	26	353	(1)	(4)
Non-GAAP tax adjustments and effect	\$ (22)	\$ (36)	\$ (51)	\$ (100)	\$ (22)	\$ (27)	\$ (28)	\$ (197)	\$ (21)	\$ (31)
TOTAL Non-GAAP Earnings attributable to Motorola Solutions, Inc.	\$ 188	\$ 251	\$ 335	\$ 458	\$ 223	\$ 298	\$ 361	\$ 517	\$ 263	\$ 241
GAAP attributable to Motorola Solutions, Inc. earnings per share ("EPS")	\$ 0.69	\$ 1.05	\$ 1.43	\$ 2.44	\$ 0.86	\$ 1.18	\$ 1.51	\$ 1.39	\$ 1.12	\$ 0.78
Non-GAAP attributable to Motorola Solutions, Inc. EPS adjustments	0.41	0.41	0.51	0.19	0.42	0.51	0.53	1.55	0.37	0.61
Non-GAAP attributable to Motorola Solutions, Inc. EPS	\$ 1.10	\$ 1.46	\$ 1.94	\$ 2.63	\$ 1.28	\$ 1.69	\$ 2.04	\$ 2.94	\$ 1.49	\$ 1.39
Diluted, w eighted average shares outstanding	170.6	171.7	172.6	173.4	174.6	176.1	176.4	175.6	175.9	173.6

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THANK YOU
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