



EARNINGS PRESENTATION

Q4 AND FULL-YEAR 2020 RESULTS | FEBRUARY 4, 2021

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.

Risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements include, without limitation: (i) the impact, including increased costs and potential liabilities, associated with changes in laws and regulations regarding privacy, data protection and information security; (ii) challenges relating to existing or future legislation and regulations pertaining to artificial intelligence (“AI”) and AI-enabled products; (iii) the impact of government regulation of radio frequencies; (iv) audits and regulations and laws applicable to our U.S. government customer contracts and grants; (v) impacts of, and associated responses to, COVID-19 and other catastrophic events; (vi) increased risk and competition associated with the expansion of our platforms within our Products and Systems Integration and Software and Services segments; (vii) the effectiveness of our investments in new products and technologies; (viii) the effectiveness of our integrations of acquired businesses; (ix) a security breach or other significant disruption of our IT systems; (x) our inability to protect our intellectual property or potential infringement of intellectual property rights of third parties; (xi) our license of the MOTOROLA, MOTO, MOTOROLA SOLUTIONS and the Stylized M logo and all derivatives and formatives thereof from Motorola Trademark Holdings, LLC; (xii) the global nature of our employees, customers, suppliers and outsource partners; (xiii) our use of third-parties to develop, design and/or manufacture many of our components and some of our products, and to perform portions of our business operations; (xiv) the inability of our subcontractors to perform in a timely and compliant manner; (xv) our inability to purchase at acceptable prices a sufficient amount of materials, parts, and components, as well as software and services, to meet the demands of our customers; (xvi) risks related to our large, multi-year system and services contracts; (xvii) the inability of our products to meet our customers’ expectations or regulatory or industry standards; (xviii) impact of current global economic and political conditions in the markets in which we operate; (xix) the inability to settle for cash our 1.75% senior convertible notes; (xx) impact of returns on pension and retirement plan assets and interest rate changes; (xxi) inability to attract and retain senior management and key employees; (xxii) impact of product regulatory and safety, consumer, worker safety and environmental laws; (xxiii) inability to access the capital markets for financing on acceptable terms and conditions; and (xxiv) impact of tax matters. For additional information on identifying factors that may cause actual results to vary materially from those stated in forward-looking statements, see our reports on Forms 10-K, 10-Q and 8-K filed with or furnished to the SEC from time to time 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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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

Q4 2020



- **Sales of \$2.3B, down 4% vs. the prior year**
 - Software and Services up 8% on growth in Land Mobile Radio (“LMR”) services, video security, and command center software
 - Products and Systems Integration down 10%, on declines in public safety LMR and Professional & Commercial Radio (“PCR”), partially offset by growth in video security
- **Record North America LMR orders during the quarter including:**
 - \$122 million P25 System for Nassau County, New York
 - \$61 million P25 System for the State of New Jersey
 - \$50 million+ of P25 orders for several large utilities customers
- **GAAP EPS of \$2.37**
- **Non-GAAP EPS* of \$2.86**
- **Operating cash flow of \$703M; Free cash flow** of \$637M**
- **Repurchased \$171M of shares and paid \$109M in dividends**

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

**Free Cash Flow is a non-GAAP financial measure and is calculated as Net cash provided by operating activities - Capital Expenditures.



MOTOROLA SOLUTIONS

HIGHLIGHTS

FY 2020

AVIGILON

- **Sales of \$7.4B, down 6%**
 - Software and Services revenue up 9% on growth in LMR services, video security, and command center software
 - Products and Systems Integration revenue down 13% on declines in public safety LMR and PCR, partially offset by growth in video security
- **GAAP EPS of \$5.45; Non-GAAP EPS* of \$7.69, down 3%**
- **Record ending backlog of \$11.4B, up 2% year over year**
- **Operating cash flow of \$1.6B; Free cash flow** of \$1.4B**
- **Invested \$287M for acquisitions in video security, command center software, and cybersecurity**
- **Repurchased \$612M in common stock and paid \$436M in dividends**
- **Refinanced approx. \$900M of debt with 10 year maturities at 2.3%*****

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

**Free Cash Flow is a non-GAAP financial measure and is calculated as Net cash provided by operating activities - Capital Expenditures.

***Issued \$900M of 10-year notes in August 2020 to refinance \$845M in principal of outstanding notes



MOTOROLA SOLUTIONS

FINANCIAL RESULTS

	Q4 19	Q4 20	CHANGE	2019	2020	CHANGE
REVENUE	\$2,377	\$2,273	(4%)	\$7,887	\$7,414	(6%)
NON-GAAP OPERATING EARNINGS*	\$707	\$667	(6%)	\$1,975	\$1,835	(7%)
NON-GAAP OPERATING MARGIN*	29.7%	29.3%	(40 bps)	25.0%	24.8%	(20 bps)
NON-GAAP EARNINGS PER SHARE*	\$2.94	\$2.86	(3%)	\$7.96	\$7.69	(3%)

(\$M) excluding per share amounts

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

CASH FLOW

M(\$)	2019	2020	CHANGE
OPERATING CASH FLOW	\$1,823	\$1,613	(\$210)
CAPITAL EXPENDITURES	(\$248)	(\$217)	\$31
FREE CASH FLOW*	\$1,575	\$1,396	(\$179)

* Free Cash Flow is a non-GAAP financial measure and is calculated as Net cash provided by operating activities - Capital Expenditures.

PRODUCTS & SI

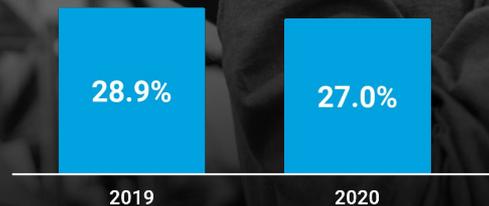
Q4 2020

Revenue

(\$M)



Non-GAAP Operating Margin %*



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

- Revenue down 10% driven by public safety LMR and PCR, partially offset by growth in video security
- Non-GAAP Operating margin* down 190 bps primarily due to lower sales
- Notable wins and achievements:
 - \$122M P25 order for Nassau County, NY
 - \$61M P25 order for State of New Jersey
 - \$50M+ of P25 orders for several large North America utilities customers
 - \$26M P25 order for Morris County, NJ
 - \$20M Tetra MTS order in the United Kingdom
 - Double-digit growth in fixed video sales to government customers

SOFTWARE & SERVICES

Q4 2020

Revenue

(\$M)



Non-GAAP Operating Margin %*



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

- Revenue up 8%, driven by growth in LMR services, video security, and command center software
- Non-GAAP operating margin up 220 bps driven by higher sales and improved OPEX leverage
- Notable multi-year wins and achievements:
 - \$100M+ P25 multi-year managed services contract for State of Tasmania, Australia
 - \$79M multi-year managed services contract in Europe
 - \$30M P25 multi-year services contract with Minnesota DOT
 - \$29M P25 multi-year services contract with Austin, TX
 - \$11M Command Center Software contract in Norway

REGIONAL REVENUE

Q4 2020

(\$M)	Q4 19	Q4 20	CHANGE
NORTH AMERICA	\$1,605	\$1,548	(4%)
INTERNATIONAL	\$772	\$725	(6%)
TOTAL	\$2,377	\$2,273	(4%)

- **North America** down in public safety LMR and PCR, partially offset by growth in video security, LMR services, and command center software
- **International** down in public safety LMR and PCR, partially offset by growth in video security and LMR services

REGIONAL REVENUE

FY 2020



(\$M)	2019	2020	CHANGE
NORTH AMERICA	\$5,276	\$5,024	(5%)
INTERNATIONAL	\$2,611	\$2,390	(8%)
TOTAL	\$7,887	\$7,414	(6%)

- **North America** down in public safety LMR and PCR, partially offset by growth in video security, LMR services, and command center software
- **International** down in public safety LMR and PCR, partially offset by growth in video security, LMR services, and command center software

BACKLOG TREND

(\$B)



■ Products and SI ■ Software and Services

Software and Services

- Y/Y up \$213M driven by multi-year agreements in North America and \$139M of favorable FX, partially offset by revenue recognition for Airwave and ESN
- Q/Q up \$518M with growth in both regions and \$199M of favorable FX

Products and Systems Integration

- Y/Y down \$38M driven by delay in sales engagements related to COVID-19
- Q/Q up \$236M driven by strong LMR orders in North America

OUTLOOK

(NON-GAAP)*



Q1 2021

Revenue Growth	5.5% - 6%
Non-GAAP EPS	\$1.58 - \$1.64

Q1 Details

- Effective tax rate approx. 19%
- Fully diluted share count approx. 174M

FULL-YEAR 2021

Revenue Growth	7.25% - 8%
Non-GAAP EPS	\$8.50 - \$8.62

Full-Year Details

- Effective tax rate of 22.5% to 23%
- Fully diluted share count 174M

*Q1 and FY outlook assumes current FX rates as of February 4th, 2021

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.

"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 DISAGGREGATION OF REVENUE

Motorola Solutions, Inc. Disaggregation of Revenues

Below is an updated presentation of the disaggregation of revenues for our major products and services for the years ended 2018, 2019 and 2020 to provide a more comprehensive view of the Company's technologies within our reporting segments, Products & Systems Integration and Software & Services:

Land Mobile Radio Mission Critical Communications ("LMR") - Includes revenues from devices and building telecommunications networks inclusive of infrastructure, installation and integration with our customers' technology environments, as well as support and managed services.

Video Security and Analytics - Includes revenues from video solutions including cameras, access control and infrastructure, video management software and artificial intelligence-enabled analytics.

Command Center Software - Includes revenues from our software suite that enables collaboration and seamless information sharing through the public safety workflow from 911 call to case closure.

	FY18			FY19			FY20		
	Products & Systems Integration	Software & Services	Total	Products & Systems Integration	Software & Services	Total	Products & Systems Integration	Software & Services	Total
<i>(in millions)</i>									
LMR	4,783	1,815	6,598	\$4,830	\$1,891	\$6,721	3,992	2,008	6,000
Video Security & Analytics	317	65	382	499	210	709	642	285	927
Command Center Software	—	363	363	—	457	457	—	487	487
	5,100	2,243	7,343	\$5,329	\$2,558	\$7,887	\$4,634	\$2,780	\$7,414

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	Q3 '20	Q4 '20
Net sales	\$1,468	\$1,760	\$1,862	\$2,254	\$1,657	\$1,860	\$1,994	\$2,377	\$1,655	\$1,618	\$1,868	\$2,273
GAAP gross margin	669	822	901	1,088	773	931	1,007	1,220	787	766	909	1,146
Non-GAAP gross margin adjustments:												
Avigilon purchase accounting adjustment	—	10	9	—	—	—	—	—	—	—	—	—
Pelco purchase accounting adjustment	—	—	—	—	—	—	—	—	—	—	3	4
Stock-based compensation expenses	2	2	3	3	4	3	3	4	5	4	3	4
Reorganization of business charges	5	7	4	43	4	4	3	6	6	15	3	5
Non-GAAP gross margin	676	841	917	1,134	781	938	1,013	1,230	798	785	918	1,159
GAAP Operating earnings ("OE")	171	273	294	516	229	349	413	590	259	218	352	555
Non-GAAP OE Adjustments:												
Stock-based compensation expenses	15	15	16	17	23	27	27	27	33	27	28	25
Reorganization of business charges	8	18	21	15	4	8	15	13	12	26	10	9
Intangibles amortization expense	41	53	46	48	50	52	52	54	53	51	54	57
Other highlighted items	18	—	59	8	1	1	(4)	13	(21)	18	10	8
Non-GAAP OE	\$260	\$378	\$452	\$650	\$315	\$444	\$509	\$707	\$347	\$359	\$463	\$667
GAAP OE%	11.6 %	15.5 %	15.8 %	22.9 %	13.8 %	18.8 %	20.7 %	24.8 %	15.6 %	13.5 %	18.9 %	24.4 %
Non-GAAP Adj %	6.1 %	6.0 %	8.5 %	5.9 %	5.2 %	5.1 %	4.8 %	4.9 %	5.4 %	8.7 %	5.9 %	4.9 %
Non-GAAP OE %	17.7 %	21.5 %	24.3 %	28.8 %	19.0 %	23.9 %	25.5 %	29.7 %	21.0 %	22.2 %	24.8 %	29.3 %
GAAP Other income (expense)	(31)	(46)	(24)	(52)	(44)	(74)	(65)	(397)	(35)	(42)	(101)	(33)
Non-GAAP Below OE adjustments	(4)	(2)	19	(1)	(8)	(23)	(26)	(353)	1	4	(61)	3
Non-GAAP Other income (expense)	(27)	(44)	(43)	(51)	(36)	(51)	(39)	(44)	(36)	(46)	(40)	(36)
GAAP Net Earnings attributable to Motorola Solutions, Inc.	117	180	247	423	151	207	267	244	197	135	205	412
Non-GAAP OE adjustments	89	105	158	134	86	95	96	117	88	141	111	112
Non-GAAP below OE adjustments	4	2	(19)	1	8	23	26	353	(1)	(4)	61	(3)
Non-GAAP tax adjustments and effect	(22)	(36)	(51)	(100)	(22)	(27)	(28)	(197)	(21)	(31)	(38)	(24)
TOTAL Non-GAAP Earnings attributable to Motorola Solutions, Inc.	\$188	\$251	\$335	\$458	\$223	\$298	\$361	\$517	\$263	\$241	\$339	\$497
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	\$1.18	\$2.37
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	0.77	0.49
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	\$1.95	\$2.86
Diluted weighted average shares outstanding	170.6	171.7	172.6	173.4	174.6	176.1	176.4	175.6	175.9	173.6	173.5	173.5



THANK YOU
