



EARNINGS PRESENTATION

Q4-2017 Results | Feb 1, 2018



MOTOROLA SOLUTIONS

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, on page 37 in item 1A of Motorola Solutions' Quarterly Report on Form 10-Q for the quarter ended July 1, 2017, 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 February, 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"

Q4 HIGHLIGHTS



- **Sales of \$2.0B, up 4%**
 - Organic revenue* growth of 2%
 - North America organic revenue growth of 5%
 - Services revenue up 10% led by Managed & Support Services
 - Product revenue up 1% led by Systems
- **Non-GAAP EPS** of \$2.10, up 3%**
- **Operating cash flow of \$761M, up \$248M**
- **Backlog up \$1.2B or 15% vs. LY**
 - Products up \$382M or 25%
 - Services up \$860M or 13%

Today we announced a definitive agreement to acquire Avigilon Corp. (TSX: AVO) for approx. \$1B
Additional information available at investors.motorolasolutions.com

* Organic Revenue reflects net sales calculated under GAAP excluding net sales from acquired business owned for less than 4 full quarters

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

2017 HIGHLIGHTS



- **Sales of \$6.4B, up 6%**
 - Organic revenue* growth of 3%
 - North America organic revenue growth of 3%
 - Products revenue up 3%
 - Services revenue up 9%
- **Non-GAAP EPS** of \$5.46, up 11%**
- **Operating cash flow of \$1.3B, up \$181M**
- **Capital Allocation of \$483M in share repurchases, \$307M of dividends paid, and \$298M of acquisitions**
- **Increased quarterly dividend by 11% to \$0.52 per share**

* Organic Revenue reflects net sales calculated under GAAP excluding net sales from acquired business owned for less than 4 full quarters

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

FINANCIAL RESULTS



(\$M) Excluding per share amounts	Q4 2016	Q4 2017	Change	FY 2016	FY 2017	Change
Revenue	\$1,883	\$1,957	4%	\$6,038	\$6,380	6%
Operating Earnings*	\$541	\$576	6%	\$1,427	\$1,552	9%
Operating Margin*	28.7%	29.4%	70 bps	23.6%	24.3%	70 bps
Earnings Per Share*	\$2.03	\$2.10	3%	\$4.92	\$5.46	11%

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

CASH FLOW



(\$M) Trailing Twelve Months	2016	2017	Change
Operating Cash Flow	\$1,165	\$1,346	\$181
Capital Expenditures	(\$271)	(\$227)	\$44
Free Cash Flow	\$894	\$1,119	\$225

OUTLOOK (NON-GAAP)



Q1 2018

Revenue Growth	Approx. 7%
Non-GAAP EPS	\$0.83 - \$0.88

FULL YEAR 2018

Revenue Growth	Approx. 5%
Non-GAAP EPS	\$6.50 - \$6.65

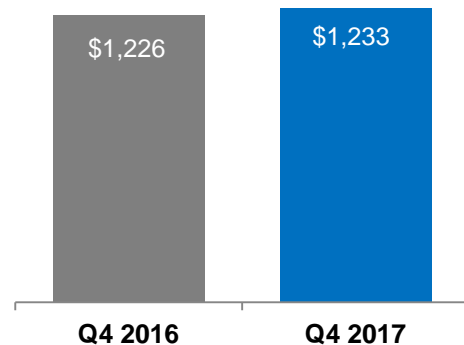
Guidance Assumptions

- *Current F/X rates*
- *Effective tax rate of ~25%*

Q4 PRODUCTS RESULTS

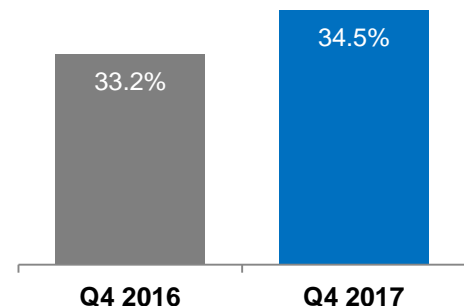


Revenue (\$M)



- Revenue up 1% off of strong prior Q4 of 9% growth
 - North America up 6% vs LY
- Operating margin up 130 bps, driven by higher sales and lower operating expenses
- Backlog up \$382M vs. LY driven by North America and EMEA

Operating Margin % *



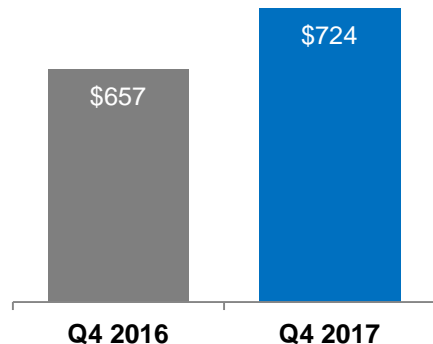
- **Notable orders**
 - \$290M LMR system in Middle Eastern country that recently deployed a private Public Safety LTE system
 - \$76M P25 order for city of Dallas
 - \$53M P25 order for city of Los Angeles
 - \$39M P25 order for city of Toronto

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

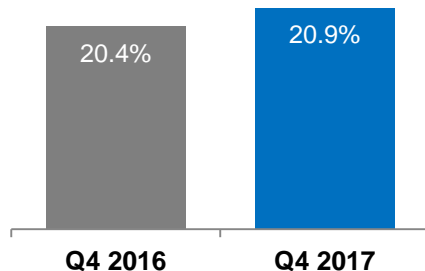
Q4 SERVICES RESULTS



Revenue (\$M)



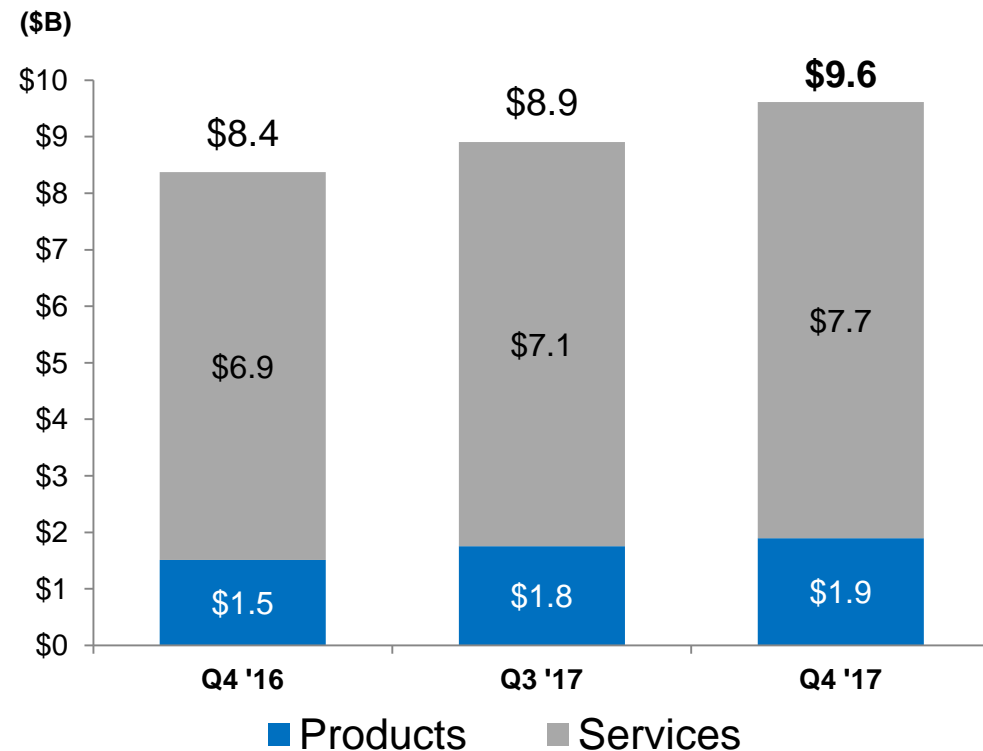
Operating Margin % *



- Revenue up 10% vs. LY with growth in every region, driven by Managed & Support services
- Operating margin up 50 bps on mix shift to Managed & Support services, partially offset by higher opex related to acquisitions
- Backlog up \$860M vs. LY driven by large multi-year service agreements in the Americas and Asia Pacific
- **Notable orders**
 - \$197M seven-year managed services contract extension for the Melbourne Metropolitan Radio Network in Australia
 - \$40M five-year managed services contract in Victoria, Australia
 - \$18M seven-year managed services contract with Dow Chemical

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

RECORD BACKLOG IN PRODUCTS AND SERVICES



Annual Change (Q4'16 to Q4'17)

- Products up \$382M primarily driven by North America
- Services up \$860M driven by North America and Asia Pacific

Sequential Change (Q3'17 to Q4'17)

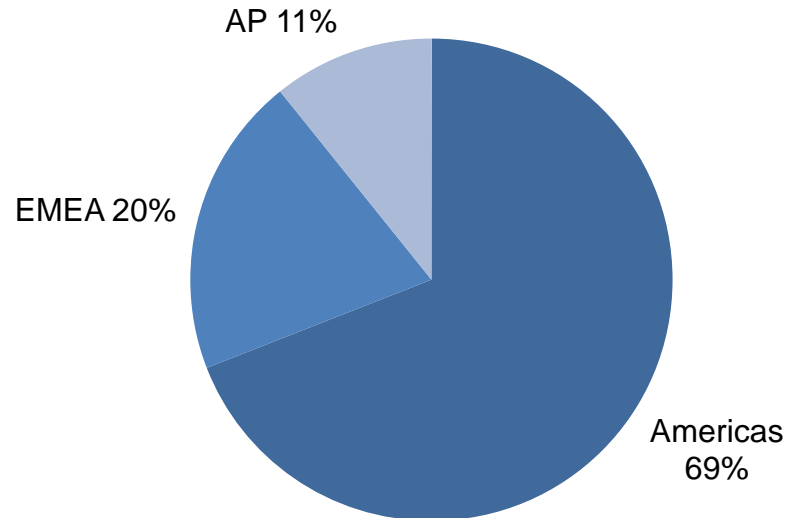
- Products up \$140M primarily driven by EMEA and North America
- Services up \$567M driven by North America, EMEA, and Asia Pacific

Q4 REGIONAL REVENUE



(\$M)	Q4 2016	Q4 2017	Change *
Americas	\$1,269	\$1,351	6%
EMEA	\$405	\$395	-2%
AP	\$209	\$211	1%
TOTAL	\$1,883	\$1,957	4%

Q4 2017 REVENUE BY REGION



AMERICAS – Growth driven by Products and Services

EMEA – Decline a result of completing large LTE project for Middle East customer in year-ago quarter

Asia Pacific – Growth driven by Services

* Values may differ due to rounding

2017 REGIONAL REVENUE



(\$M)	2016	2017	Change *
Americas	\$4,074	\$4,341	7%
EMEA	\$1,292	\$1,360	5%
AP	\$672	\$679	1%
TOTAL	\$6,038	\$6,380	6%

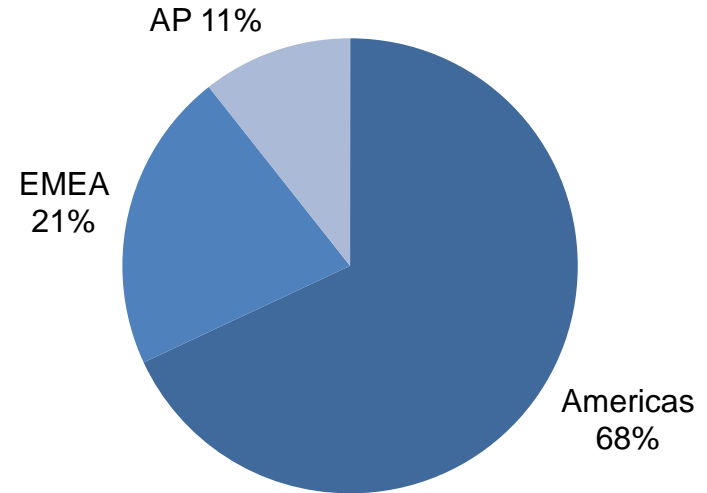
AMERICAS – Growth driven by Products and Services

EMEA – Growth driven by Products and Services

Asia Pacific – Growth driven by Products and Services

* Values may differ due to rounding

2017 REVENUE BY REGION



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 Services

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,” “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

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
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
GAAP gross margin	577	656	685	912	548	648	685	838	502	676	762	928	570	690	794	970
Non-GAAP gross margin adjustments:																
Stock-based compensation expense	4	3	2	2	3	2	2	2	2	2	2	3	2	2	2	2
Reorganization of business charges	1	3	7	—	2	3	1	4	16	8	1	18	4	2	2	1
Non-GAAP gross margin	582	662	694	914	553	653	688	844	520	686	765	949	576	694	798	973
GAAP Operating earnings (loss) ("OE")	107	138	207	(1,459)	119	254	231	389	100	224	341	403	176	257	338	511
Non-GAAP OE Adjustments:																
Stock-based compensation expense	25	23	18	18	18	17	16	18	15	16	15	13	15	14	14	15
Reorganization of business charges	9	25	13	15	12	13	14	38	7	19	6	48	15	1	6	11
Intangibles amortization expense	1	1	1	1	2	3	2	2	13	38	31	30	36	37	39	39
Other highlighted items	(21)	8	11	1,906	—	(32)	26	5	13	17	—	26	(24)	15	22	(3)
Non-GAAP OE	\$ 126	\$ 201	\$ 259	\$ 483	\$ 156	\$ 260	\$ 292	\$ 458	\$ 166	\$ 324	\$ 396	\$ 541	\$ 224	\$ 328	\$ 423	\$ 576

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
GAAP OE%	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 %	20.5 %	26.1 %
Non-GAAP Adj %	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 %	5.2 %	3.3 %
Non-GAAP OE %	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 %	25.7 %	29.4 %
GAAP Other income (expense)	(18)	(40)	(56)	(39)	9	(39)	(34)	(12)	(78)	(57)	(48)	(41)	(56)	(52)	(52)	(46)
Non-GAAP Below OE adjustments	—	—	(27)	—	46	—	—	39	(36)	—	—	—	3	(1)	—	—
Non-GAAP Other income (expense)	(18)	(40)	(29)	(39)	(37)	(39)	(34)	(51)	(42)	(57)	(48)	(41)	(59)	(51)	(52)	(46)
GAAP Earnings (loss) from continuing operations*	85	78	66	(926)	87	150	126	277	17	107	192	243	77	131	212	(575)
Non-GAAP OE adjustments	19	63	52	1,942	37	6	61	69	66	100	55	138	48	71	85	65
Non-GAAP below OE adjustments	—	—	27	—	(46)	—	—	(39)	36	—	—	—	(3)	1	—	—
Non-GAAP tax adjustments and effect	(32)	(20)	9	(728)	5	(13)	(21)	(27)	(27)	(27)	(14)	(35)	(2)	(14)	(38)	885
TOTAL Non-GAAP Earnings from continuing operations	\$ 72	\$ 121	\$ 154	\$ 288	\$ 83	\$ 143	\$ 166	\$ 280	\$ 92	\$ 180	\$ 233	\$ 346	\$ 120	\$ 189	\$ 259	\$ 355
GAAP Continuing operations 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)
EPS adjusted for dilution**																\$ (3.40)
Non-GAAP Continuing operations 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	0.26	0.34	0.28	5.50
Non-GAAP Continuing operations 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	\$ 0.71	\$ 1.12	\$ 1.53	\$ 2.10
Diluted, weighted average shares outstanding	258.3	256.2	248.2	230.5	217.8	209.5	201.3	177.5	177.	174.8	169.6	170.4	169.9	169.0	169.0	168.9

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

** Under U.S. GAAP, the accounting for a net loss from continuing operations results in the presentation of dilutive earnings per share equal to basic earnings per share, as any increase in basic shares would be anti-dilutive to earnings per share. As a result of the highlighted items identified during Q4 2017, the Company reported a net loss from continuing operations within our GAAP Consolidated Statement of Operations, while reporting income on a non-GAAP basis. An adjustment is shown to reflect the dilution of 7.2 million dilutive shares outstanding in Q4 2017.

SUPPLEMENTAL NON-GAAP MEASURES

Motorola Solutions, Inc. and Subsidiaries Non-GAAP Organic Growth

Total Motorola Solutions

Three Months Ended

	December 31, 2017	December 31, 2016	% Change
Net sales	1,957	1,883	4 %
Non-GAAP adjustments: Acquisitions	(48)	(8)	
Organic revenue	\$ 1,909	\$ 1,875	2 %

Years Ended

	December 31, 2017	December 31, 2016	% Change
Net sales	6,380	6,038	6 %
Non-GAAP adjustments: Acquisitions	(261)	(69)	
Organic revenue	\$ 6,119	\$ 5,969	3 %

Motorola Solutions, Inc. and Subsidiaries Non-GAAP Organic Growth

North America

Three Months Ended

	December 31, 2017	December 31, 2016	% Change
Americas net sales	\$ 1,351	\$ 1,269	6 %
Adjustments: Latin America	(103)	(99)	
North America acquisitions	(26)	(8)	
North America organic revenue	\$ 1,222	\$ 1,162	5 %

Years Ended

	December 31, 2017	December 31, 2016	% Change
Americas net sales	\$ 4,341	\$ 4,074	7 %
Adjustments: Latin America	(365)	(285)	
North America acquisitions	(67)	(8)	
North America organic revenue	\$ 3,909	\$ 3,781	3 %



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