

**MOTOROLA  
SOLUTIONS**

**INVESTOR OVERVIEW**

**March 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](http://www.sec.gov), and on Motorola Solutions' website at [www.motorolasolutions.com/investor](http://www.motorolasolutions.com/investor)

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# COMPETITIVELY DIFFERENTIATED BUSINESS



## Strong Competitive Position

- Global market leader as trusted partner in mission critical communications
- Global scale serving a unique, highly fragmented customer base with an installed base of 12,000 private networks
- Over \$500 million in R&D and \$1.3 billion in M&A in 2016

## Strong Financial Position

- \$6 billion in revenue and \$1.2 billion in operating cash flow in 2016
- Record backlog of \$8.4 billion
- 25% of revenue is recurring; growing faster than core business
- Robust cash flow and significant liquidity to fund future growth

## Positioned for Next Phase of Growth

- Transitioning to services and software; 40% of revenue is services
- Services and Software growing faster than core business
- Growth will drive significant operating leverage to cash flow and earnings



# UNIQUE CUSTOMER REQUIREMENTS

Mission critical communications through highly customized technology



## Survivability

- Hardened systems
- Ruggedized devices
- Resilient networks

## Reliability

- Consistent coverage
- Immediate connectivity
- Crisis capacity

## Control

- Highly secure, encrypted private networks
- Unique features
  - Off network, peer to peer communication
  - Dynamic talk groups

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**Long Term Trends: Law Enforcement, National Security, and Terrorism Concerns**

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# MSI COMPETITIVE POSITION



## Worldwide Leadership Position

### PRODUCTS

\$3.6B in 2016 sales

24.9% Operating Margin

Infrastructure, Devices, Software,  
Accessories

Motorola's products are  
the "gold-standard" technology



Highly Customized  
Feature Set

### SERVICES

\$2.4B in 2016 sales

21.6% Operating Margin

Managed & Support Services, Systems  
Integration

Multi-year contracts (5 – 15 years) for new  
technology and upgrades



R&D Investment Far  
in Excess of Peers

Extensive  
Global Sales  
Force and  
Partner  
Network

Significant  
Global Installed  
Base



# SOURCES OF LONG-TERM GROWTH

## Installed Base

Astro, Tetra, PCR  
Analog to Digital Conversion  
Software Upgrades

**1-2% GROWTH**

## Services

Managed & Support Services  
Systems Integration

**2-4% GROWTH**

## Command Center Software

Software, Video and Data Analytics  
Predictive Policing  
Next Gen 911

**HIGHER GROWTH**

## Public Safety-LTE

Mobile Apps, Software, Services  
Purpose-built Devices  
Interoperability with LMR

**ADDITIVE GROWTH**

# SHIFT TO SERVICES & SOFTWARE DRIVING RECURRING REVENUE GROWTH



- Increasingly complex networks driving demand for outsourcing support and management of networks
- MSI scale and expertise a better, more robust value than customers self-maintaining
- Some customers prefer opex versus capex funding model
- Acquisitions and internal R&D driving growth in managed services and command center software

## SOFTWARE

Platform Business Model

### Infrastructure



### Devices



### Services & Solutions



Multiyear service contracts across all technologies

Software solutions and SaaS in the 911 Command Center

25% of MSI revenue is recurring revenue

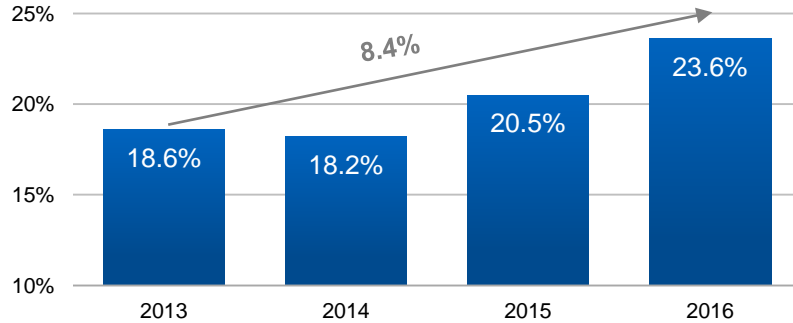
Backlog is primarily recurring revenue sources

Installed Base of 12,000+ Systems

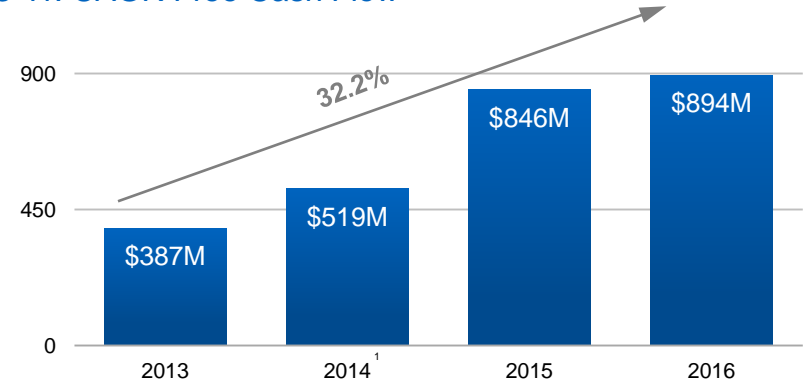
# STRONG FINANCIAL PERFORMANCE AND OPERATING DISCIPLINE



### 3-Yr. CAGR Operating Margin\*

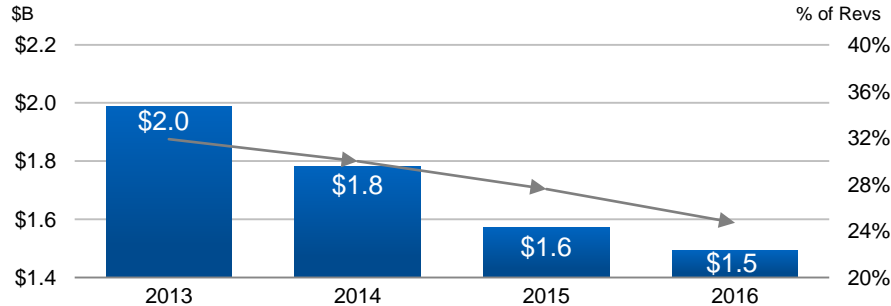


### 3-Yr. CAGR Free Cash Flow\*



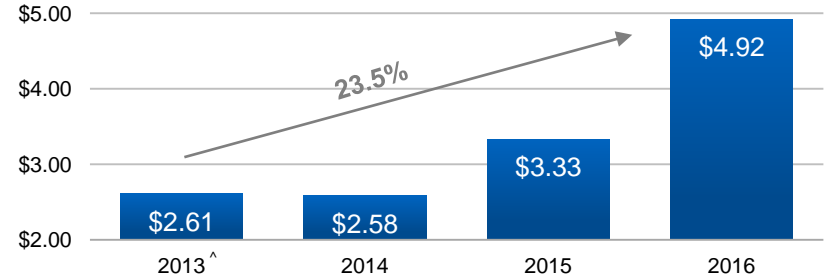
<sup>1</sup> 2014 FCF shown is normalized to exclude the impact of a \$1.3 billion contribution and restructuring of the pension plan

### 25% Reduction in Operating Expenses\*



\* Represents non-GAAP amounts

### 3-Yr. CAGR EPS\*



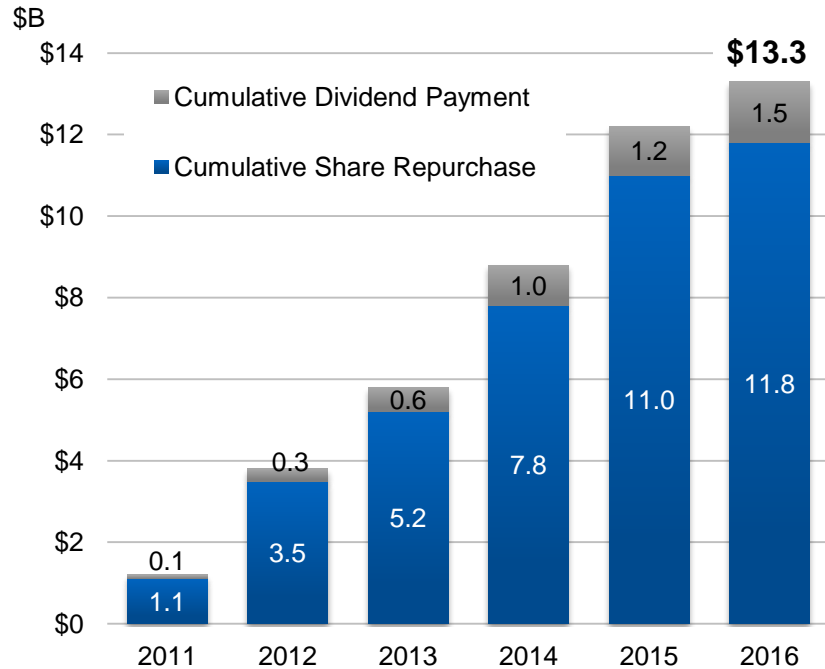
<sup>^</sup> 2013 EPS shown is normalized to exclude a one-time tax benefit of \$1.25



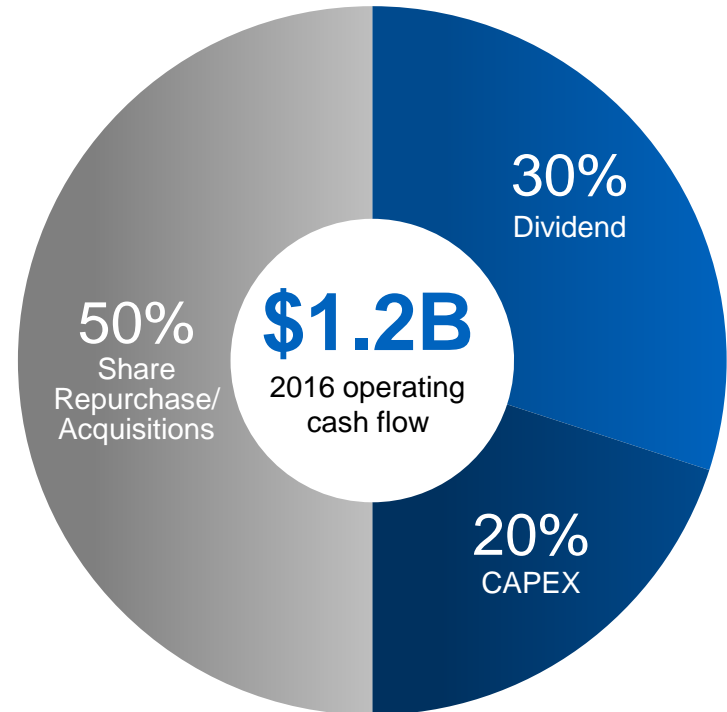


# STRONG TRACK RECORD OF CAPITAL RETURN

## Cumulative Capital Return



## Targeted Capital Deployment of Operating Cash Flow





# MSI POSITIONED FOR VALUE CREATION

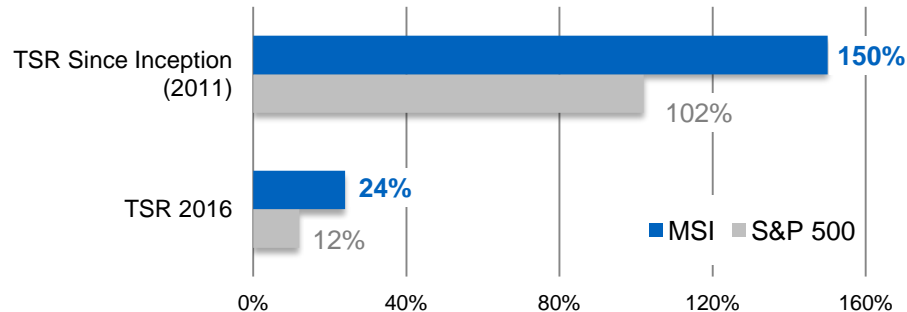
## Attractive Industry

- Continued demand for highly secure mission-critical networks in a turbulent world
- Public safety is non discretionary spend
- Global customer base requires scale to provide specialized technology solutions
- Technology evolution enabling more valuable solutions

## MSI Growth Drivers

- Shift to services and software leveraging installed base
- Expanding software and SaaS solutions in 911 Command Center adjacencies
- Public Safety LTE new demand for Devices, mobile applications, and services
- International market expansion opportunities

## Focus on Shareholder Return



**\$13.3B**  
Capital Return  
Since Q2 2011



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