



Presentation at
Credit Suisse Technology, Media & Telecom Conference
Tuesday, December 2, 2015

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QUESTION AND ANSWER SECTION

<INTRODUCTION: – Kulbinder Garcha – Credit Suisse Securities>: Okay. Great. We'll get started. Good morning, everyone. My name is Kulbinder Garcha; I'm the Telecom Equipment and IT analyst for Credit Suisse. We're very pleased to have from MSI, Gino Bonanotte, the CFO. We'll do this in a Q&A.

<Q – Kulbinder Garcha – Credit Suisse Securities>: Gino, maybe if we start off. Can you maybe speak about – when I speak with investors and I think about the MSI business – whilst there's always been this arguing that there is a reasonable amount of growth in your end markets, it's obviously been reasonably volatile in recent years. So, as you look out now over the next two to three years – I'm not asking necessarily about next year – can you speak about the revenue growth drivers in terms of what gets you to this kind of low single digit growth and what the percentage we should think about maybe as we do go into next year?

<A – Gino Bonanotte – Motorola Solutions>: Sure. Again, not specifically for next year but in general.

<Q – Kulbinder Garcha – Credit Suisse Securities>: Right.

<A – Gino Bonanotte – Motorola Solutions>: Growth profile, the low single digit growth profile. And as we think about that, we think about the traditional LMR business, core business, inclusive of systems integration associated with that LMR infrastructure at the low end of that range, low single digit range. In areas that would provide opportunities for growth, really specifically around services, managed services, and support services, software user agreements, and smart public safety, applications and software, those are the areas that would grow at a higher percentage than the core business and really gives us that low single digit range that we talk about.

<Q – Kulbinder Garcha – Credit Suisse Securities>: And then, on the – I guess on the LMR business – the drivers are still just making it more digital, or is it a combination of that and smart public safety LTE that comes into that? Are all those factors incremental, how should we think about that?

<A – Gino Bonanotte – Motorola Solutions>: Yes. They're all incremental. Digital itself isn't really a driver. What it affords are different feature sets, incremental features; certainly, the introduction of more software that drives demand. It's not necessarily that conversion. It's really the feature set associated with that conversion that drive demand. In the services segment, demand's driven by the increasing complexity of our systems, as well as a desire for some of our customers to outsource some of the support and management they've historically done on the LMR systems to us, and clearly we're uniquely qualified in that space to support their systems.

<Q – Kulbinder Garcha – Credit Suisse Securities>: What's triggered that services change in your customers on the LMR side, and why is it that they now see that you can provide or do you have to provide to capture that opportunity?

<A – Gino Bonanotte – Motorola Solutions>: Well, I think, again, it's the complexity of our systems, the increasing complexity of our systems. It is the expense associated with self-maintaining a system versus us maintaining their system for us. Much of the, and I'm sure we'll likely get into backlog, but the growth has been around multi-year service agreements, which clearly we're very excited about. Not only is that an annuity and multi-year – in some cases is 10-year service agreement – it also speaks to the durability of the core business of the LMR business that our customers are signing long-term service agreements, both service and software upgrade agreements.

<Q – Kulbinder Garcha – Credit Suisse Securities>: That annuity aspect of the business, have you guys ever quantified it in terms of where it is all?

<A – Gino Bonanotte – Motorola Solutions>: Yeah, we have. So if you look at our business, you look at the services segment, the services segment is about \$2 billion.

<Q – Kulbinder Garcha – Credit Suisse Securities>: Right.

<A – Gino Bonanotte – Motorola Solutions>: Approximately half of that is what we would call a recurring or annuity-like business, and that has been growing at the high end of the range. Certainly, if you look at that \$1 billion, look at the services segment, excluding systems integration. So, that \$2 billion is comprised of \$1 billion of systems integration approximately and \$1 billion of service support managed services. The managed services and support in constant currency, certainly, has been growing above that range that we've articulated. So we've seen good growth, and we're pleased about that as those multiply and layer on top of each other, the annuity aspect of that and the durability aspect of long-term service agreements we're pleased with.

<Q – Kulbinder Garcha – Credit Suisse Securities>: And then on the backlog and the improvement that we've seen over the past year for services has been one part of it. What are the other factors that have been giving you – or how should we think about the backlog and conversion in terms of the near- and longer-term visibility now gives you versus a few years ago?

<A – Gino Bonanotte – Motorola Solutions>: Sure. So, if we look at backlog, we ended Q3 with approximately \$6 billion of total backlog, 13% year-over-year growth. If we go one level below total backlog, of that approximately \$6 billion, \$4.6 billion is service related. That has grown \$500 million year-over-year. So, ending Q3, services backlog at \$4.6 billion, and that's really comprised of those multi-year agreements that we've talked about. That's really what's been driving the growth. What we shouldn't lose in the discussion around that backlog growth, however, is the product segment has grown for six quarters in a row. And the product segment year-over-year growth was approximately \$170 million ending Q3.

<Q – Kulbinder Garcha – Credit Suisse Securities>: Right. So, then, I guess, in terms of the near-term issues and visibility that we spoke about in the Q3 results, given all of these other factors – backlog, the mix shift towards services and annuity business – how would you describe your visibility now versus this time last year? And what should we be thinking about on the puts and takes because you spoke in the near-term to be a little bit more cautious in Q4. Can you just elaborate on what's happening there?

<A – Gino Bonanotte – Motorola Solutions>: Sure. Clearly, as the amount of recurring business – that billion dollars grows – it clearly gives us better visibility. It's an annuity; it's a multi-year agreement. The issues that we talked around in Q3 were comprised of about \$100 million in revenue that – from our last

view, the Q2 earnings release – and that was comprised, about a third of that, was related to FX, additional FX pressure.

About a third of that was related to systems and that was primarily driven by Latin America. We've seen – as we've all seen – significant movements in currencies in Latin America. Brazil is our largest market in Latin America. And clearly, currency and the macroeconomic, political conditions in Brazil resulted in about a third of that – a \$30 million to \$35 million issue in the year.

And the remaining amount is really run rate that's split equally between Latin America and Eastern Europe. The \$100 million, really there's – the North American number hasn't changed all year. North America, we expect to be low single digit growth and that continues to be our expectation for the full year. So, there was no change to that. Certainly, wasn't any change to the services business. It's predominantly related to Eastern Europe and Latin America driven by currency fluctuations.

When we talk about currency, we talk about constant currency and the impact it's had to our year, approximately \$200 million. What we haven't talked about really until the last earnings call is the transactional impact of currency beyond the translational impact. So, much of our – 83% of our revenue in Latin America is denominated in USD. Almost half of our revenue worldwide outside of the U.S. is denominated in USD. Clearly, the movement in currency has had an impact transactionally, and we've done some things to address it. We've been selectively more aggressive on pricing in Eastern Europe and in Latin America on several large deals. But that's really what's impacted the year.

<Q – Kulbinder Garcha – Credit Suisse Securities>: Right. I guess in terms of the systems that you are deploying in these countries have caused this impact; for how long can they be delayed or impacted by this? Because on the one hand, there's a need to modernize the infrastructure and the technology. On the other hand, they have to cope with their own budgeting issues. So how should we think about that dynamic? Is this a multi-quarter thing? What visibility do you have on it and what experience from the past, I guess, as well?

<A – Gino Bonanotte – Motorola Solutions>: Yeah. I think experience in the past is clearly relevant. The issues in Latin America, I don't think are a short-term fix. I think we'll continue to see pressure in Latin America, certainly through the first half of the year. And Eastern Europe as well, we've seen a pressure to our business in Eastern Europe and Russia and the Ukraine and other Eastern European countries, and we expect that to continue in 2016.

Having said that, as you said, the demand for the product hasn't gone away. So what we're seeing right now, what we've seen in Latin America is funding no longer being available for projects. But the projects haven't been cancelled, haven't been pulled.

<Q – Kulbinder Garcha – Credit Suisse Securities>: Okay. And if we turn to public safety LTE in the U.S., can you speak about first of all where are we in the process? It's been obviously going on for a long time with FirstNet. And so, what are the various catalysts and how is the timetable on that developing?

<A – Gino Bonanotte – Motorola Solutions>: Sure. So, we continue to work with FirstNet and we are concentrating right now on the three awards we have – two in the Middle East and the LA-RICS opportunity. We're deploying that, working very closely with FirstNet. Much of what needed to be resolved to implement a nationwide broadband system for public safety, i.e., spectrum allocation, identifying or articulating a standard and making some funding available, has been done. We're awaiting with the rest of the market, an RFP that should be out here shortly – end of the year, early part of next year – for the FirstNet system, so we'll know more at that point in time how we move forward and what the roll up might look like.

<Q – Kulbinder Garcha – Credit Suisse Securities>: And can you maybe amplify on the nature of how this will be awarded? Is it on a region by region, state by state basis? Is it nationwide or is that still to be determined?

<A – Gino Bonanotte – Motorola Solutions>: It's still to be determined.

<Q – Kulbinder Garcha – Credit Suisse Securities>: Okay. Okay. Okay. Okay. And in terms of your – one of the arguments or the concerns has been that the continuous delay means that you could actually use more regular commercial networks to substitute some of this. Can you speak about maybe the technology substitution risk and its aspect? Does it exist? Is it kind of – I can see why it can, but then it does seem to be – keep coming up – the same carriers and their ambitions in this area as well at some point. So how do you see that?

<A – Gino Bonanotte – Motorola Solutions>: Yeah. It's a good question. What we do see use of data on carriers right now for non-mission critical applications, i.e., license plate identification, e-ticketing. The idea that broadband will be – so video back – moving back and forth from an officer or a responder back to the control center is a different proposition than what customers are using data for right now in public safety. The application set that will be developed would use obviously far more broadband, far more pipe than what it is being used right now

So what we've seen so far, is public safety using commercial data networks for low-bandwidth, non-mission-critical applications. When we talk about a nationwide interoperable broadband public safety system, we're talking about video and other high-bandwidth applications running over it. It's a different proposition than what's been...

<Q – Kulbinder Garcha – Credit Suisse Securities>: And you would argue these commercial networks are, I guess, for want of a better expression, hardened enough to deal with mission-critical communications in terms of reliability and timeouts and blackouts and that kind of thing?

<A – Gino Bonanotte – Motorola Solutions>: Yeah. There are many aspects, arguably, that certainly hardened number of sites, the availability of multiple users, incident scenes and consumers and public safety responding to the same area obviously complicates matters. But it's a different application. A commercial system is a different application...

<Q – Kulbinder Garcha – Credit Suisse Securities>: Right.

<A – Gino Bonanotte – Motorola Solutions>: ...than a public safety system. It's not built to address public safety needs. We've seen incidences in Boston, with respect to Katrina and Sandy, that commercial towers, specific towers, are inundated with traffic. That condition, compounding that condition with public safety on those towers would be problematic. So it's not only the hardening of the system. It's actually the system design.

<Q – Kulbinder Garcha – Credit Suisse Securities>: And in terms of – as we approach this important period of RFPs, RFQs being awarded – can you speak about the advantages that you have, let's say, based upon your existing business and your legacy, frankly, in this industry? And also, how is the competitive environment shaping up and who you guys are facing up against, and what risks – what kind of keeps you up at night – in terms of capitalizing on what could be a major opportunity over the next several years?

<A – Gino Bonanotte – Motorola Solutions>: So, on LTE specifically and obviously, we've seen different competitors in the three different opportunities that we've won; not a surprising list of competitors. What we believe gives us an advantage is certainly the legacy and history in mission-critical voice. But specifically, the investments we've made in LTE, in the upper core, that mimic the work flows and the way public safety uses communication which we think translates from mission-critical voice to data applications.

Example's, being perhaps regrouping units as they roll to a scene. There's inherent differences in the way public safety uses a communication system and their ability to manipulate that system versus a commercial carrier. We've made those investments and we're building that into LTE.

<Q – Kulbinder Garcha – Credit Suisse Securities>: And in terms of – last question on this subject before we move onto some MSI-specific ones – maybe how should we think about this opportunity? A large one which has been awarded; there's some services you could attract. There's also just direct products you could sell. As you think about the opportunity for MSI, how should investors think about, if this plays out the way you hope, what could be the incremental impact to this low single digit growth that you otherwise believe in the business?

<A – Gino Bonanotte – Motorola Solutions>: Yes. I think certainly for the near-term, midterm, LTE, we should contemplate LTE within that envelope of 2% to 4% growth. And longer term, depending on the roll out, that may change. But for right now, it's included in our view of what our growth profile is.

<Q – Kulbinder Garcha – Credit Suisse Securities>: Okay. If we turn to some MSI-specific questions, maybe on the cost structure, since separating from Motorola a few years ago, we've seen a number of cost reductions. We've seen OpEx come down by several hundred million dollars. I guess, is now the business very lean? Is that how we should think of it as being effectively right-sized or there's a fair amount of efficiencies been driven out of it? Do you see scope for more savings? How should we think about how you manage costs going forward?

<A – Gino Bonanotte – Motorola Solutions>: Yeah. So, what we've said on the call – the last earnings call – is that our expectation of our OpEx for 2016 will be an incremental \$125 million reduction to \$1.46 billion of OpEx. Those actions are largely complete. It's more of an indication of where we are from an exiting Q4 run rate perspective than any additional initiative. As you know, we've been working around simplification – simplification of our business processes, of our structure – that has allowed us to reduce costs while minimizing impact on deliverables and on R&D offerings.

<Q – Kulbinder Garcha – Credit Suisse Securities>: Okay. And in terms of R&D, there's been – like, do you ever – are there any concerns of underinvestment? How do you think about the projects that you're investing in? There's always a danger you can over-rationalize. Can you speak about the metrics you look at, the productivity in the R&D to be satisfied they're at the right level?

<A – Gino Bonanotte – Motorola Solutions>: Sure. And clearly, we don't think we've done that. As a matter of fact, we've moved investment to growth areas throughout this process. And when you look at what we've done in R&D specifically – led by Bruce Brda who's done a great job across R&D – is a simplification of how we managed R&D rather than elimination of projects. As an example, historically, our structure was to have a general manager of ASTRO subscribers, a general manager of ASTRO infrastructure, a general manager of ASTRO. And you recall we had over 170 fully allocated P&Ls.

<Q – Kulbinder Garcha – Credit Suisse Securities>: Right.

<A – Gino Bonanotte – Motorola Solutions>: We reduced that to three, and what Bruce has done through platforming is really consolidated the work around subscribers; and platforming not only the technology, but the management structure around it. So, much of the reduction is really around how we manage the projects, not a reduction in the projects themselves. We've also moved more aggressively to shared service centers, offshore shared service centers, so a movement from high cost to low cost in the R&D – on the R&D line.

<Q – Kulbinder Garcha – Credit Suisse Securities>: If we turn to the Silver Lake investment, can you – what's the best way of, from an investor's perspective – to think about that? And specifically what I'm getting at is that if you think two years from now, what benefits would have accrued to MSI from that, do you think?

<A – Gino Bonanotte – Motorola Solutions>: Well, I think there are many benefits at different levels. Certainly, board representation and the impact of Egon [Durban] and Greg Mondre on the board. But beyond that, we've established workstreams with Silver Lake across several topics. As an example, one of them is cost of goods sold and working on both product and services, but in specifically services, leveraging the experience they've had with all the portfolio of companies they've had in IT in reducing, as an example, calls to the call center or truck rolls; using technology to inform customers as opposed to a phone call.

So, I think we'll see impact across several levels of the organization. Clearly, a different perspective on the spaces that we've identified for growth – services, managed services, specifically smart public safety. The portfolio of companies that they have, the view that they have in technology and software, is helpful to us as we determine where we're going to go in those growth areas.

<Q – Kulbinder Garcha – Credit Suisse Securities>: Let's say, with the portfolio of companies that they have, is it a case of that will introduce you through partnerships to new services opportunities? Or you'll be buying and disciplined in acquiring or you think you can...

<A – Gino Bonanotte – Motorola Solutions>: I think it can take many different forms. It could be opportunities. It could be companies. It could be talent. It could be partnerships.

<Q – Kulbinder Garcha – Credit Suisse Securities>: Right. Okay. Okay. Which kind of brings me, I guess, to my last couple of questions. On capital return, the sense I got after the last call was that going after significant share count reduction, frankly, and significant capital distribution in terms of buybacks in particular. Now, the use of cash going forward will be a little bit more – there will be still capital return but you're going to be a little bit more acquisitive. Is that the right interpretation of those comments? Or could we be still seeing 100% of free cash flow in certain years returned back to shareholders? If you don't get the right targets, how should we think about that?

<A – Gino Bonanotte – Motorola Solutions>: Yes. So, I think the simplest way to think about that is we ended Q3 with \$2.2 billion in cash. And what we've said is we need – we believe we need approximately \$800 million to \$1 billion in cash to run the business. So, there's still an opportunity around that \$1.2 billion to \$1.4 billion. Beyond that, the capital allocation framework that we've articulated still holds; that is, of operating cash flow 20% dedicated to CapEx, 30% to dividends, and 50% to either acquisitions or share buyback.

<Q – Kulbinder Garcha – Credit Suisse Securities>: Right. Okay. Okay. Okay. So, I guess in terms of any change in your – you haven't been massively acquisitive. Do you now see, I guess, as we get to a period of maybe revenue stabilizing to growing at some point going forward, this is the right time to embark upon that, given there's all these other things going on with MSI or...?

<A – Gino Bonanotte – Motorola Solutions>: Perhaps. I certainly wouldn't exclude that possibility. What we've done in the past are acquisitions that have been clearly in the spaces that we think we have an opportunity to grow – managed services and smart public safety, specifically – with acquisitions such as the Twisted Pair acquisition, Emergency CallWorks, which is next-gen 911 both on-prem and the cloud. It's a great team, a great offering that has seen good reception in the marketplace so far. But I wouldn't exclude a larger acquisition should the right opportunity become available to us.

<Q – Kulbinder Garcha – Credit Suisse Securities>: Okay. And then maybe just the last one on public safety. Actually, your international expansion – that MSI been trying to put through in public safety outside of the U.S. – can you speak at where we are on that process, which of the markets are you guys are going after where you can take? You seem to have a lot of things and a lot of strength in the U.S. I've always thought there's an opportunity to translate that into international expansion. Where are we on that process?

<A – Gino Bonanotte – Motorola Solutions>: We continue on the process. There are countries in the world, there are areas in the world where our penetration is similar to the penetration that we have in North America, primarily around some industrialized countries. You can look at Western Europe perhaps, Australia, even some countries in Latin America as examples of penetration. So, we continue to work on expanding our footprint and the penetration of public safety communications in countries outside of North America.

Kulbinder S. Garcha, Analyst, Credit Suisse Securities (USA) LLC (Broker)

Okay. Great. With that, we are just about out of time. Thank you very much.

Gino A. Bonanotte, Executive Vice President & Chief Financial Officer, Motorola Solutions, Inc.

Thank you, Kulbinder.