



MOTOROLA SOLUTIONS

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FIRESIDE CHAT DISCUSSION

Tim Long (Barclays): Thank you, everybody, for joining. Tim Long here, IT Hardware and Comm Equipment Analyst at Barclays. Very happy to have Motorola Solutions with us today. Jason Winkler, CFO. Thanks for coming. Really appreciate it. I know, it's a little bit of a crazy time.

We got a bunch of stuff to go through here. Maybe we'll just start with a few of the kind of hotter topics that we get from investors on the name. So, let's start with LMR product. You know, this is obviously an area that had a few good years of growth, you know, probably higher than trend rate. And then, you know, pulled back a little bit on the growth perspective. Walk us through, you know, how you're looking at that business. Maybe we'll talk about Silvus separately, kind of the core LMR product business specifically over the next few years.

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Jason Winkler (Motorola Solutions): Sure. So LMR for us before the addition of Silvus, because now we call it Mission Critical Networks, which, you know, a whole new technology to us. But as I think about the LMR business for us, where we're a leader in P25, which is largely North America, we're leader in Tetra, which is a European standard, and then we're a leader in DMR, which is a commercial standard. I mean, the LMR business, for us, is a mid-single digit growth business, in totality. I know we're going to talk about products, but I think it's important to... we think about the business on the whole because there's a lot of high-quality attributes around the product side and it's supplemented by a very good transition that's taking place to a more services attached software type business.

And then Silvus, of course, when we add that in, improves its growth profile over the long term as well. So, in terms of products, there's a couple of things we're pretty excited about. One has been with us for a few years. One is just getting started and its infrastructure. The one that's just getting started. Our P25 customers, our mission critical state, local, county, city of X customers in North America are on their second -- our second generation of infrastructure, our base stations, our proprietary P25 standards compliant equipment that now we've introduced our third generation, which is the D-Series. and infrastructure and for the company is a little less than \$2 billion and we think that the opportunities in the coming years for that infrastructure change out from our customers... We've talked about some big ones by the way on the last call, state of Colorado, state of Tennessee, St Louis area, they're investing in upgrading their land mobile radio networks for both the infrastructure and the services and software that come with it. Those customers and most customers attach a software agreement or services agreement, and so that will benefit us as well.

So, D-Series, we're just seeing the beginnings of, we just released it and we're seeing good uptake and traction. And infrastructure takes some time to replace. You got to go touch sites. You got to change things out. So those that'll be with us for a number of periods. And then on devices, which is, you know, another \$2.5 billion of our -- of our total LMR business. So together devices and infrastructure, about half of LMR and we've talked about the devices uptake there continuing towards APX NEXT, which is our most recent radio that is accompanied with an LTE pipe to deliver applications and value to customers. It's priced at a little bit of a premium upfront.

And then of course it comes with this subscription or apps that accompany it and our customers overwhelmingly adopt the apps. So 200,000 subscribers on the app's platform end of this year, we talked about next year, we see 300,000 units being subscribed to the platform. So continued driver as well around devices refresh now with the beginnings of a D-Series refresh and then all the services and applications that get attached to it. So LMR, before we talk about Silvus continues to be in a strong place.

Tim Long (Barclays): Okay, great. Yeah, that APX NEXT transition is good. And for those that don't know, these are long cycles. These devices tend to last, you know, eight years or whatever.

Jason Winkler (Motorola Solutions): That's about right. And infrastructure, by the way, is usually about double that. So, we'll see two cycles on devices for every one cycle on infrastructure.

Tim Long (Barclays): Right. Right.

Jason Winkler (Motorola Solutions): And by the way, also, we talk about cycles, our business, our customers, every customer is on a different journey, different dates of when they adopted it. So, we don't see cyclicity in our total business because every customer is different. And the aggregate effect is that it leads to a more of a steady state for us. But if you look at a customer and even our top customers in any given year, they're always different because everybody's on their different, unique, locally owned, locally controlled, locally funded type network and devices journey because they're maniacally focused around... state and local governments want control of what's happening. Their citizens expect safety. They do expect interoperability as well. So that when something does happen in the city and the state and the county and feds and they all come together, they interoperate. And that's where our technology excels, because we're selling to all of those customers. And when the you know what hits the fan and they show up, those communication systems are well coordinated and responses are strong.

Tim Long (Barclays): Right. Right. Okay, great. Yeah. We'll get a little more into APX NEXT and that part of the business. But just one other on the infrastructure, you mentioned the software and services. When we look at LMR services, it's a pretty good growth business for Motorola, typically -- if we back out what happened with Airwave, but pretty consistent grower. Do you do you think those infrastructure upgrades on the hardware side allow that growth to continue or even accelerate at times because of... you're touching it again and you have more. I mean, you have more ability to upsell.

Jason Winkler (Motorola Solutions): The content in the hardware is more powerful. It's solving customer challenges like better redundancy, better cybersecurity, better backup. And yeah, with that comes an opportunity to attach more software content as well as services and what we do. You're right, Tim, if I zoom out and think about the long term of our business and what we've seen transpire and what we would expect, services and software around LMR generally grow faster than that of products. And so that's a content, that's a value and that's, you know, our opportunity to serve our customers more and more. Some customers have turned to us to do things that they once did themselves right. Protecting a network, readying a network, cyber securing a network. We're monitoring a network. We have a NOC, SOC in Illinois, we have another one in the UK. We can scale those operations and do things for our customers that they either weren't doing or that they were doing themselves, that we can offer them at a better value and better expertise.

Tim Long (Barclays): Okay, great. Second topic is the funding environment. I think there's been a lot of discussion around, you know, DOGE and shutdown and a lot of federal stuff and you guys are mostly state and local. So maybe you can just talk a little bit high level about what Motorola sees in the current funding environment for the core parts of the business.

Jason Winkler (Motorola Solutions): Yeah, so state and local for us in aggregate is about a \$5 billion business, largely focused in -- it is in North America, US plus Canada and it's thousands of customers and, to dimensionalize that, in every year we see about 20,000 purchase orders, contracts, buying decisions from them. So, it's a very diverse base. They all buy for their unique needs. They don't count on the federal government for their funding. They count on property tax, use tax, special tax, general funding sources. They figure out a funding plan to do something that's critical, which is public safety.

And so, they continue to -- to do that. We look at the budgets. Many state and local budgets rollover in July, some in January. As we looked at the July rollover, the budget situation among our... most of our customers was for yet another good year in terms of their own funding priorities within their budgets, which, by the way, state and local budgets have to be balanced. That's not the case in the federal government. So, we're -- we entered and are entering and we're seeing it, a period of another good year for funding backdrop. The things that we provide to our customers are generally top of the list, and we've seen orders growth within our portfolio, largely driven by LMR in Q2, Q3 and expected in our Q4 guidance is for double digit products growth complemented by double digits services growth. So, it's in both places.

Tim Long (Barclays): Okay. And it seems the reliance on federal grants is probably a little overstated in the investment community. But maybe talk to some of the bigger programs like where are we with ARPA and OBBB as far as, you know, more impact in the next year or two in certain parts of the business.

Jason Winkler (Motorola Solutions): ARPA is behind us, but for our customers, our state and local customers, we didn't see a significant -- it was a super small contribution to what some customers used to buy. Single digits, real small.

It's behind us and customers continue to find new and other ways to fund. So, we never saw it as a significant tailwind.

And so, as we look forward, you mentioned OBBBA, different bucket of money that's targeted again towards our federal

customers. And we do serve federal customers. The law enforcement agencies within DHS as well as some DOJ as well. The OBBBA funds that have been made available for both of those agents -- some of the agencies, DOD, DHS, each one is getting over \$150 billion of incremental and new funding that's yet to flow, but we see alignment between what are their priorities with that funding and what some of the things we do are, you know, communication systems, video security, national defense, Silvus, all of those types of things that we enable. And they are prioritized in this new source of funds. Those represent opportunities for our federal business, which for us is about 9% of revenues.

Tim Long (Barclays): Okay. Yeah, I had a later follow up on Federal, but let's hit it now. You talked obviously with the shutdown, not a big part of your business, but remind us how you're looking at that federal business in the near-term into Q4. I think you couched it as this business, you know, might be sub seasonal, but as things pull in, it's better. And then are we back to business as usual in -- in 2026 in that -- in that business.

Jason Winkler (Motorola Solutions): We framed it as -- we reaffirmed our guidance for Q4, which is for 11% growth, 7% to 8% of which will be organic. And that we gave a marker, you know, Greg generally gives a marker or color around the following year of \$12.6 billion, which is 8% growth, a little north of 5% organic, which again is better than the year we're completing. So, we feel good about next year. And that to the extent that when the government was closed, there was any timing issue with orders or engagement with customers, it would add to the \$12.6 billion of next year. Now, thankfully, the shutdown is behind us, so we're actively engaged with customers again prioritizing - the types of things that we do tend to be top of the list and we're back at it and engaged with our customers.

Tim Long (Barclays): Okay, great. Maybe let's hit on Silvus. It's still, you know, from the investment community still learning this business, but you've only had a short amount of time it already upside the first quarter that they reported and, you know, still seeing pretty healthy 20% growth for next year. So, walk us through kind of how you view that business given that it's very good margin, very good growth right now, a lot of incremental TAM, really strong technology. So how important do you think this could be for Motorola?

Jason Winkler (Motorola Solutions): Yeah. I think I think you framed it well. And we've been working through diligence with them for, you know, about a year. Right. And what do we like about them and now us together? They lead in a different form of RF, which is MANET, mobile ad hoc networks, that have use cases like in the battlefield where you need a mission critical data, always on, resilient, can't be blocked, can't be jammed, kind of application. That's what they do.

And we're excited about the business that they've built. We're excited about the opportunities that we have together. You know, they've scaled this year on an annual basis to be \$500 million. They have 45% EBITDA margins. And -- and yet they -- they have a pretty small sales team, right? It's 30 plus people. We're going to enhance their market coverage with the relationships that we do have. We do have a federal business, but not a defense-oriented business. So, we think we can help them there. Their R&D, we spend \$900 million a year in R&D, half of which goes to our LMR. Now, MCN technology, they -- they spend a fraction of that.

We've already got our best of best teams working together with them around how to advance their software and solutions

even further. And to date, they're generally a very good software enabled product with little services or software attached around it. That's a lot like we were a decade ago. And you've seen us, Tim, you followed us transition from where 80% of our business come -- came from more hardware centric things to, you know, we're now more like 60% trending to 40% software and services. So, a lot of opportunities, good growth, good platform, good synergies. And it is taking us deeper in defense and we like that. We like the demand backdrop for drones, unmanned systems. We like the customer base, we like the work that they've demonstrated, it's best in class in Ukraine. And together I think we can -- we can continue to help them grow and diversify their account base.

Tim Long (Barclays): And I imagine Europe is another big opportunity given the focus on defense and their probably limited exposure to that.

Jason Winkler (Motorola Solutions): Yeah, I just got back from an NDR in Europe and a lot of, you know, investors acknowledging that those area NATO countries are getting serious about increased defense spend in the environment we're in. And where is a lot of that going? It's going in, you know, new defense which includes things like unmanned systems. And also, another thing Silvus does is counter-drone. Right. So, they have a very powerful network to empower communication systems which have a good use case in drones. But the inverse is true too where you don't want drones to be somewhere and you want to field a place or protect the place or monitor a place using similar technologies to keep drones out from somewhere. And we like that application, too.

Tim Long (Barclays): Okay, great. And you know, there's been stories about the US government with pretty ambitious drone plans over the next multiple years. I would assume this is a pretty good guidepost and indicator for what some, you know, incremental Silvus opportunities would be.

Jason Winkler (Motorola Solutions): Yeah, absolutely. I mean, you can't read a headline without, you know, the current, you know, readiness for the defense industrial base and what modern warfare and what drones or unmanned systems, what part they have in the future. And that's a great backdrop for us. In terms of TAM, we've sized it at roughly about \$3 billion. It's going to... we expect double in the next four to five years. And Silvus has the lead. There's two or three other competitors in there, but they have the most robust platform, scalable, and it can't be intercepted better than anybody else's. And we're going to continue to grow that technology lead and we're going to grow it from account coverage or sales base lead as well.

So, we're excited about Silvus. At the same time, we're excited about the majority of everything else that we do, which is, you know, 12 -- next year, \$12 billion in everything else, in our core, \$600 million in Silvus. The relationship we're very excited about it, but not to miss the fact that we have fundamental drivers in our business, in LMR, in Command Center and in Video that will continue to be strong for us.

Tim Long (Barclays): Okay. Yeah. Before we get into the Video and Command Center, just to go back to APX NEXT, you mentioned the 200,000 going to 300,000. Where are we in... you know, what inning are we in in the transition to APX NEXT? And then, you know, second, if you can talk about, I think that \$300 number encompasses like six or seven applications mostly. Do you see growth in the ability to monetize the base ahead, you know, on top of what's currently being monetized for the applications.

Jason Winkler (Motorola Solutions): We do. So, there's four or five, six core apps that have been delivering value for customers and driving the adoption curve, extending the network, programming the radios, better GPS and video ingestion are four that are top of the list. We're developing more. It's a platform to size it. Again, next year's end of year view, 300,000 units. There's 2 million public safety users. Now, we have significant share. We don't have all of them. But that gives you an opportunity for us to see how this thing plays out. We're a few years into it and just this year we fully tiered the portfolio.

I mean, when we released the APX NEXT platform, which was industry leading and remain so it was targeted at the Quad Band Radio, four bands, most complicated users with the most needs for interoperability. That's where we started. We fully tiered it out now where if you're a simpler user and you're on one band or RF and there's an APX NEXT for them too, which comes with the applications platform. Now another thing that can help us bend the curve around adoption is the release of this SVX device, which starts first as a mission critical audio device paired with only APX NEXT.

So as that has gotten some very good customer reception, we're already in 70 accounts as an audio first device. Many of them are trialing the video capabilities to examine what that could bring as well. But we think that that strategy not only will help us sell value upfront, help customers with an AI assistant, but position us as well for further video growth, including body worn camera video, which the device does, and of course, all the value on the back end and storage, redaction, evidence management and the platform that we have there as well.

Tim Long (Barclays): Okay. Yeah, it's a good segue to the Video business. So maybe at a higher level, still guiding that business... I think 10% to 12% annual growth. So, I know there are some headwinds around the move to SaaS. So maybe talk about and the software piece of that. Software analytics is obviously growing pretty rapidly. So maybe walk us through the calculus of how we can continue to see that business as double-digit growth.

Jason Winkler (Motorola Solutions): Sure. So, we -- we guided this year 10% to 12% in the total Video business, which last year was \$1.9 billion. So, plot that out. We're over \$2 billion expected this year. If you then look at how the growth has shown up, it's stronger growth in software and services for a number of periods, couple of years where software content in that double digits is growing more than the related Products & SI. And that's a favorable trend that we expect to continue. And it's complemented by what you just mentioned, Tim, which is a transition to cloud.

So, think in Fixed Video, which is about 70% of that total Video business. Most customers today are on-prem, but we're seeing an increase in the number of customers that are wanting to run the software, which is the very powerful ingestion of lots of cameras in the cloud, still includes a camera, a very good camera, edge enabled analytics. We lead in what's powered at the camera's edge, complemented by what happens on the software layer. So, within that growth profile and you'll see it in software and services in Video is a transition to customers more and more embracing, wanting to run the software layer for them in the cloud.

The market, most of the market remains on-prem today and we have a portfolio in both places. We are a leader in the ability to serve a customer, how they want to be served. If they were a big scaled operation and they want the control on the on-prem we have a portfolio called Unity and that exceptional portfolio - from a - started with Avigilon. If you want to explore moving to the cloud and running the very good cameras that we engineer in the cloud, you can do that too. And to be positioned in both places I think is a really special opportunity for us and we're going to continue to drive the growth while transitioning to that software stickier content.

Tim Long (Barclays): Okay, great. And on the SVX, you mentioned some good initial activity with some trials going on. When do you expect that to kind of more fully ramp as a -- as a body camera and because you need APX NEXT with it, do you think it will drive increased upgrades to APX NEXT or how do you -- how do you think that dynamic...

Jason Winkler (Motorola Solutions): Yeah. It'll do all three. So, we're selling it today. It is already and it's more feature rich in terms of what it can do. It's not just a speaker microphone, it's an audio assistant. It can help, through AI assist, write reports. It can ingest video. It can ingest data from the command center. Another important differentiator, audio logs. What -- if you're going to write a report and a police officer between-- what happens, it's multimodal, right? What happened between you and the assailant? What were you being told from the command center in your audio? Were you being told to do something? Did you follow directions? Were you following policy? All those types of multimodal things come together in this device, whereas the first draft that's available in using that tool is high quality and of course then subject to review and edits and the like. So, we like the position of where it puts us around mission critical audio.

It will lead to a little bit more content upfront and then over some time it will, we believe, lead to higher Video growth, including more customers in North America on our body worn camera platform. We have a body worn camera platform. We're in North America. We're doing more with SVX than we ever had. And then I think about the international portfolio, which is a little different device, but the strength of our body worn camera portfolio there, we talked about in the earnings call, we're in 18 countries of countrywide deployments where they tend to prefer, at the moment, on-prem deployments. And we have that value proposition for them too. So, I like our long-term positioning and what SVX does for us in North America - extends what we can do for our customers and extends the possibilities for Video into the future.

Tim Long (Barclays): Okay. And I'm guessing in North America, one of the hurdles is maybe an agency is with a competitor that has some type of subscription. And I think this is something you've come across in your Command Center software business, which we talk as well, maybe win the 911, but they don't have you know, CAD's not up yet or something like that. So, is that a little bit of an inhibitor in the near term on the body cam?

Jason Winkler (Motorola Solutions): I mean, there's an incumbent in the market in North America who's been there a while and has contracts. But to be on the body of the person that we talk about of already having that device deployed and the opportunities that it presents at every contract renewal for us to have a conversation about why do you need another device? It's already there.

We have a great back end. It converges. It's taking information and it's delivering video from, you know, our camera platform. So, I think it's a great position to be in. Stay tuned. I think we'll -- we'll end up doing more on the platform, too. I think our opportunities around using voice, data, video and around an application stream and a value proposition to customers will be more put into a suite format where customers will be offered a more comprehensive enablement. That doesn't matter whether it's riding on a camera or riding on an audio device or a converged device. It's just that it's -- it's important applications that can help them do their jobs and respond better.

Tim Long (Barclays): Okay, great. And I did want to touch on the Command Center software, you guys, it's been a pretty good growth business and very fragmented. Your share, looking at compared to the total TAM, is not crazy big so a little bit more of a land and expand model so kind of walk us through where you are with you know the PSAP community and selling multiple modules into it.

Jason Winkler (Motorola Solutions): There's 6,000 911 centers or PSAPs in the country. We're in over 60% of them with one or more products. An important one is VESTA NXT and we're transitioning that call routing platform to be cloud. We've integrated it with our CAD and records. We've integrated it with our call taking. We have a full integrated platform and to be in that many accounts and offer every customer additional content or additional migration paths is an excellent place to be for growth. And we're committed, fully committed to being in CAD, which is the central nervous system of these 911 centers. It's the... it's the ERP of what they do. And it's challenging and it's customized and it's integrated and its... but that's what we do.

We help customers solve problems, Motorola Solutions... and with that systems orientation and a platform that's fully integrated, we really like our position in the command center. It's growing at 12% this year. We talked about apps around the platform for LMR. Those apps are monetized in command centers, so that's a growth enabler too. So, like being in the command center and like the apps, the opportunity that presents to us and we also have incident response, a portfolio called Rave that we acquired about a year and a half ago. So definitely continued growth opportunities for us and we've been taking share in that market.

Tim Long (Barclays): Okay, great. I did want to touch on a financial question, so maybe talk to us a little bit about capital return. You guys, you know, very acquisitive over the years. That's always a part of it. Buybacks, dividends, there's been some disruption in the stock this year. So how do those priorities shape up? And as you look out to this year and into next year?

Jason Winkler (Motorola Solutions): We have a strong balance sheet that will enable us to continue to do both. M&A funnel remains active. It's pointed in Video and software like solutions that you've seen us do. In Video, we started with Avigilon. We found 11 plus companies that make us stronger in total Video. And in terms of the opportunity that the current stock price presents us? I mentioned that we're on path to buy over \$400 million already this quarter and that will be over \$1 billion for the year, which is more than the last year or the year before that. So, we can be opportunistic. We have a strong balance sheet. You know, our backlog position, as I communicated for as -- we expect to end this year on path towards \$15+ billion of backlog in total with high 3s in the in the product segment, which has gotten a lot of attention. Those

-- that's a very strong position to be in and to expect the growth that we do next year. And so, the stock price at the moment represents an opportunity as well as the M&A funnel.

Tim Long (Barclays): Okay, great. Yeah, I think we're basically out of time here. So, Jason, really, really appreciate the time.

Jason Winkler (Motorola Solutions): Thank you.

Tim Long (Barclays): Thank you so much. Thank you, everybody.
