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PARTICIPANTS

Motorola Solutions, Inc.

Greg Brown – Chairman & Chief Executive Officer

Raymond James & Associates, Inc.

Adam Tindle, Analyst, Raymond James & Associates, Inc.

INTRODUCTION

Adam Tindle

Analyst, Raymond James & Associates, Inc.

Okay. Thank you, everybody, for joining today. My name is Adam Tindle, Technology Analyst here at Raymond James. Very, very excited for this presentation. I don't often get starstruck, but I'm here with Greg Brown, CEO of Motorola Solutions, one of my favorite executives.

In terms of the format today, I'm going to keep it fairly high level with the fireside chat. I think it'll be helpful to, at least for me, early on in learning the company, just understanding the way that Greg and the team think about value creation, I think, is a very important aspect and we're going to spend a lot of time on that.

If you do have questions, we'd love to keep it interactive. Please feel free to raise your hand at any point. So, Greg, again, thank you for being here.

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Greg Brown

Chairman & Chief Executive Officer, Motorola Solutions, Inc.

Thanks for having me.

MANAGEMENT DISCUSSION

Adam Tindle

Analyst, Raymond James & Associates, Inc.

Would love to maybe start with sort of a strategic background or high level with your philosophy to value creation. And I'll walk through some examples as you go.

Greg Brown

Chairman & Chief Executive Officer, Motorola Solutions, Inc.

Sure.

Adam Tindle

Analyst, Raymond James & Associates, Inc.

But I'd love to start with an old quote that attributed to you that was something like, I wake up in the morning and think about two things, my people and allocation of capital. If you could just start with your high-level thesis or guiding principles on value creation?

Greg Brown

Chairman & Chief Executive Officer, Motorola Solutions, Inc.

Sure. Thanks for having me. That is the two things I spend the overwhelming majority of my time on. People, in terms of the strength of the team, the percentage of outside talent, technical talent, refresh...renewal. This is my 17th year in the saddle. And if you take the 20,500 people we have in the firm, back of the cocktail napkin, I think two-thirds of those employees are new to the firm in the last six years plus, about six years.

So it's all about people. You can have the greatest strategy in the world. I can show you PowerPoints that'll bring a tear to your eye. But if you ain't got the team and you don't have the right incentives and the alignment, it's not going to get done. So I spent an inordinate amount of time on the 84 vice presidents in the firm. I know where they are, who they are, how long they've been in their job, who they work for, do they need a rotation, are they the right person and – because strategy and execution all comes down to the people.

I do think, and this is not just CEO hyperbole because I'm here, it's definitely the best team I've ever had. It took me a while to get that team, but in terms of not just the team that reports to me, but one and two and three levels down is exceptional. And I like the technical talent that we've acquired with Openpath and Avigilon and Rave.

And if you look, a number of those former CEOs of small companies, because I used to be one of those guys, way back when, they're in senior positions in the firm. So I think one of the things that we do well is the assimilation and the integration of inside talent in the company and acquired talent for retention and development.

Allocation of capital, right, sounds fancy, it's where do you spend the money. What's your OpEx structure? What are you going to use on CapEx? How much is success-based CapEx? We have an operating framework for a steady state, which is 55%, 30%, 15%, 55% of cash flow is fungible between share repo and acquisitions. 30% is dividend and 15% is CapEx. We're a relatively CapEx-light business.

And I think about all the time where we're spending money, where we're putting more chips on what numbers, in particular, inside the firm organically. And I spent a lot of time on acquisitions. It's interesting because last year we did one, but I would say the funnel of acquisitions was as large last year as it's ever been. We were unsuccessful in bringing them home for – majority of the reasons was the seller was clinging to pre-interest rate hike valuation.

And when it comes to capital allocation, just because we have money in our wallet, we're not going to spend it just because we want to. One of the proudest things of my career is that we've bought back \$15.5 billion of shares at a purchase price of \$68 and change and the stock is \$334 today, and we reduced the float 51% or 52%. Of the 40 acquisitions we've done, sorry for the long-winded answer...

Adam Tindle

Analyst, Raymond James & Associates, Inc.

No, it's like bringing tear to my eye, but keep going.

Greg Brown

Chairman & Chief Executive Officer, Motorola Solutions, Inc.

Yocum's crying in the corner. We did approximately 40 acquisitions. We always review them in terms of the business case with the board, is it at expectations, above or behind. Overwhelmingly, they are at or above.

And the other thing I would say, and this is a shout out to the team, and it's a great example of what I talked about. We got a guy by the name of Michael Annes inside the firm, Senior VP, Corp Dev, does all the analytics, does all the contract negotiations. He is superb. He was with me shoulder to shoulder through all of the activist campaigns. He was with me shoulder to shoulder in breaking up the conglomerate Motorola. He is as seasoned and as experienced as anyone I've ever worked with. He's my guy.

We combine them with Raj Naik, who came in "from the outside", came out of AMD. He used to work for the strategy organization of AMD. He's been with us for seven years. Those two are a dynamite combination, bringing me deals, bringing us deals that we evaluate in terms of whether we go or no go. Does it make strategic sense? Can we get synergies? Can we bend the growth curve of an acquisition more successfully than if they were just standalone? And I say that because I do believe, Adam, that over the last several years, M&A, successful acquisition DNA is now a core competency in the company. I couldn't have said that seven or eight years ago. So I'm thrilled with what we got.

Adam Tindle

Analyst, Raymond James & Associates, Inc.

It's a great start. You gave us breadcrumbs in there that I want to dig into. You talked about breaking apart the company. So for those that are not as familiar, Motorola Solutions was formed as a part of the unique decision to shrink the company, we often in our role come across that empire-builder syndrome with executives or the leadership philosophy that would be resistant often to the detriment of shareholders to do something like this. So I wonder if you could just take us through that initial decision and some of the rationale behind it.

Greg Brown

Chairman & Chief Executive Officer, Motorola Solutions, Inc.

So to me, we are maniacally focused on TSR, total shareholder return. We can talk about a lot of other things. We can talk about revenue growth. We can talk about market share. We can talk about new product releases. We can talk about NRR. Those are all great. But we and I are paid on total shareholder return against the market, and I want to outperform the peer group.

So if the stock is up 15%, they say, Greg, stock's up 15%. It's great. I don't know if that's good or not, what's the S&P and what's it without the Magnificent Seven and what's the peer group. So we are maniacally focused on TSR and have been. And that's how I and we are paid, and I think that's the way it ought to be. Relative performance, not absolute.

If you did 20 pushups last year and you do 30 this year, and your competition is doing 60, you're dead. So I like relative TSR. I've also been a believer, unwaveringly, it isn't size, it's the value you can create. When I was "hired from the outside" at Motorola, I remember, Adam, it was like six or seven months in, and now Motorola was mammoth then. We had the semiconductor business, cable TV, set-top box, wireless cellular infrastructure, automotive electronics, mobile devices. And I come in to run the public safety group, which is the job I wanted. I recruited myself into the company. I called Chris Galvin and told him I wanted to come and he hired me.

And a couple of members in the board said, hey, what do you think after you've been here, seven months, eight months, whatever it was? I said I think there's only one good business in this firm...one. And they said, we don't think you've been here long enough. I said, well, you just asked my opinion from the bleachers. But – and this – and I gave that answer in 2003. This is pre iOS, no iPhone, no Android. I said if you think about Motorola, we invented the car radio, motor vehicle, Motorola, that's the basis of the name. We invented most of the technology in portable TVs. We invented, for those of you old enough to remember, the pager. We invented the cell phone. We invented major elements of wireless cellular infrastructure.

But I said, look what happened to Motorola at every step of the way, TVs. It is great at inventing in consumer electronics and then we get displaced by the Chinese and the Koreans who are larger scale, lower cost, and they obliterate the margin profile of the businesses we're in. Huawei did it in cellular wireless infrastructure. No more Alcatel, no more Siemens, no more Nokia, gone.

So I said this public safety business is not understood. These things called LMR, land mobile radio, they're private networks. They're not cellular. They're not AT&T, Sprint, T-Mobile, or now it's AT&T Verizon, T-Mobile. They're dedicated, redundant, reliable, completely mission-critical, where if you wiped out all the infrastructure. You were in Florida – for those of you who were in Florida, Hurricane Ian or a natural disaster, look what happened to AT&T a week or two ago. Service is out. I don't know why. They said it was a software glitch. But when you lose infrastructure and towers on cellular networks that are out, that's not true with these things called land mobile radio.

And my view on Motorola was, it was a small business relatively, not understood. And I said I think the future of Motorola is public safety, which now you fast forward, I become the CEO. We've rebuilt. We are RemainCo. So while we split the firm in 2011, spun out the cell phone business, they got acquired by Google. Google wanted to be vertically integrated and be like Apple. I'll have Android and the hardware, iOS and the hardware, they gave up on that and they then sold the business to Lenovo.

So the other Motorola brand in smartphones is a Chinese company. I said I want to build on all things public safety. It's an end-to-end mission-critical encrypted network that is superior to any of its other characteristics. By the way, that was true in 2003. It's true today in 2024. And then we've built adjacencies around that: public safety, 911 software, video security and access control. So we build out a more muscular, orchestrated and interoperable ecosystem around all things, public safety and enterprise security.

So I said – and here's my favorite, in 2007 and 2008, 2008, Motorola's revenue was \$36 billion. And after the financial crisis, the market cap is \$8 billion. \$36 billion of revenue, these are rough numbers, \$8 billion of market cap. Today, we just printed roughly \$10 billion in revenue and we've got a \$55 billion market cap. It is about the value you can create if you deploy capital, have a moat, you can differentiate. You can do things better than your competitors, irrespective of their access to capital.

By the way, if you think about the radio business, GE tried to compete with us when GE was good. Tyco tried to compete with us. Ericsson tried to compete with us. These people had a bigger balance sheet at the time than we did. What they don't have is the installed base. What they don't have is the customized workflow that's integrated into NYPD, Chicago PD, LAPD.

So it's not just looking at a replaceable radio, it's more looking at the end-to-end system functionality and then we're building an ecosystem around it. So I wouldn't want to be anywhere else. That's why I'm not. I think we've had a great run and I think the future is equally bright. So...

Adam Tindle

Analyst, Raymond James & Associates, Inc.

We're going to touch on that.

Greg Brown

Chairman & Chief Executive Officer, Motorola Solutions, Inc.

Again, sorry about the long-winded answer. I get a little amped up here.

Adam Tindle

Analyst, Raymond James & Associates, Inc.

I'm ready to – I'm already ready to run through a wall.

Greg Brown

Chairman & Chief Executive Officer, Motorola Solutions, Inc.

Put Yocum in front.

Adam Tindle

Analyst, Raymond James & Associates, Inc.

Along this journey, you worked with some high-profile investors, activists, like you mentioned, Icahn, Silver Lake...

Greg Brown

Chairman & Chief Executive Officer, Motorola Solutions, Inc.

ValueAct.

Adam Tindle

Analyst, Raymond James & Associates, Inc.

...ValueAct. Yeah. We often find CEOs that become threatened by large investors or activist investors like that. Maybe you could speak to some of your key learnings from those investor interactions over the years that have helped to shape your thesis around value creation?

Greg Brown

Chairman & Chief Executive Officer, Motorola Solutions, Inc.

So I think about that a lot. So every single year I've been CEO, I've had an activist or private equity, not only invested in the company but in the boardroom, my entire career, starting with none other than the Godfather himself, Carl Icahn. He's an acquired taste. He scared the hell out of me for years in the beginning. And in my first year went to the board and said, he had forced my predecessor out. Motorola "won the proxy fight" in a narrow win, but I knew that was short-lived because he wasn't going to leave it at all. He was going to stay in the stock.

So we – I wanted to settle. We reached a settlement. People said, why do you settle with Carl Icahn? Why would you do that? I said, number one, he's more right than wrong. Number two, he ain't going away. And number three, I want him inside the tent pissing out rather than outside pissing in, simple.

I will tell you, and Carl and I are still friends to this day. He's non-traditional, bombastic, intimidating and all the things that you probably have a view of, but he was a catalyst. Did he have a great strategy? No, he didn't have any strategy, but he was a catalyst for action. I didn't need Carl Icahn to hold me accountable. But when he's in the company, and I remember he was down over \$2 billion of his own money at one point because he reminded me all the time. I would have to say, I – it's true. I may not have liked it, but I operated better with him right there and his representatives, which at the time were Keith Meister, who's now at Corvex, and Vince Intrieri.

So I give this analogy of fishing. I like the tension on the fishing line. I don't like slack. And I like tension for me. I'd rather have somebody in the boardroom that challenges me, questions me constructively, not a bomb thrower. And we signed NDAs and standstills. We turned over everything. We did it to Icahn, we did with ValueAct, we did it with Silver Lake, smart people.

So I said, you have better ideas, you should tell me. You don't think we should buy this acquisition, you should tell me. You think I'm wrong on discounted cash flow, you should tell me. What about the terminal value assumptions? Why do you say that? And I like it. So Icahn – and by the way, the other benefit, this isn't talked about a lot, and it should be. One of the biggest benefits of having an activist, the right one. They're not all equal. The right one.

Two things. One is alignment and the other is I have found them to be significantly beneficial in the boardroom. Sometimes boards can lose their way and you can get into a little nonsense. Well, this is back to TSR and our DNA. There's no confusion, activists want the stock to go up. Icahn did. Ubben did at ValueAct, Brad Singer, so did Egon and Mondre at Silver Lake, the right way, not to pop the clutch on a quarter or something short term. And my job is to manage that short term and long term and keep them informed along the way.

I think we made the decision to break up Motorola. I won't take you through the behind the curtain palace intrigue. There was a lot. But if it wasn't for Carl Icahn being in that boardroom, if he wasn't there, we may not have split Motorola. I wanted the split. He wanted the split.

As we worked up toward that day, there were some varying views that I thought were unhealthy in the boardroom, and Icahn kept everybody focused on what the mission was. So my three-year chapter of CEO, stabilize the company, optimize, grow. Icahn was stabilize, breaking up the company, providing the right capital structure for SpinCo, avoiding fraudulent conveyance, minimizing the burn and get mobile devices into breakeven or profitability so you can spin the asset and unlock value for both SpinCo, which then immediately got acquired by Google, and allow the appreciation for the assets of all things, public safety, and why we are unique and differentiated.

He exits. We always joke today because we did a block trade. He said, Brown, I want you to buy me out. It was \$1.2 billion. This goes way back. You got to check the price – I think we bought them out at \$49.30 a share in the ZIP code, \$49.30, back and forth, back and forth. He would call me. I won't take you through the details. He calls me in China. I answered the phone and I said, Carl, it's 3:00 in the morning. I'm in Beijing. I'll call you back. Well, now since you're up, let's talk. Okay. So back and forth, bup, bup, bup. We ended up doing – he wanted a market deal. He wanted a few things. And I said, I'm not doing that. We ended up doing a deal below market that would pass the red face test for whether you want either side of the net.

ValueAct came in. I didn't know them well, didn't know Ubben. He's no longer with the firm. Mason Morfit runs it. But I wasn't sure what they wanted. I should have spent more time communicating with them upfront. The residual byproduct was further optimizing cost structure, which they were right, and a good catalyst for that as well. And it was under ValueAct that we turned around and sold the Symbol business. Now, this was the very business I bought when I wasn't CEO. So under Zander, we bought it for \$3.8 billion, held it for, I don't know, I don't know how many years, ended up flipping it for a little less than that, but we were able to have the residual cash flow and earnings. So it was a good deal both ways, but I think ValueAct was helpful in having me think about that as well.

They exit and then Silver Lake comes in, in 2015. And Silver Lake, remember, stabilize Icahn, optimize ValueAct. Then we had the assets we wanted and it was all about organic growth, people development, people refresh, acquisitions. Smart...like Egon, like Mondre a lot. And even with the deal we just did, they put in \$1 billion pipe back in 2015 in the fall. They did very well. They monetized. They put in a second \$1 billion pipe. It was expiring in September of this year. They needed to exit. We ended up cashing them out, buying them out at, I think the math puts at about \$315 or \$316 a share cash, didn't dilute by using shares. It was a great run. Almost a nine-year partnership with Silver Lake. I think they're aggressive. I think they're very smart strategically. I think they're the best technology PE firm there is, in my opinion. And they're super smart financially around financial engineering and leverage. And they had me think things through differently.

So all three of those experiences made me a better CEO, and now we are where we are, looking to perform in 2024, 2025 and beyond.

Adam Tindle

Analyst, Raymond James & Associates, Inc.

And that's a good segue. I'm going to ask one more and see if there's audience questions. But had an emailed question from an investor on this value creation topic that we're on. And the question is, when the stock was at 15 times earnings and targeted acquisitions were less expensive, it was likely easier to allocate capital than it is today. How have you adjusted your framework, if at all, to the current environment? We see that he's observing that Motorola hasn't done a lot of M&A in the past two years.

Greg Brown

Chairman & Chief Executive Officer, Motorola Solutions, Inc.

Sure. So we always – this is where I feel best about, among other things, but we've got a great Treasurer in Uygur Gazioglu...he came out of GM. I like people who have scar tissue and are battle tested. He's got deep experience taking GM through bankruptcy. Wickedly smart.

Jason Winkler is the best CFO I've ever had in my career. If he's listening, Jason, just stand up straight, don't get, whatever. But the fact is he is excellent financially. He's got the deepest bench I've ever had in finance. Finance is extraordinary at Motorola. But they're both treasury and capital markets, but they're also operational finance.

So they're linked to the field. They look about margin expansion. They look about cost of goods. They look about supply chain design. Jason led the diversification in our EMS providers with Jabil.

So I say that because we continually, monthly look at where the stock is. We look at and update monthly our three-year LRP, long range plan. We look at the DCF of the firm, make assumptions

around the terminal value. We're generally conservative. Should we be buying back stock? Should we be increasing the dividend? Should we be doing acquisitions?

As I said to you, the model is 55%, 30%; 15%, 55% share repo, acquisitions fungible. This is a target framework. It's not prescriptive, 30% dividend, 15% CapEx. Jason, Uygur, Molloy, the COO, and I always look at the valuation of the firm against the pipeline of acquisitions. We've – almost always, we paid cash on every acquisition. I like that. And that, in part, is because we believe that the equity value of the firm still has more room to run.

I also like the fact that exiting last year, our net debt-to-adjusted EBITDA was a little over 1.4x. So the strength of our balance sheet hasn't been this strong in several, several years. We could pay cash. We could pay equity. I always have a bias toward cash, if at all possible, but I think there's some excellent accretive opportunities in front of us inorganically this year.

Adam Tindle

Analyst, Raymond James & Associates, Inc.

Time for a question in the audience.

Greg Brown

Chairman & Chief Executive Officer, Motorola Solutions, Inc.

Yes, sir, in the Bob Uecker seats.

Question from Audience

Can you just talk about just the core growth algorithm on revenue and how you think about that in a normal year without any acquisitions?

Greg Brown

Chairman & Chief Executive Officer, Motorola Solutions, Inc.

Sure. So we guided to ~6% revenue growth for this year. Now, that's in the face of a \$200 million revenue headwind associated with the UK Home Office, which is a contractual dispute, still ongoing, by the way. And it's also in the face of \$100 million Ukraine revenue headwind. Last year, as Molloy – Jack Molloy talked about on the earnings call, we had about \$150 million of revenue from Ukraine.

We expect based on bookings and converting the backlog to revenue. This year, it'll be about \$50 million. So I say that because in a normalized way, you can take the \$300 million...this isn't a dog ate my homework, it's just factual...that you can look on in terms of appreciating the ~6%.

We look at the firm with products and software and services, but then we de-layer that to three primary technologies, land mobile radio, LMR, that's product and services. We think that's a mid-single-digit grower, muscular, strong backlog, will continue to perform given the unique public safety and resilient characteristics versus any other alternative, and our strong position competitively. We have a command center, think of that as that's a US-centric strategy. There's 6,000 or so 911 call-answering positions. That's around our software business that does call routing, call answering, CAD and records management. We're in about 60%; we at least have a module in 60% of those 911 centers. We think that's growing. Command center is about 10%. And then video security, access control, we also think will grow about 10%.

The top line revenue growth of video security is moderated down from some previous periods, probably for two reasons. The large – the law of large numbers and the base by which it's growing off of, but it's really more we're seeing a greater acceleration to cloud. So we expect about \$40 million of the video security and access control business this year to be more cloud than probably a year or two ago that would have been more prem, which means you're going to recognize the revenue ratably and over time. And that's about a \$40 million roughly compression for this year.

I think all three of those markets are incredibly resilient. \$10 billion all-in in revenue on the print last year, a TAM that we value at \$66 billion. So there's room to run in all three of those technologies in terms of further penetration.

Adam Tindle

Analyst, Raymond James & Associates, Inc.

And we're going to get more granular in the breakout immediately following this downstairs. But as we wrap, Greg, you've kind of taken us through the different eras of Motorola and I think we can all look at the value creation during that period of time. But investors sitting here today that may be newer to the story are not currently invested or having to assess the future. Silver Lake has now sunset. You've had a tremendous amount of success and the stock has filled into valuation accordingly. If you were to take 2024 and beyond and maybe fast forward to that era, when we're sitting here and you'll be here with me five years from now, promise, maybe just...

Greg Brown

Chairman & Chief Executive Officer, Motorola Solutions, Inc.

I plan on doing this a lot while longer.

Adam Tindle

Analyst, Raymond James & Associates, Inc.

Thank you. Take us through that kind of next three or five years, that next era?

Greg Brown

Chairman & Chief Executive Officer, Motorola Solutions, Inc.

So I think it's a great question. One is the TAM that I just talked about, right, and the opportunity. But if you think about what we've done, let's continue on the technologies: public safety, command center, video security and access control. Land mobile radio is the anchor tenant. That's what the residual identity of the company is. But why am I optimistic about that? Number one, the durability and predictability of that as a line of business. And I don't see it being displaced or replaced. I don't. We have contracts that run through 2035, 2037. We're in conversations right now on a multiyear services deal through 2041. So LMR is here to stay.

We have 13,000 LMR networks. The majority enterprise, not public safety, but nonetheless. So you put in that footprint, then you add devices, i.e., radios, and then you monetize services around that as well. So I talked about my career being stabilize, optimize and grow. Also, if I rewind the tape, we used to sell iron and that was it. We now have a services business that is \$2 billion plus and very healthy. We are much more strategic and thoughtful around monetizing services; bronze, silver and gold level of services. We're much more thoughtful around the terms and conditions around cost of living increases, allowing – so we're not going to bear the burden in an inflationary environment unnecessarily.

And these radios, walkie-talkies, if you will, I hate that phrase, subscriber devices that go on all these networks are in the early innings of refresh. You replace your smartphone maybe now every three years. The replaceability of a public safety radio is about seven years. And we have now launched the best radio we've ever had in APX NEXT for North American, primarily North American P25 subscribers. We have a new TETRA radio for international and we have a new radio for our commercial users around PCR, professional commercial radio.

So when I fast forward and say, hey, look, you had a great run. What's going forward? Number one, the resiliency and durability. The enormous addressable market that's left to pursue. The LMR ability to grow. Even if it's single digits, you can monetize services, our pricing is sticky. We are in early stages of device refresh.

When I look at command center, it's nascent. Our market share is while we're number one in 911 call answering and CAD and records, there's an enormous amount of room to run, and if I take video security and access control. And by the way, I should mention this, zeroing out China, we were – Motorola was the first company to go into China in 1986. We were one of the first to exit years ago.

We sued Huawei and we're in our second lawsuit with Hytera. We're the only American US multinational ever to sue two Chinese companies. And we're in our seventh year pursuing Hytera, and we will – we have won, now we have to collect. We're going to collect. We'll see how much, but we will pursue them to the ends of the earth.

So the addressable market is without China. We're not in China for the most part. We don't have to sell our products into China. So the other reason I'm optimistic is Huawei, ZTE, Hytera, Hikvision and Dahua are banned in the US through the National Defense Authorization Act.

There's also commercial reticence to deploy those same five here in the US. Then you go to the Five Eyes partners of UK, Australia, Canada and others, and there's a concern around having Chinese electronics, Chinese software, Chinese communications in public safety, enterprise security or critical infrastructure. That's another reason I'm optimistic about our ability to capitalize and execute in the backdrop of that environment.

Adam Tindle

Analyst, Raymond James & Associates, Inc.

And then we'll have to leave it there. I can keep going. But thank you so much, Greg.

Greg Brown

Chairman & Chief Executive Officer, Motorola Solutions, Inc.

Thanks.