



Motorola Solutions, Inc.

Investment Brief · MSI · April 29, 2026

April 29, 2026

CONFIDENTIAL - FOR INTERNAL USE ONLY

Motorola Solutions, Inc.

MSI · Technology · Communication Equipment
Data as of April 29, 2026

Company Overview

Motorola Solutions, Inc. provides mission critical communications and analytics in the United States, the United Kingdom, Canada, and internationally. The company operates in two segments, Products and Systems Integration, and Software and Services. The Products and Systems Integration segment offers a portfolio of infrastructure, devices, accessories, and video security devices and infrastructure, as well as the implementation, and integration of systems, devices, software, and applications for government, public safety, and commercial customers who operate private communications networks and video security solutions, as well as manage a mobile workforce. Its land mobile radio communications and video security and access control devices include two-way portable and vehicle-mounted radios, fixed and mobile video cameras, and accessories; radio network core and central processing software, base stations, consoles, and repeaters; and video analytics, network video management hardware and software, and access control solutions. The Software and Services segment provides repair, technical support, and hardware maintenance services. This segment also offers monitoring, software updates, and cybersecurity services; and public safety and enterprise command center software, unified communications applications, and video software solutions through on-premise and as a service. It serves government, public safety, and commercial customers. The company was formerly known as Motorola, Inc. and changed its name to Motorola Solutions, Inc. in January 2011. Motorola Solutions, Inc. was founded in 1928 and is headquartered in Chicago, Illinois.

1. What Are These Assets?

Motorola Solutions, Inc. (MSI) operates as a leading provider of mission-critical communication and security solutions for government and enterprise customers worldwide. The company's core business model revolves around delivering integrated technology ecosystems that enhance public safety and operational efficiency. Revenue streams are diversified across two primary segments: Products and Systems Integration, which includes two-way radio communications, video security, and access control solutions, and Software and Services, encompassing managed services, maintenance contracts, and command center software. This model emphasizes recurring revenue through long-term service contracts and software subscriptions, complementing upfront hardware sales. MSI's competitive advantages stem from its deep-rooted relationships with public safety agencies, proprietary technology in LMR systems (e.g., TETRA, P25), and a growing portfolio in video security and analytics, positioning it as a comprehensive provider in a highly specialized and regulated market.

Key assets underpinning MSI's robust market position include its extensive intellectual property portfolio, particularly in secure communication protocols and advanced analytics, which creates significant barriers to entry for competitors. Furthermore, its global sales and service network, coupled with a strong brand reputation built over decades of reliable performance in mission-critical environments, constitutes a formidable intangible asset. The company's substantial free cash flow generation (\$2.6B) indicates efficient capital deployment and strong operational leverage. The current macro backdrop, characterized by a positively sloped yield curve and a 10-year Treasury yield of 4.35%, suggests a normalized interest rate environment, which can influence government spending on infrastructure projects, a key driver for MSI's public safety segment.

While management tone analysis was unavailable for the latest quarter, MSI's consistent financial performance, including a solid operating income of \$2.9B on \$11.7B in revenue, underscores its operational discipline. The Street's consensus "Buy" rating and a price target of \$505, implying significant upside from the current \$426.72, reflect confidence in the company's long-term growth trajectory and ability to capitalize on increasing demand for public safety and enterprise security solutions. The forward P/E of 25.

7x suggests investors are willing to pay a premium for MSI's stable, recurring revenue base and market leadership in essential services.

2. What Do We Think Is Going to Happen?

Motorola Solutions, Inc. (MSI) is positioned to sustain its growth trajectory, driven by its critical role in public safety and enterprise communication, coupled with a robust recurring revenue model. The company's core mission-critical communications and video security solutions benefit from non-discretionary spending by government agencies and essential enterprises, providing a defensive quality to its revenue streams. MSI's strong operating income of \$2.9B on \$11.7B in revenue, translating to a 24.8% operating margin, underscores its pricing power and operational efficiency. Furthermore, the substantial free cash flow of \$2.6B, representing 22.2% of revenue, provides ample flexibility for strategic investments, M&A, and shareholder returns, supporting continued organic and inorganic expansion, particularly in its software and services segments which command higher margins and recurring revenue.

Looking ahead, MSI's growth will likely be underpinned by several key industry trends. The ongoing modernization of public safety communication networks (e.g., LMR to LTE/5G integration), increasing demand for advanced video security and analytics solutions, and the shift towards subscription-based software and services are significant tailwinds. The street's average price target of \$505, implying a 18.3% upside from the current price, and a forward P/E of 25.7x, suggest confidence in MSI's ability to capitalize on these trends. While management tone analysis for Q4 2025 was unavailable, historical guidance has consistently pointed to sustained demand for its mission-critical offerings. The current macro backdrop, characterized by a 10-year Treasury yield of 4.35% and a positively sloped yield curve, indicates an environment where capital is more expensive, but MSI's strong cash generation and essential service offerings should mitigate significant headwinds from higher interest rates on its operations, though it could impact financing costs for future M&A.

Key risks to MSI's outlook include potential delays in government spending cycles, increased competition in certain segments, and the inherent challenges of integrating new technologies while maintaining system reliability for mission-critical users. Supply chain disruptions, while largely abating, could also pose a risk to hardware delivery. However, MSI's deep customer relationships, extensive installed base, and focus on integrated solutions create significant switching costs, providing a strong competitive moat. The company's ability to consistently generate strong free cash flow and its strategic investments in next-generation technologies (e.g., AI-powered video analytics, broadband push-to-talk) position it favorably to navigate these challenges and continue delivering value to shareholders.

3. Why Is There a Mispricing?

Motorola Solutions, Inc. (MSI) presents a compelling case for potential mispricing, primarily driven by a robust financial profile that may not be fully appreciated in the context of its current valuation and the broader market environment. Despite a consensus "Buy" rating and an average price target of \$505, implying approximately 18% upside from the current price of \$426.72, the market's forward P/E of 25.7x, while seemingly elevated, warrants deeper examination. MSI's strong operational cash flow (\$2.8B) and free cash flow (\$2.6B) relative to its net income (\$2.2B) underscore high-quality earnings and significant internal capital generation capabilities. This consistent cash generation, coupled with a high operating income margin (24.8% of revenue), suggests a business with strong competitive advantages and pricing power, characteristics often associated with premium valuations that may still be undervalued if growth prospects are underestimated. The absence of management tone analysis for the Q4 2025 call, while a data gap, prevents a direct comparison of management sentiment to market pricing, thus shifting focus to the quantifiable financial metrics and market positioning.

A key area of potential mispricing lies in the market's perception of MSI's long-term growth and resilience, particularly within its core public safety and enterprise security segments.

MSI operates in mission-critical communication and video security solutions, areas characterized by high switching costs, long contract cycles, and recurring revenue streams. These attributes typically command a premium, especially in an environment where the risk-free rate (10Y Treasury at 4.35%) is elevated, increasing the hurdle for future growth to justify valuations. The company's consistent free cash flow generation, significantly exceeding net income, provides ample flexibility for strategic investments, share buybacks, and potential M&A, all of which can drive shareholder value. If the market is underestimating the stickiness of its customer base, the secular tailwinds in public safety technology upgrades, or the company's ability to expand into adjacent enterprise security markets, the current valuation may not fully reflect the intrinsic value of these durable revenue streams and growth opportunities. Furthermore, the technical picture, while not explicitly provided, often plays a role in short-term mispricings. However, focusing on fundamentals, the divergence between MSI's robust cash flow generation and its equity base (\$2.4B vs. \$19.4B in assets) highlights a capital-intensive business model that effectively leverages its asset base to generate significant returns. The market might be overly focused on traditional earnings multiples without fully appreciating the quality and predictability of MSI's cash flows, which are often a better indicator of long-term value for mature, mission-critical technology providers. Should MSI continue to demonstrate consistent execution, expand its service offerings, and effectively deploy its substantial free cash flow, the current price target of \$505 may prove conservative, indicating a present mispricing opportunity for investors with a long-term horizon.

Income Statement (3-Year)

Metric (\$M)	2025	2024	2023
Revenue	11682	10817	9978
Gross Profit	5862	5512	4970
Operating Income	2935	2688	2294
Net Income	2154	1577	1709
EPS (\$)	12.93	9.45	10.23

Revenue Trend



Balance Sheet Snapshot

Total Assets	\$19389M	Total Equity	\$2410M
Total Liabilities	\$16962M	Cash & Equiv.	\$1165M
Op. Cash Flow	\$2837M	Free Cash Flow	\$2572M

Valuation Snapshot

Market Cap	\$70922M	Current Price	\$426.72
P/E Ratio	29.6	P/B Ratio	26.4
EV/EBITDA	N/A	Net Margin	18.4%

Street Consensus

Buy (4.2/5 · 15 analysts)

Metric	Value
Strong Buy / Buy	5 / 8
Hold	2
Sell / Strong Sell	0 / 0
Mean Price Target	\$505.45
Upside to Mean Target	N/A
Forward P/E	25.7x
Forward EPS	N/A
EPS Growth (YoY)	+8.6%

Technical Picture

The stock is trading above its 200-day moving average (\$429.86) with a golden cross (bullish) in the 50/200-day MA relationship, RSI(14) reads 37.9 (neutral), 11.3% below its 52-week high of \$490.30, daily volatility (ATR) of 1.6% of price (moderate).

Indicator	Value	Signal
Current Price	\$434.74	--
52-Week High	\$490.30	-11.3% from high
52-Week Low	\$363.83	--
50-Day MA	\$453.59	-4.2%
200-Day MA	\$429.86	+1.1%
MA Cross	Golden Cross (bullish)	--
RSI (14)	37.9	Neutral
ATR (14) % of Price	1.6%	Moderate
Volume Trend	20d vs 50d avg	Decreasing

Macro Backdrop (FRED)

The Federal Reserve's benchmark rate stands at 3.64%, with the 10-year Treasury yielding 4.35% (the risk-free rate used in our DCF), a positively sloped yield curve (10Y-2Y spread: +0.52bps), consistent with expansion, CPI inflation is running at 330.3% (latest FRED reading), unemployment at 4.3%, and WTI crude oil at \$91.06/bbl. This macro backdrop informs our cost-of-capital assumptions and scenario analysis.

Indicator	Latest Value	Date
Fed Funds Rate	3.64%	2026-03-01
10Y Treasury Yield	4.35%	2026-04-27
10Y-2Y Spread	0.52bps	2026-04-28
CPI	330.3%	2026-03-01
Unemployment Rate	4.3%	2026-03-01
WTI Crude Oil	\$91.06	2026-04-20

Sector Macro Overlay - Technology

Sector macro data for Technology is temporarily unavailable.

Management Tone - Q4 2025

Management tone analysis could not be completed for this earnings call.

Guidance Highlights

Guidance highlights could not be extracted.

Generate Your Own Brief

This MSI brief was generated by Marlowe Research - an AI-powered investment intelligence platform.

mkcompanybrief.com

- ! AI-generated investment thesis in seconds
- ! Financial model, flipbook & PDF brief
- ! Earnings call analysis & street consensus
 - ! Voice narration in your cloned voice
 - ! Collectible share cards for social media

