# Motorola Solutions (MSI)

*Updated February 12th, 2026, by Derek English*

## Key Metrics

| | | | | | |
|---|---|---|---|---|---|
| **Current Price:** | $466 | **5 Year Annual Expected Total Return:** | 2.2% | **Market Cap:** | $70 B |
| **Fair Value Price:** | $334 | **5 Year Growth Estimate:** | 8.0% | **Ex-Dividend Date:** | 03/12/26[1] |
| **% Fair Value:** | 140% | **5 Year Valuation Multiple Estimate:** | -6.4% | **Dividend Payment Date:** | 04/15/26[2] |
| **Dividend Yield:** | 1.2% | **5 Year Price Target** | $491 | **Years Of Dividend Growth:** | 14 |
| **Dividend Risk Score:** | C | **Sector:** | Technology | **Rating:** | Hold |

## Overview & Current Events

Motorola Solutions offers purpose-built public safety and enterprise security solutions, providing technologies in Land Mobile Radio Communications (LMR), Video Security and Access Control, and Command Center software. The company serves 100,000 public safety and commercial customers in more than 100 countries through two segments: Products and Systems Integration and Software and Services. Motorola Solutions aims to integrate critical communications, video security, access control, data, and analytics to create connected systems that unify data, streamline workflows, and simplify operations.

Motorola Solutions reported fourth-quarter and full-year 2025 results on February 11th, 2026, achieving record revenue, earnings, cash flow, and ending backlog. Fourth-quarter sales grew 12% year-over-year to $3.4 billion, driven by strength across North America and international markets. The Products and Systems Integration segment increased 11%, led by growth in Mission Critical Networks and Video Security and Access Control, while Software and Services sales rose 15%, supported by growth across all three technologies. GAAP EPS was $3.86, up 8% from a year ago, and non-GAAP EPS increased 14% to $4.59. Operating cash flow was $1.3 billion in the quarter, and free cash flow totaled $1.1 billion, both reflecting higher earnings and improved operating leverage. For the full year, sales increased 8% to $11.7 billion. GAAP EPS rose 38% to $12.75, while non-GAAP EPS grew 11% to $15.38. Operating cash flow reached a record $2.8 billion, up 19%, and free cash flow climbed 21% to $2.6 billion. The company ended the year with a record backlog of $15.7 billion, up $1 billion year-over-year, highlighting continued demand across its core technologies.

## Growth on a Per-Share Basis

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | *2026* | *2031* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **EPS** | $3.24 | ($0.95) | $5.62 | $4.95 | $5.45 | $7.17 | $7.93 | $9.93 | $9.23 | $12.75 | ***$16.70*** | ***$24.54*** |
| **DPS** | $1.70 | $1.93 | $2.13 | $2.35 | $2.63 | $2.92 | $3.25 | $3.62 | $3.92 | $4.48 | ***$4.84*** | ***$6.48*** |
| **Shares[3]** | 173 | 163 | 176 | 174 | 174 | 174 | 172 | 172 | 171 | 171 | ***170.0*** | ***166.0*** |

Since 2016, earnings per share have grown at an impressive 16.4% annually, with even higher growth of 18.4% over the last five years. Growth from 2014–2020 was muted, but recent years have seen a surge driven by acquisitions and SaaS adoption. Management still expects acquisitions since 2015 to account for ~31% of 2025 revenue. With recurring revenue now nearly half of total sales, the 8% long-term EPS growth target remains realistic. We have updated our 2026 EPS forecast to $16.70.

In relation to dividends, the company saw significant growth, with an average annual rate of 11.4% over the past 10 years and 10.6% over the last five years. Management reaffirmed their commitment to the dividend, highlighting 14 consecutive years of growth. We have aligned our dividend growth rate to 6% through 2031 leading to our target dividend of $6.48.

[1] Estimated ex-dividend date.
[2] Estimated dividend payment date.
[3] Share count is in millions.

*Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.*

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## Valuation Analysis

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | *Now* | *2031* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Avg. P/E** | 11.1 | 18.9 | 19.9 | 18.7 | 19.0 | 30.7 | 31.5 | 36.8 | 32.0 | 31.4 | ***27.9*** | ***20.0*** |
| **Avg. Yld.** | 2.6% | 2.7% | 2.5% | 2.0% | 1.6% | 1.8% | 1.4% | 1.4% | 1.3% | 0.8% | ***1.2%*** | ***1.3%*** |

Motorola Solutions expects high single-digit growth in 2026, driven by strength in video, software, and recurring services. Nearly half of the company's revenue is now recurring, which is enhanced by a more than $14 billion backlog of Software and Services multi-year agreements. The company is starting to see the benefits of expansion through acquisitions, leading to share price doubling from 2019 to date. Motorola is trading at a price-to-earnings ratio of 27.9, which is much higher than the 10-year average of 25. Based on an 8% growth rate, we estimate that the PE ratio will return to 20x earnings, which is similar to the values seen between 2016 and 2019. The stock is also trading at 140% of our fair value estimate of $334, and we currently have a five-year price target of $491.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

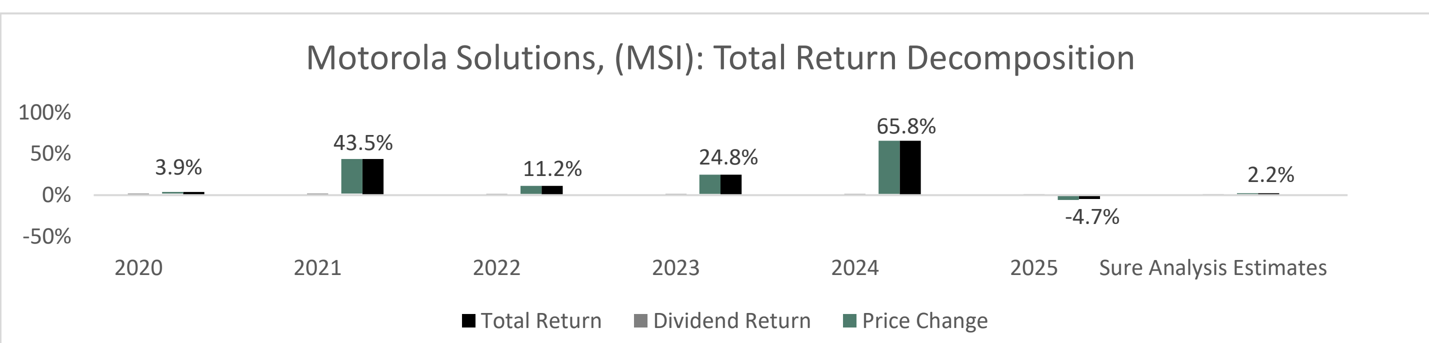
| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2031 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Payout** | 52% | -203% | 38% | 47% | 48% | 41% | 41% | 36% | 42% | 35% | ***29%*** | ***26%*** |

Motorola Solutions offers several competitive advantages across its Command Center, LMR, and Video Security & Access Control segments. Approximately 60% of its customers use one or more cloud solutions, contributing to over $700 million in sales and double-digit growth within a $14 billion TAM. The transition to SaaS cloud offerings and platform rationalization drives margin expansion. In LMR, Motorola manages over 13,000 networks globally, with recurring services and regular device replacements every 6 to 8 years, supported by multi-year service agreements for software upgrades, cybersecurity, and remote monitoring. In Video Security & Access Control, Motorola is rapidly gaining market share with a portfolio including over 5 million fixed video cameras deployed across 300,000+ sites, with 90% featuring embedded AI capabilities. We expect Motorola Solutions to continue to have a ~30% payout ratio. Although we project that the dividend will continue to grow, it is important to note that in 2009, the business stopped its dividend because earnings fell. Fortunately, Motorola has a solid balance sheet, with current assets exceeding total liabilities. The business also has ~$1.7 billion in cash & cash equivalents, which is greater than what the company will pay out in dividends for the fiscal year 2025.

## Final Thoughts & Recommendation

Motorola Solutions has stood the test of time, having been in business for nearly a century. The transformation into a SaaS model is driving growth, which has led to strong multiple expansion over the last five years. The downside is that the expected return over the next five years is very low. Unfortunately, we feel that this is a poor enough return on investment, and, based on current valuations, we would recommend Motorola as a hold.

## Total Return Breakdown by Year

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## Income Statement Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 5,695 | 6,038 | 6,380 | 7,343 | 7,887 | 7,414 | 8,171 | 9,112 | 9,978 | 10,820 |
| Gross Profit | 2,719 | 2,869 | 3,024 | 3,480 | 3,931 | 3,608 | 4,040 | 4,229 | 4,970 | 5,512 |
| Gross Margin | 47.7% | 47.5% | 47.4% | 47.4% | 49.8% | 48.7% | 49.4% | 46.4% | 49.8% | 50.9% |
| SG&A Exp. | 1,021 | 999 | 979 | 1,179 | 1,325 | 1,212 | 1,230 | 1,327 | 1,462 | 1,752 |
| D&A Exp. | 150 | 295 | 343 | 360 | 394 | 409 | 438 | 440 | 356 | 336 |
| Operating Profit | 1,070 | 1,204 | 1,326 | 1,419 | 1,711 | 1,495 | 1,840 | 1,866 | 2,458 | 2,689 |
| Operating Margin | 18.8% | 19.9% | 20.8% | 19.3% | 21.7% | 20.2% | 22.5% | 20.5% | 24.6% | 24.9% |
| Net Profit | 610 | 560 | (155) | 966 | 868 | 949 | 1,245 | 1,363 | 1,709 | 1,577 |
| Net Margin | 10.7% | 9.3% | -2.4% | 13.2% | 11.0% | 12.8% | 15.2% | 15.0% | 17.1% | 14.6% |
| Free Cash Flow | 846 | 894 | 1,119 | 878 | 1,575 | 1,396 | 1,594 | 1,567 | 1,791 | 2,134 |
| Income Tax | 274 | 282 | 1,227 | 133 | 130 | 221 | 302 | 148 | 432 | 390 |

## Balance Sheet Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| Total Assets | 8,346 | 8,463 | 8,208 | 9,409 | 10,642 | 10,876 | 12,189 | 12,814 | 13,336 | 14,600 |
| Cash & Equivalents | 1,980 | 967 | 1,205 | 1,257 | 1,001 | 1,254 | 1,874 | 1,325 | 1,705 | 2,102 |
| Accounts Receivable | 1,362 | 1,410 | 1,523 | 1,293 | 1,412 | 1,390 | 1,386 | 1,518 | 1,710 | 1,952 |
| Inventories | 296 | 273 | 327 | 356 | 447 | 508 | 788 | 1,055 | 827 | 766 |
| Goodwill & Int. Ass. | 469 | 1,549 | 1,799 | 2,744 | 3,394 | 3,453 | 3,670 | 4,654 | 4,656 | 4,775 |
| Total Liabilities | 8,442 | 9,415 | 9,935 | 10,685 | 11,325 | 11,417 | 12,212 | 12,683 | 12,597 | 12,880 |
| Accounts Payable | 653 | 733 | 744 | 777 | 779 | 776 | 1,086 | 1,207 | 1,021 | 1,178 |
| Long-Term Debt | 4,349 | 4,396 | 4,471 | 5,320 | 5,129 | 5,175 | 5,693 | 6,014 | 6,018 | 5,997 |
| Shareholder's Equity | (106) | (964) | (1,742) | (1,293) | (700) | (558) | (40) | 116 | 724 | 1,703 |
| D/E Ratio | (41.03) | (4.56) | (2.57) | (4.11) | (7.33) | (9.27) | (142.3) | 51.84 | 8.31 | 3.52 |

## Profitability & Per Share Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| Return on Assets | 6.5% | 6.7% | -1.9% | 11.0% | 8.7% | 8.8% | 10.8% | 10.9% | 13.1% | 11.3% |
| Return on Equity | 45.7% | - | - | - | - | - | - | N/A | 393% | 128.3% |
| ROIC | 11.7% | 14.6% | -5.0% | 28.5% | 20.4% | 20.9% | 24.2% | 23.1% | 26.5% | 21.8% |
| Shares Out. | 202 | 173 | 163 | 176 | 174 | 174 | 174 | 172 | 172 | 171 |
| Revenue/Share | 28.22 | 34.88 | 39.17 | 42.69 | 44.91 | 42.58 | 47.07 | 53.01 | 57.98 | 63.33 |
| FCF/Share | 4.19 | 5.16 | 6.87 | 5.10 | 8.97 | 8.02 | 9.18 | 9.12 | 10.41 | 12.49 |

*Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.*