Motorola Solutions, Inc. (MSI)

Updated May 22nd, 2026, by Kody Kester

Key Metrics

Current Price:	$403	**5 Year Annual Expected Total Return:**	12.1%	**Market Cap:**	$66.9B
Fair Value Price:	$423	**5 Year Growth Estimate:**	10.0%	**Ex-Dividend Date:**	06/17/26
% Fair Value:	95%	**5 Year Valuation Multiple Estimate:**	1.0%	**Dividend Payment Date:**	07/15/26
Dividend Yield:	1.2%	**5 Year Price Target**	$682	**Years Of Dividend Growth:**	15
Dividend Risk Score:	A	**Sector:**	Technology	**Rating:**	Buy

Overview & Current Events

Motorola Solutions, Inc. (MSI) 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, with the latter increasingly driving higher consolidated operating margins. MSI aims to integrate critical communications, video security, access control, data, and analytics to create connected systems that unify data, streamline workflows, and simplify operations.

On May 7, 2026, MSI shared its financial results for the first quarter ended April 4, 2026. The company's sales rose by 7.4% year-over-year to $2.71 billion during the quarter. That was largely driven by a 17.6% uptick in Software and Services segment sales to $1.16 billion over the year-ago period in the quarter. This was powered by robust demand across its core technology pillars: Mission Critical Networks, Command Center Software, and Video Security and Access Control. Products and Systems Integration segment sales edged 0.8% higher to $1.56 billion for the quarter. Strong growth in Video offset a decrease in MCN sales during the quarter. MSI's non-GAAP EPS grew by 6% year-over-year to $3.37 in the quarter. That beat the analyst consensus for the quarter by $0.12.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	*2026*	*2031*
EPS	$4.92	$5.46	$7.15	$7.96	$7.69	$9.15	$10.36	$11.95	$13.84	$15.38	***$16.93***	***$27.27***
DPS	$1.64	$1.88	$2.08	$2.28	$2.56	$2.84	$3.16	$3.52	$3.92	$4.36	***$4.84***	***$7.79***
Shares[1]	164.7	161.2	163.5	170.5	169.4	168.7	167.5	166.2	167.1	165.7	***166.0***	***162.0***

Since 2016, MSI's non-GAAP EPS has compounded by over 13% annually. Moving forward, we think that the company's non-GAAP EPS can grow by 10% annually through 2031, off an anticipated 2026 base of $16.93. This is because MSI's backlog ended Q1 2026 at a *record* of $15.7 billion. That was up 11% over the year-ago period, which reflects the secular tailwinds in public safety, the software-as-a-service migration, and video security. This should lead to continued high single-digit percentage annual sales growth. As the higher-margin software segment becomes a larger mix of the business, that should also gradually push operating margins higher. Finally, we think that the share count will be marginally reduced by share repurchases over time.

[1] 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	16.9	16.6	16.1	20.7	22.1	29.7	24.9	26.2	33.3	24.8	***23.8***	***25.0***
Avg. Yld.	2.0%	2.1%	1.9%	1.4%	1.5%	1.0%	1.2%	1.1%	0.8%	1.1%	***1.2%***	***1.1%***

Over the last decade, MSI's P/E ratio has ranged from as low as the mid-teens to as much as the low-30s. The average P/E ratio over that time was roughly 23. In recent years, the five-year average P/E ratio was almost 28. Roughly splitting the difference, we arrive at a fair value P/E ratio of 25. Compared to the current-year P/E ratio of 23.8, MSI's shares appear to be slightly discounted.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	33%	34%	29%	29%	33%	31%	31%	29%	28%	28%	***29%***	***29%***

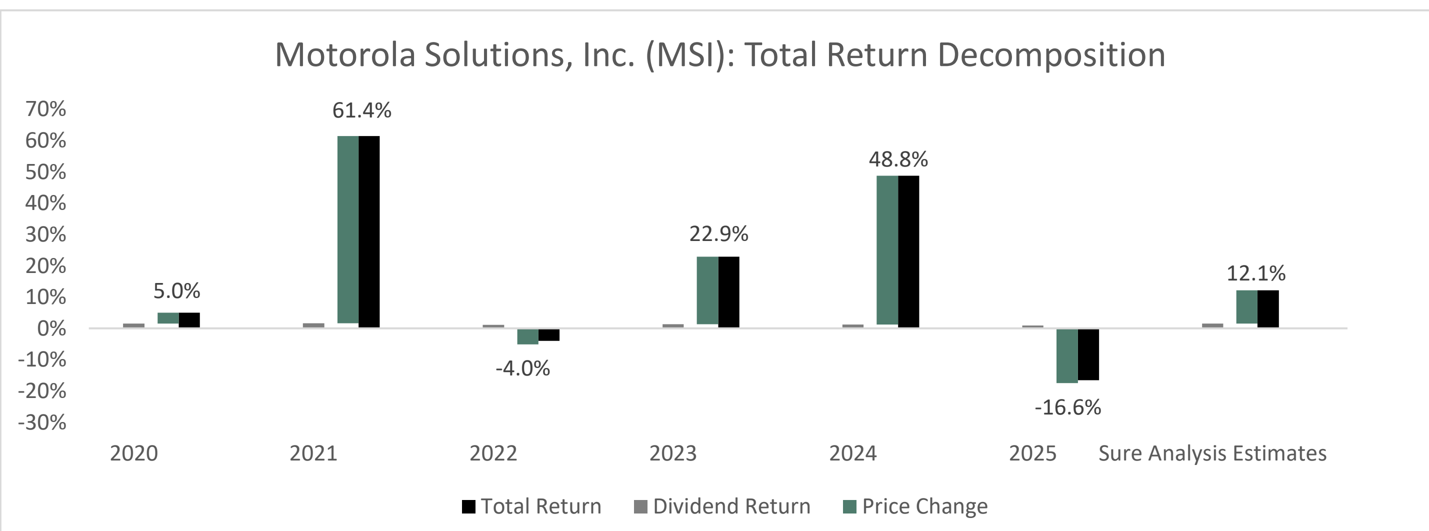
Motorola Solutions offers several competitive advantages across its Command Center, LMR, and Video Security & Access Control segments. Approximately 60% of its customers use one or more cloud solutions, contributing to over $700 million in sales and double-digit growth within a $14 billion TAM. The transition 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.

As of April 4, 2026, MSI's net debt to TTM adjusted EBITDA ratio was manageable at 2.1x. This supports a BBB S&P credit rating with a stable outlook. The company's dividend also looks to be secure, with the payout ratio set to be in the high-20% to low-30% range for 2026. That's why we think that MSI can extend its 15-year dividend growth streak for the foreseeable future.

Final Thoughts & Recommendation

MSI's 1.2% dividend yield, 10.0% annual non-GAAP EPS growth prospects, and 1.0% annual valuation multiple expansion potential could generate 12.1% annual total returns through 2031. As a result, we're upgrading shares to a Buy rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	6,038	6,380	7,343	7,887	7,414	8,171	9,112	9,978	10,817	11,682
Gross Profit	2,799	2,882	3,351	3,740	3,422	3,812	3,990	4,800	5,372	5,817
Gross Margin	46.4%	45.2%	45.6%	47.4%	46.2%	46.7%	43.8%	48.1%	49.7%	49.8%
SG&A Exp.	1,000	1,025	1,254	1,403	1,293	1,353	1,450	1,561	1,752	1,870
D&A Exp.	295	343	360	394	409	438	440	356	336	425
Operating Profit	1,246	1,336	1,403	1,649	1,442	1,725	1,789	2,382	2,695	2,979
Operating Margin	20.6%	20.9%	19.1%	20.9%	19.4%	21.1%	19.6%	23.9%	24.9%	25.5%
Net Profit	562	(151)	969	871	953	1,250	1,367	1,714	1,582	2,160
Net Margin	9.3%	-2.4%	13.2%	11.0%	12.9%	15.3%	15.0%	17.2%	14.6%	18.5%
Free Cash Flow	894	1,119	878	1,575	1,396	1,594	1,567	1,791	2,134	2,572
Income Tax	282	1,227	133	130	221	302	148	432	390	652

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	8,463	8,208	9,409	10,642	10,876	12,189	12,814	13,336	14,595	19,389
Cash & Equivalents	1,076	1,268	1,257	1,001	1,254	1,874	1,325	1,705	2,102	1,165
Accounts Receivable	1,905	1,523	2,305	2,458	2,323	2,491	2,539	2,852	3,226	3,793
Inventories	273	327	356	447	508	788	1,055	827	766	983
Goodwill & Int. Ass.	1,549	1,799	2,744	3,394	3,453	3,670	4,654	4,656	4,775	9,904
Total Liabilities	9,415	9,935	10,685	11,325	11,417	12,212	12,683	12,597	12,876	16,962
Accounts Payable	553	593	592	618	612	851	1,062	881	1,018	1,134
Long-Term Debt	4,396	4,471	5,320	5,626	5,577	6,006	6,433	6,425	6,424	8,884
Shareholder's Equity	(964)	(1,742)	(1,293)	(700)	(558)	(40)	116	724	1,703	2,410
LTD/E Ratio	(4.56)	(2.57)	(4.11)	(8.21)	(10.22)	(153.3)	56.47	9.05	3.85	4.05

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	6.7%	-1.8%	11.0%	8.7%	8.9%	10.8%	10.9%	13.1%	11.3%	12.7%
Return on Equity							2531%	394.0%	128.7%	104.2%
ROIC	14.6%	-4.9%	28.6%	19.1%	18.6%	22.2%	21.4%	24.5%	20.3%	21.1%
Shares Out.	164.7	161.2	163.5	170.5	169.4	168.7	167.5	166.2	167.1	165.7
Revenue/Share	34.88	39.17	42.69	44.91	42.58	47.07	53.01	57.98	63.33	69.12
FCF/Share	5.16	6.87	5.10	8.97	8.02	9.18	9.12	10.41	12.49	15.22

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