



Fourth Quarter & FY 2017 Results

Sierra Wireless

February 8, 2018



Cautionary Note Regarding Forward-Looking Statements

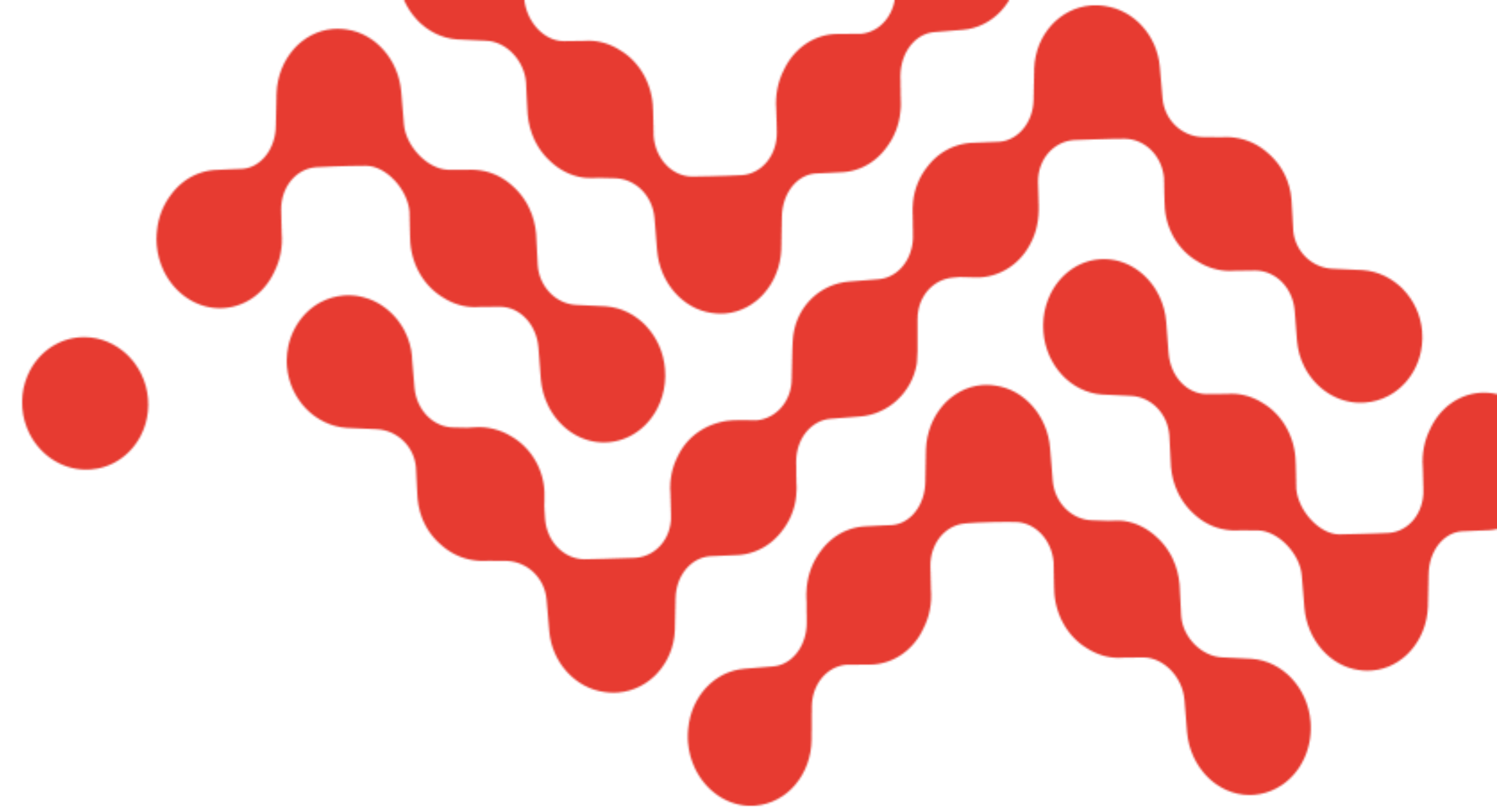
Certain statements and information in this presentation are not based on historical facts and constitute forward-looking statements within the meaning of applicable securities laws ("forward-looking statements") including statements and information relating to our Q1'18 business outlook and beyond; statements regarding our strategy, plans and future operating performance; the Company's liquidity and capital resources; the Company's financial and operating objectives and strategies to achieve them; general economic conditions; expectations regarding the recent acquisition of Numerex Corp. ("Numerex"); estimates of our expenses, future revenues, non-GAAP earnings per share and capital requirements; our expectations regarding the legal proceedings we are involved in; statements with respect to the Company's estimated working capital; expectations with respect to the adoption of IoT solutions; expectations regarding product and price competition from other wireless device manufacturers and solution providers; and our ability to implement effective control procedures. Forward-looking statements are provided to help you understand our views of our short and longer term plans, expectations, and prospects. We caution you that forward-looking statements may not be appropriate for other purposes. We do not intend to update or revise our forward-looking statements unless we are required to do so by securities laws. Forward-looking statements:

- typically include words and phrases about the future, such as: "outlook", "will", "may", "estimates", "intends", "believes", "plans", "anticipates" and "expects";
- are not promises or guarantees of future performance. They represent our current views and may change significantly;
- are based on a number of material assumptions, including those listed below, which could prove to be significantly incorrect:
 - our ability to develop, manufacture and sell new products and services that meet the needs of our customers and gain commercial acceptance;
 - our ability to continue to sell our products and services in the expected quantities at the expected prices and expected times;
 - expected cost of goods sold;
 - potential component supply constraints;
 - our ability to win new business;
 - our ability to integrate the business, operations and workforce of Numerex and to return the Numerex business to profitable growth and realize the expected benefits of the acquisition;
 - our ability to integrate other acquired businesses and realize expected benefits;
 - expected deployment of next generation networks by wireless network operators;
 - our operations not being adversely disrupted by other developments, operating or regulatory risks; and
 - expected tax rates and foreign exchange rates.
- are subject to substantial known and unknown material risks and uncertainties. Many factors could cause our actual results, achievements and developments in our business to differ significantly from those expressed or implied by our forward-looking statements, including, without limitation, the following factors, which are discussed in greater detail. These risk factors and others are discussed in our Annual Information Form and Management's Discussion and Analysis of Financial Condition and Results of Operations, which may be found on SEDAR at www.sedar.com and on EDGAR at www.sec.gov and in our other regulatory filings with the Securities and Exchange Commission in the United States and the Provincial Securities Commissions in Canada:
 - competition from new or established competitors or from those with greater resources;
 - risks related to the recent acquisition of Numerex;
 - disruption of, and demands on, our ongoing business and diversion of management's time and attention in connection with other acquisitions or divestitures;
 - the loss of or significant demand fluctuations from any of our significant customers;
 - cyber-attacks or other breaches of our information technology security;
 - our financial results being subject to fluctuation;
 - our ability to respond to changing technology, industry standards and customer requirements;
 - our ability to attract or retain key personnel;
 - risks related to infringement on intellectual property rights of others;
 - our ability to obtain necessary rights to use software or components supplied by third parties;
 - our ability to enforce our intellectual property rights;
 - difficult or uncertain global economic conditions; our reliance on single source suppliers for certain components used in our products;
 - failures of our products or services due to design flaws and errors, component quality issues, manufacturing defects or other quality issues;
 - our dependence on a limited number of third party manufacturers;
 - unanticipated costs associated with litigation or settlements;
 - our dependence on wireless network carriers to offer and promote acceptable wireless service programs;
 - risks related to contractual disputes with counterparties;
 - risks related to governmental regulation;
 - risks related to the transmission, use and disclosure of user data and personal information; and
 - risks inherent in foreign jurisdictions.

Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results.

USE OF NON-GAAP FINANCIAL MEASURES

- this presentation contains references to certain non-GAAP financial measures and should be viewed in conjunction with our press release, which contains further information regarding our use of non-GAAP financial measures, including a reconciliation of such information to our GAAP results



Business Overview

Jason Cohenour, President and CEO



Q4 2017 Overview

Quarterly Revenue

\$183.5 million

+ 12.6% yr over yr

Q4'17 includes \$3.1m of stub period revenue from Numerex

Adjusted EBITDA

\$13.9 million

- 10.0% yr over yr

GAAP EPS

\$(0.11)

Non-GAAP EPS

\$ 0.28

Compares to Q4'16 GAAP EPS of \$0.49 and Non-GAAP EPS of \$0.27

Numerex Acquisition

Completed the acquisition of Numerex on Dec 7 and exchanged 3.6m shares

Technology Leadership

LPWA, LTE-Advanced Pro, Open Source, Advanced Telemetry, Device to Cloud

Solid yr-over-yr growth

Full year revenue increased 12.4% and Adj. EBITDA grew 23.4% in 2017 compared to 2016

Q4 2017 OEM Solutions

Q4 Revenue

\$139.8 million

+ 3.4% yr over yr

Q4'17 GAAP GM: 29.7%
Q4'17 Non-GAAP GM: 29.7%

- Solid demand from established and new OEM programs
- Solid design win activity in the quarter including company's second largest design win ever with automotive customer
- Announced industry's smallest multi-mode LPWA module with integrated SIM, security and GNSS
- Open Source mangOH Red rapid prototyping kit wins IoT Breakthrough Award



Q4 2017 Enterprise Solutions

Q4 Revenue

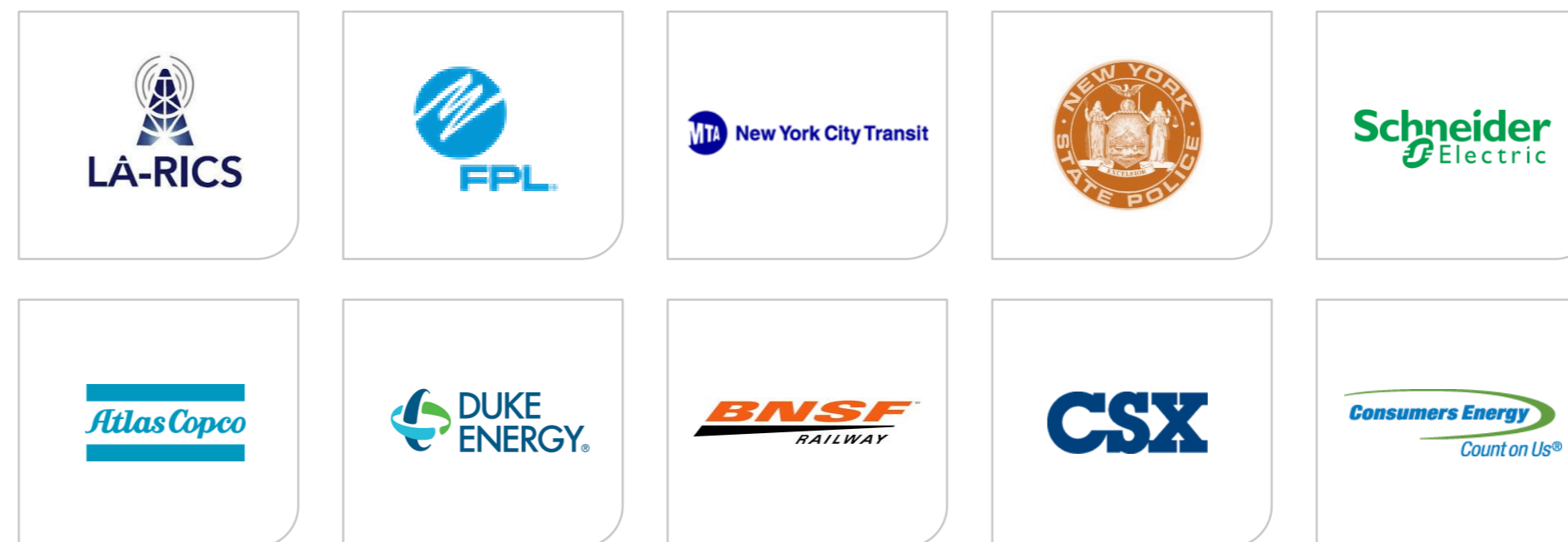
\$31.8 million

+ 52.0% yr over yr

Q4'17 GAAP GM: 47.5%

Q4'17 Non-GAAP GM: 47.5%

- Strong growth in telematics, public safety, and industrial
- Solid demand for new networking products in Q4
- AT&T building FirstNet dedicated broadband network for first responders in the U.S. – Significant growth opportunity
- New design wins in Public Safety & Transportation markets



Q4 2018 IoT Services (formerly Cloud & Connectivity Svcs)

Q4 Revenue

\$11.9 million

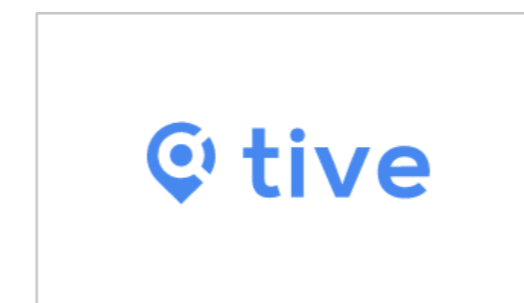
+ 73.5% yr over yr

Revenue includes stub period revenue from NMRX of \$3.1m

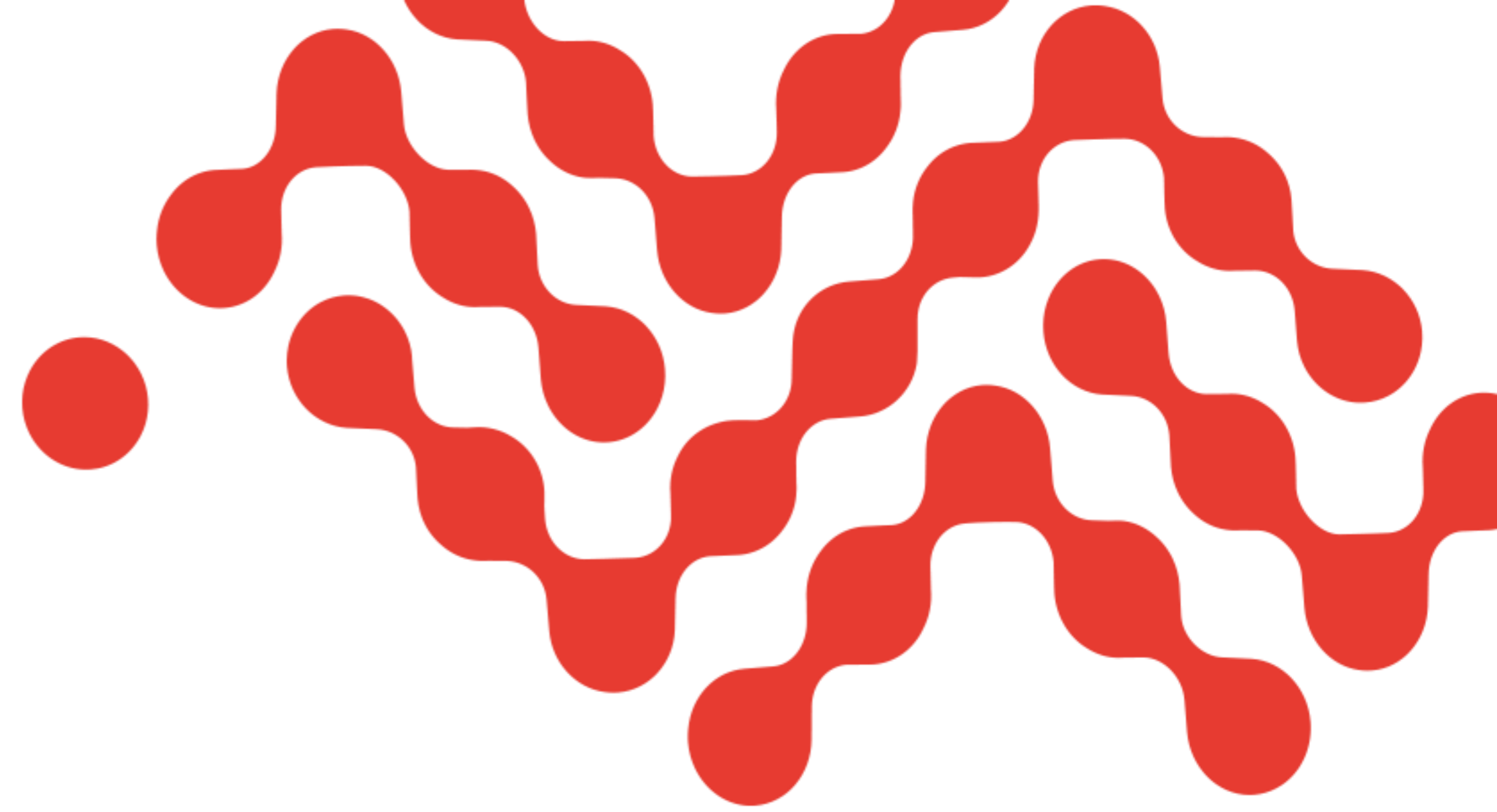
Q4'17 GAAP GM: 44.1%

Q4'17 Non-GAAP GM: 44.2%

- Completed acquisition of Numerex and renamed the business segment IoT Services given broader offering
- Organic growth for IoT Services was 27.6% (excluding Numerex)
- Wins in industrial, telematics, energy and asset tracking
- Implementing rapid integration of Numerex to capture growth, cost and operating synergies



Sierra Wireless customers deploying our integrated Device-to-Cloud solution



Financial overview

David McLennan, Chief Financial Officer

Summary of key financial metrics

Q4 2017 financial metrics

(USD millions, except EPS and margin %)

Fourth Quarter 2017 Results

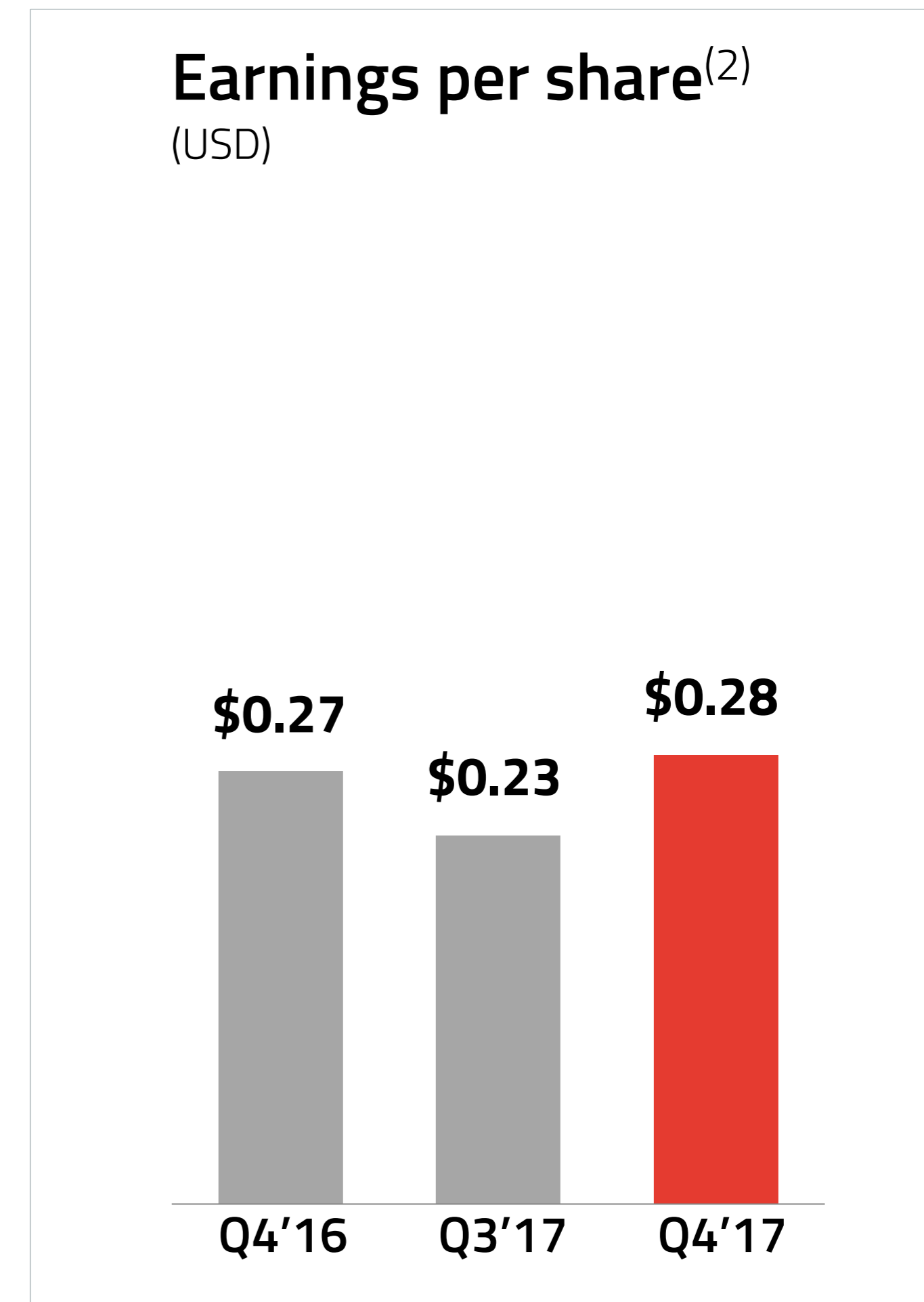
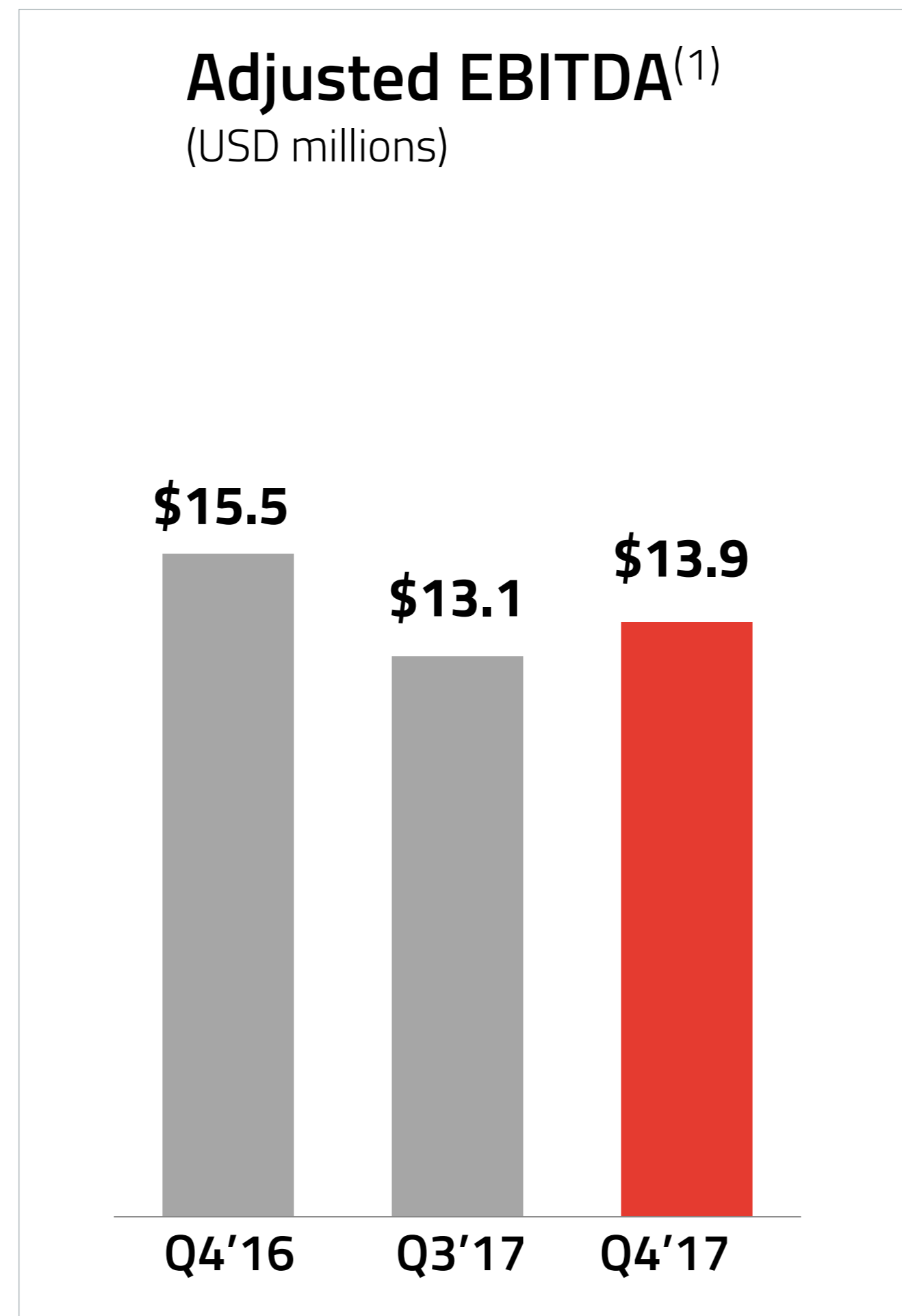
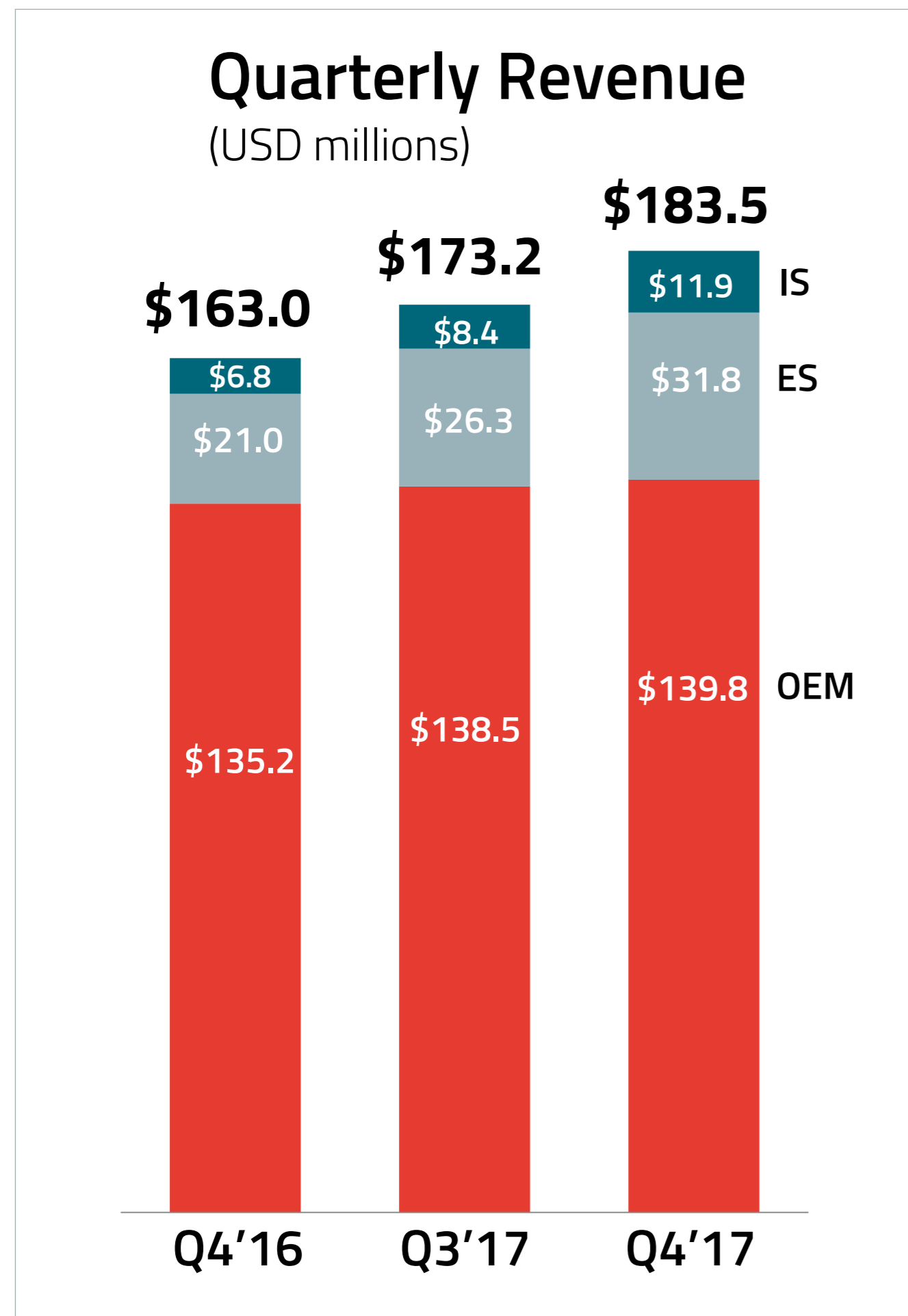
	GAAP Actual	Non-GAAP ⁽¹⁾ excl. Numerex	Non-GAAP ⁽¹⁾ Guidance ⁽³⁾	Non-GAAP ⁽¹⁾ Consolidated
Revenue	\$183.5	\$180.4	\$172 - \$180	\$183.5
Gross margin (%)	33.7%	33.6%		33.8%
Operating Exp.	\$64.8	\$50.7		\$52.5
Adj. EBITDA ⁽²⁾	n/a	\$13.9		\$13.9
Earnings from Ops	\$(3.0)	\$ 9.8		\$9.5
Net earnings	\$(3.5)	\$ 9.1		\$9.2
EPS (fully diluted)	\$(0.11)	\$0.28	0.21 - 0.29	\$0.28

(1) Non-GAAP financial measures exclude the impact of: stock-based compensation expense and related social taxes, acquisition-related expense, acquisition amortization, impairment, integration expense, restructuring expense, certain other non-recurring expenses or recoveries, foreign exchange gains or losses on translation of balance sheet accounts, unrealized foreign exchange gains or losses on forward contracts and certain tax adjustments.

(2) Adjusted EBITDA as defined equates to net earnings (loss) plus stock-based compensation expense and related social taxes, acquisition-related expense, restructuring expense, integration expense, impairment, certain other non-recurring expenses or recoveries, amortization, foreign exchange gains or losses on translation of balance sheet accounts, unrealized foreign exchange gains or losses on forward contracts, interest and income tax.

(3) Non-GAAP guidance for Q4'17 excluded contribution from Numerex

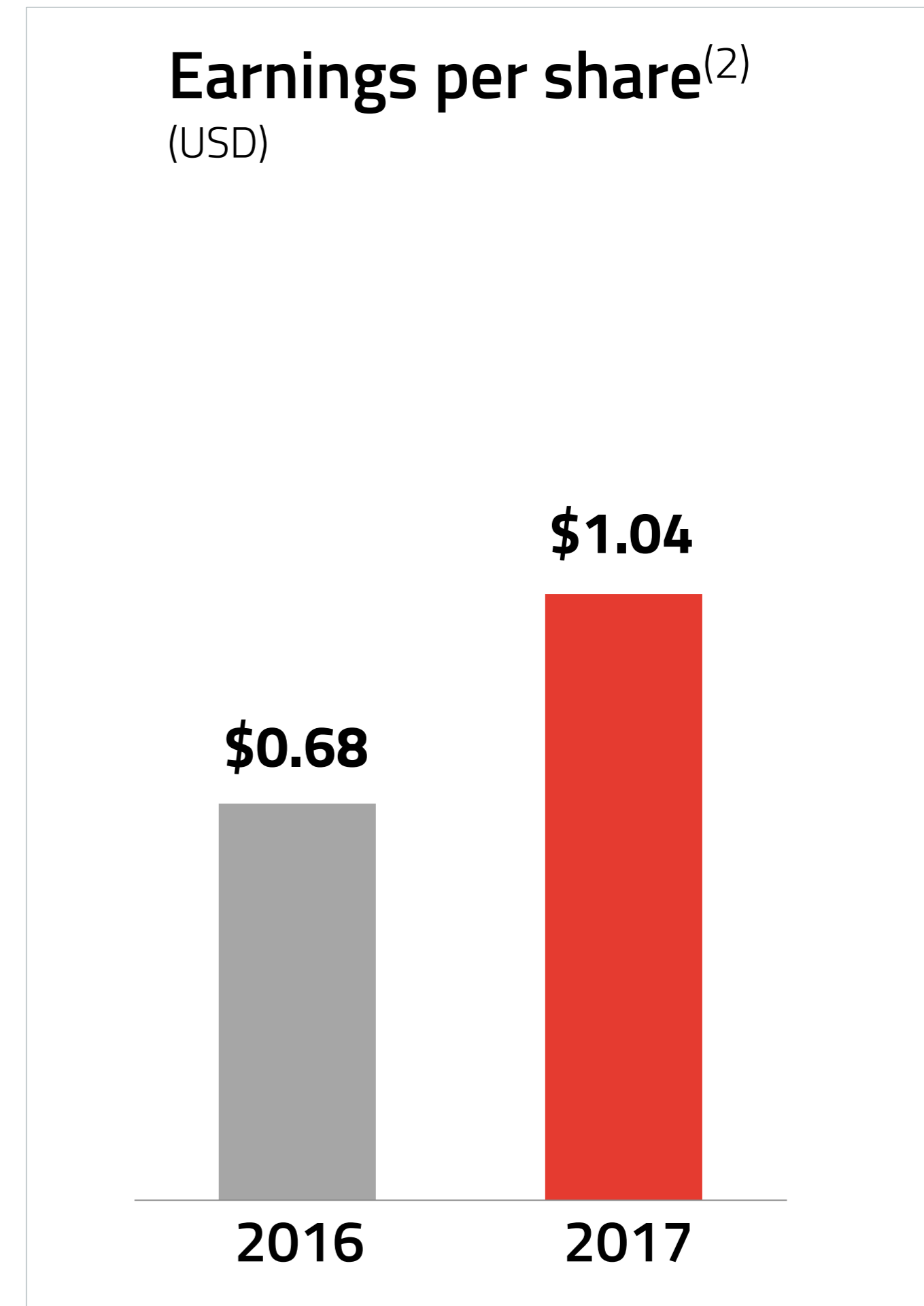
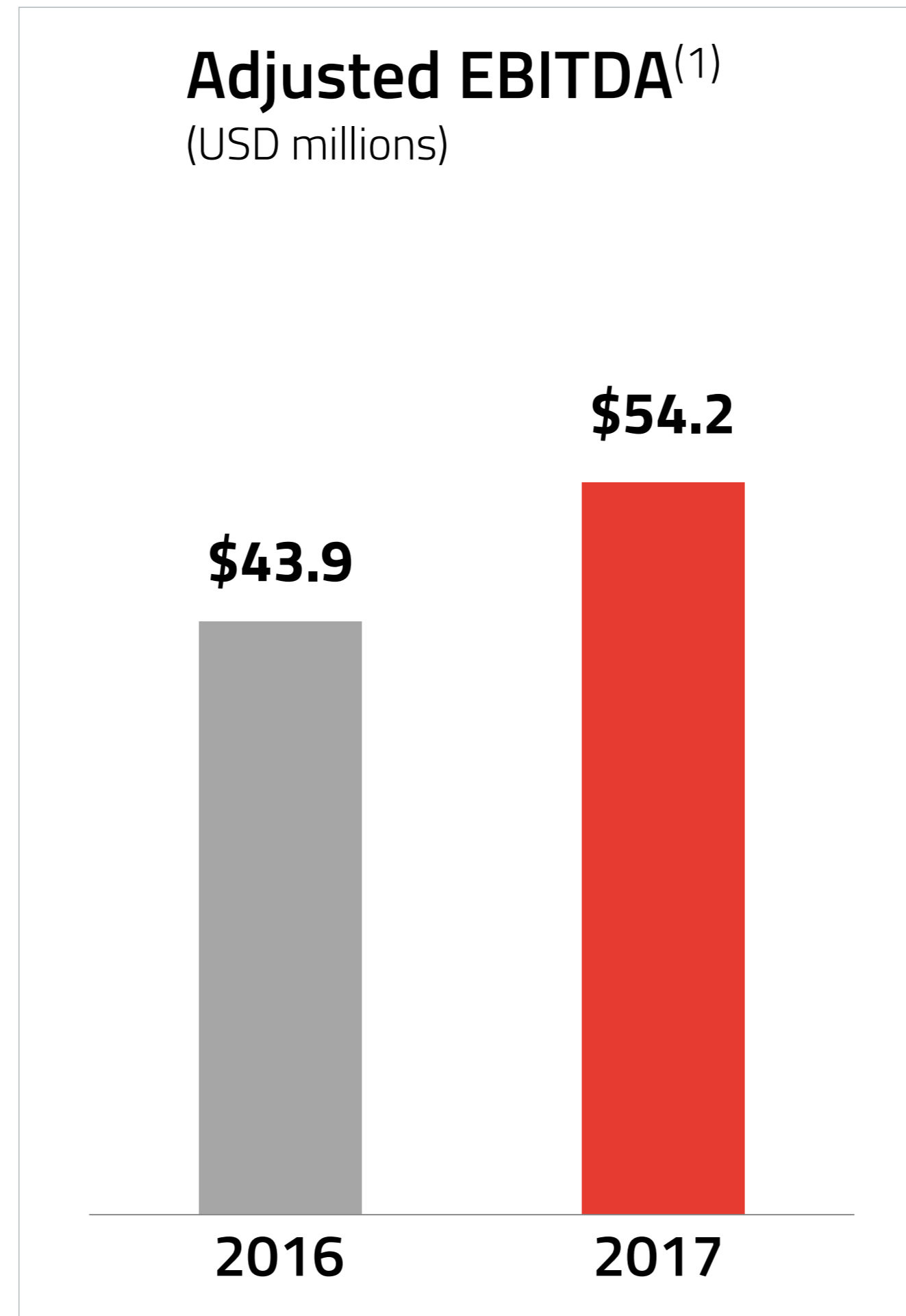
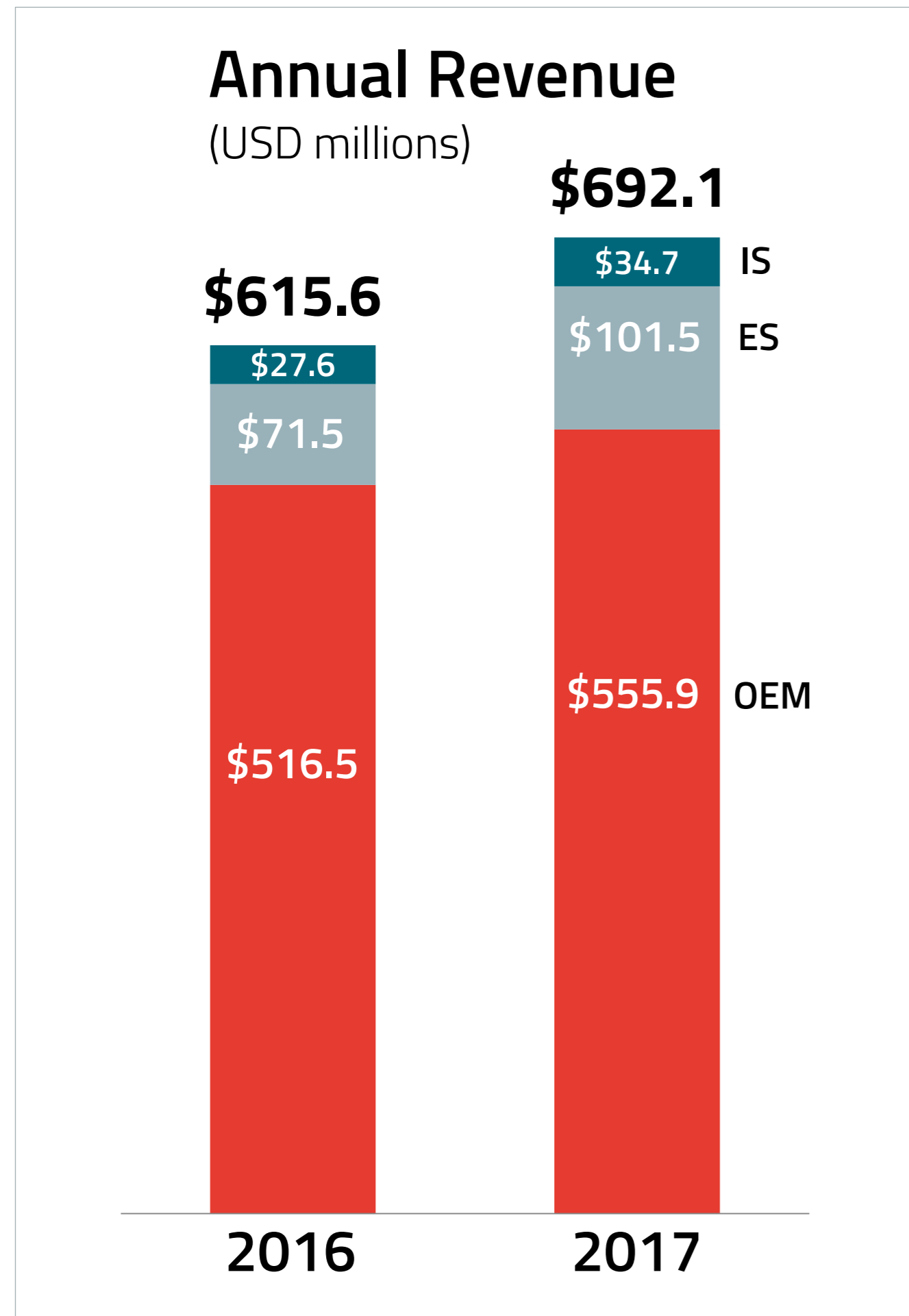
Q4 2017 – Non-GAAP results



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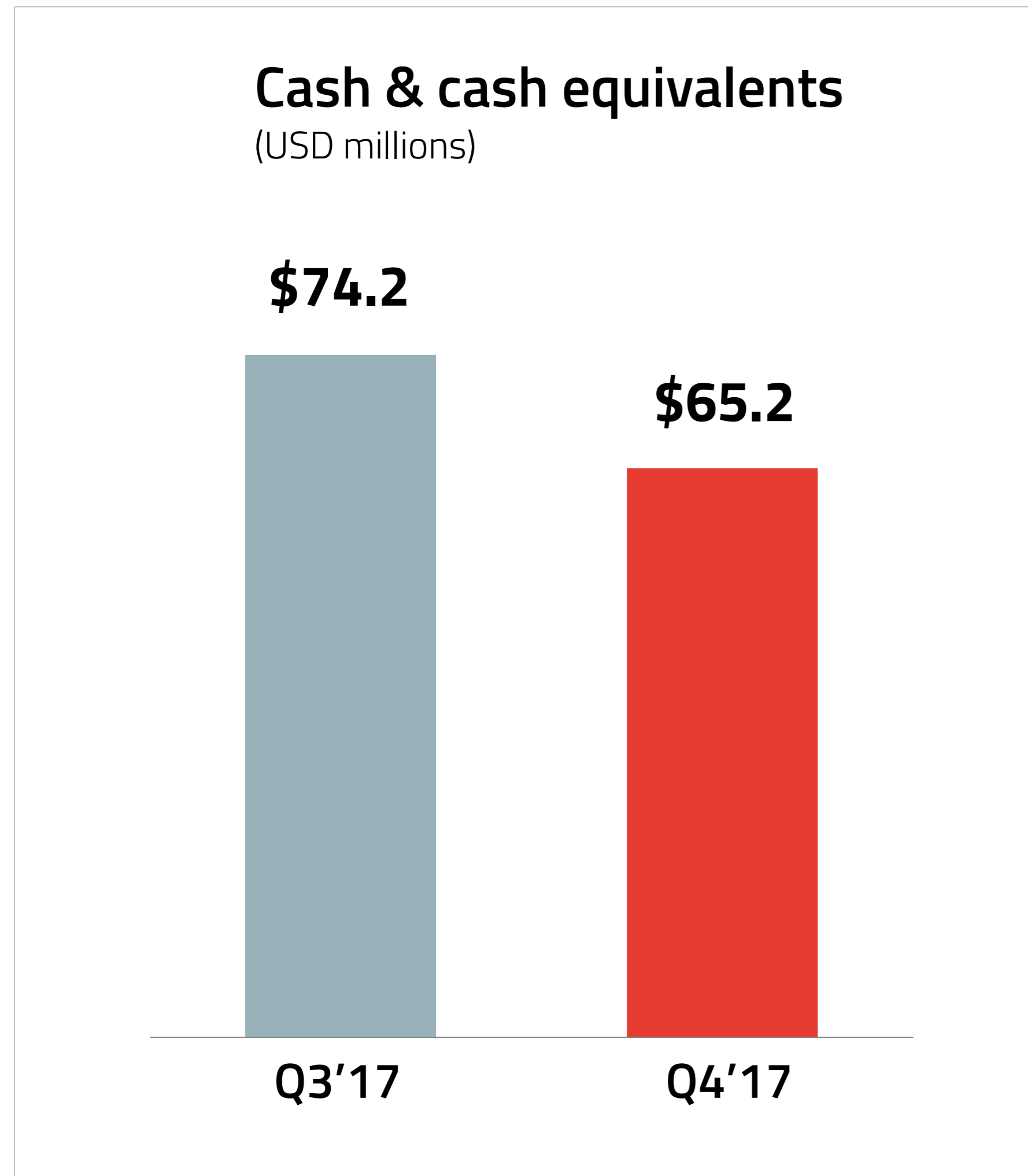
FY 2017 – Non-GAAP results



(1) Adjusted EBITDA as defined equates to net earnings (loss) plus stock-based compensation expense and related social taxes, acquisition-related expense, restructuring expense, integration expense, impairment, certain other non-recurring expenses or recoveries, amortization, foreign exchange gains or losses on translation of balance sheet accounts, unrealized foreign exchange gains or losses on forward contracts, interest and income tax.

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Q4 2017 - Cash Position & Free Cash Flow



Solid balance sheet and debt free

	<u>Q4 2017</u>
Cash flow from operations	\$ 13.5
Capital Expenditures	<u>\$ (3.5)</u>
Free Cash Flow	\$ 10.0
Acquisition of Numerex (net of cash acquired)	\$ (18.7)
Other	<u>\$ (0.3)</u>
Decrease in Cash Balance	<u><u>\$ (9.0)</u></u>

Q1 2018 Guidance

Including Numerex, in the First Quarter of 2018, we expect:

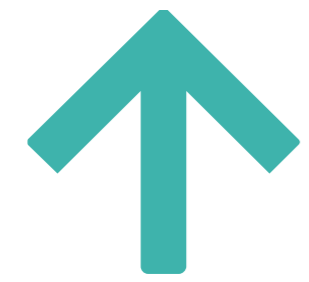
- Revenue to be in the range of **\$181** million to **\$189** million
- Non-GAAP EPS in the range of **\$0.04** to **\$0.10**

We expect the First Quarter to be impacted by some unusual non-recurring items, including:

- higher costs related to a Numerex network upgrade and customer migration; and
- tight component supply constraining revenue and adding to cost of goods

Q4 2017 summary

Strong Fourth Quarter results



Strong growth in high margin Enterprise & IoT Services segments

New customer acquisition success

DW

Solid **design win activity** building program pipeline

New products and programs complemented by acquisition



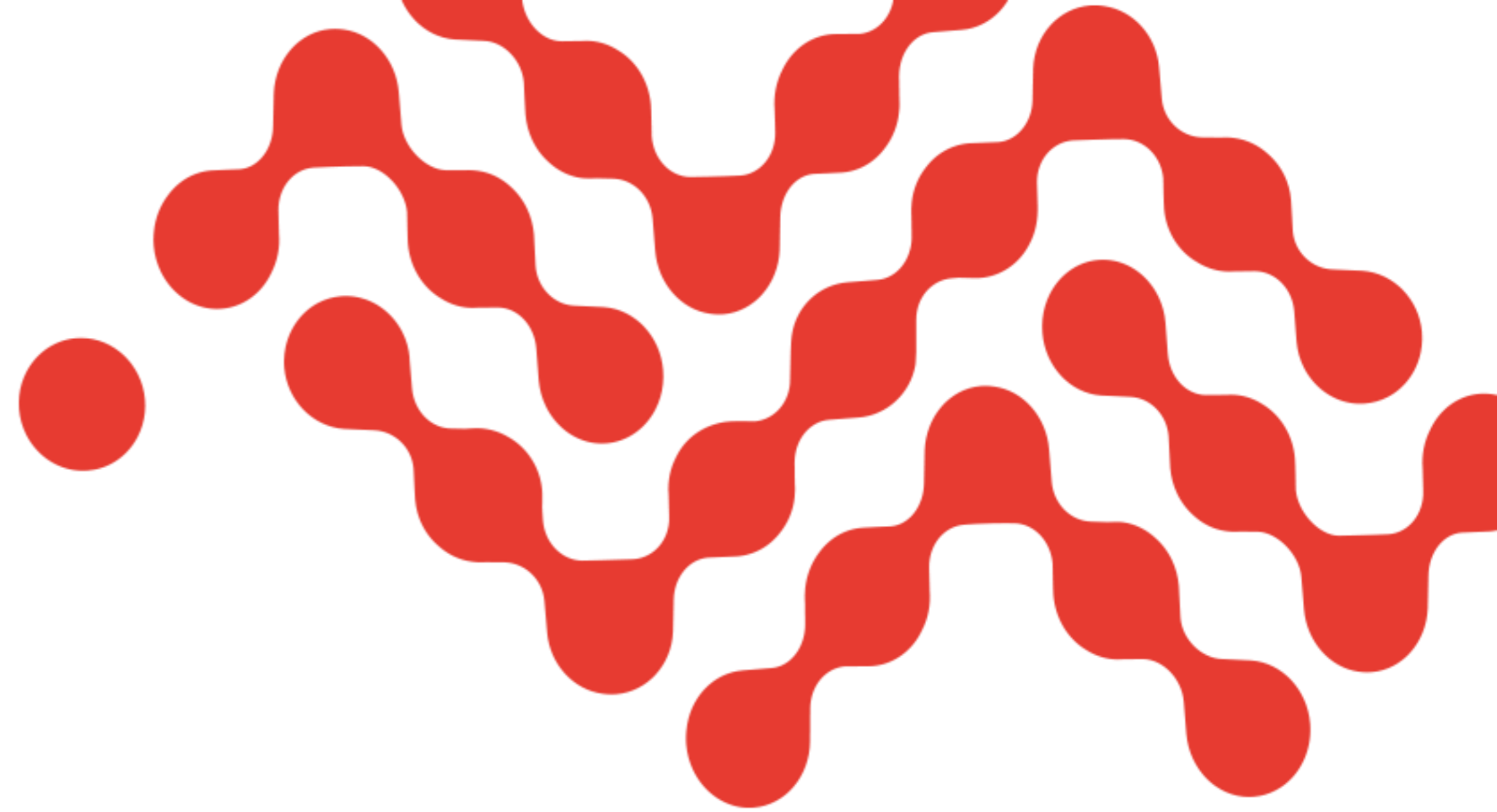
Completed acquisition of **Numerex** and introduced new **solutions**

Global leader in wireless solutions for the IoT

#1

Well positioned for long term growth and **value creation**

Start with Sierra



Q & A