



First Quarter 2018 Results

Sierra Wireless

May 3, 2018



Cautionary Note Regarding Forward-Looking Statements

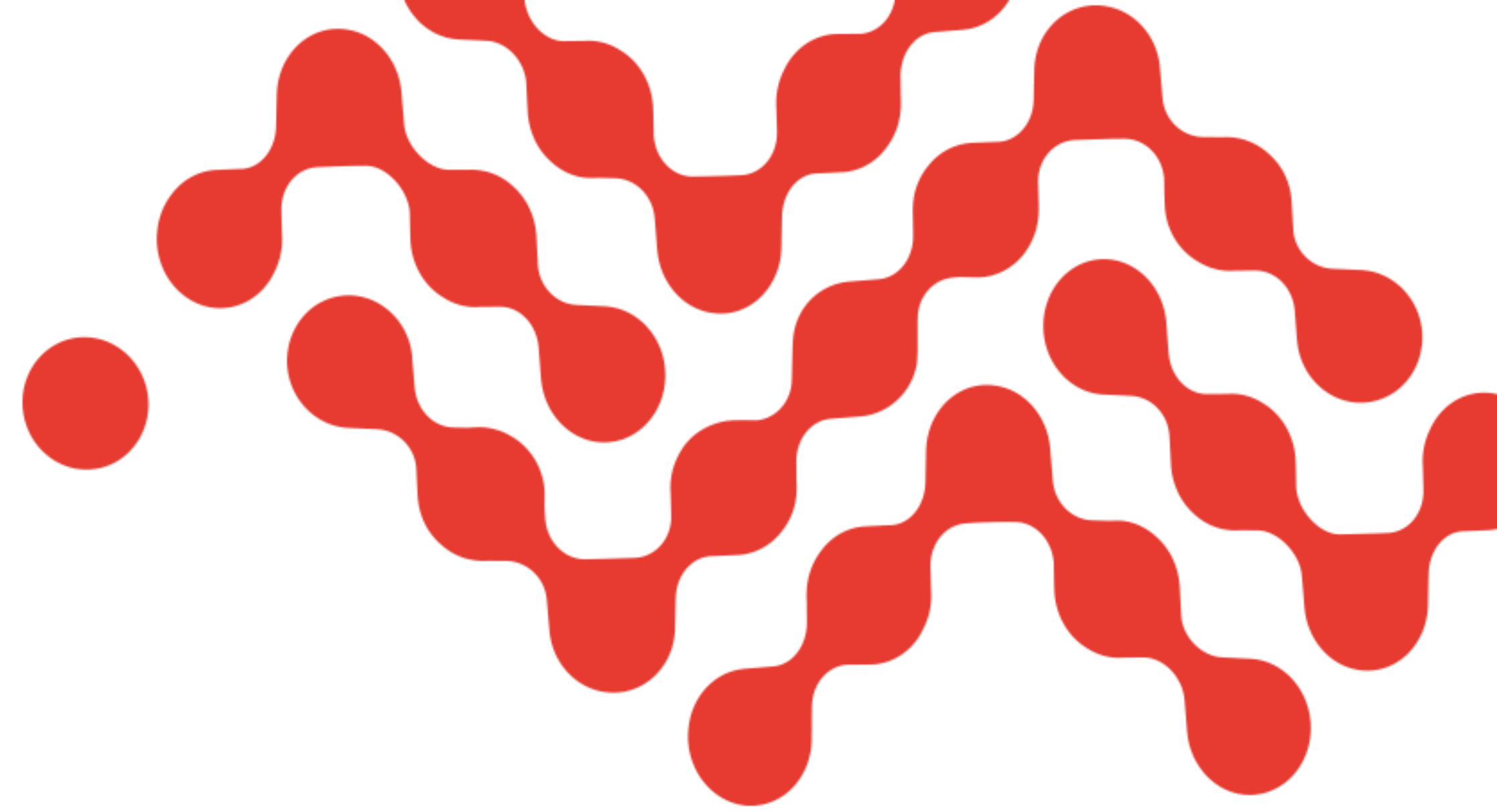
Certain statements and information in this presentation are not based on historical facts and constitute forward-looking statements within the meaning of applicable securities laws ("forward-looking statements") including statements and information relating to our Q2'18 business outlook and beyond; statements 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 sales;
 - 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, cyber-security 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;
 - failures of our products or services due to design flaws and errors, component quality issues, manufacturing defects, cyber-security vulnerabilities or other quality issues;
 - 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;
 - our dependence on a limited number of third party manufacturers;
 - unanticipated costs associated with litigation or settlements;
 - our dependence on mobile network operators 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



Q1 2018 Overview

Quarterly Revenue

\$186.9 million

+15.9% yr over yr

compared to \$161.2m in Q1'17

Adjusted EBITDA

\$ 9.0 million

-28.6% yr over yr

compared to \$12.6m in Q1'17

GAAP EPS

\$(0.23)

Non-GAAP EPS

\$ 0.09

Compares to Q1'17 GAAP EPS of \$(0.00)
and Non-GAAP EPS of \$0.24

Technology leadership

Launched market leading
LPWA module & gateway,
expanding market presence

Numerex integration

Revenue contribution in-line
with expectations. Solid
integration progress.

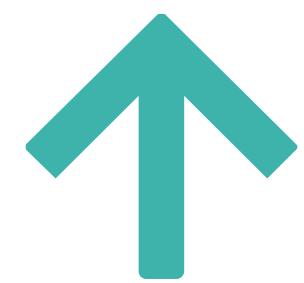
Design Wins

Customer acquisition activity
in Q1 solid across the business
segments & regions

Q1 2018 OEM Solutions

Q1 Revenue

\$135.2 million

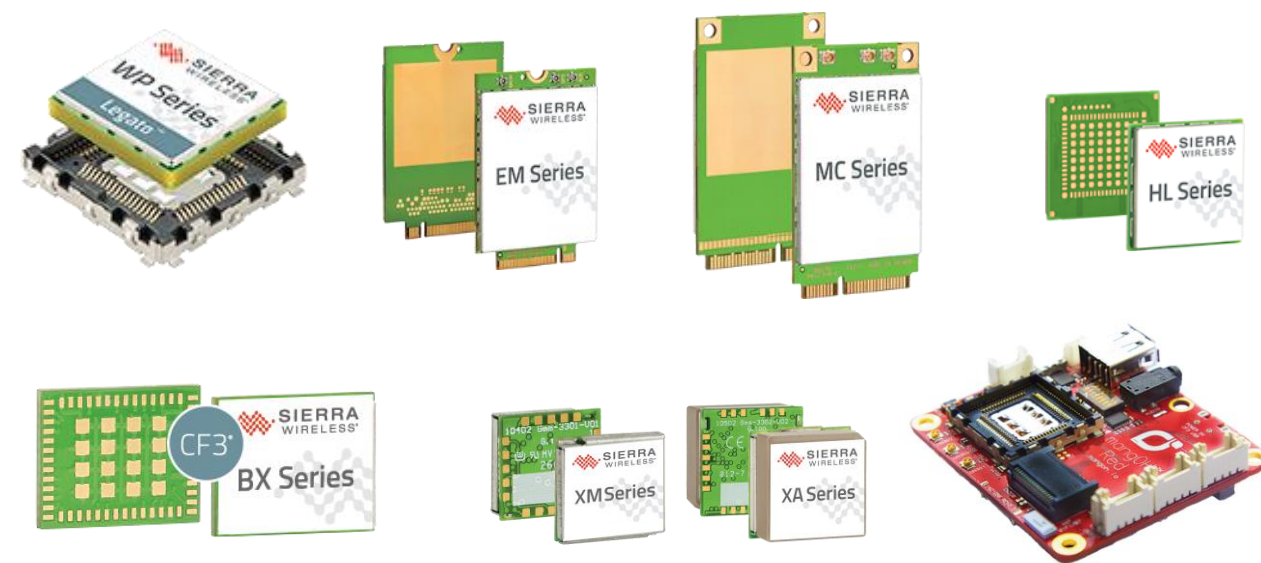


+2.1% yr over yr

Q1'18 GAAP GM: 28.8%

Q1'18 Non-GAAP GM: 28.9%

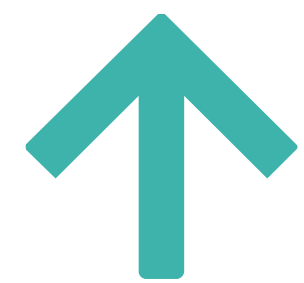
- Year-over-year revenue growth in Automotive
- Design win volume increased year-over-year and sequentially with wins in Automotive, Energy, Enterprise and Transportation
- Sierra's HL78 cellular module for LPWA selected by KDDI for large gas metering deployment in Japan



Q1 2018 Enterprise Solutions

Q1 Revenue

\$29.2 million

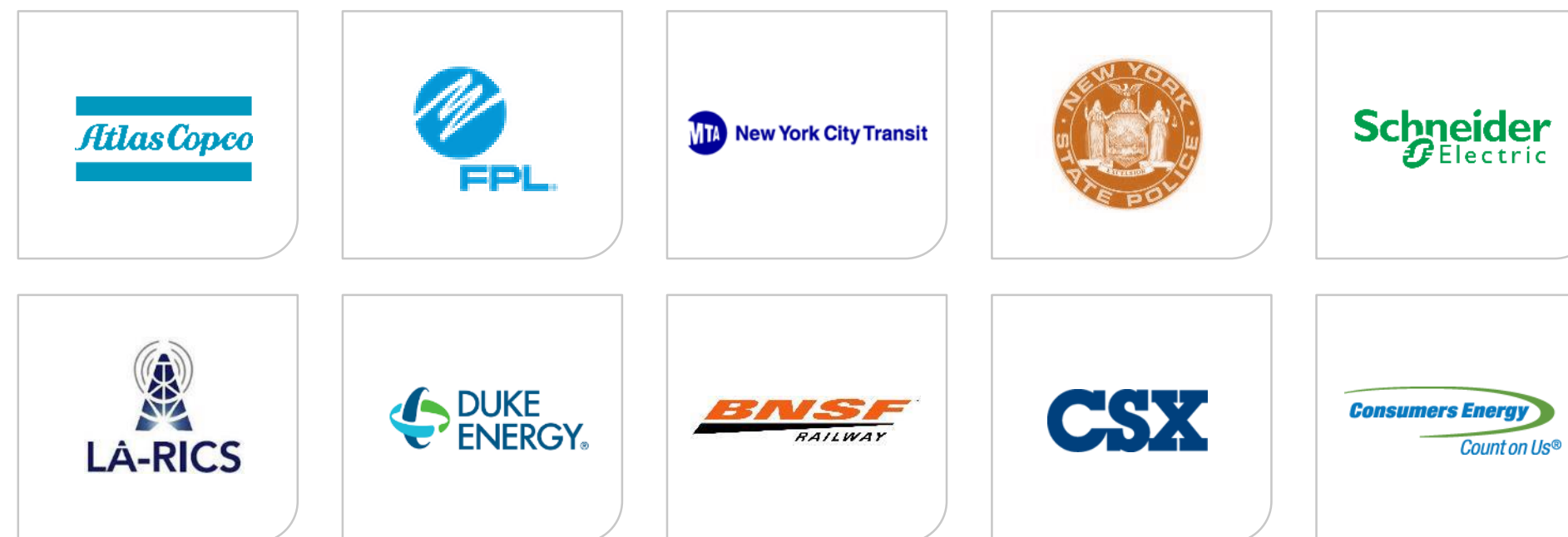


+34.5% yr over yr

Q1'18 GAAP GM: 48.0%

Q1'18 Non-GAAP GM: 48.2%

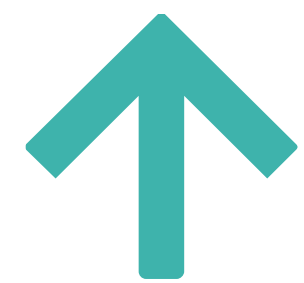
- Solid demand for new networking products in First Quarter
- Strong yr over yr growth in Industrial, Public Safety and Telematics
- Atlas Copco deploys FX30 programmable IoT gateways and AirVantage Cloud for industrial machine intelligence
- Launched AirLink LX60 – the industry's first LPWA cellular router



Q1 2018 IoT Services

Q1 Revenue

\$22.5 million



+ 218% yr over yr

Q1'18 GAAP GM: 40.7%

Q1'18 Non-GAAP GM: 40.9%



- Solid progress on integration of Numerex business
 - Numerex revenue in Q1 in-line with our expectations
- Organic growth in IoT Services of 28.8% (excluding Numerex)
- Design wins in Security, Asset Tracking, Transportation and Retail
- IVA selected Sierra's Smart SIM services and Cloud platform to transform the largest global vending machine network



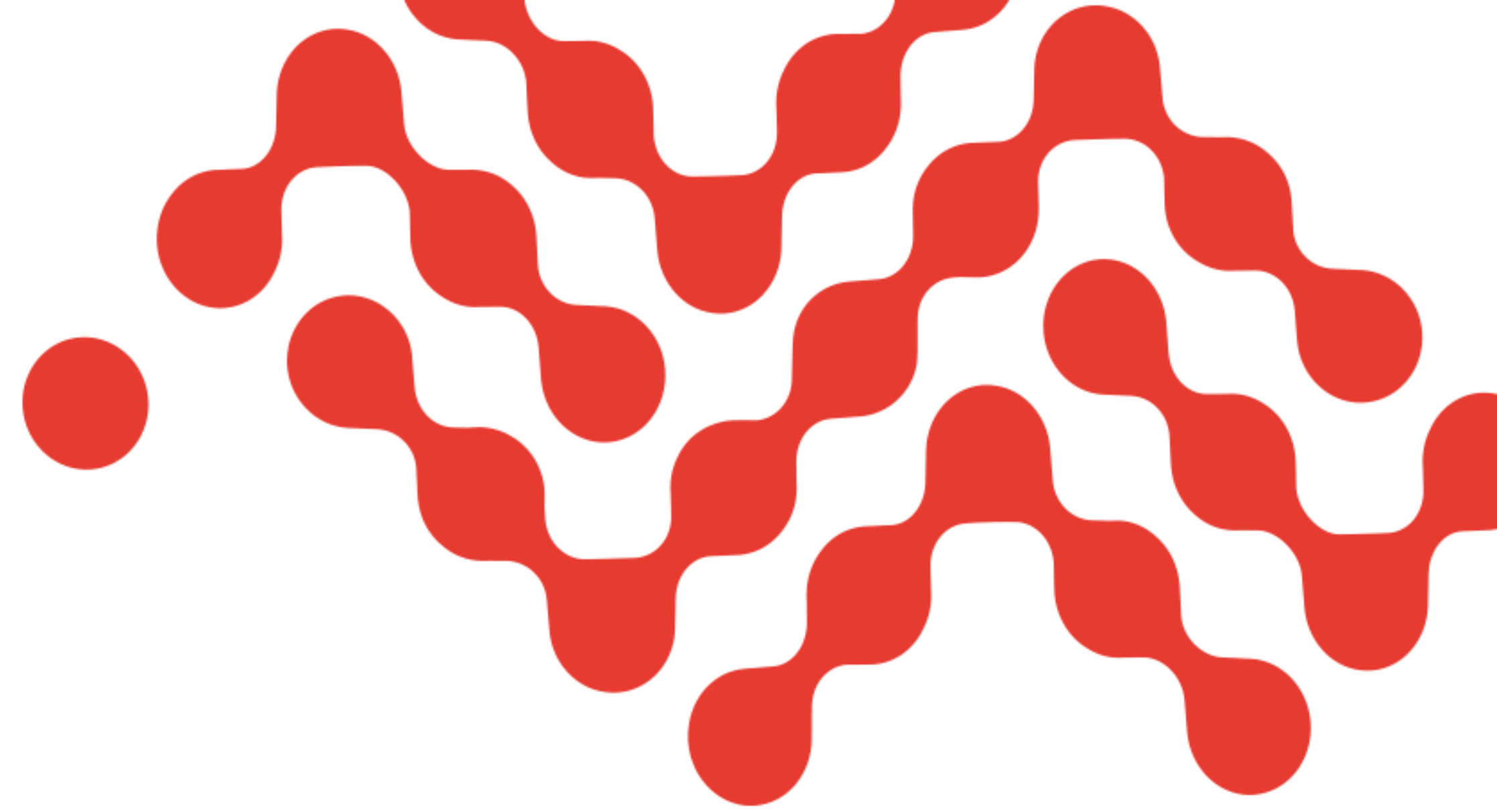
intellinium

nube
SMART LIVING

tive

MiSHiKO

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



Financial overview

David McLennan, Chief Financial Officer

Summary of key financial metrics

Q1 2018 financial metrics

(USD millions, except EPS and margin %)

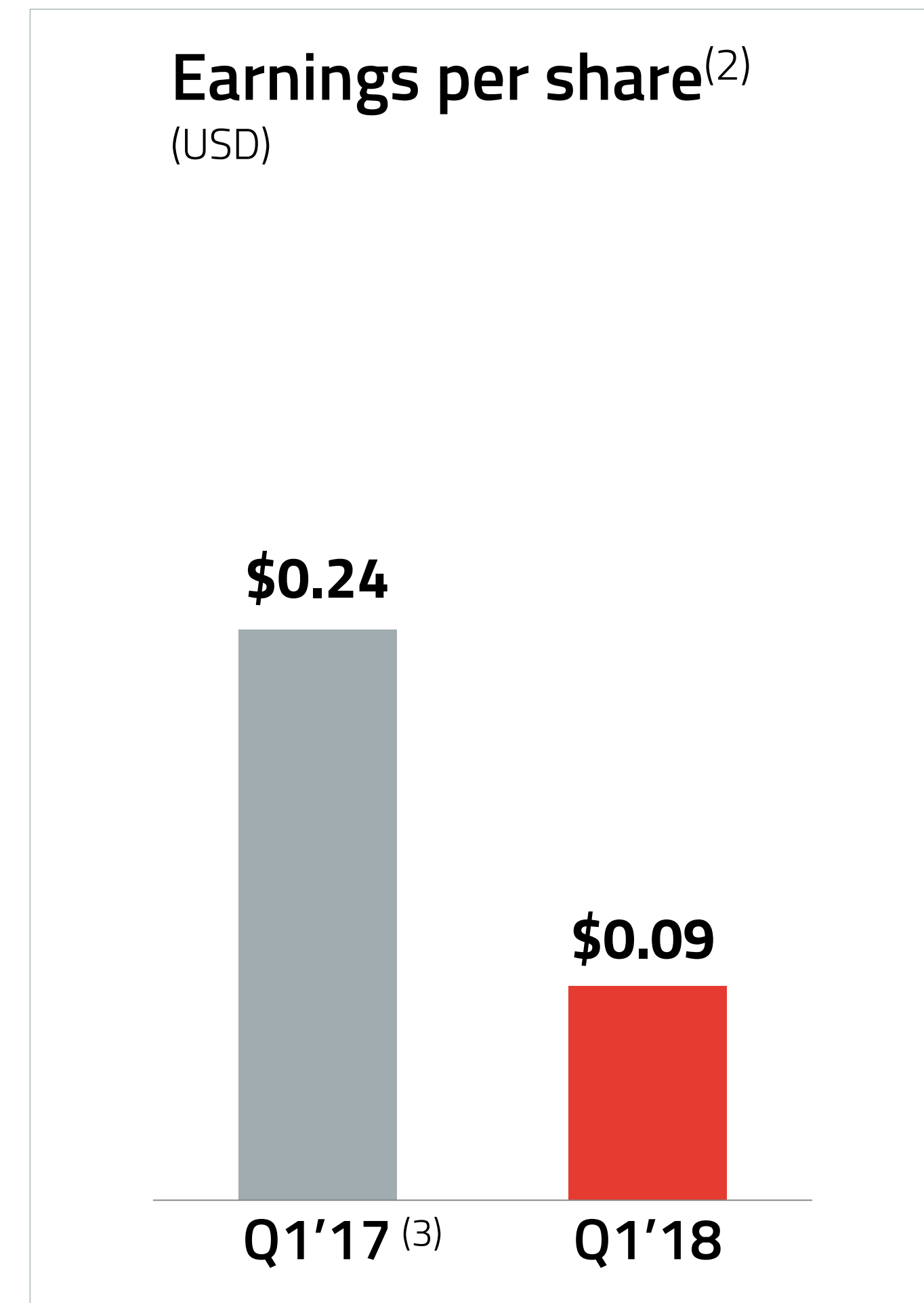
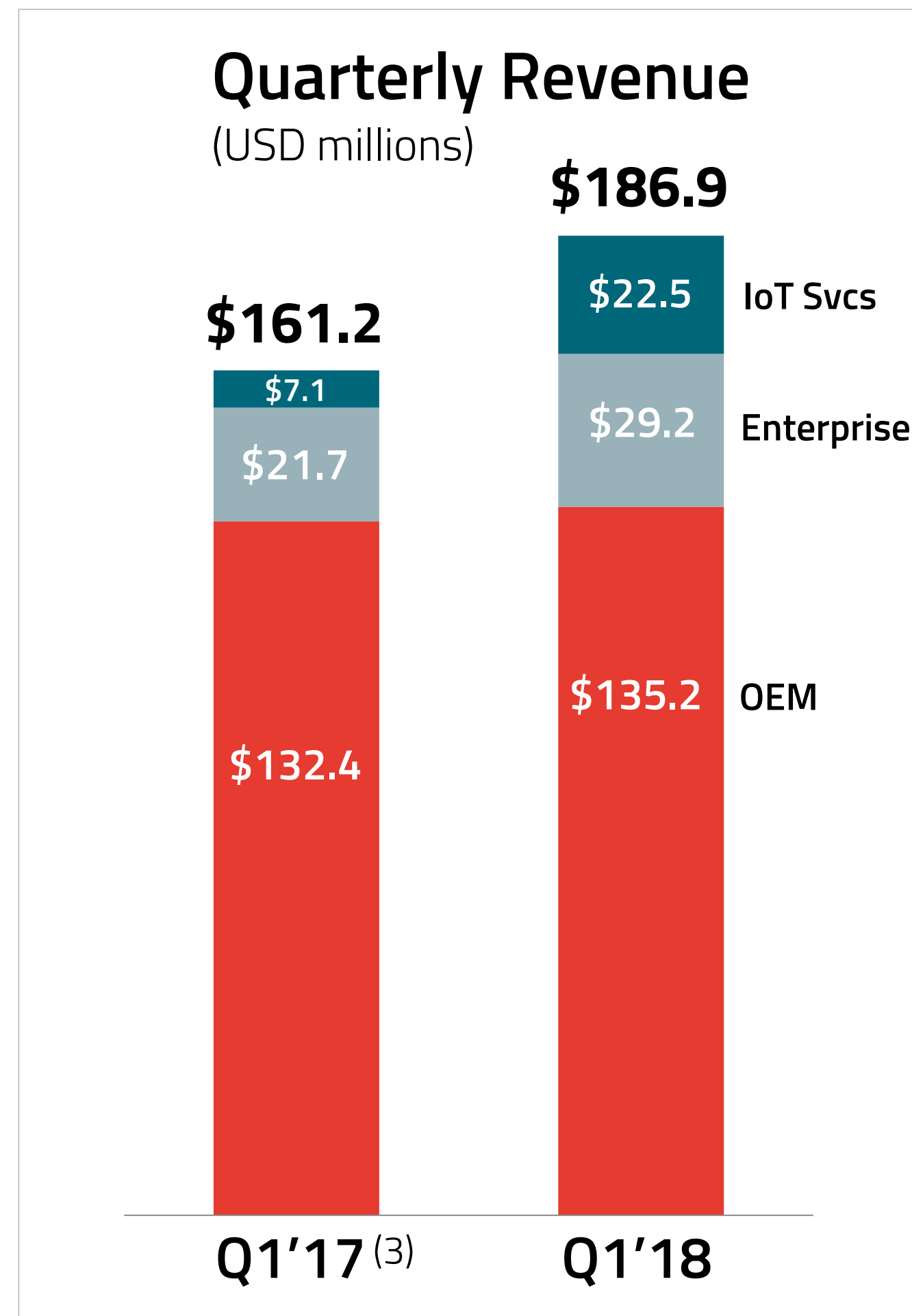
Q1 2018 Results

	GAAP Actual	Non-GAAP Actual ⁽¹⁾	Non-GAAP Guidance ⁽¹⁾
Product revenue	\$162.9	\$162.9	
Services and other revenue	\$ 24.0	\$ 24.0	
Total Revenue	\$186.9	\$186.9	\$181.0 to \$189.0
Gross margin (%)	33.2%	33.4%	
Operating expenses	\$72.0	\$58.6	
Adjusted EBITDA ⁽²⁾	n/a	\$ 9.0	
Earnings (loss) from operations	\$(9.9)	\$ 3.8	
Net earnings (loss)	\$(8.4)	\$ 3.3	
Earnings (loss) per share (f.d.)	\$(0.23)	\$0.09	\$0.04 to \$0.10

(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

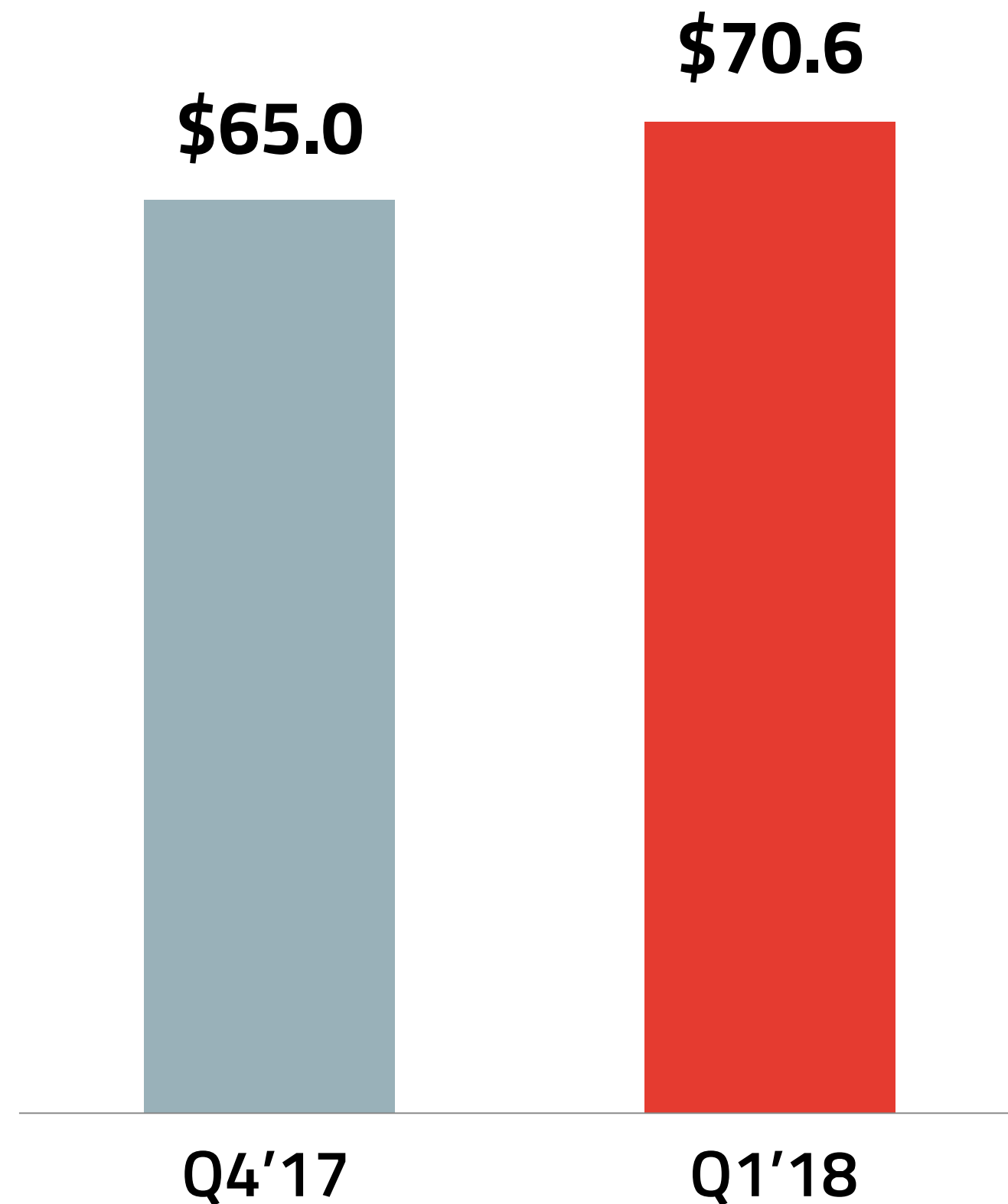
Q1 2018 – Non-GAAP operating results



- (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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- (3) The comparative period in 2017 has been adjusted to reflect the adoption of ASC606 (Revenue Recognition). These adjustments do not have a material effect.

Q1 2018 - Cash Position & Free Cash Flow

Cash & cash equivalents
(USD millions)



Solid balance sheet and debt free

	Q1 2018
Cash flow from operations	\$ 10.9
Capital Expenditures	<u>\$ (4.9)</u>
Free Cash Flow	\$ 6.0
Other	<u>\$ (0.4)</u>
Increase in Cash Balance	<u><u>\$ 5.6</u></u>

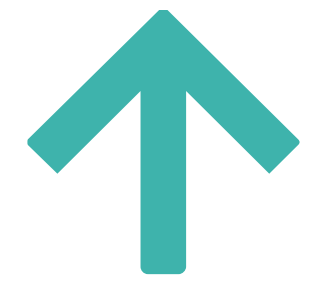
Q2 2018 Guidance

In the Second Quarter of 2018, we expect:

- **Revenue** to be in the range of **\$195** million to **\$203** million
- **Non-GAAP EPS** in the range of **\$0.17** to **\$0.25**

Q1 2018 summary

First Quarter 2018 results



Strong growth in high margin Enterprise & IoT Services segments

New customer acquisition success



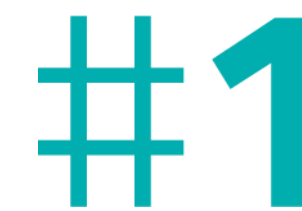
Solid **design win activity** building program pipeline

New products and programs



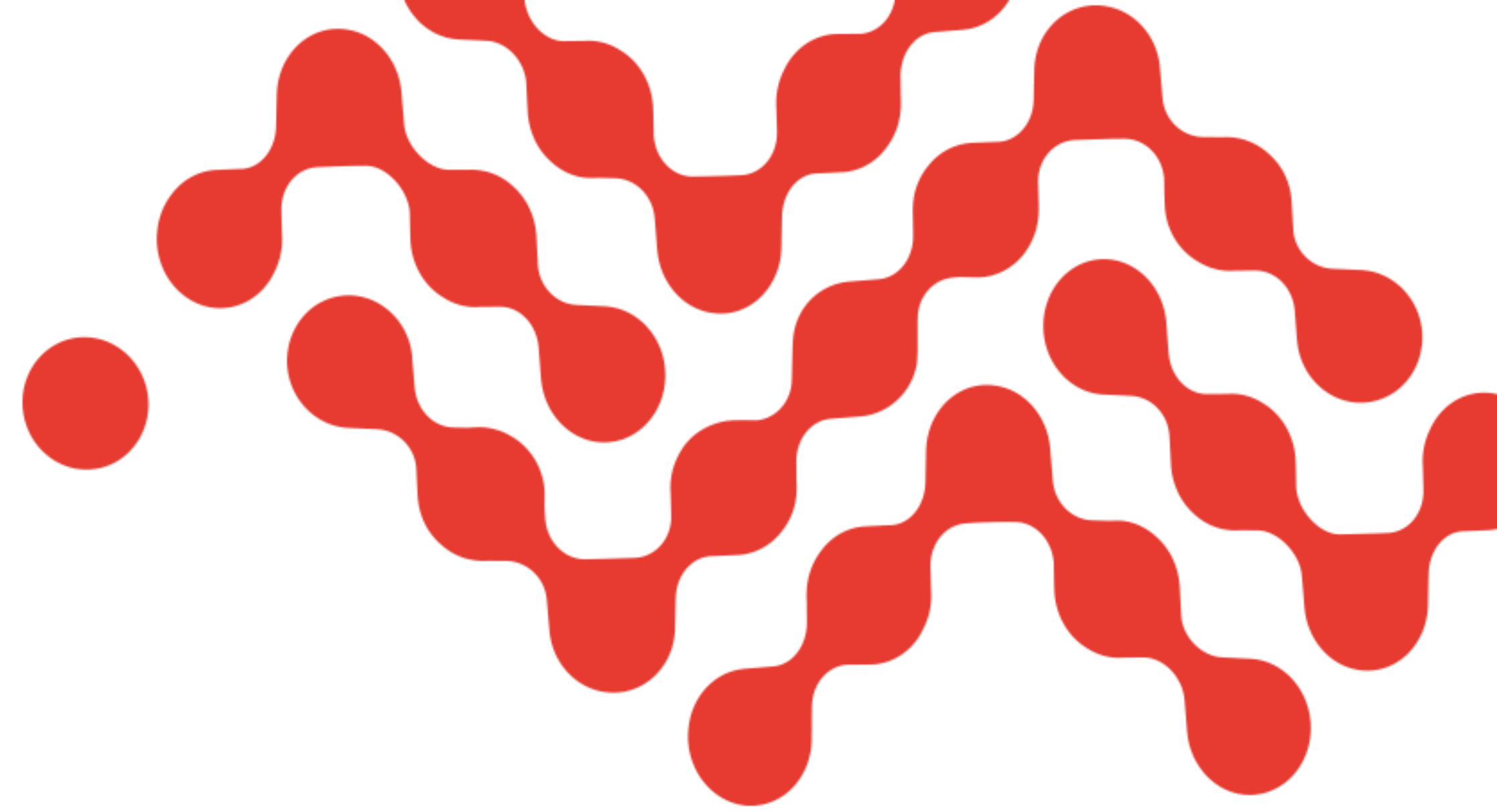
Launched breakthrough **LPWA** module & gateway

Global leader in wireless solutions for the IoT



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

Start with Sierra



Q & A