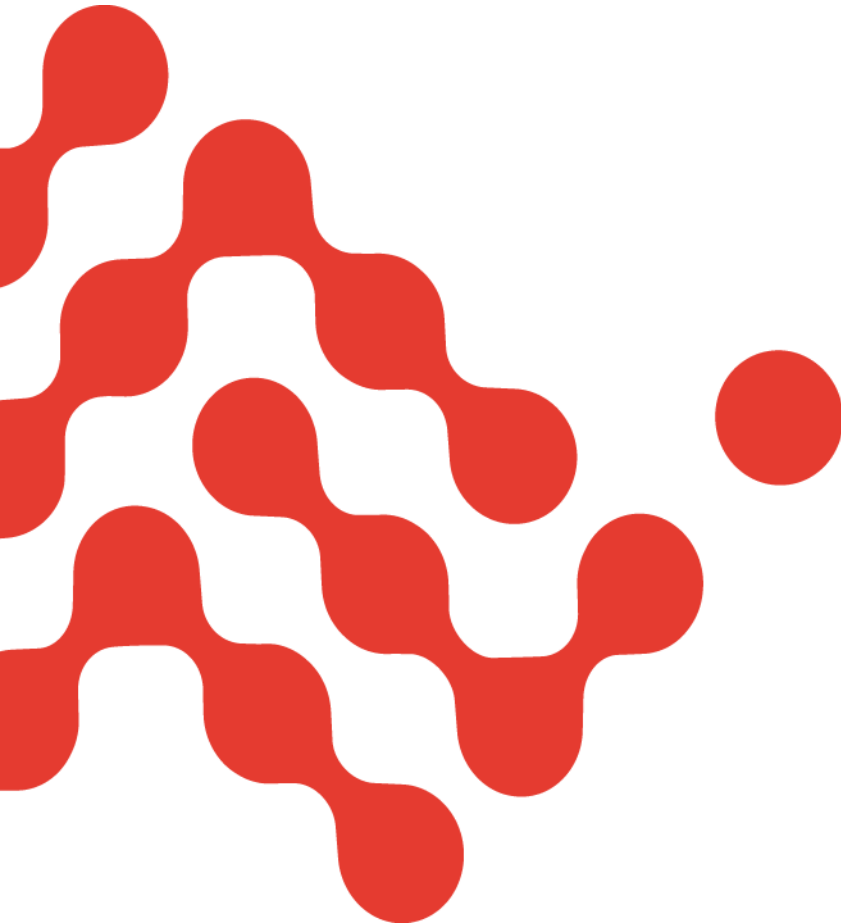


# Third Quarter 2011 Results

November 2, 2011



# Safe Harbor Statement

Certain statements and information in this presentation are not based on historical facts and constitute forward-looking statements within the meaning applicable securities laws ("forward-looking statements") including statements and information relating to our financial guidance summary for Q4 2011 and fiscal year 2011, our guidance drivers for 2011 and our business outlook for 2011. Forward-looking statements are provided to help you understand our views of our short and longer term prospects. We caution you that forward-looking statements may not be appropriate for other purposes. We will not update or revise our forward-looking statements unless we are required to do so by securities laws.

Forward-looking statements:

typically include words about the future, such as: "look forward to", "outlook", "may", "intend", "believe", "plan", "anticipate", "expect", "goals", "targets", "forecasts", "well positioned for", "trending" and "will continue to".

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 transition period to our 4G products;
- Expected cost of goods sold;
- Expected component supply constraints;
- Our ability to "win" new business;
- That wireless network operators will deploy next generation networks when expected;
- Our operations are not adversely disrupted by component shortages or other development, 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, most of 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](http://www.sedar.com) and on EDGAR at [www.sec.gov](http://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.

- Actual sales volumes or prices for our products and services may be lower than we expect for any reason including, without limitation, the continuing uncertain economic conditions, price and product competition, different product mix, the loss of any of our significant customers, competition from new or established wireless communication companies;
- The cost of products sold may be higher than planned or necessary component supplies may not be available, are delayed or are not available on commercially reasonable terms;
- We may be unable to enforce our intellectual property rights or may be subject to litigation that has an adverse outcome;
- The development and timing of the introduction of our new products may be later than we expect or may be indefinitely delayed.
- Transition periods associated with the migration to new technologies may be longer than we expect.

## 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 and supplementary information on our website ([www.sierrawireless.com](http://www.sierrawireless.com)), which present a complete reconciliation of GAAP and Non-GAAP results.

# Business Overview

Jason Cohenour  
Chief Executive Officer



# Q3 Business Highlights

Significant improvement in profitability

- Stronger Gross Margin, lower Operating Expenses

4G revenue ramp slower than expected

Strong execution in **Machine-to-Machine (M2M)**

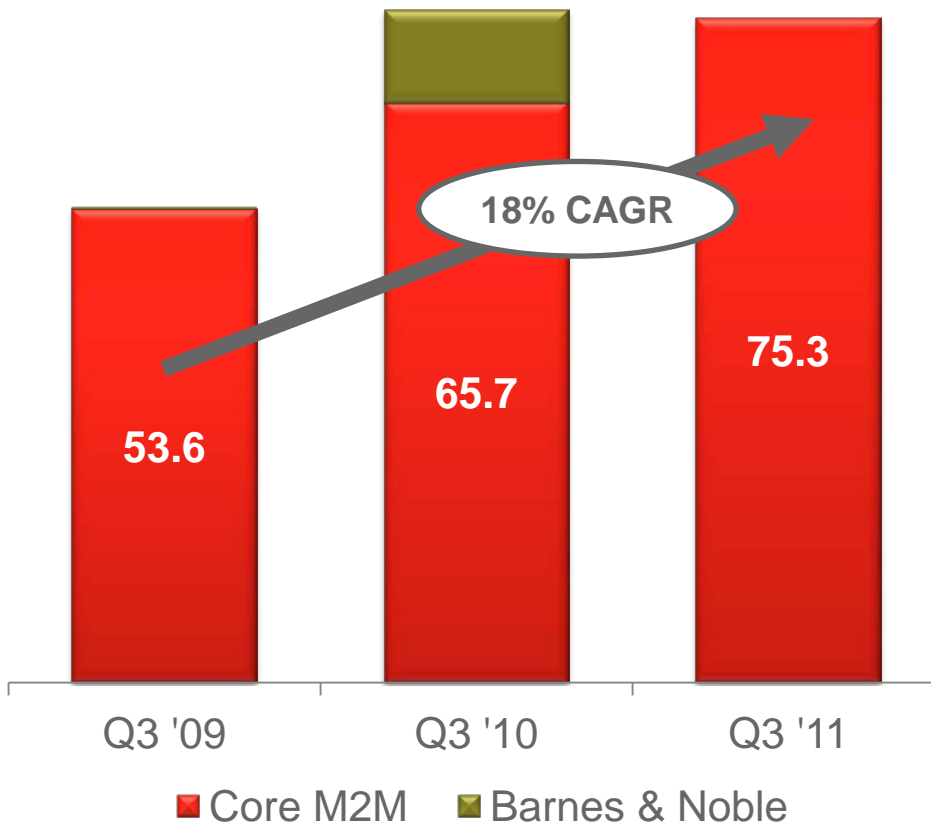
- Core M2M revenue growth
- Market share leadership
- Value chain expansion

**Mobile Computing** business drivers intact

- AirCard LTE launches with key operators
- PC OEM growing, more launches expected

# M2M: Steady Growth in Core Business

Quarterly M2M Revenue  
(USD millions)



Continued steady revenue growth in Core M2M

- 18% CAGR from Q3'09

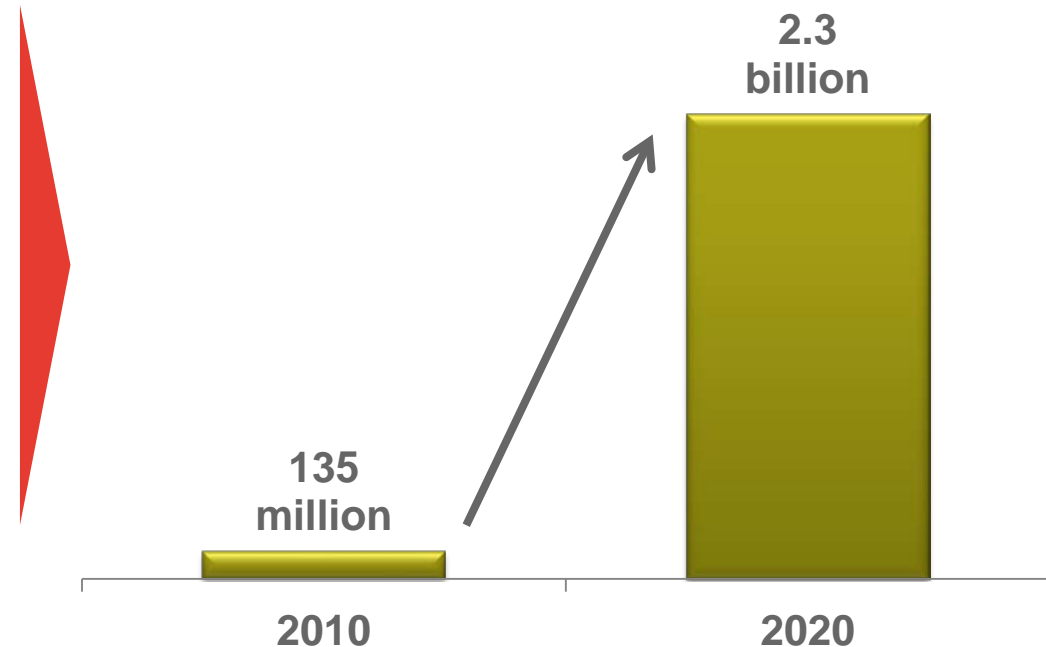
M2M was 51% of consolidated Q3 revenue

# M2M: Long Term Market Opportunity

## Key Trends

- ✓ New connected devices, applications and services
- ✓ Lower system costs
- ✓ Simplified development
- ✓ Network operator focus and investment

## Estimated Number of Active Cellular M2M Connected Devices 2010 to 2020



Source: Machina Research, July 2011

**Sierra Wireless is well positioned to capture growth opportunity**

# M2M: The Market Leader

**Automotive**  
The Connected Car



**DENSO**

**Energy**  
Smart Grid, Smart Metering



**Networking**  
Primary and backup connectivity



\*Source: ABI Research, based on 2010 revenue

# M2M: Investing to Capture More Value from Each Connected Device

## Devices

## Tools

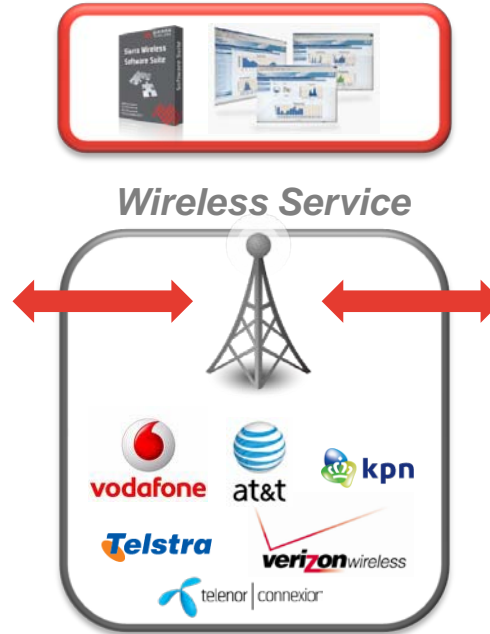
## Server



**AirLink™**  
Intelligent Gateways & Routers

**AirPrime™**  
Wireless Embedded Modules

Intelligent, versatile Hardware



**Wireless Service**

vodafone at&t kpn  
Telstra verizon wireless  
telenor | connexior

Seamless Connections With Operators



Applications  
Asset Management  
Device Management  
Subscription Management

**AirVantage™**  
M2M Cloud Platform

M2M Applications & Cloud Services

Making M2M Simple, Capturing More of the Value Chain

# Mobile Computing: 4G Leadership

Strong series of 4G LTE product launches in Q3

- AT&T, Telstra, Rogers, Bell

Continue to be channel share leader in key operator accounts

PC OEM business continues to grow, up 61% year-over-year

Strong execution, but 4G revenue ramp slower than expected

- New LTE markets rolling out



Mobile Hotspot Elevate 4G (LTE)



Sprint<sup>®</sup>  
Overdrive Pro™  
(WiMAX/EVDO)



AirCard 320U  
(LTE)



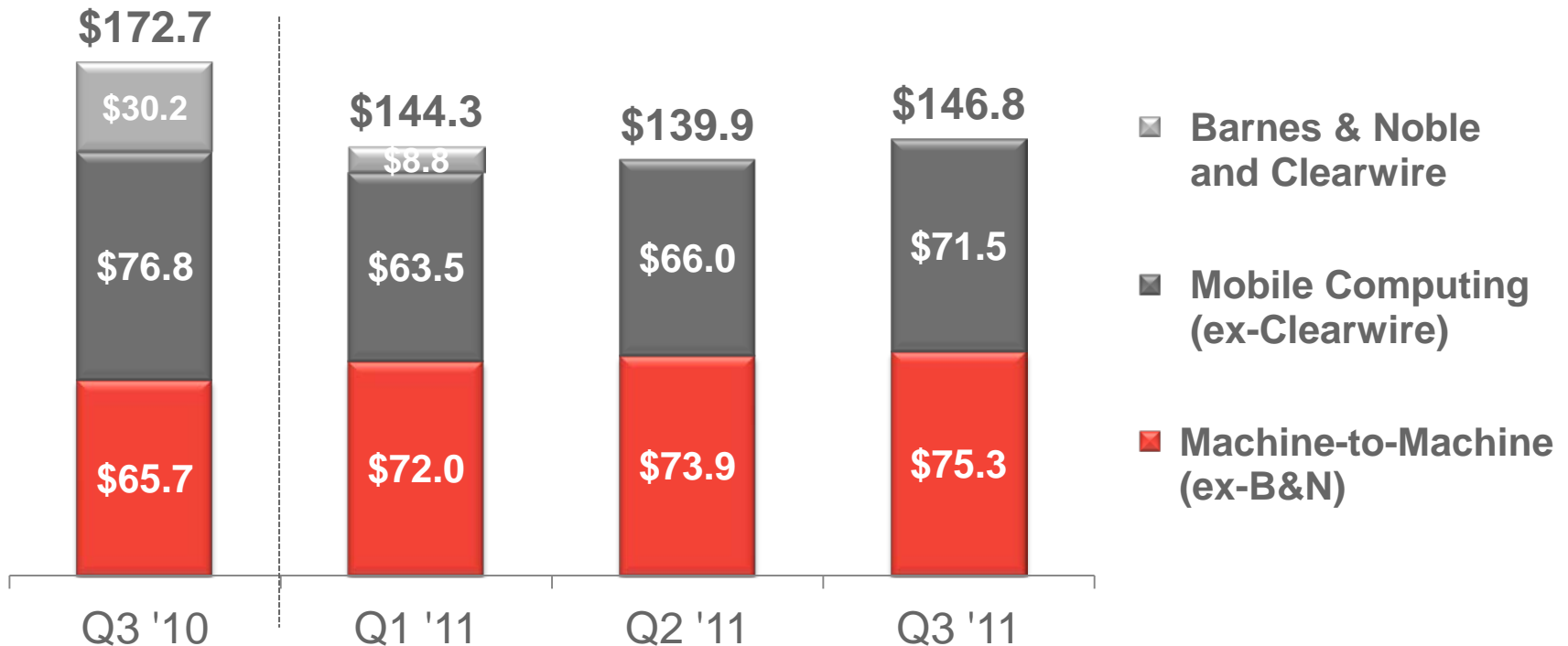
# Financial Overview

David McLennan  
Chief Financial Officer



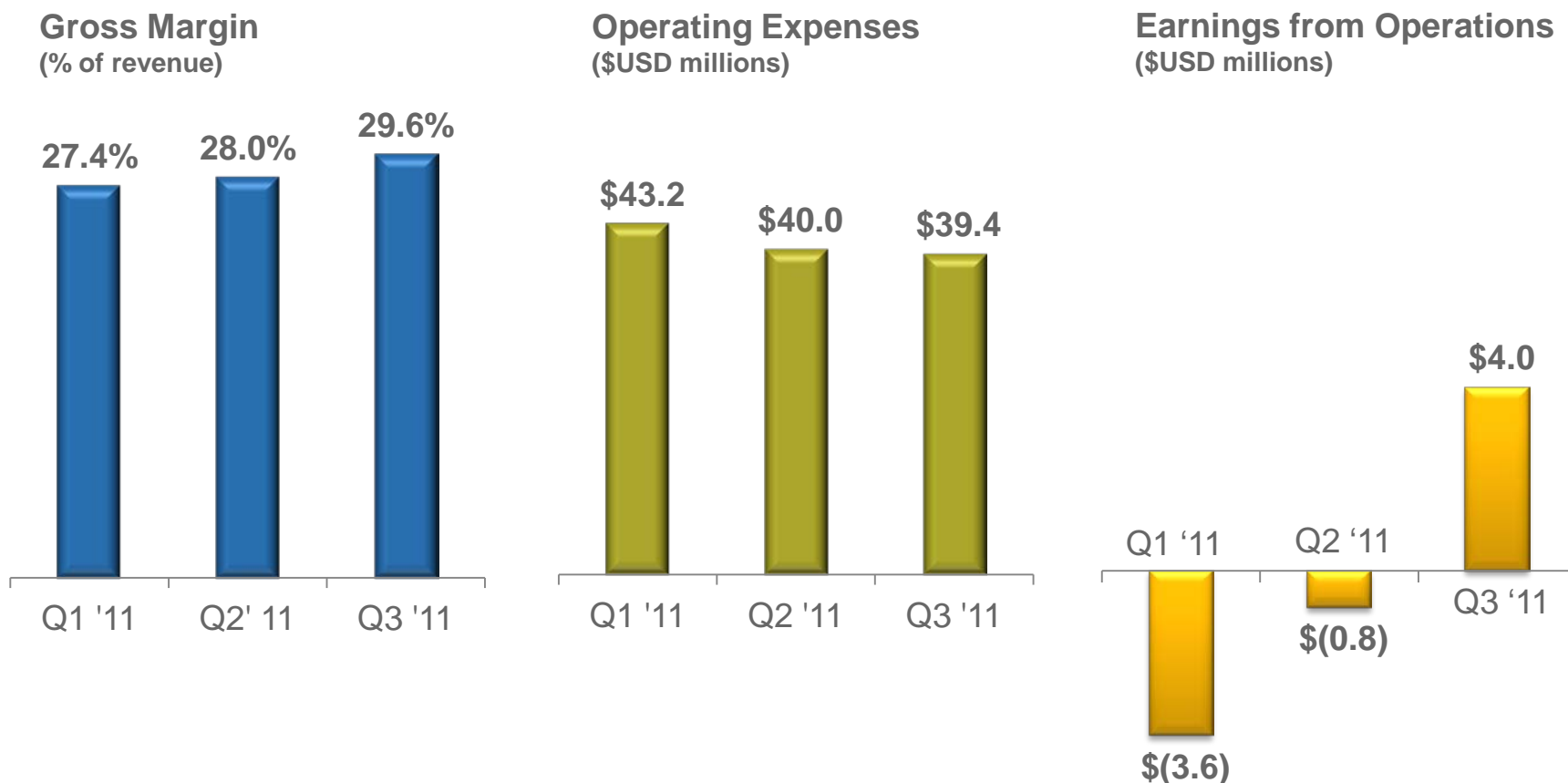
# Q3 Overview: Core Revenue Growing

## Quarterly Revenue (USD millions)



# Q3 Overview: Improved Profitability

## Non-GAAP\* Consolidated Operating Metrics



\* Non-GAAP results exclude the impact of: stock-based compensation expense, acquisition amortization, integration costs, restructuring costs, foreign exchange gains or losses on translation of balance sheet accounts and certain tax adjustments.

# Summary of Key Financial Metrics

## Q3 2011 Financial Metrics

(\$USD millions, except EPS and Margin %)

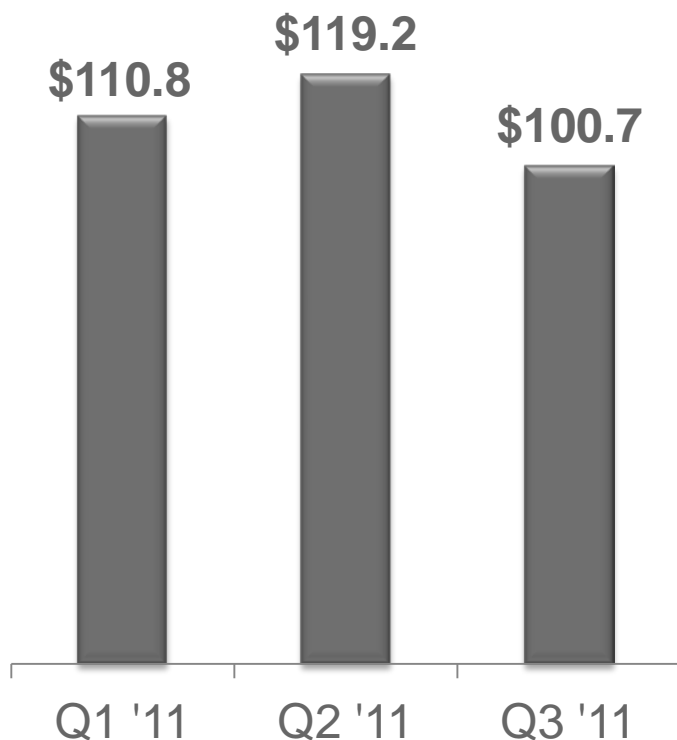
	GAAP Actual	Non-GAAP* Actual	Non-GAAP* Guidance
Revenue	\$146.8	\$146.8	\$150 – \$155
Gross Margin (%)	29.5%	29.6%	
Operating Expenses	\$45.1	\$39.4	
Earnings (Loss) from Operations	(\$1.8)	\$4.0	\$1.0 – \$2.0
Operating Margin (%)	(1.2%)	2.7%	
Net Earnings (Loss)	(\$1.0)	\$4.6	\$0.8 – \$1.6
Earnings (Loss) Per Share	(\$0.03)	\$0.15	\$0.03 – \$0.05

\* Non-GAAP results exclude the impact of: stock-based compensation expense, acquisition amortization, integration costs, restructuring costs, foreign exchange gains or losses on translation of balance sheet accounts and certain tax adjustments.

# Strong Cash Position and Debt Free

## Cash Balance

(USD millions, at end of quarter)



## Cash used in Q3: \$18.5 million

- Working capital requirements
  - Receivables
  - Inventory
- Capital expenditures of \$4.6 million
- Funding of Restricted Share Unit trust

Cash balance per diluted share: \$3.22

# Financial Guidance Summary

## Non-GAAP\* Financial Guidance (USD millions, except EPS)

	Q4 2011 Non-GAAP*
Revenue	\$145 to \$150 million
Earnings from Operations	\$1.5 to \$3.0 million
Net Earnings	\$1.5 to \$3.0 million
Earnings per Share	\$0.05 to \$0.10 / share

\* Non-GAAP results exclude the impact of: stock-based compensation expense, acquisition amortization, integration costs, restructuring costs, foreign exchange gains or losses on translation of balance sheet accounts and certain tax adjustments.

# Summary Comments

- ✓ Significant improvement in profitability
- ✓ Q3 revenue below expectations, but core business drivers intact
- ✓ Steady growth, market leadership, and value chain expansion in M2M
- ✓ 4G AirCard products launched and in channel with AT&T, Telstra, Sprint, Rogers, and Bell
- ✓ Ramping launches with PC OEMs

# Thank You

## Q&A Session

