

# First Quarter 2011 Results

May 4, 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 Q2 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:

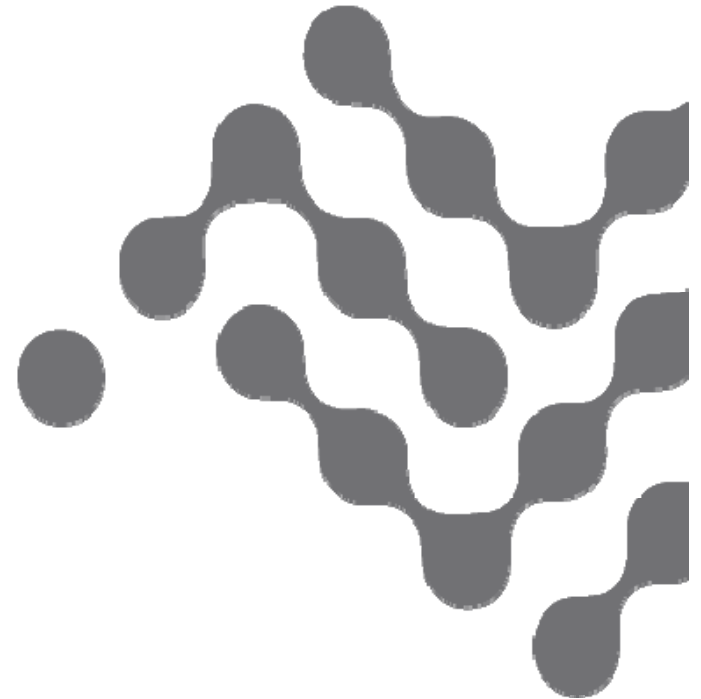
- typically include words about the future, such as: "look forward to", "outlook", "may", "intend", "believe", "plan", "anticipate", "expect", "goals", "targets", "forecasts", "well positioned for", "trending" and "will continue to".
- are not promises or guarantees of future performance. They represent 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. As a result, our actual results, achievements and developments in our business may differ significantly from our current expectations. 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. Certain of these material risks are listed below:
  - 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.

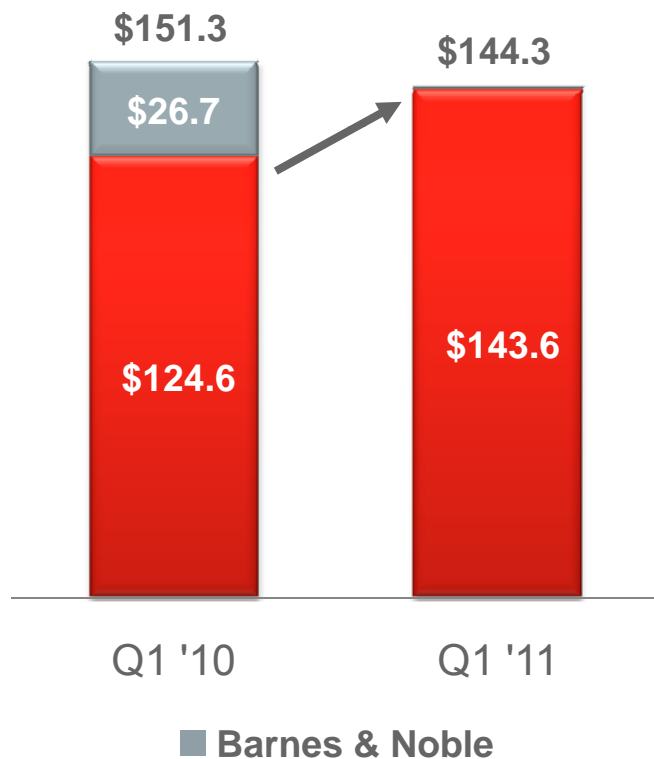
# Business Overview

Jason Cohenour  
Chief Executive Officer



# Q1 Overview

## Q1 2011 Revenue (USD millions)



### Q1 revenue in line with expectations

- Revenue of \$144.3 million – down 5% year-over-year
- Excluding Barnes & Noble, revenue up 15% year-over-year
- Non-GAAP GM of 27.4% – below expectations, temporary
- Non-GAAP loss from operations of \$3.6M

### Executing to strategy

- M2M: Leadership, Value chain expansion
- Mobile Computing: 4G growth cycle, PC OEMs

### H1 weakness, Strong H2 growth drivers

- Steady core M2M growth
- Launch of 4G AirCard products
- Ramping of Tier 1 PC OEM wins

# Executing to Strategy

Global Leader in Wireless Solutions for M2M and Mobile Computing

## Machine-to-Machine

- #1 global market share
- Leading product portfolio
- Highly differentiated
- Design win momentum
- Value chain expansion



## Mobile Computing

- 4G leadership
- Solid channel positions: AT&T, Sprint, Telstra
- First mobile hotspots and new air interfaces
- Tier 1 PC OEM customers



## Leverage



LTE WiMAX  
HSPA+ EVDO

Core wireless technology



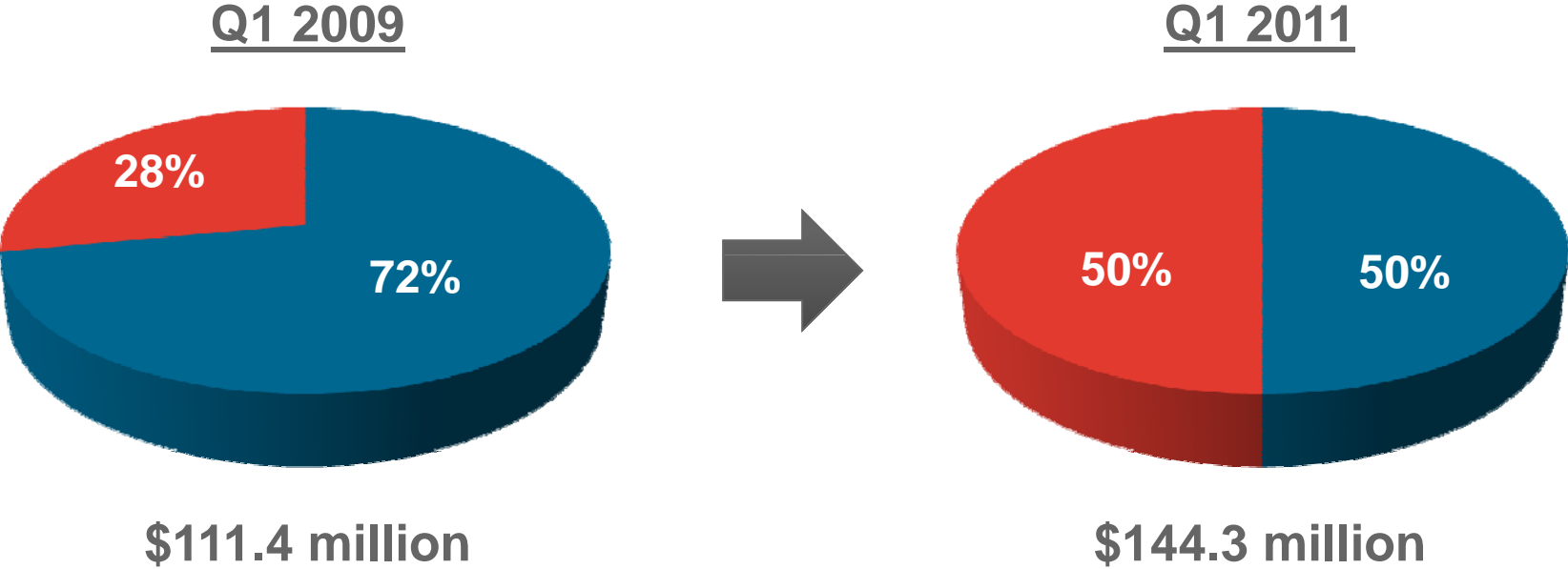
Global footprint



FLEXTRONICS

Manufacturing and supply chain

# Core M2M Business Growing and Driving Diversification



- Mobile Computing
- Machine-to-Machine

# Machine-to-Machine: Leadership

**Q1 Revenue \$72.7 Million**  
*Excluding B&N, Q1 revenue was up 16% Year-Over-Year*

Building on #1 global market share position

Highly diversified with strong competitive advantages

- Embedded modules and gateways
- 2G, 3G and 4G leadership
- Embedded Application Framework

Design win momentum across verticals

- Automotive: Hughes Telematics
- Energy: EDMI
- Networking: Cisco, NetGear, Netcomm

AirVantage M2M Cloud Platform gaining significant traction with global operators



at&t



vodafone

# Mobile Computing: Well Positioned For Second Half Growth

Q1 Revenue of \$71.6 Million, up 14% Year-Over-Year

Launched Overdrive Pro™ with Sprint – our 2<sup>nd</sup> generation 3G/4G mobile hotspot

Announced LTE mobile hotspots and USB modems at Mobile World Congress – including Telstra win

High-speed HSPA+ products launched in channel with key carrier partners: AT&T, Telstra, and Telus

PC OEM business ready to ramp in H2 2011

- Announced Lenovo design win
- First tablet design wins secured

Well positioned for 4G cycle – Expect strong H2 growth



Sprint  
Overdrive Pro™

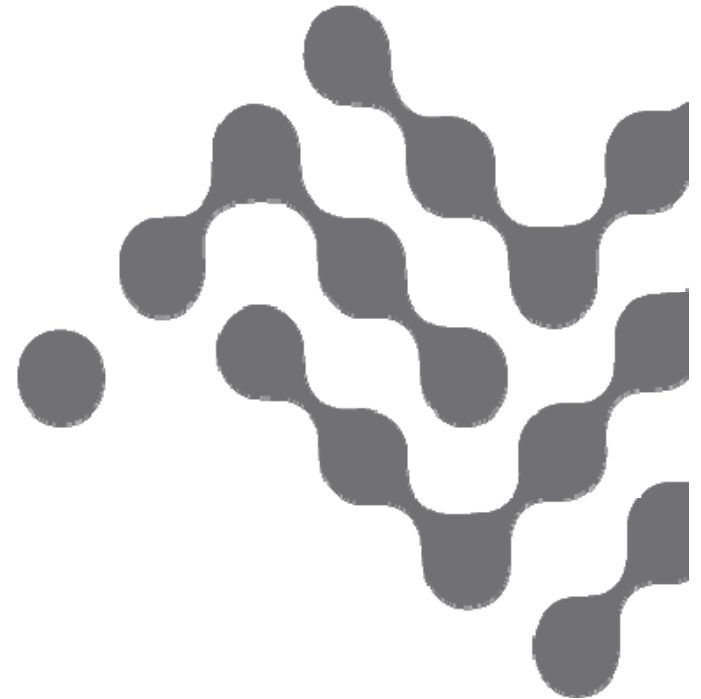


Telus  
AirCard 319U  
DC-HSPA+

**lenovo**

# Financial Overview

David McLennan  
Chief Financial Officer



# Summary of Key Financial Metrics

## Q1 2011 Financial Metrics

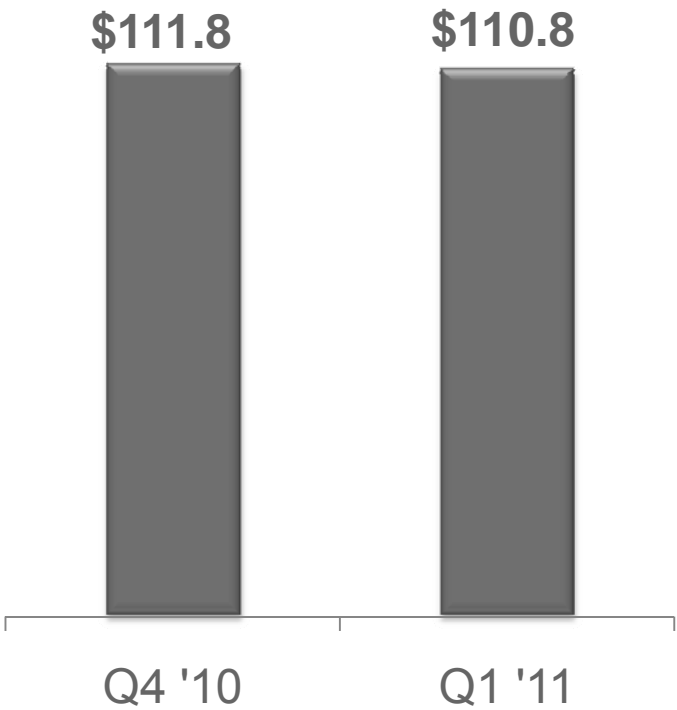
(\$USD millions, except EPS and Margin %)

	GAAP Actual	Non-GAAP* Actual	Non-GAAP* Guidance
Revenue	\$144.3	\$144.3	\$140 - 145
Gross Margin (%)	27.4%	27.4%	
Operating Expenses	\$48.9	\$43.2	
Earnings (Loss) from Operations	(\$9.4)	(\$3.6)	(\$2.5) - 0.0
Operating Margin (%)	(6.5%)	(2.5%)	
Net Earnings (Loss)	(\$7.8)	(\$2.4)	(\$2.0) - 0.0
Earnings (Loss) Per Share	(\$0.25)	(\$0.08)	(\$0.06) - 0.00

\* 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 tax adjustments.

# Strong Cash Position and Debt Free

**Cash Balance**  
(USD millions, at end of quarter)



## First Quarter 2011 Cash Metrics

**Used small amount of cash in Q1: \$1.0 million**

- Cash flow from operations of \$1.5 million
- Capital expenditures of \$2.7 million

**Cash balance per diluted share: \$3.55**

# Financial Guidance Summary

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

	Q2 2011 Non-GAAP
Revenue	\$140.0 to \$145.0 million
Earnings (Loss) from Operations	(\$5.0) to \$(3.0) million
Net Earnings (Loss)	(\$3.8) to \$(2.2) million
Earnings (Loss) per Share	(\$0.12) to \$(0.07) / share

**Despite first half weakness, we expect year-over-year revenue and earnings growth for the second half of the year**

\* 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 tax adjustments.

# Summary Comments

Slower than expected start to 2011

- Evolving situation with Clearwire
- PC OEM & 4G AirCard launches shifting to H2
- Earthquake/Tsumani disaster in Japan

Executing to our Strategy

- M2M: Leadership, Value chain expansion
- Mobile Computing: 4G growth cycle, PC OEMs

Well positioned for strong revenue and earnings growth in H2

- New launches of 4G AirCard products
- Ramping volume with Tier 1 PC OEMs
- Steady core M2M growth

**Thank You**

**Q&A Session**

