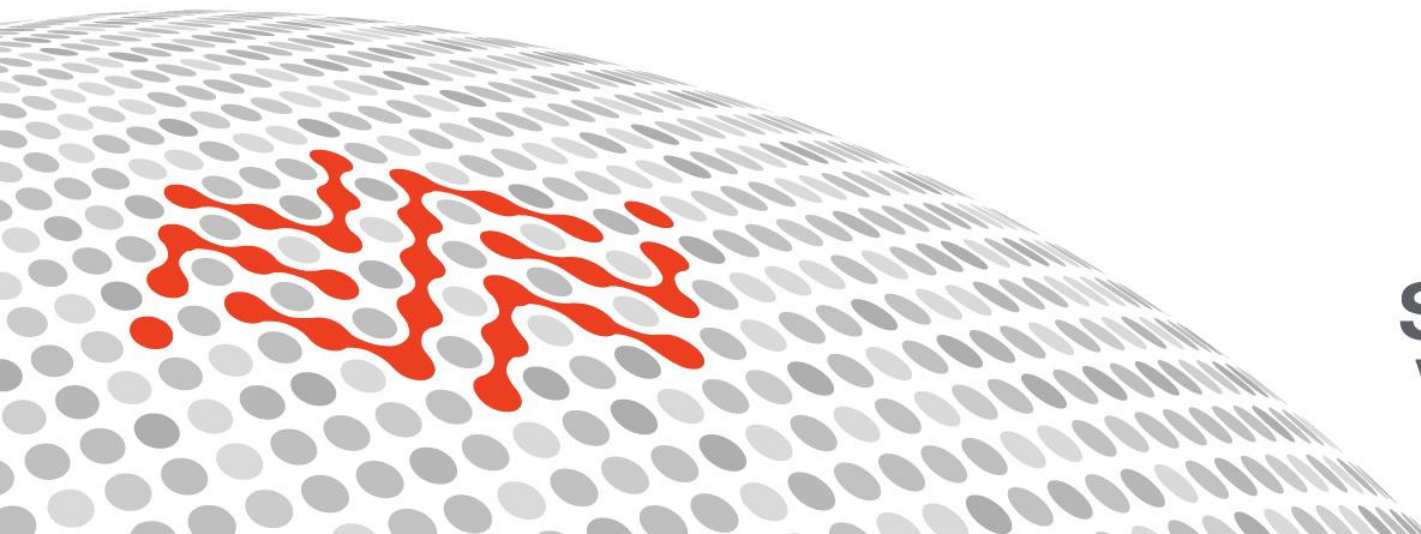


# Third Quarter 2015 Results

November 5, 2015



# Safe harbor statement

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 financial guidance summary for Q4 2015, our guidance drivers for 2015 and our business outlook for 2015 and beyond. 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 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;
  - Expected component supply constraints;
  - Our ability to “win” new business;
  - Our ability to integrate acquired businesses and realize expected benefits;
  - Expected deployment of next generation networks by wireless network operators;
  - Our operations will not be 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, 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 or competition from new or established wireless communication companies;
  - Higher than anticipated costs; disruption of, and demands on, our ongoing business; and diversion of management’s time and attention in connection with acquisitions or divestitures
  - The cost of products sold may be higher than planned or necessary component supplies may not be available, may be delayed or may not be 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; and
  - Unanticipated costs associated with litigation or settlements associated with intellectual property matters.

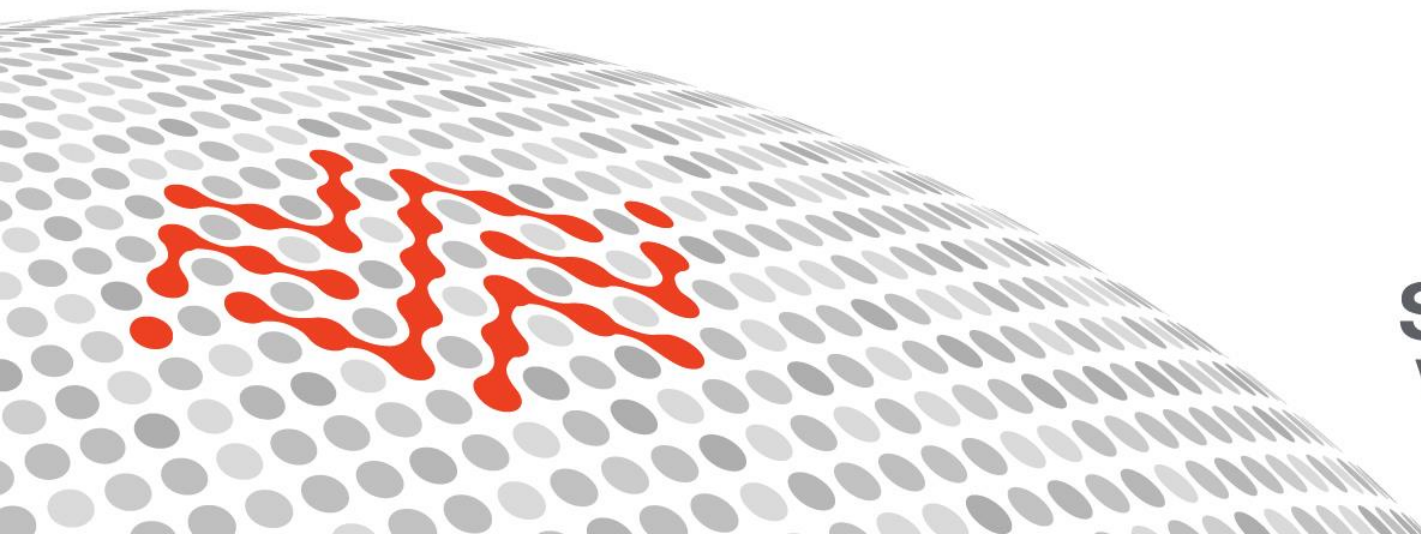
Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results.

## 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.

# Business Overview

Jason Cohenour, Chief Executive Officer



# Q3 2015 Highlights

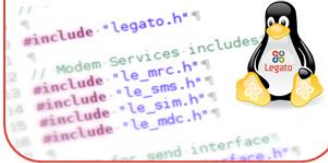
- Q3 revenue increased 7.9% year-over-year to \$154.6 million
  - Revenue up 15.9% in first 9 months
- Q3 non-GAAP earnings from operations increased 13.1% year-over-year to \$9.5 million
- Q3 adjusted EBITDA increased 2.8% year-over-year to \$12.1 million
- Completed acquisition of MobiquiThings
  - Bolsters managed connectivity capability
- Record design win activity, including company's largest ever

## Sierra Wireless is Building the Internet of Things

Technology leadership

4G LTE

Innovative open-source embedded platforms



Industry's broadest product portfolio



Strong global presence



Unified IoT Platform

IoT Acceleration Platform



Managed connectivity services



# OEM Solutions

Q3'15 Revenue: \$130.7M ↑5.1% YoY (Non-GAAP GM: 28.8%)

- Q3 year-over-year revenue growth led by Automotive, Energy, and Networking
  - Growth partially offset by technology transition headwinds in Mobile Computing
- Record design win LTV in Q3'15
  - Secured largest design win in the company's history – International Automotive OEM
  - Strong design win activity in Energy including wins with Iskraemeco and Itron Gas
  - Solid design win activity in Security, Enterprise Networking, Industrial
- Accelerating market traction for AirPrime HL



# Enterprise Solutions

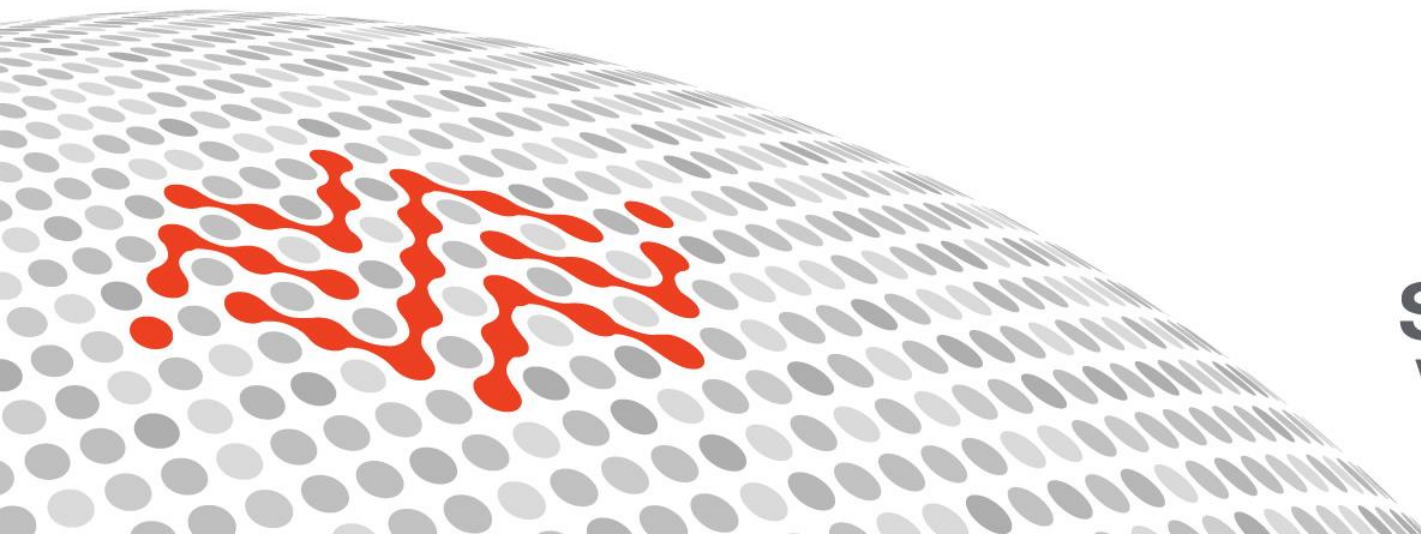
Q3'15 Revenue: \$23.9M ↑ 26.3% YoY (Non-GAAP GM: 48.4%)

- Year-over-year growth driven by Maingate and Accel Networks acquisitions
  - Cloud & Connectivity revenue of \$6.2m
  - Organic revenue from gateways up sequentially
- Large gateway design wins in Public Safety and Transit in the U.S.
- Launched IoT Acceleration Platform, unifying Cloud and Connectivity services
- New Cloud and Connectivity design wins in industrial, energy, security and monitoring



# Financial Overview

David McLennan, Chief Financial Officer



# Summary of Key Financial Metrics

## Q3 2015 Financial Metrics

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

	Q3 2015 Results			
	GAAP Actual	Non-GAAP <sup>(1)</sup> Actual	Non-GAAP <sup>(1)</sup> (excluding MobiquiThings)	Non-GAAP <sup>(1)</sup> Guidance (excluding MobiquiThings)
Revenue	\$154.6	\$154.6	\$154.4	\$157 – \$160
Gross Margin (%)	31.7%	31.8%	31.8%	
Operating Expenses	\$44.8	\$39.7	\$39.6	
Adjusted EBITDA <sup>(2)</sup>	n/a	\$12.1	\$12.1	
Earnings from operations	\$4.2	\$9.5	\$9.5	\$9.5 – \$11.0
Net Earnings	\$3.3	\$7.4	\$7.4	\$7.5 – \$9.0
Earnings per share (f.d.)	\$0.10	\$0.23	\$0.23	\$0.23 – \$0.27

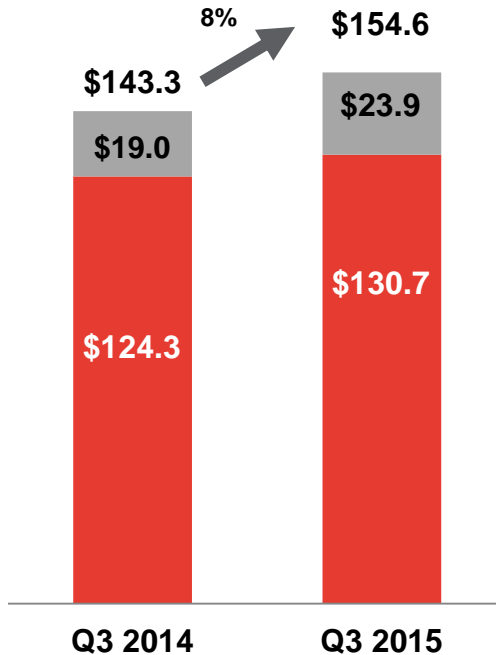
(1) Non-GAAP financial measures exclude the impact of: stock-based compensation expense and related social taxes, acquisition and disposition costs, acquisition amortization, impairment, integration costs, restructuring costs, foreign exchange gains or losses on translation of balance sheet accounts,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

(2) Adjusted EBITDA as defined equates to earnings (loss) from operations plus stock-based compensation expense and related social taxes, acquisition costs, restructuring costs, integration costs, impairment and amortization.

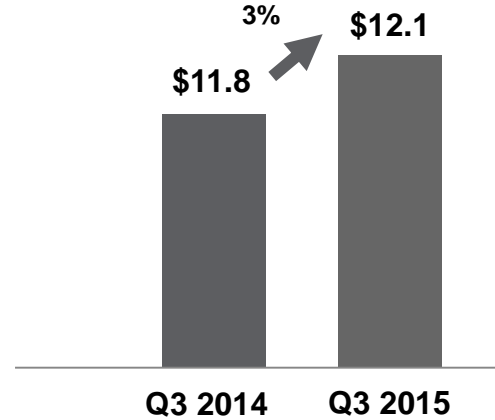


# Q3 2015 – Non GAAP Operating Results<sup>(1)</sup>

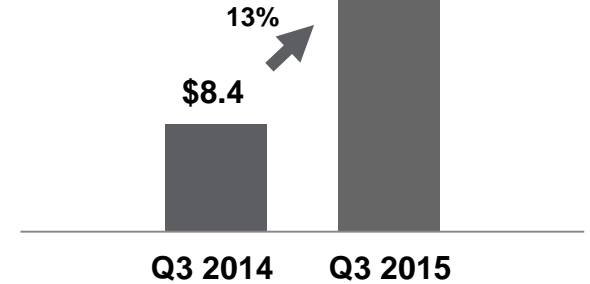
**Quarterly Revenue**  
(\$USD millions)



**Adjusted EBITDA<sup>(2)</sup>**  
(\$USD millions)



**Earnings from Operations**  
(\$USD millions)



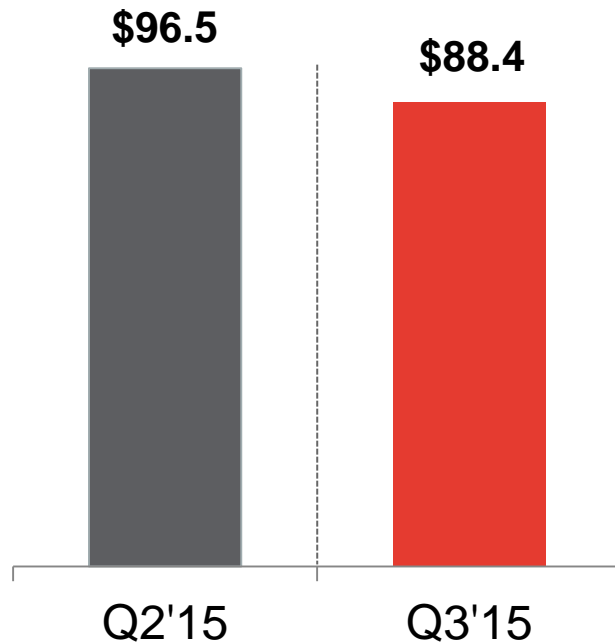
■ Enterprise Solutions  
■ OEM Solutions

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

(2) Adjusted EBITDA as defined equates to earnings (loss) from operations plus stock-based compensation expense and related social taxes, acquisition costs, restructuring costs, integration costs, impairment and amortization.

# Solid Cash Position and Debt Free

## Cash & Cash Equivalents (\$USD millions)



Balance sheet remains strong with  
\$88.4 million in cash and no debt

US\$ Millions	Q3 2015
Cash provided from operations	10.4
Capital expenditures	<u>(3.6)</u>
Free cash flow	6.8
Acquisition of MobiquiThings	<u>(14.9)</u>
Decrease in cash balance	<u><u>(8.1)</u></u>

# Q4'15 Financial Guidance

## Non-GAAP<sup>(1)</sup> Financial Guidance (\$USD millions, except EPS)

	<b>Q4 2015 Guidance*</b> <small>(includes MobiquThings)</small>
<b>Revenue</b>	<b>\$148.0 to \$151.0 million</b>
<b>Earnings from operations</b>	<b>\$4.0 to \$5.0 million</b>
<b>Net earnings</b>	<b>\$3.0 to \$3.7 million</b>
<b>Diluted Earnings per share</b>	<b>\$0.09 to \$0.11 per share</b>

(1) Non-GAAP financial measures exclude the impact of: stock-based compensation expense and related social taxes, acquisition and disposition costs, acquisition amortization, impairment, integration costs, restructuring costs, foreign exchange gains or losses on translation of balance sheet accounts, and certain tax adjustments

# Q3 2015 Summary

- Solid year-over-year growth in revenue and earnings from operations
- Strong new customer win activity
- Actively expanding our position in the IoT value chain with intelligent devices and Cloud & Connectivity Services
- Navigating technology and order cycle transitions with select customers
- Focused on driving solid year-over-year organic revenue growth
- Continue to strengthen our leading IoT position with strategic acquisitions

Trusted IoT partner of leading global customers



RENAULT



# Q&A Session

