



Third Quarter 2018 Results

Sierra Wireless

November 8, 2018



SIERRA
WIRELESS®

Cautionary Note Regarding Forward-Looking Statements

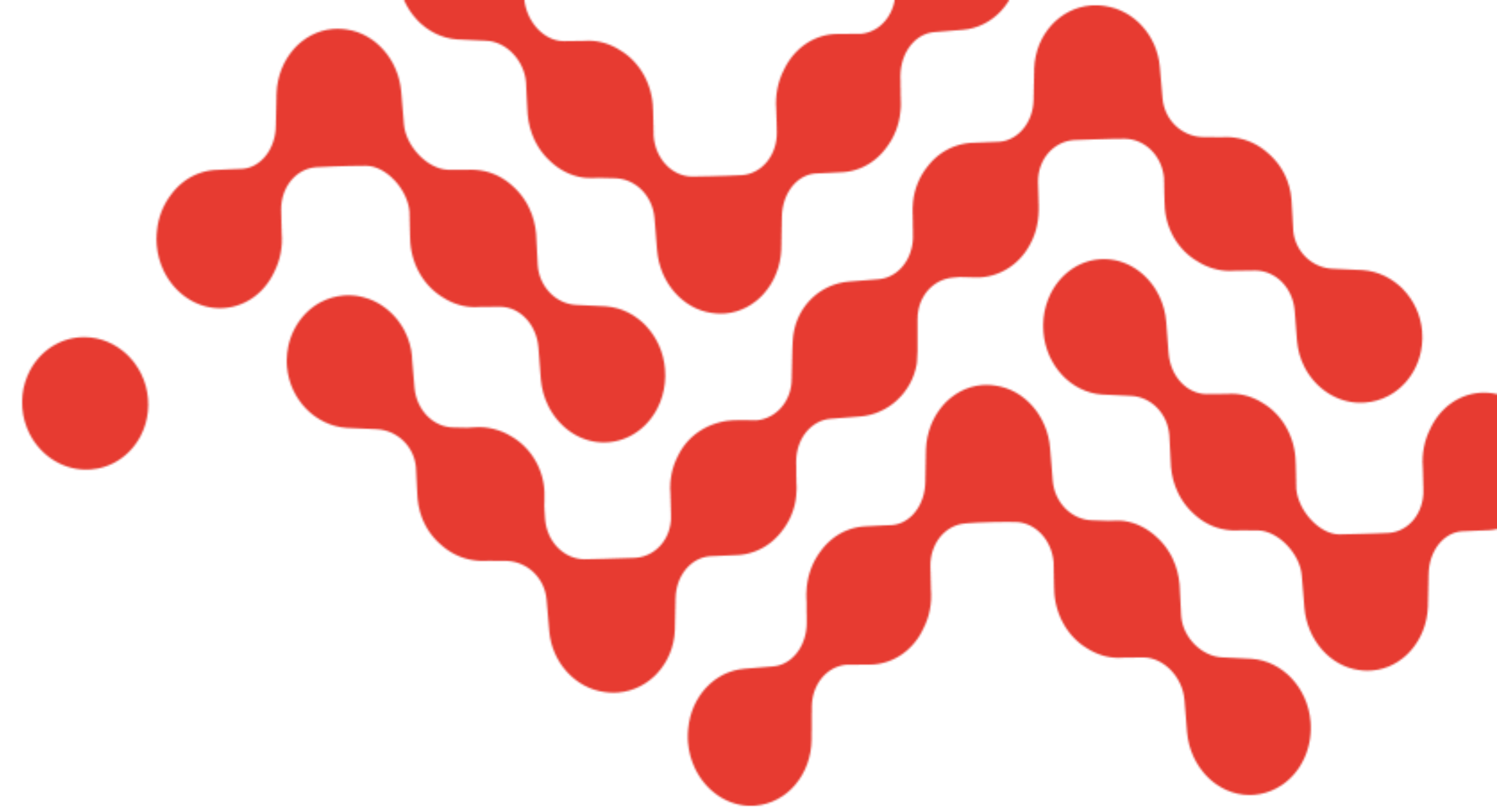
Certain statements and information in this presentation are not based on historical facts and constitute forward-looking statements within the meaning of applicable securities laws ("forward-looking statements"). These forward-looking statements may include statements and information relating to our Q4'18 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 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 current 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;
 - expected 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, litigation 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 acquisition and ongoing integration 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;
 - risks related to the transmission, use and disclosure of user data and personal information;
 - failures of our products or services due to design flaws and errors, component quality issues, manufacturing defects, network service interruption, 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;
 - 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 data service;
 - difficult or uncertain global economic conditions;
 - risks related to contractual disputes with counterparties;
 - risks related to governmental regulation;
 - risks inherent in foreign jurisdictions; and
 - risks related to tariffs or other trade restrictions.

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



Financial overview

David McLennan, Chief Financial Officer

Summary of key financial metrics

Quarterly Revenue

\$203.4m

+17.9% yr over yr

Adjusted EBITDA

\$16.0m

+21.1% yr over yr

(USD millions, except EPS and margin %)

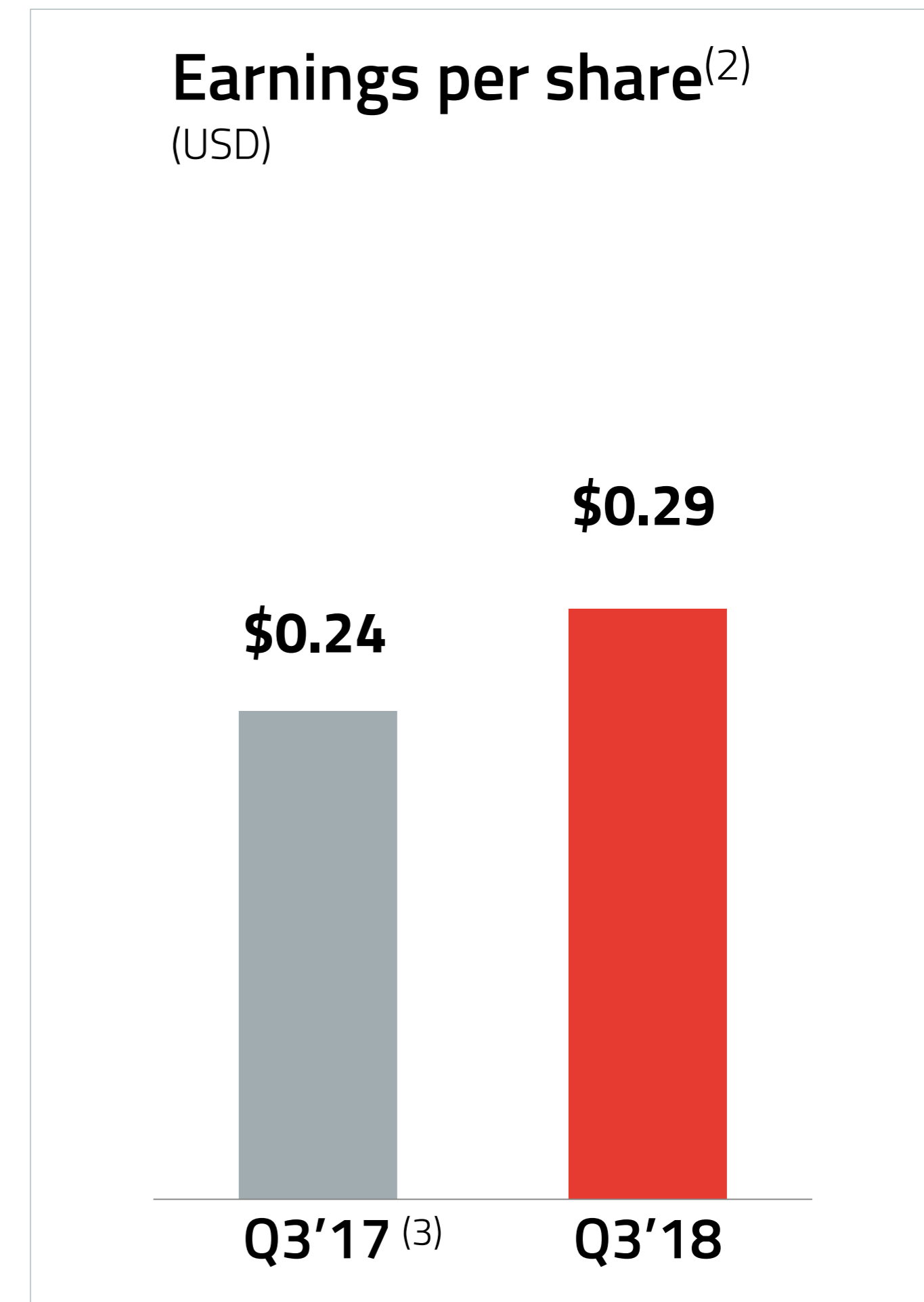
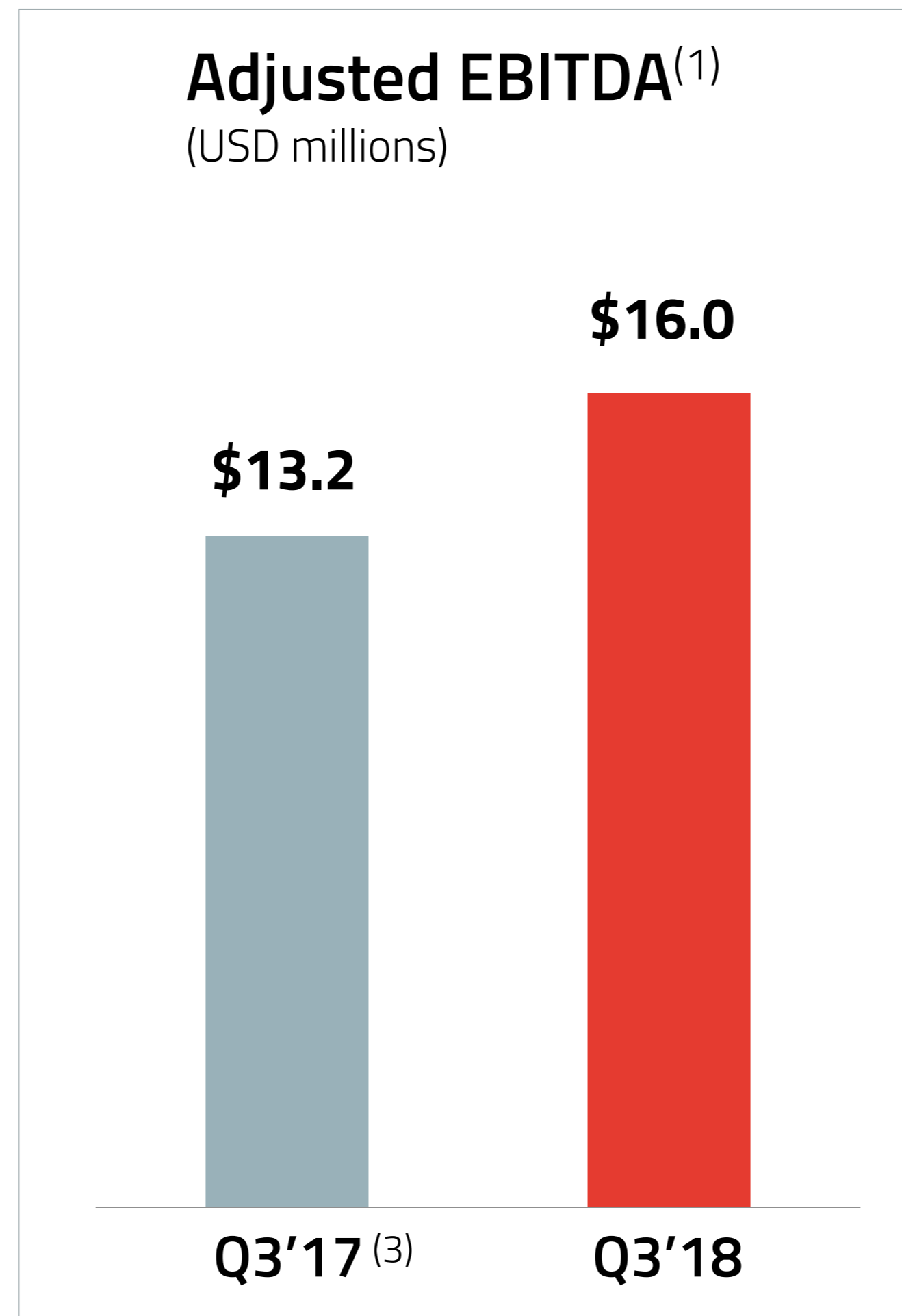
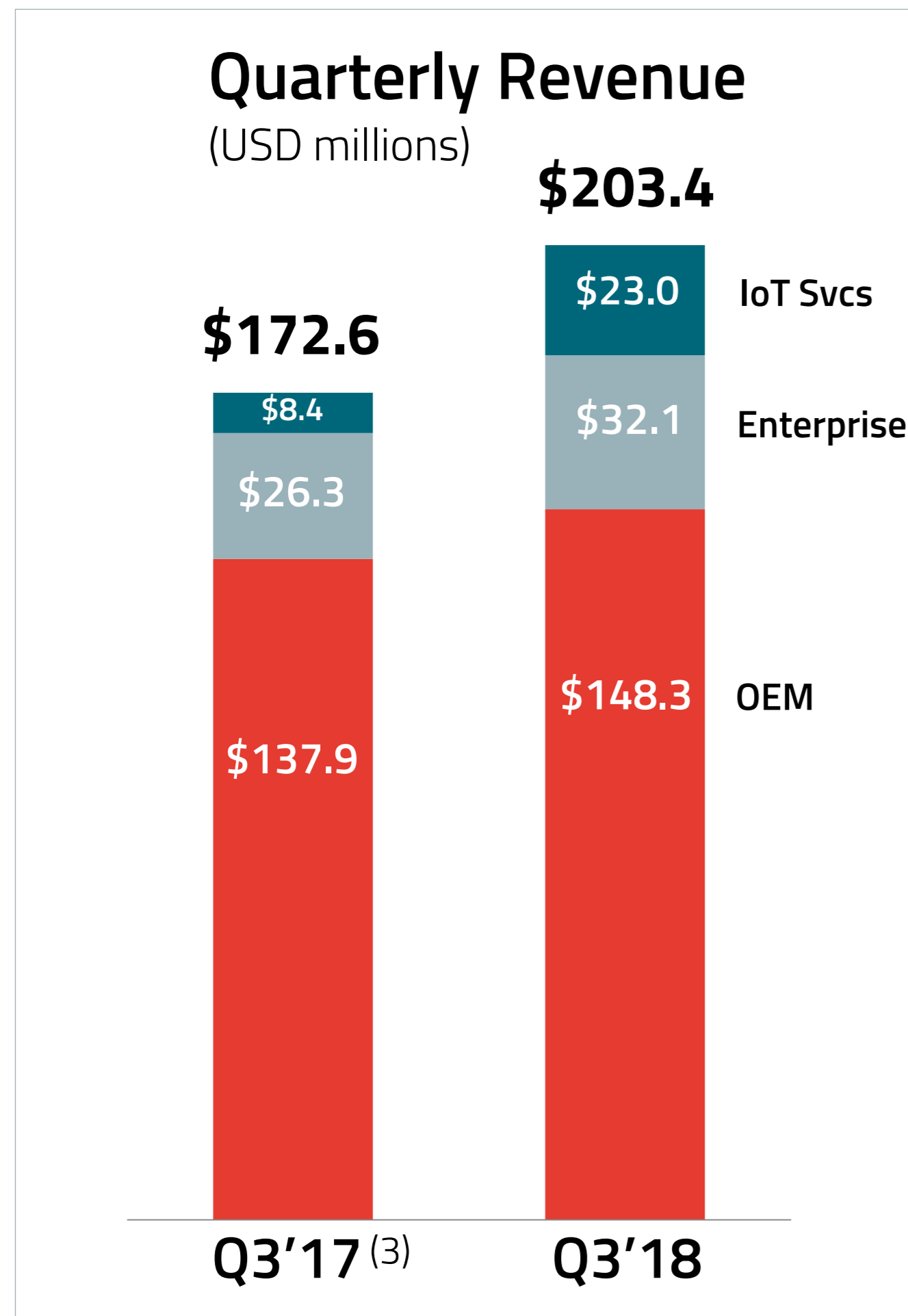
Q3 2018 Financial Results

	GAAP Actual	Non-GAAP Actual ⁽¹⁾	Non-GAAP Guidance ⁽¹⁾
Product revenue	\$179.4	\$179.4	
Services and other revenue	\$ 24.0	\$ 24.0	
Total Revenue	\$203.4	\$203.4	\$198.0 to \$207.0
Gross margin (%)	33.1%	33.1%	
Operating expenses	\$66.4	\$56.5	
Adjusted EBITDA ⁽²⁾	n/a	\$16.0	
Operating Earnings (loss)	\$0.9	\$ 10.9	
Net earnings (loss)	\$(1.0)	\$ 10.5	
Earnings (loss) per share (f.d.)	\$(0.03)	\$ 0.29	\$0.22 to \$0.30

(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 certain 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 certain balance sheet accounts, unrealized foreign exchange gains or losses on forward contracts, interest and income tax

Q3 2018 – Non-GAAP operating results

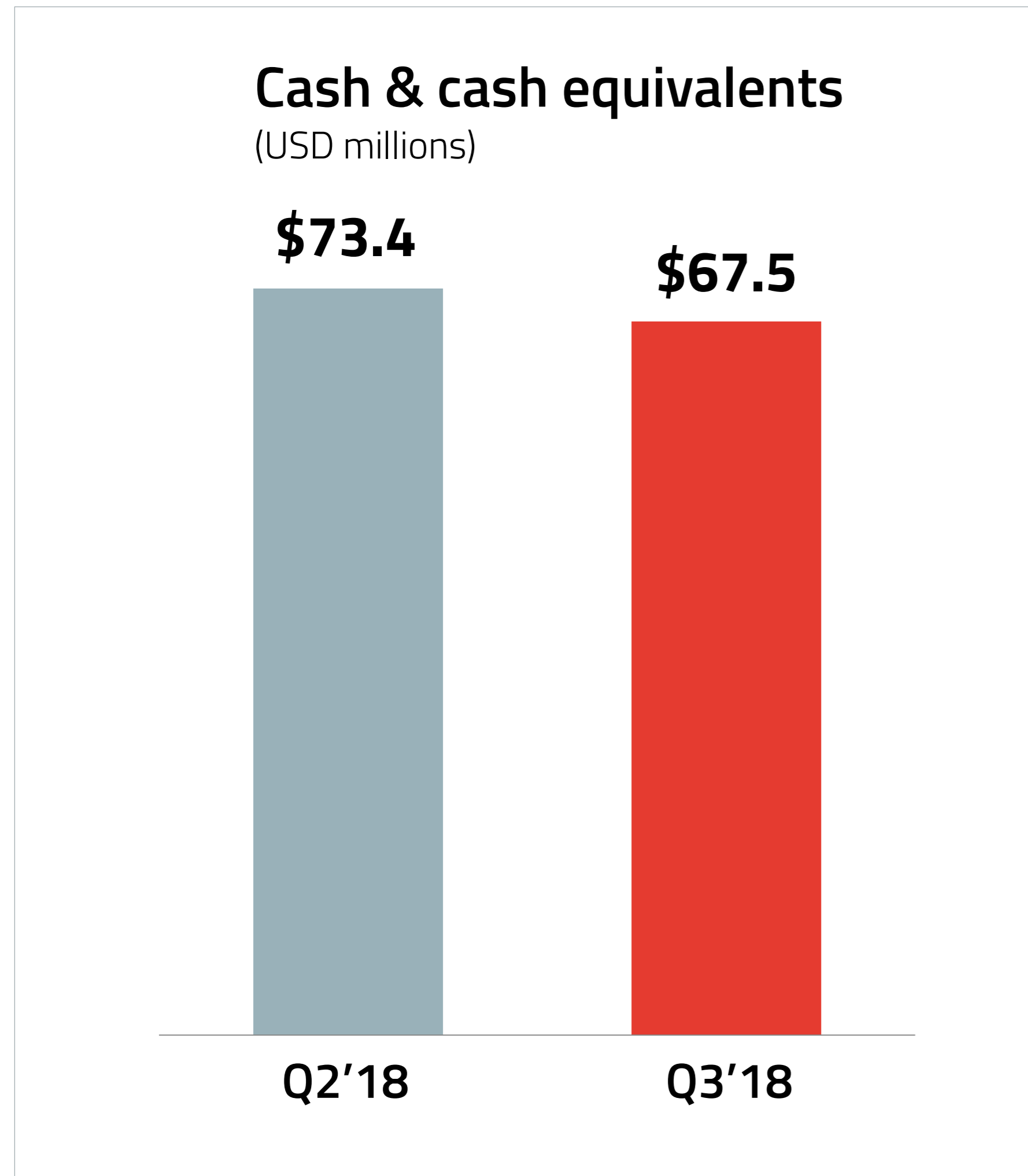


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(3) The comparative period in 2017 has been adjusted to reflect the adoption of ASC606 (Revenue Recognition). These adjustments do not have a material effect.

Q3 2018 - Cash Position & Free Cash Flow



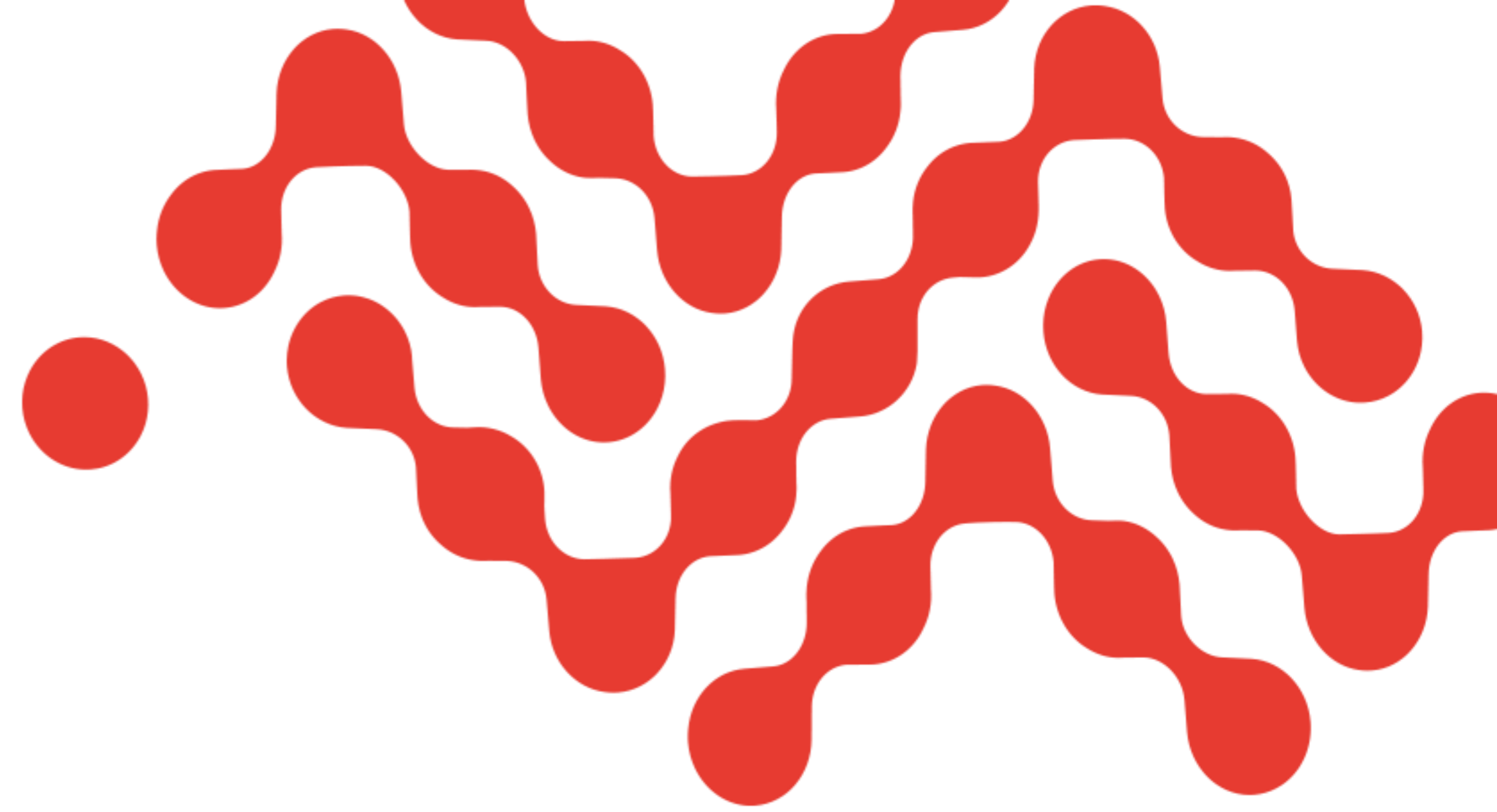
Solid balance sheet and debt free

	<u>Q3 2018</u>
Cash flow from operations	\$ 2.6
Capital Expenditures	<u>\$ (5.1)</u>
Free Cash Flow	\$ (2.5)
Stock repurchase program	\$ (3.1)
Other	<u>\$ (0.3)</u>
Decrease in Cash Balance	<u><u>\$ (5.9)</u></u>

Q4 2018 Guidance

In a tight component supply environment, we expect in Q4 2018:

- Revenue to be in the range of **\$200** million to **\$208** million
- Non-GAAP EPS in the range of **\$0.22** to **\$0.30**



Corporate Update

Kent Thexton, President & CEO

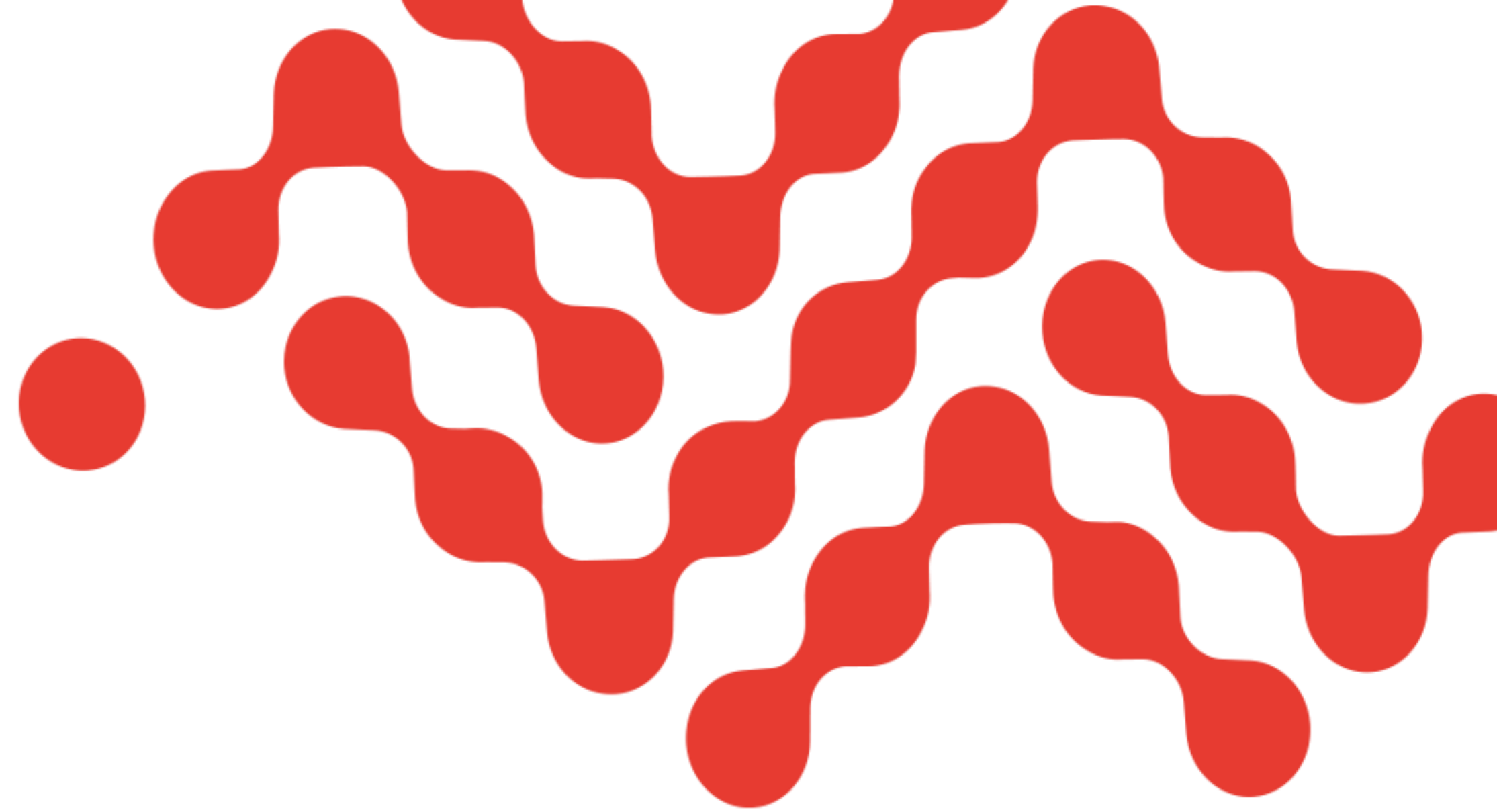


Q3 2018 - Corporate Update

Kent Thexton, President & CEO

- Strong year over year financial performance in Q3'18
- Accelerating the transformation to Device to Cloud IoT Solutions
- Announcement of Jason Krause as new Chief Operating Officer
- Board appointments: Robin Abrams (Chair); Joy Chik (Director)





Q & A