

Fourth Quarter and YE 2019 Results

Sierra Wireless

February 13, 2020



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 Q4'19 Corporate Update and fiscal 2020; financial guidance for our fiscal year 2020; statements regarding our strategy, plans, our long term revenue targets, goals, objectives, expectations 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; 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 Internet of Things ("IoT") solutions; expectations regarding trends in the IoT market and wireless module market; expectations regarding product and price competition from other wireless device manufacturers and solution providers; and our ability to implement effective control procedures; and expectations regarding the launch of fifth generation cellular embedded modules. In particular, this presentation describes our revenue targets, which are forward-looking statements and are subject to the assumptions, risks, and uncertainties described below. Forward-looking statements are provided to help you understand our current views of our short and long-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: "target", "outlook", "will", "may", "estimates", "intends", "believes", "plans", "anticipates" and "expects", and similar expressions are not promises or guarantees of future performance. They represent our current views and may change significantly. In particular forward-looking statements that relate to longer periods of time, such as our revenue targets, are subject to substantial uncertainty and could prove to be significantly incorrect. Forward-looking statements are based on a number of material assumptions, including, but not limited to, those listed below, which could prove to be significantly incorrect:

- our ability to continue to sell our products and services in the expected quantities at the expected prices and expected component supply constraints and manufacturing capacity;
- our ability to continue to sell our products and services in the expected quantities at the expected prices and expected times;
- our ability to effect and to realize the anticipated benefits of our business transformation initiatives, and the timing thereof;
- our ability to develop, manufacture and sell new products and services that meet the needs of our customers and gain commercial acceptance;
- expected macro-economic business conditions;
- expected cost of sales;
- 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 not being adversely disrupted by other developments, operating, cyber security, litigation, or regulatory risks;
- expected tax and foreign exchange rates; and
- our ability to recruit a new Chief Financial Officer.

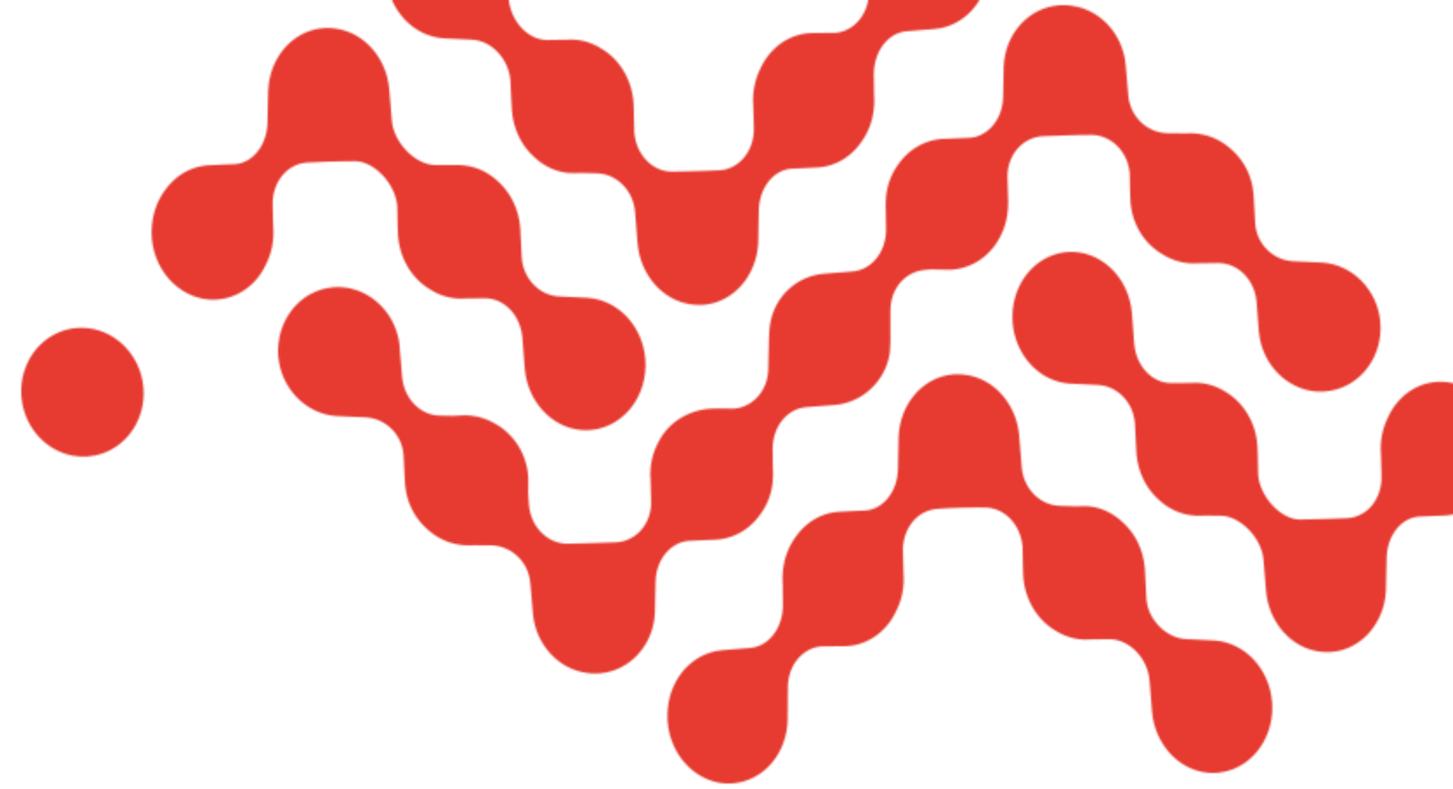
Forward-looking statements are based on our management's current expectations and we caution investors that forward-looking statements, particularly those that relate to longer periods of time are subject to substantial known and unknown material risks and uncertainties. Many factors could cause our 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;
- natural catastrophes or public health epidemics could impact customer demand, result in production disruption and impact our ability to meet customer demand or capacity to continue critical operations;
- the loss of, or significant demand fluctuations from, any of our significant customers;
- our financial results being subject to fluctuation;
- our business transformation initiatives may result in disruptions to our business and may not achieve the anticipated benefits;
- our ability to respond to changing technology, industry standards and customer requirements;
- failures of our products or services due to design flaws and errors, component quality issues, manufacturing defects, network service interruptions, cyber-security vulnerabilities or other quality issues;
- deterioration in macro-economic conditions could adversely affect our operating results and financial conditions;
- our ability to attract or retain key personnel and the impact of organizational change on our business;
- cyber-attacks or other breaches of our information technology security;
- risks related to the transmission, use and disclosure of user data and personal information;
- disruption of, and demands on, our ongoing business and diversion of management's time and attention in connection with acquisitions or divestitures;
- risks that the acquisition of M2M Group may fail to realize the expected benefits.
- 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 promote and offer acceptable wireless data services;
- 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

Q4 and FY 2019: Summary of key financial metrics

(USD millions, except EPS and margin)

Q4 2019 Financial Results

FY 2019 Financial Results

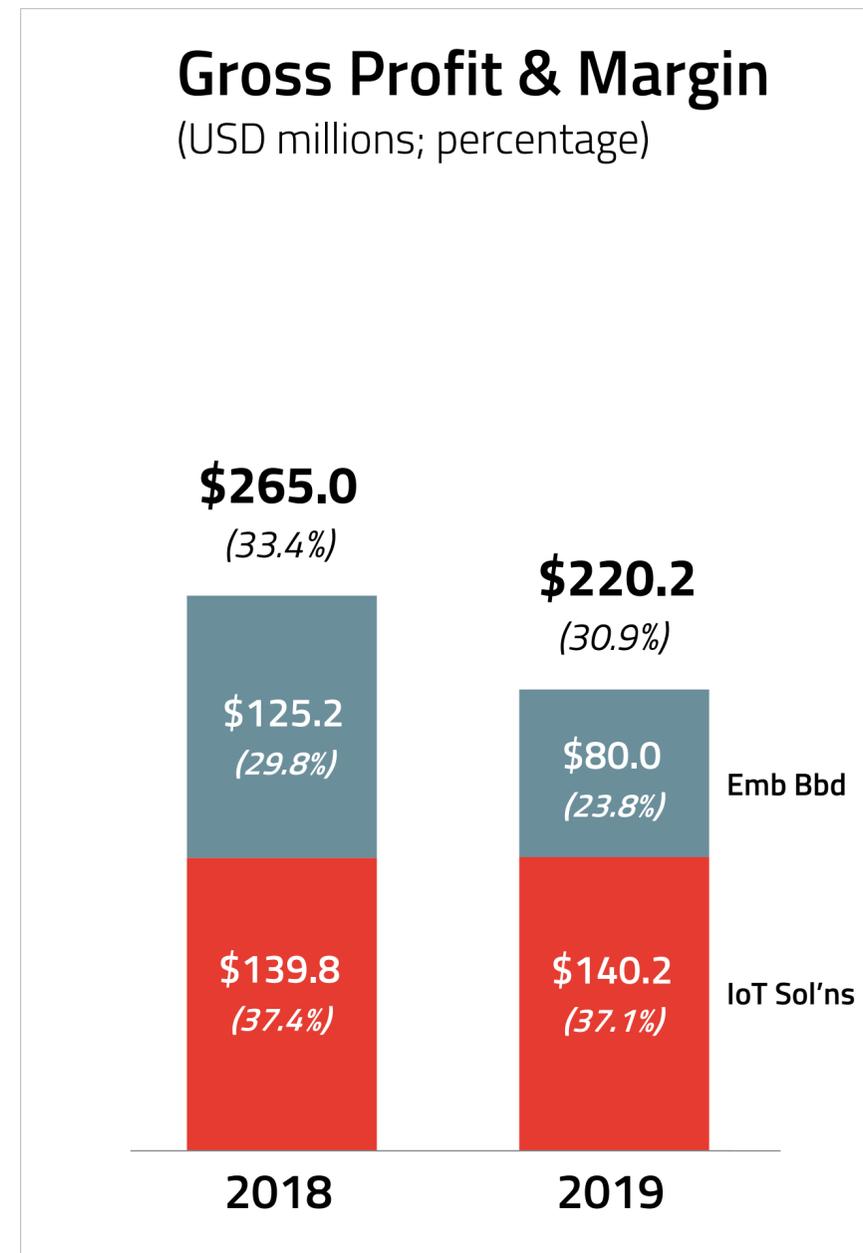
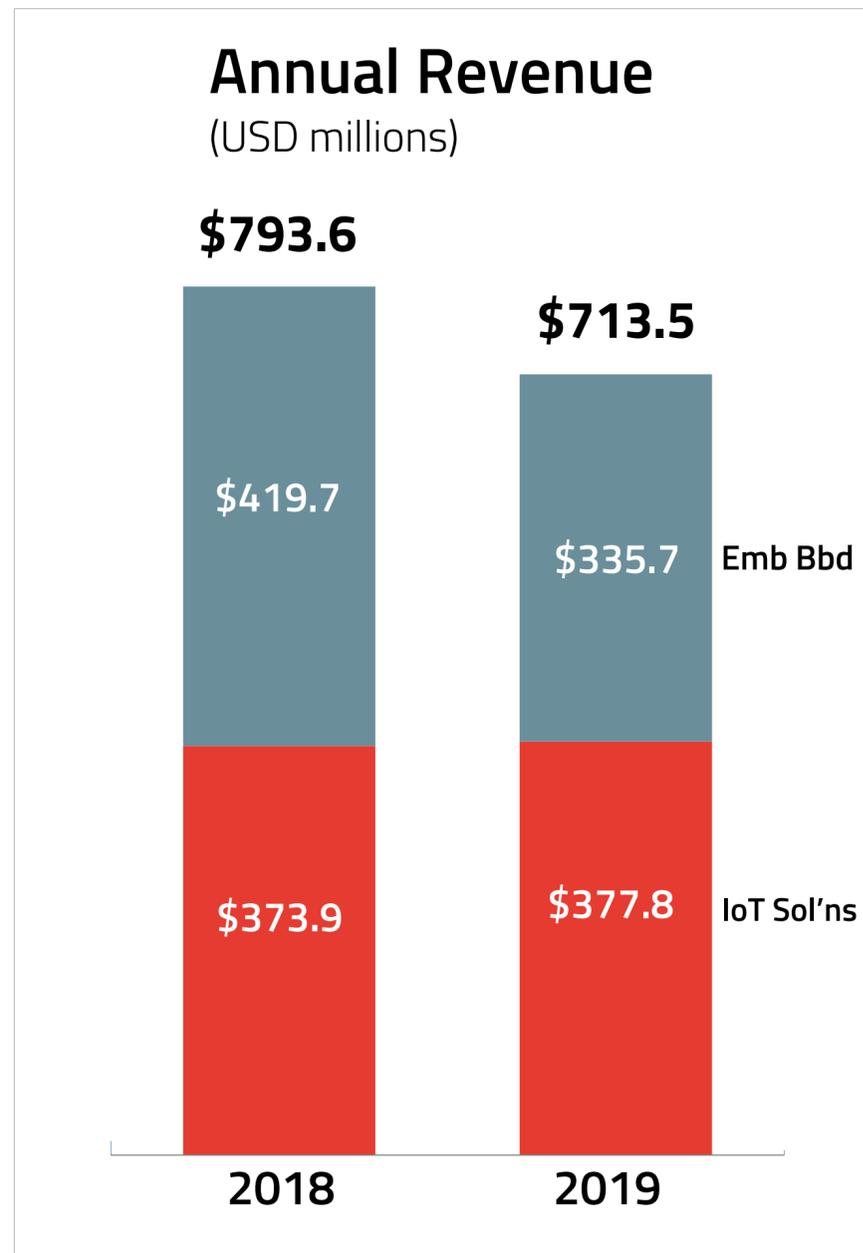
	GAAP Actual	Non-GAAP Actual ⁽¹⁾	GAAP Actual	Non-GAAP Actual ⁽¹⁾	Non-GAAP Guidance
Total Revenue	\$174.3	\$174.3	\$713.5	\$713.5	\$708 - \$712
Gross margin (%)	29.5%	29.5%	30.8%	30.9%	
Operating expenses⁽²⁾	\$63.8	\$54.0	\$278.0	\$217.7	
Adjusted EBITDA⁽³⁾	n/a	\$ 2.3	n/a	\$ 21.1	\$23.5
Op. Earnings (loss)	\$(12.4)	\$(2.7)	\$(58.0)	\$ 2.4	
Net earnings (loss)	\$(10.9)	\$(2.9)	\$(70.5)	\$(0.3)	
EPS (LPS) fully diluted	\$(0.30)	\$(0.08)	\$(1.95)	\$(0.01)	\$0.00 - \$0.03

(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) Included in GAAP Operating Expenses in Q4'19 is a restructuring charge of \$2.3 million, \$0.3m for integration and acquisition costs and \$0.9 million impairment expense (FY 2019 – restructuring \$28.2 million, integration \$1.0 million and impairment \$1.0 million)

(3) 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.

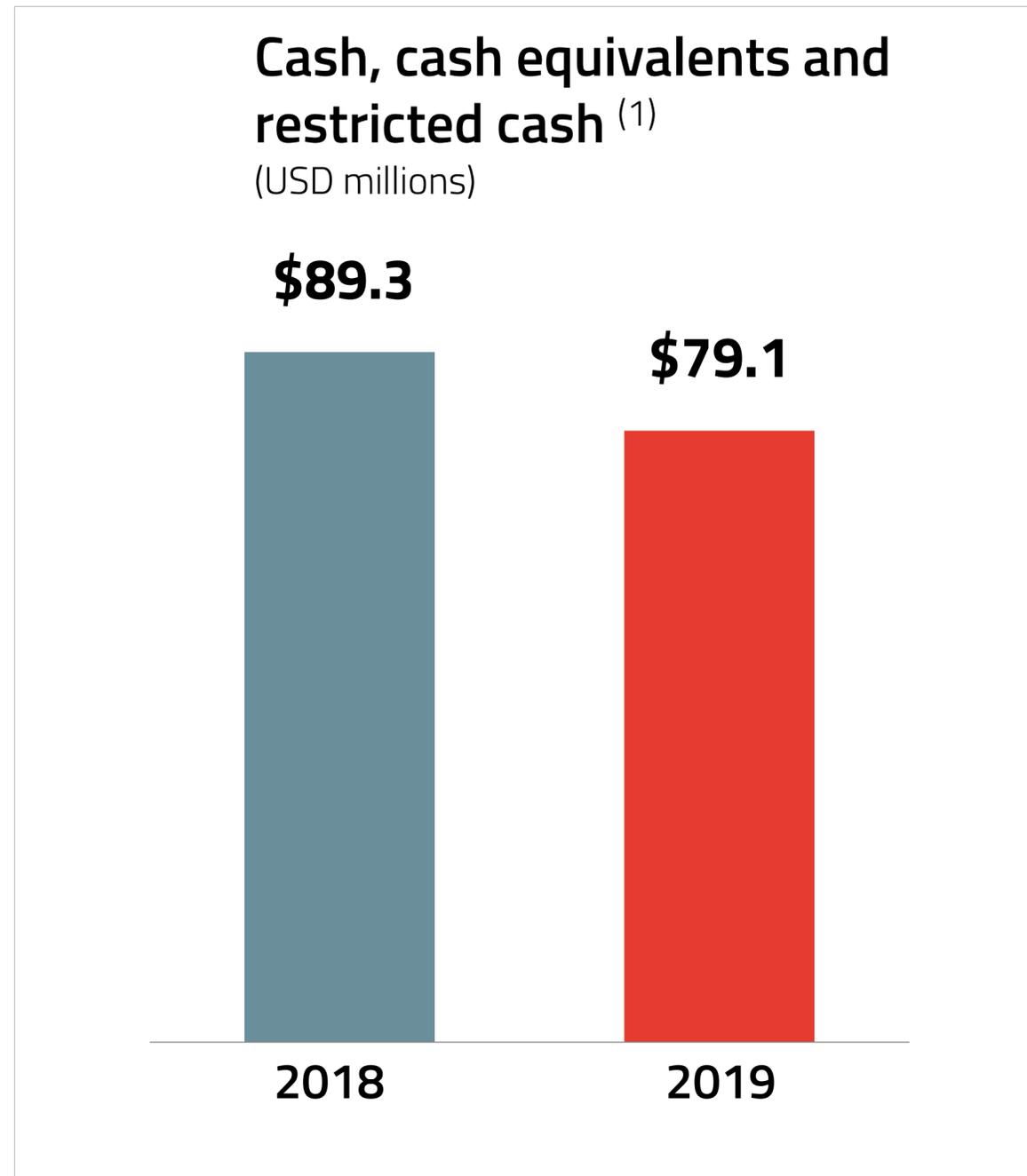
FY 2019 – Non-GAAP results



(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.

(2) 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.

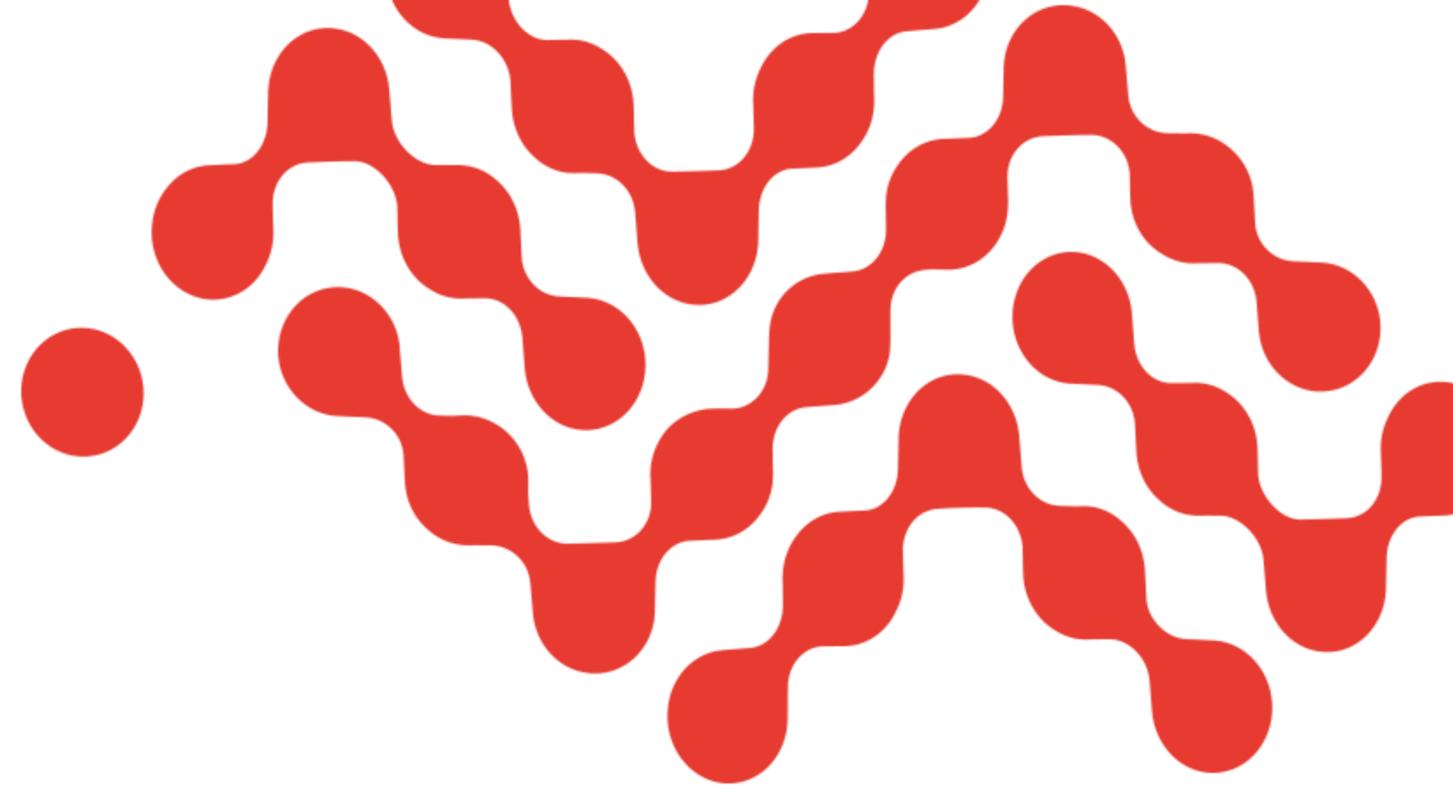
Year End 2019 - Cash Position & Free Cash Flow



	<u>YE 2019</u>
Cash flow from operations	\$ 6.9
Capital Expenditures	<u>\$ (20.3)</u>
Free Cash Flow ⁽²⁾	\$ (13.4)
Other	<u>3.2</u>
Decrease in Cash Balance	<u><u>\$ (10.2)</u></u>

(1) Cash & cash equivalents at Dec.31, 2019 included restricted cash of \$3.6 million and \$0.2 million in 2018.

(2) Free cash flow is a non-GAAP financial measure and is defined as cash flow from operating activities minus capex and increases in intangibles.



Corporate Update

Kent Thexton, President and CEO



Corporate Update – Q4/19

President & CEO Kent Thexton:

- We added more than 400,000 net new connected devices in 2019 and at the end of 2019 we had more than 3.6 million IoT connected devices globally
- We generated ~\$90 million in LTARR (Long Term Annual Recurring Revenue) in 2019 which is defined as est. recurring revenue in Year 3 following customer's activation
- We made strong progress towards targets of \$200 million in recurring and other services revenue by the middle of 2022 and \$400 million by the middle of 2024
- We have regional teams focused on the EMEA, APAC and North American markets
- We continue to strengthen our partnership with Microsoft Azure IoT with co-marketing activities including webinars, events and conferences in U.S. and Europe

2020 Guidance

Guidance for Full Year 2020 ⁽¹⁾

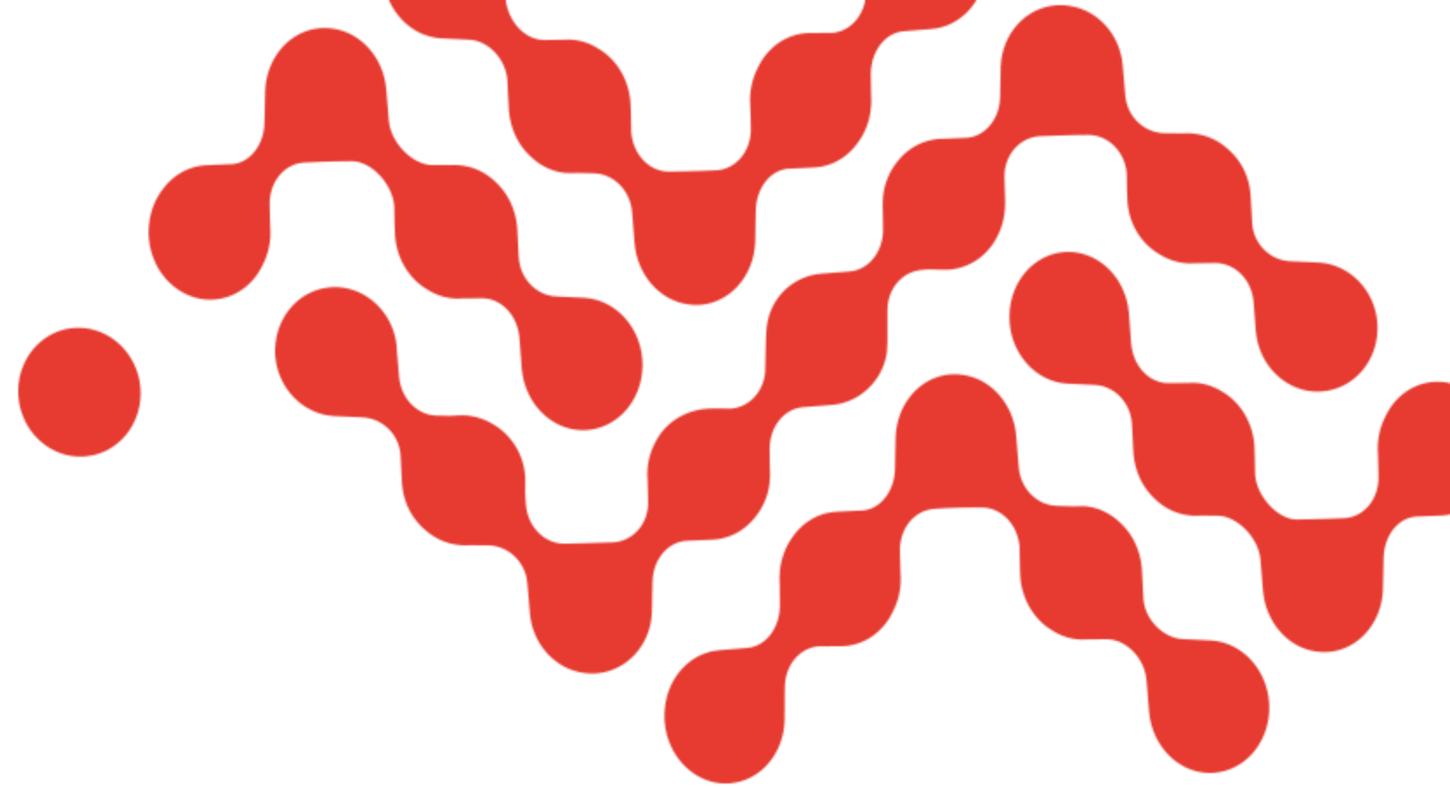
For FY2020 Revenue:

- we expect revenue to be in the range of \$690 to \$710 million

For Full Year profitability:

- we expect Adj. EBITDA to be in the range of \$10 to \$15 million

(1) This guidance constitutes "forward looking statements" within the meaning of applicable securities laws and reflect current business indicators and expectations. These statements are based on management's current beliefs and assumptions, which could prove to be significant incorrect. Forward-looking statements, particularly those that relate to longer periods of time, are subject to substantial known and unknown risks and uncertainties that could cause actual events or results to differ significantly from those expected or implied by our forward-looking statements, including those described in our regular filings. See "Cautionary Note Regarding Forward Looking Statements".



Q & A