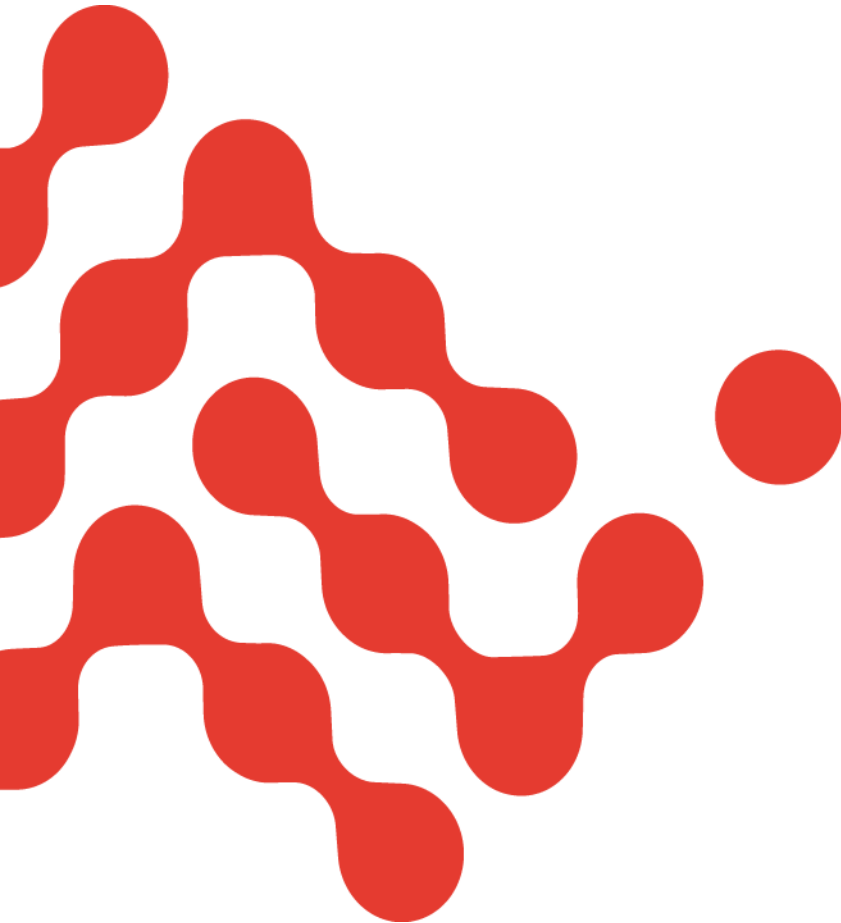


# Sierra Wireless Q4 & FY 2012 Results

February 6, 2013



# 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 Q1 2013 and fiscal year 2013, our guidance drivers for 2013 and our business outlook for 2013. 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;
  - Expected deployment of next generation networks by wireless network operators;
  - 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, 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.
  - We may experience higher than anticipated costs; disruption of, and demands on, our ongoing business; diversion of management’s time and attention; adverse effects on existing business relationships with suppliers and customers and employee issues in connection with the divestiture of the AirCard assets and operations;
  - 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



# Another Key Step in Our Transformation

On January 28<sup>th</sup>, announced definitive agreement to sell AirCard<sup>®</sup> to Netgear, Inc.

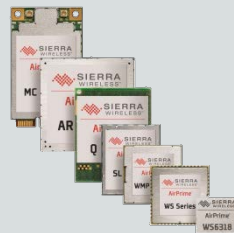
- \$138M cash + approximately \$6.5M in assumed liabilities
- Expected net proceeds of approximately \$100M after taxes, expenses and funds retained for escrow
- Transaction targeted to close in March

**AirLink™**   **AirVantage™**   **AirPrime™**

Intelligent Gateways

M2M Cloud

Embedded Wireless Modules



**AirPrime™**

Embedded Wireless Modules



**AirCard®**

Mobile Broadband Devices



**Retained business  
(Continuing Operations)**

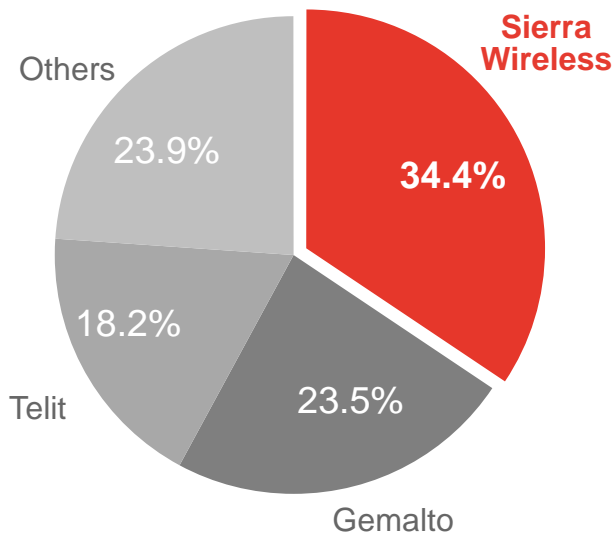
**Divested assets  
(Discontinued Operations)**

# The “New” Sierra Wireless

- Pure Play
- Market Leader
- Innovation Leader
- \$400M in Revenue
- Global Capability
- \$160M+ in Cash\*

## #1 in machine-to-machine market globally

M2M Embedded Cellular Devices Market Share in 2011<sup>(1)</sup>



Source: ABI Research.  
(1) Sierra Wireless includes Sagemcom market share

## Blue-chip customers



\*post closing of AirCard sale

# Solutions Across M2M Value Chain



Leading-edge  
intelligent devices



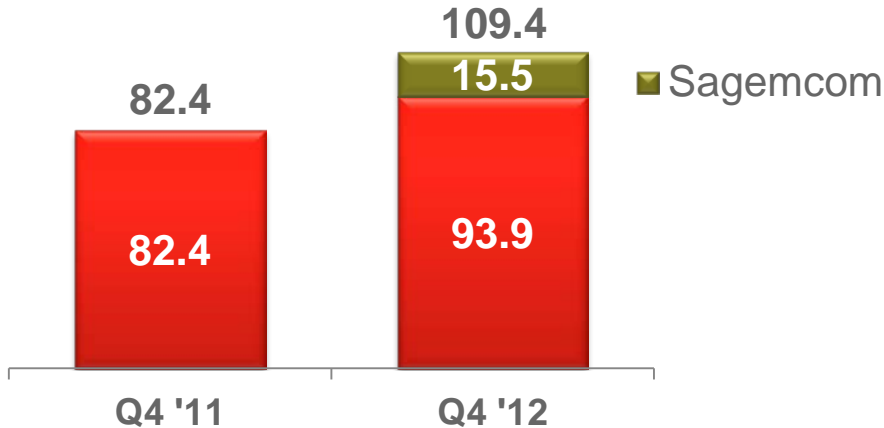
M2M cloud  
services platform



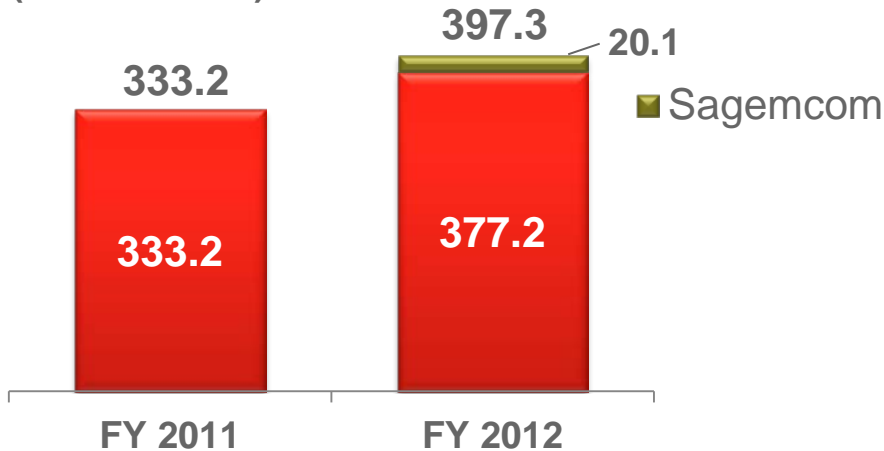
Value creation  
& competitive barriers

# Q4 and FY 2012 Financial Highlights

Quarterly Revenue  
(USD millions)



Annual Revenue  
(USD millions)



## Continuing Business

Strong year-over-year revenue growth

- Q4 of \$109M, up 33%
- FY of \$397M, up 19%
- Combination of organic growth + Sagemcom contribution

Improving Non-GAAP profitability, strong Q4

- Gross margin of 33.2%
- Earnings from operations of \$3.7M (3.4% of revenue)

# Q4 Operational Highlights

Continued design win momentum in key segments

- Networking
- Automotive
- PC / Tablet OEMs

Launched next-generation AirVantage™ M2M Cloud

Extended 4G leadership with introduction of 2nd generation LTE embedded modules

## AirVantage 4





# Financial Overview

David McLennan  
Chief Financial Officer



# Q4 Results vs. Guidance for Continuing and Discontinued Operations

## Q4 2012 Financial Metrics (\$USD millions, except EPS)

	GAAP Actual	Non-GAAP* Actual	Non-GAAP* Guidance
Revenue	\$163.8	\$163.8	\$160 – \$165
Earnings from Operations	\$3.2	\$10.2	\$7.5 – \$9.0
Net Earnings	\$19.6	\$10.3	\$5.6 – \$6.8
Earnings Per Share	\$0.64	\$0.33	\$0.18 – \$0.22

\* Non-GAAP results exclude the impact of: stock-based compensation expense, 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

# Results of Continuing Operations

## Q4 and FY 2012 Financial Metrics

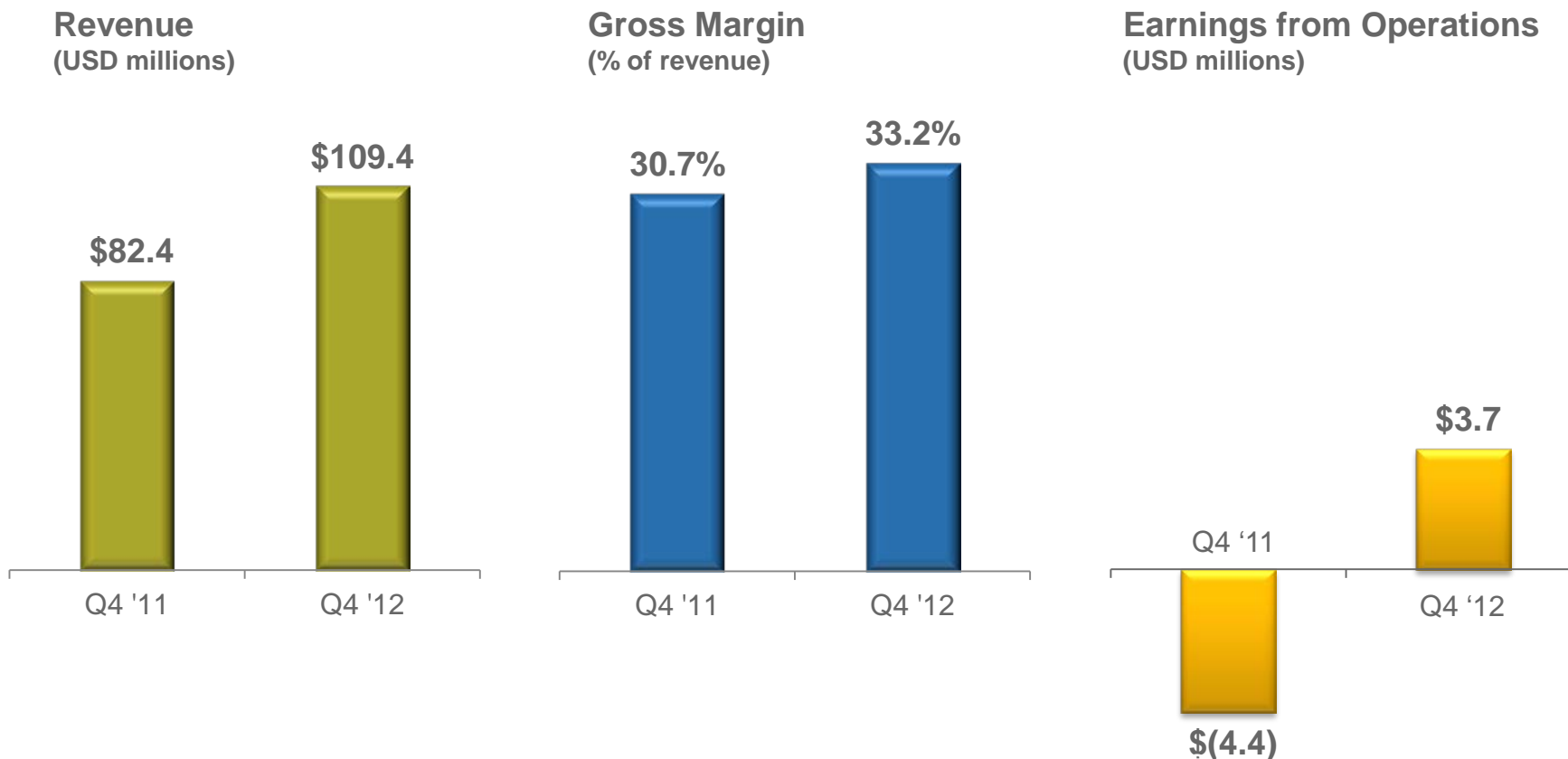
(\$USD millions, except EPS and Margin %)

	Q4 2012		FY 2012	
	GAAP Actual	Non-GAAP* Actual	GAAP Actual	Non-GAAP* Actual
Consolidated Revenue	\$109.4	\$109.4	\$397.3	\$397.3
Gross Margin (%)	33.1%	33.2%	31.5%	31.6%
Operating Expenses	\$37.7	\$32.6	\$147.5	\$124.7
Earnings (Loss) from Operations	\$(1.5)	\$3.7	\$(22.2)	\$0.9
Operating Margin (%)	(1.4%)	3.4%	(5.6%)	0.2%
Net Earnings (Loss)	\$15.5	\$4.5	\$(4.2)	\$(0.4)
Diluted Earnings Per Share	\$0.50	\$0.15	\$(0.14)	\$(0.01)

\* Non-GAAP results exclude the impact of: stock-based compensation expense, 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

# Improving Profitability

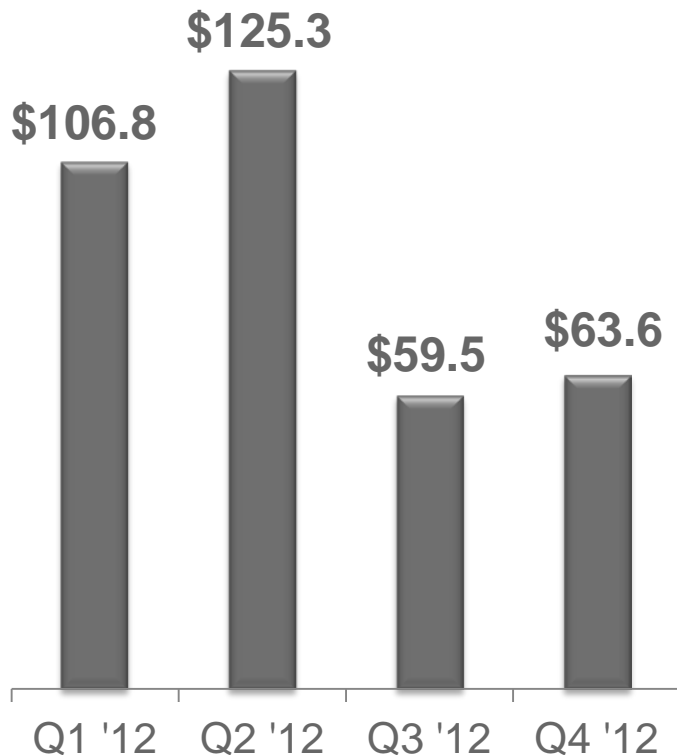
## Non-GAAP\* Operating Results – Continuing Business



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

# Strong Cash Position and Debt Free

## Cash, Cash Equivalents & Short Term Investments (USD millions, as of December 31, 2012)



Cash generated in Q4: \$4.1 million

- Cash generated from operations: \$10.5 million
- Capital expenditures: \$4.7 million

Expect cash of \$160+ million following the sale of AirCard assets

- Actively pursuing M2M acquisitions to accelerate growth
- Received TSX Approval for Normal Course Issuer Bid

# Financial Guidance Summary

## Non-GAAP\* Financial Guidance for Continuing Operations

(USD millions, except EPS)

	Q1 2013 Non-GAAP*
Revenue	\$98 to \$102 million
Earnings (Loss) from Operations	(\$2.5) to (\$1.5) million
Net Earnings (Loss) from continuing operations	(\$2.5) to (\$1.5) million
Earnings (Loss) per Share	(\$0.08) to (\$0.05) / share

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

# Summary Comments

Stronger than expected results in Q4

Expect some softness in Q1, followed by a return to solid revenue growth and modest profitability in Q2

Executing another key step in our transformation

- Agreement to sell AirCard assets to Netgear

Go-forward Sierra Wireless well established as the leading M2M and connected device company

- Market leader, well positioned to capture growth opportunity
- Plan to accelerate growth through acquisitions

# Thank You

## Q&A Session

