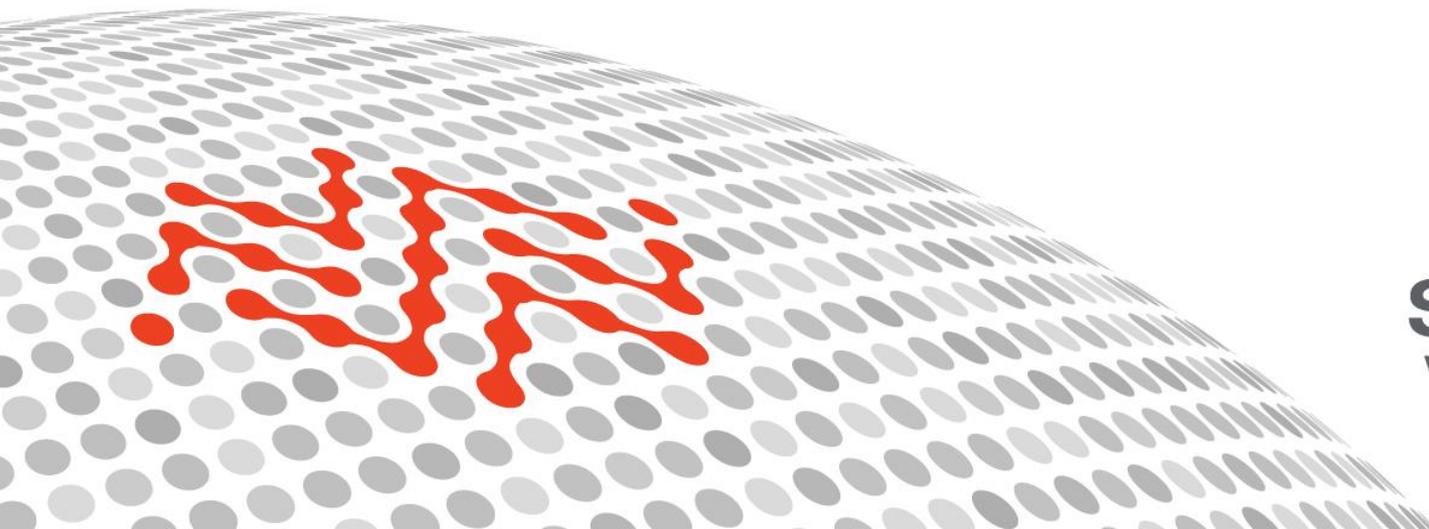


# Second Quarter 2014 Results

July 31, 2014



# 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 Q3 2014, our guidance drivers for 2014 and our business outlook for 2014 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;
  - 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.
  - 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; and
  - Unanticipated costs associated with litigation or settlements associated with intellectual property matters; and
  - 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

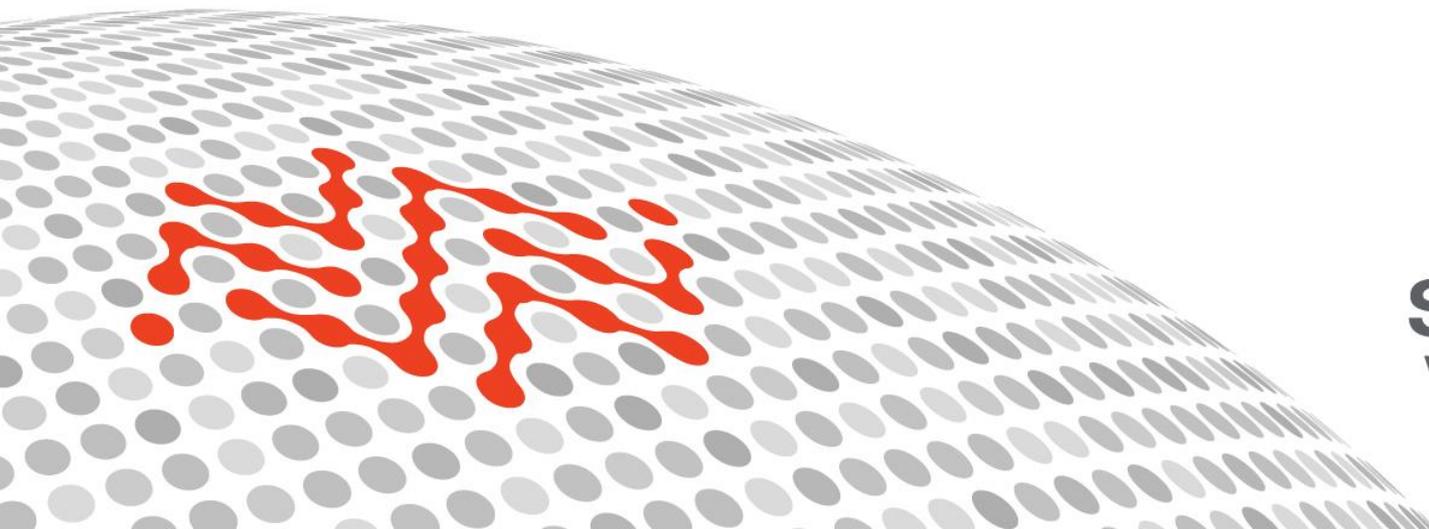
Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results.

## 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 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

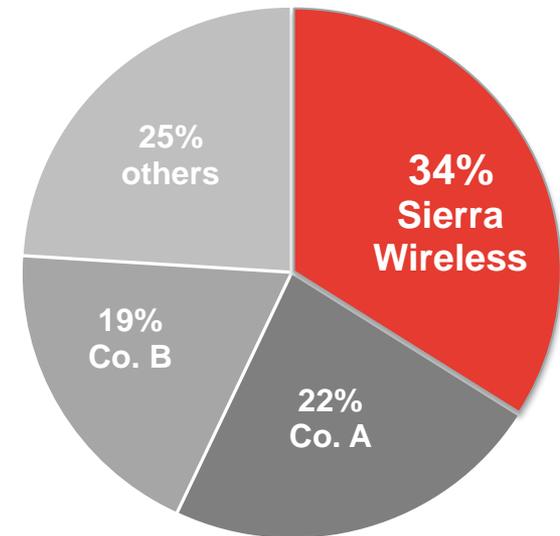
Jason Cohenour, Chief Executive Officer



# Q2 2014 Highlights

- Record quarterly revenue in Q2 2014
- Revenue increased 23% year-over-year to \$135.0 million.
  - Organic revenue growth of 16.8%
- Non-GAAP earnings from operations increased 149% to \$3.7 million year-over-year
- Sierra Wireless ranked number one in M2M for third year in a row

## #1 World Wide Market Share in M2M Embedded Modules<sup>(1)</sup>



(1) Source: ABI Research Report – July 2014

# OEM Solutions

Q2 Revenue of \$116.6M ↑ 23% YoY (GM: 28.9%)

- Strong year-over-year revenue growth
- Continued robust design win activity
  - Energy, automotive, insurance
  - Connected Car activity high
- 4G momentum, Sierra well positioned
- Strong traction with new HL products
  - Opportunity for share gain & market expansion
- Legato emerging as key differentiator



# Enterprise Solutions

**Q2 Revenue of \$18.4M ↑ 27% YoY (GM: 52.4%)**

- Strong year-over-year revenue growth
  - Solid contribution from In Motion
  - Strength in public safety & utilities
  - Increasing demand for 4G LTE
- AirLink ES440 gaining market traction
  - Targeting distributed enterprise & retail
- Building AirVantage subscriber base
  - Several new customers added
- Integration of In Motion well underway
  - Pursuing scale & growth synergies



**AirLink  
ES440**



**AirLink  
GX440**



**oMG  
2000**

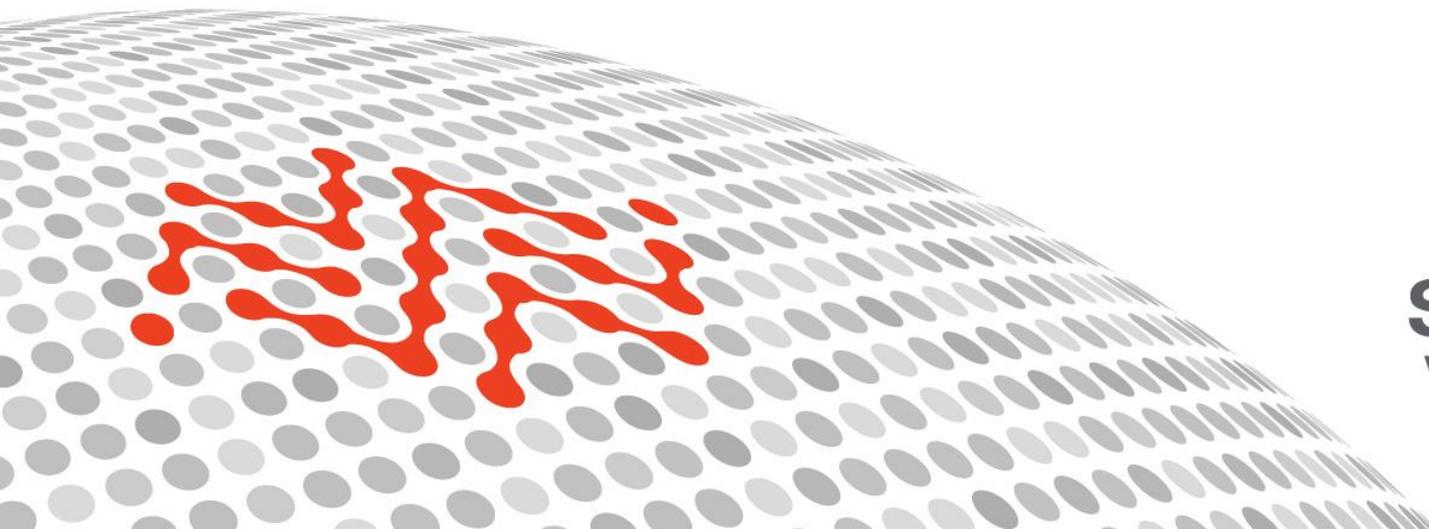


**INMOTION**  
TECHNOLOGY

**SIERRA**  
WIRELESS™

# Financial Overview

David McLennan, Chief Financial Officer



# Summary of Key Financial Metrics

## Q2 2014 Financial Metrics

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

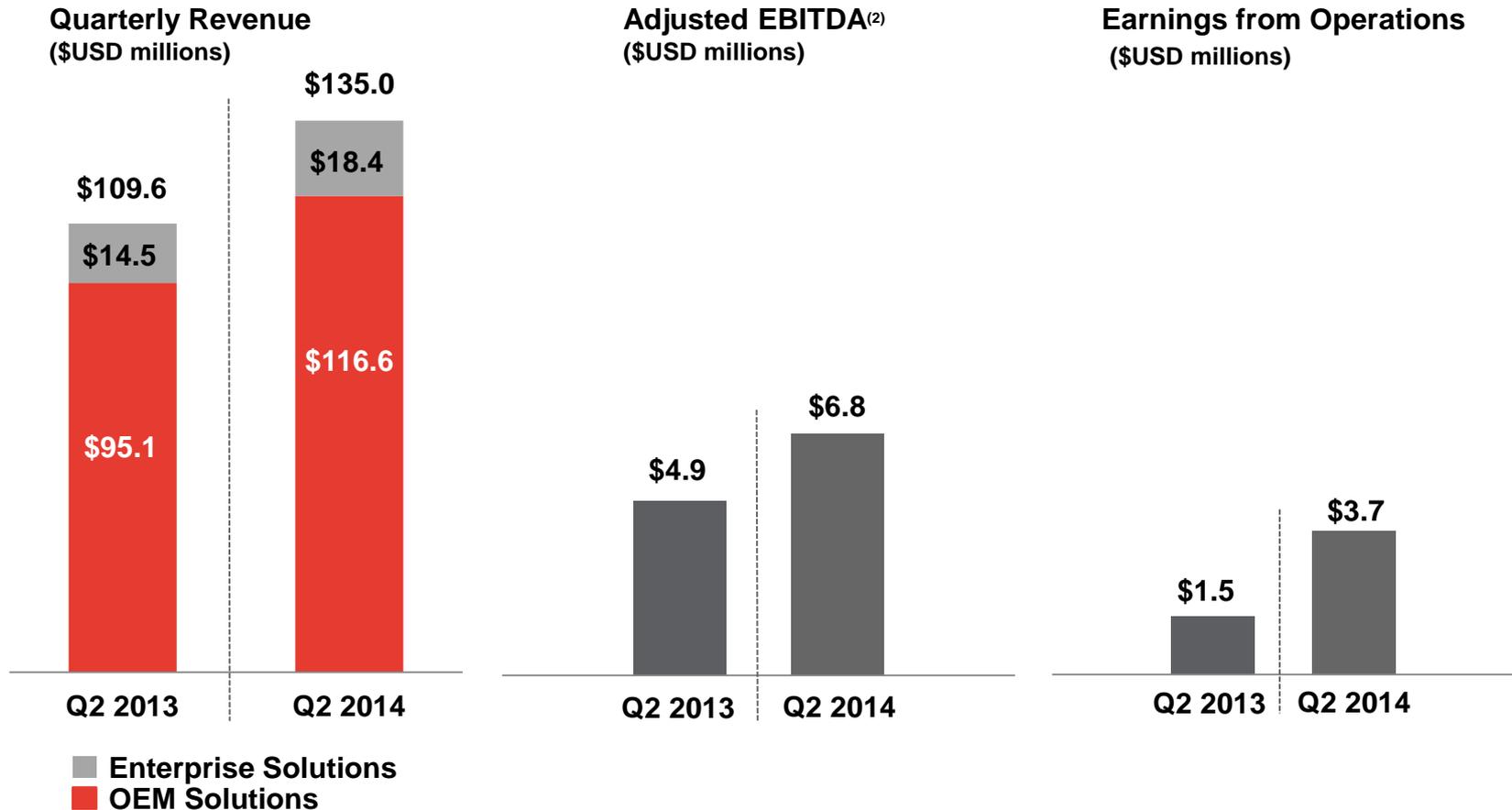
	Q2 2014		
	GAAP Actual	Non-GAAP <sup>(1)</sup> Actual	Non-GAAP <sup>(1)</sup> Guidance
Revenue	\$135.0	\$135.0	\$128 – \$131
Gross Margin (%)	32.1%	32.2%	
Operating Expenses	\$49.6	\$39.8	
Adjusted EBITDA <sup>(2)</sup>	N/A	\$6.8	
Earnings (loss) from operations	\$(6.3)	\$3.7	\$2.7 – \$3.5
Net Earnings (loss)	\$(8.2)	\$2.6	\$1.9 – \$2.5
Earnings (loss) per Share	\$(0.26)	\$0.08	\$0.06 – \$0.08

(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.

# Q2 2014 Highlights

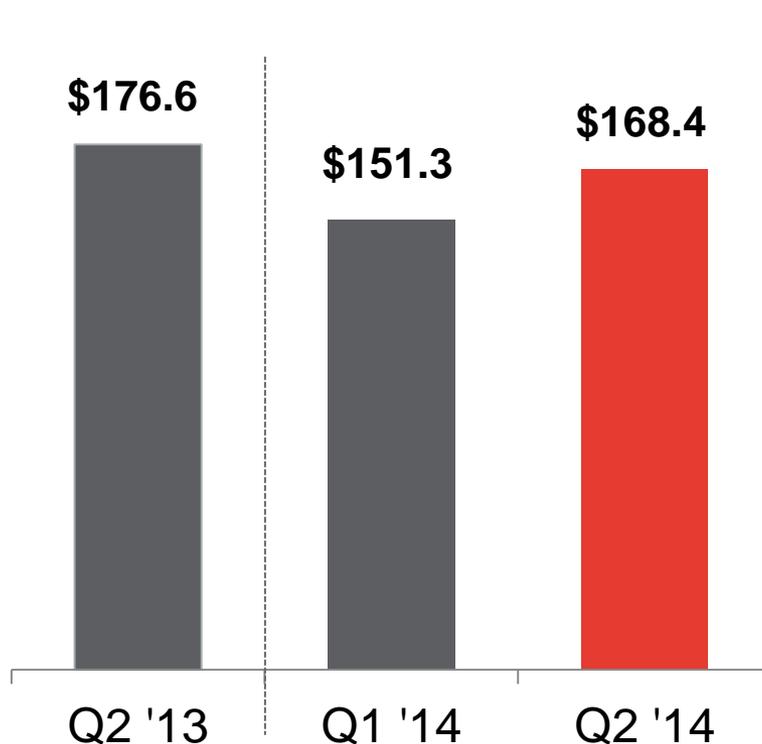
## Non-GAAP<sup>(1)</sup> Operating Results (includes full quarter of In Motion Technology in Q2'14)



(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.

# Strong Cash Position and Debt Free

## Cash, Cash Equivalents & Short-Term Investments (\$USD millions)



(\$USD millions)

<b>Q2 2014 increase in cash balance:</b>	<b>\$17.1</b>
Cash provided by operations	\$ 11.7
Capital expenditures	\$ (2.8)
Free cash flow	<b>\$ 8.9</b>
Full release of escrow from AirCard sale	<b>\$ 13.8</b>
Purchase of shares for restricted share units	<b>\$ (6.0)</b>
Cash provided by other activities	<b>\$ 0.4</b>

# Financial Guidance Summary

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

	Q3 2014 Guidance
Revenue	\$137.0 to \$140.0 million
Earnings from operations	\$4.9 to \$6.2 million
Net earnings	\$3.8 to \$4.7 million
Diluted Earnings per share	\$0.12 to \$0.15 per share

(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

# Q2 2014 Summary

- Strong revenue growth in Q2
- Improving operating leverage
- World's leading M2M pure play
  - design win momentum
  - new products gaining traction
  - the clear 4G LTE leader
  - solutions across the value chain
- Creating value with acquisitions

Trusted M2M partner to leading global customers



RENAULT



PHILIPS

Honeywell

EDMI



PEUGEOT

VEOLIA

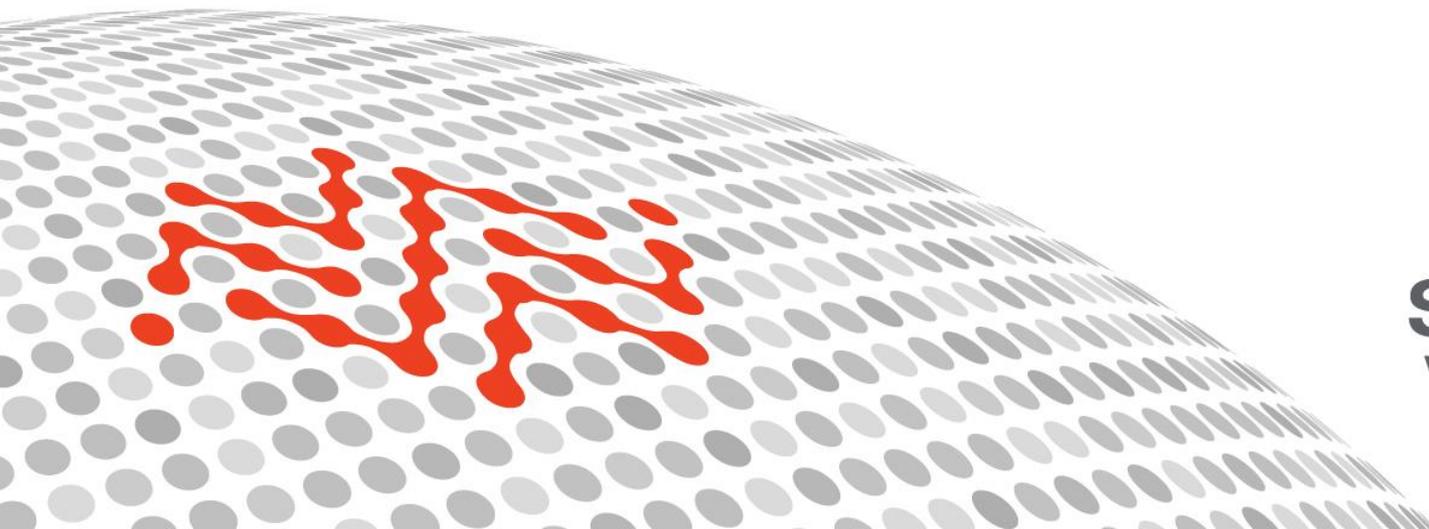


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HARMAN



# Q&A Session



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