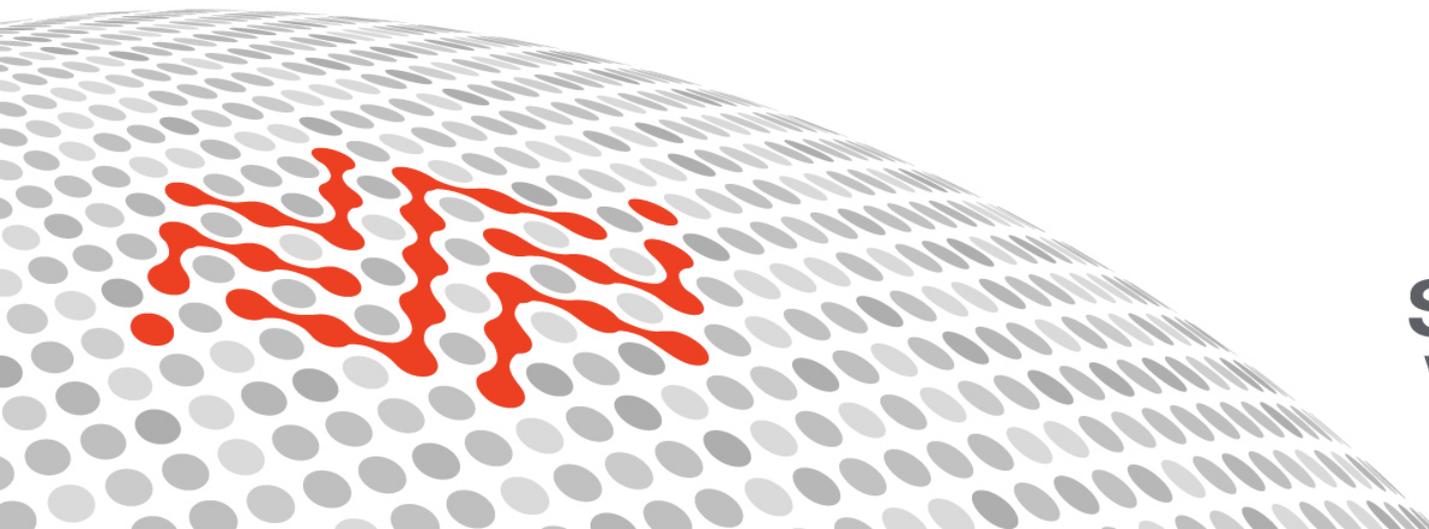


# Q4 & FY 2014 Results

February 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 Q1 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 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 goods sold;
  - Expected component supply constraints;
  - Our ability to “win” new business; Expected deployment of next generation networks by wireless network operators;
  - Our operations 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;
  - 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;
  - 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

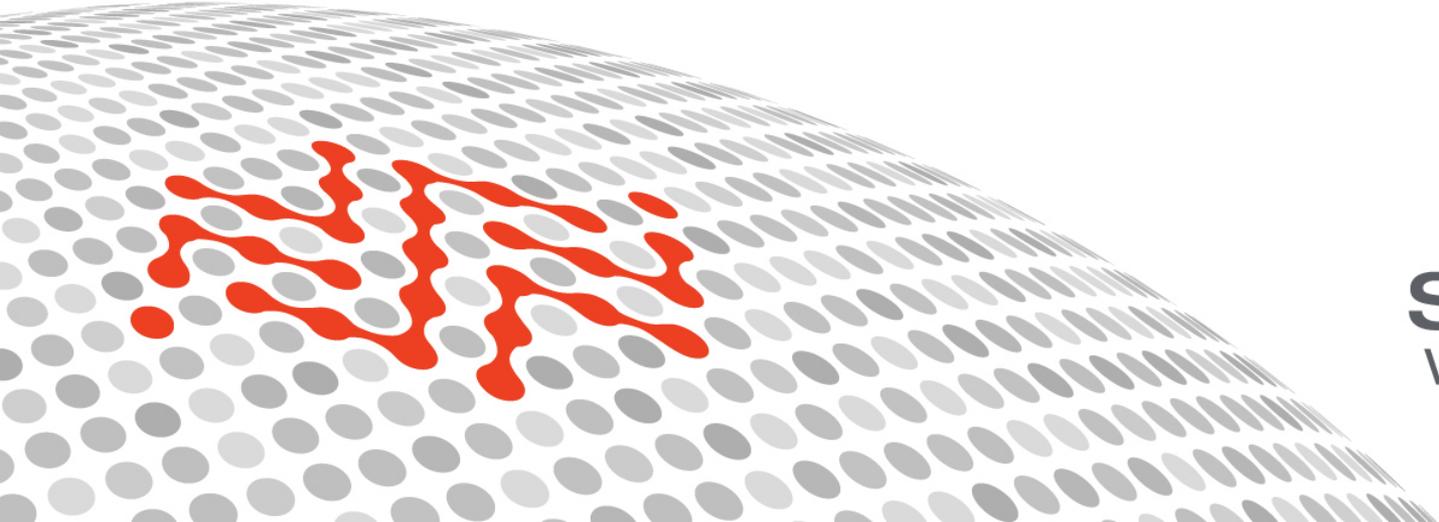
Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results.

## 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.

# Business Overview

Jason Cohenour, Chief Executive Officer



# Q4 2014 Highlights

- Revenue increased 26% year-over-year to \$149.0 million
  - Year-over-year organic growth of 21%
- Adjusted EBITDA more than doubled to \$12.7 million
- Non-GAAP earnings from operations increased 287% year-over-year to \$10.0 million
- Solid cash generation
- Expanding into IoT connectivity services with acquisition of Maingate

## Sierra Wireless is Building the Internet of Things

Industry's broadest product portfolio



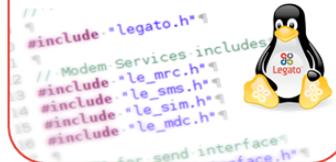
M2M Cloud



Technology leadership

4G LTE

Innovative open-source embedded platforms



Strong global presence



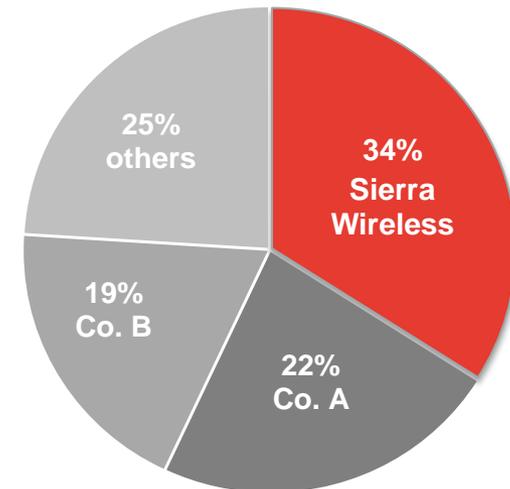
IoT Connectivity Services



# 2014 Year in Review

- Revenue increased 24% year-over-year to \$548.5 million
  - Year-over-year organic growth of 18%
- Operating leverage improved significantly:
  - Adjusted EBITDA increased 89% to \$35.4 million
  - Non-GAAP earnings from operations improved 351% to \$22.8 million
- Generated \$48.7 million in cash from operations
- Continued to strengthen market position through M&A

## Sierra Wireless #1 in Worldwide Market Share in M2M Embedded Modules<sup>(1)</sup>



(1) Source: ABI Research Report – July 2014



# OEM Solutions

**Q4 Revenue of \$129.5M ↑27% YoY (Non-GAAP GM: 30.5%)**

- Strong year-over-year revenue growth of 27% led by automotive, transportation, mobile computing and networking
- Continued growth in 3G / 4G as market transitions to next generation networks
- Solid design win activity in Fourth Quarter
  - Automotive, Security, Energy, Transportation, Mobile Computing
- New products continuing to gain traction
  - Smart modules - with Legato platform
  - Essential modules – scalable, flexible HL series



# Enterprise Solutions

**Q4 Revenue of \$19.5M ↑ 16% YoY (Non-GAAP GM: 54.3%)**

- Year-over-year revenue growth of 16%
  - Solid contribution from In Motion in the Regional Transit & Public Safety markets
- Solid sequential improvement in legacy Enterprise revenue
- New customer wins in Public Safety, Utilities, Power Systems and Retail
- Launched AirLink GX450 and ES450
  - Next-gen 4G products announced Jan'15
- Strengthening our Device-to-cloud offer with addition of Wireless Maingate



**GX450**



**ES450**

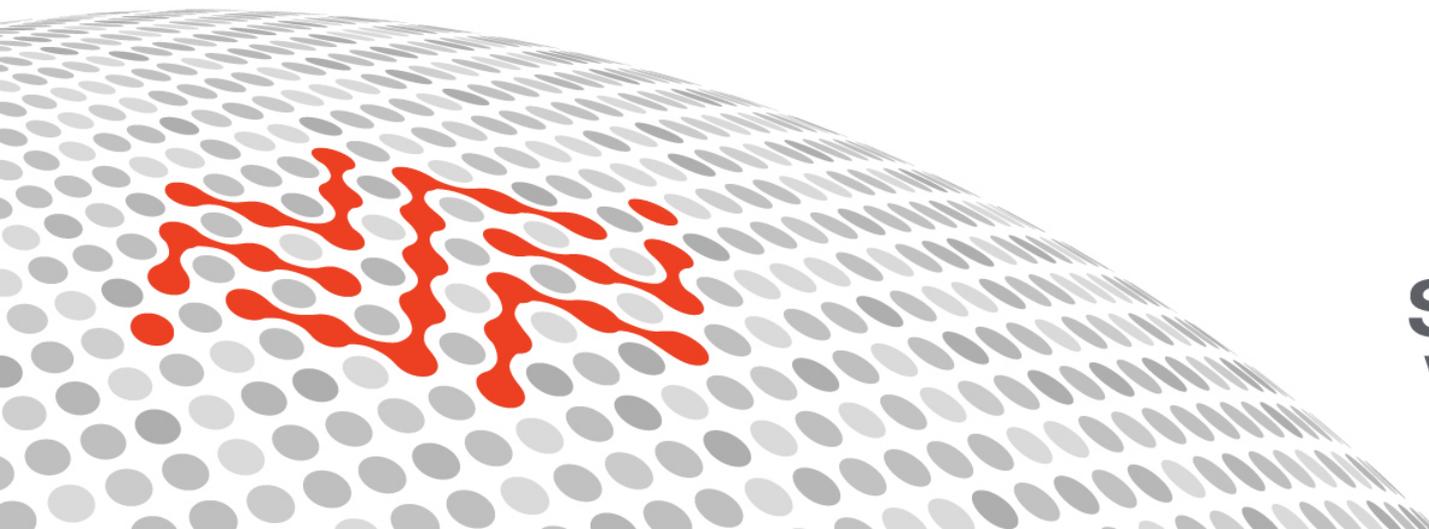


**oMG**



# Financial Overview

David McLennan, Chief Financial Officer



# Summary of Key Financial Metrics

## Q4 and YE 2014 Financial Metrics

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

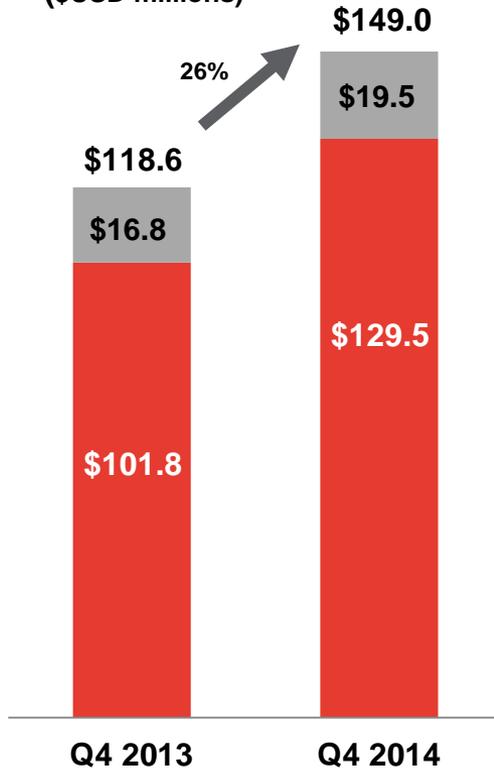
	Fourth Quarter 2014			FY 2014	
	GAAP Actual	Non-GAAP <sup>(1)</sup> Actual	Non-GAAP <sup>(1)</sup> Guidance	GAAP Actual	Non-GAAP <sup>(1)</sup> Actual
Revenue	\$149.0	<b>\$149.0</b>	\$145 – \$148	\$548.5	<b>\$548.5</b>
Gross Margin (%)	33.5%	<b>33.6%</b>		32.6%	<b>32.7%</b>
Operating Expenses	\$46.6	<b>\$40.1</b>		\$185.6	<b>\$156.7</b>
Adjusted EBITDA <sup>(2)</sup>	n/a	<b>\$12.7</b>		n/a	<b>\$35.4</b>
Earnings from Op'ns	\$3.4	<b>\$10.0</b>	\$9.0 – \$10.0	\$(6.6)	<b>\$22.8</b>
Net Earnings (Loss)	\$(1.7)	<b>\$9.1</b>	\$7.9 – \$8.8	\$(16.9)	<b>\$19.8</b>
Earning (Loss) / Share	\$(0.05)	<b>\$0.29</b>	\$0.25 – \$0.28	\$(0.53)	<b>\$0.63</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.

(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.

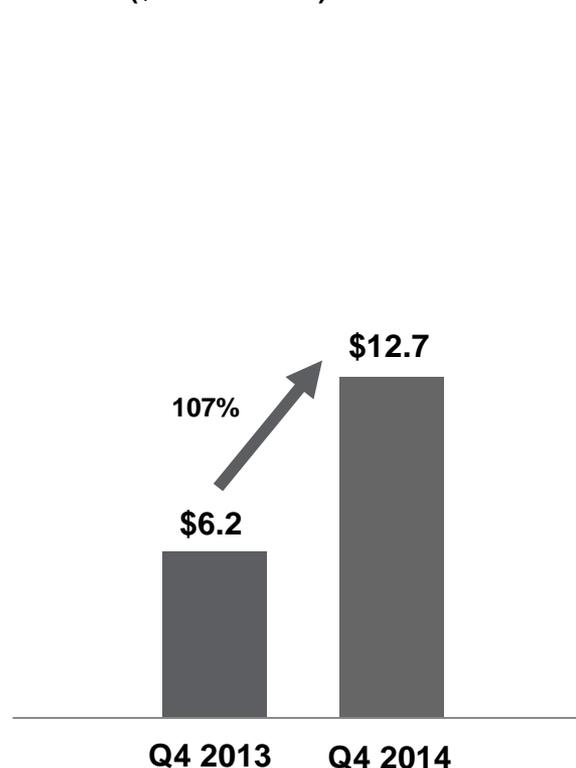
# Q4 2014 – Non GAAP Operating Results<sup>(1)</sup>

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

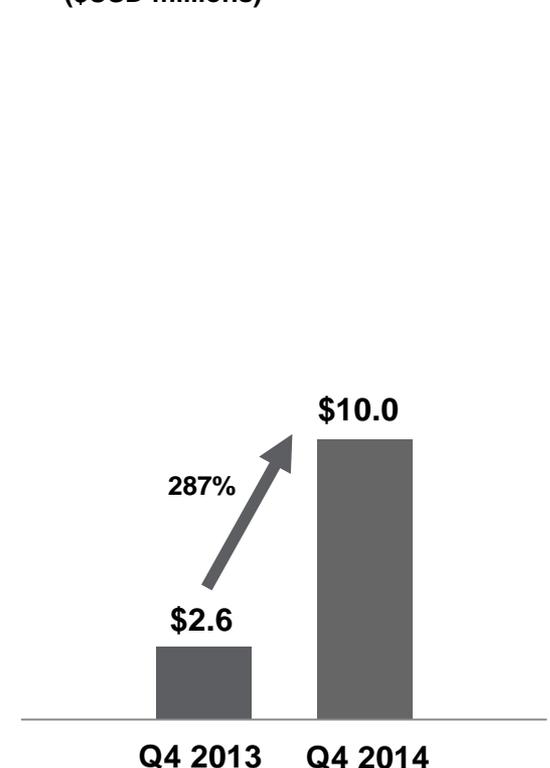


■ Enterprise Solutions  
■ OEM Solutions

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



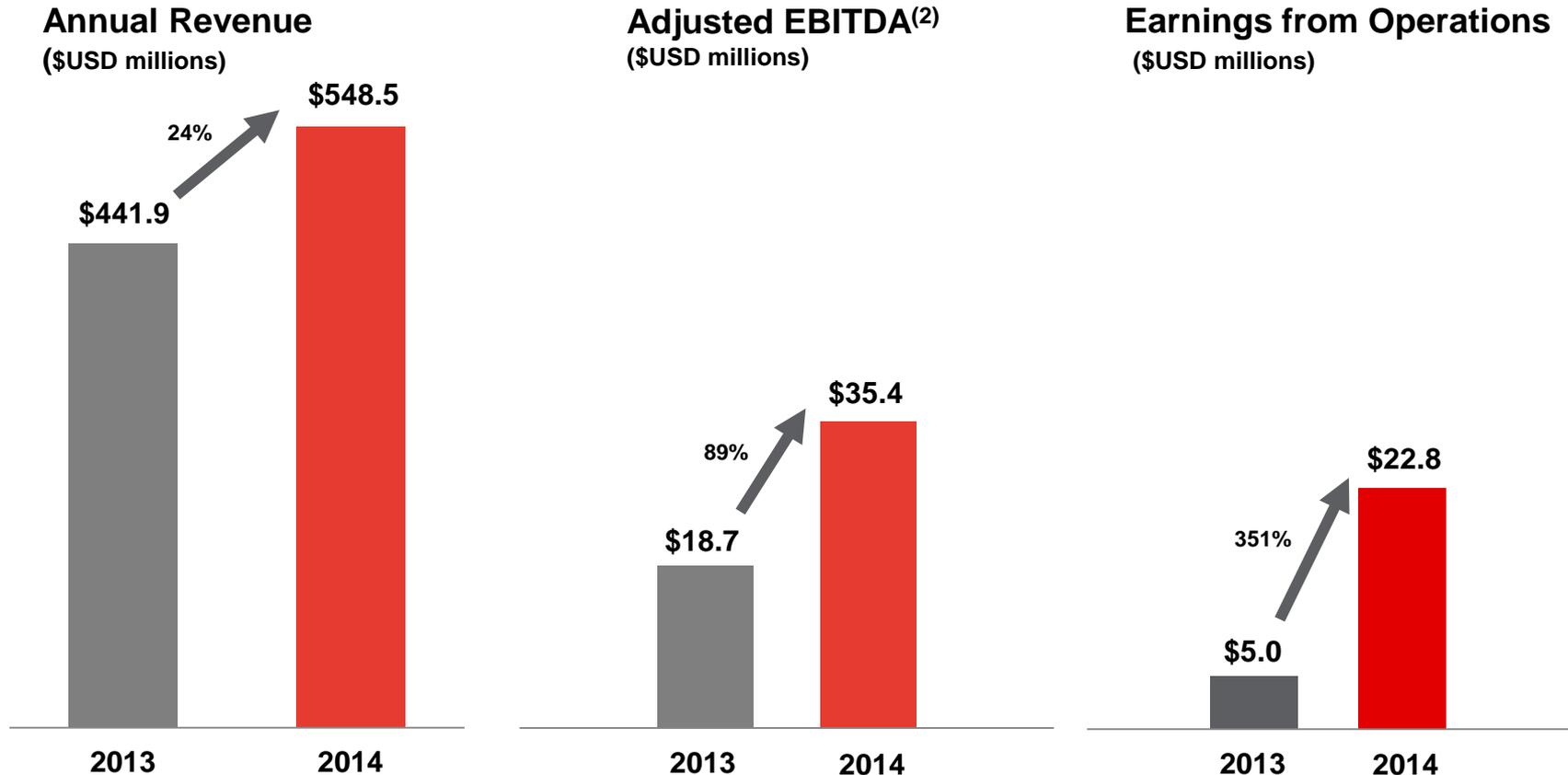
**Earnings from Operations**  
(\$USD millions)



(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.

# FY 2014 – Non GAAP Operating Results<sup>(1)</sup>

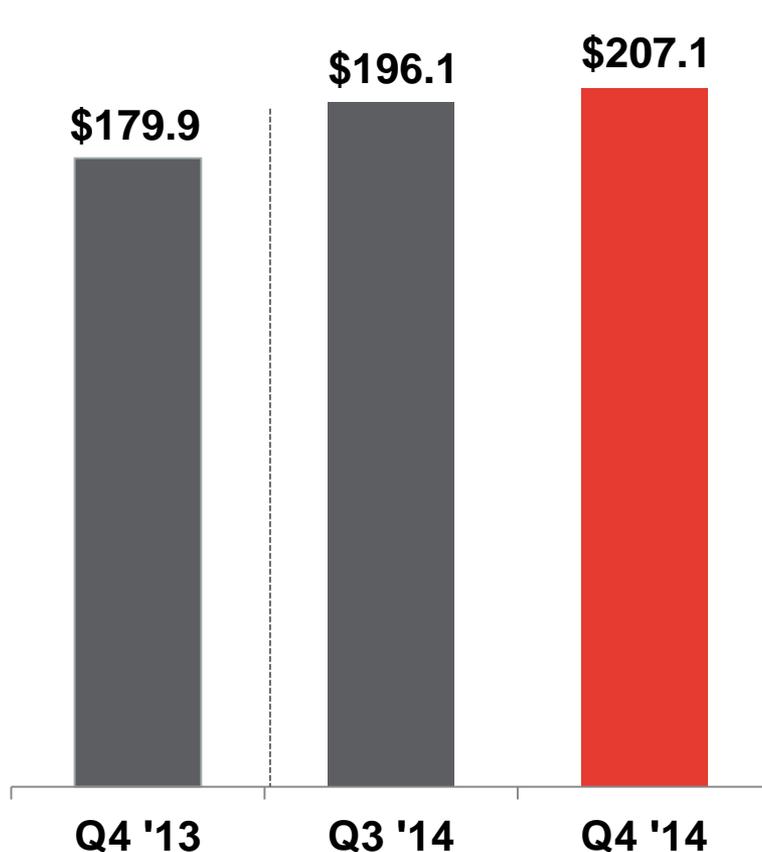


(1) Non-GAAP financial measures exclude the impact of: stock-based compensation expense and related social taxes, acquisition and disposition costs, acquisition amortization, impairment, integration costs, restructuring costs, foreign exchange gains or losses on translation of balance sheet accounts,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



	(\$US millions)	
	<u>Q4'14</u>	<u>2014</u>
Cash provided by operations	\$ 11.3	\$ 48.7
Capital expenditures	<u>\$ (3.8)</u>	<u>\$(10.8)</u>
Free cash flow <sup>(1)</sup>	\$ 7.5	\$ 37.9
Cash provided by other activities	<u>\$ 3.5</u>	<u>\$(10.7)</u>
<b>Increase in cash balance:</b>	<b><u>\$ 11.0</u></b>	<b><u>\$ 27.2</u></b>

(1) Free cash flow is a non-GAAP financial measure and is defined as cash flow from operating activities less capital expenditures

# Q1 2015 Financial Guidance Summary

## Q1 2015 Non-GAAP<sup>(1)</sup> Financial Guidance (\$USD millions, except EPS)

	Q1 2015 Guidance
<b>Revenue</b>	<b>\$145.0 to \$149.0 million</b>
<b>Earnings from operations</b>	<b>\$6.0 to \$7.2 million</b>
<b>Net earnings</b>	<b>\$4.7 to \$5.7 million</b>
<b>Diluted Earnings per share</b>	<b>\$0.15 to \$0.18 per share</b>

Q1 2015 Guidance includes 2.5 months of estimated contribution from Wireless Maingate acquired on January 16, 2015.

(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

# Q4 and YE 2014 Summary

- Continued strong revenue growth – both organically and with acquisitions
- Significant YoY improvements in operating leverage and profitability
- Organic investments and acquisitions bolstering our leadership position in IoT
  - New OEM and Enterprise products
  - Strengthening Device-to-cloud offering
- Remain focused on profitable organic growth
- Pursuing strategic acquisitions to accelerate growth and create value

Trusted IoT partner to leading global customers

PHILIPS



RENAULT



ingenico  
GROUP



MOTOROLA  
SOLUTIONS

Honeywell



EDMI

VEOLIA

HARMAN



BNSF

# Q&A Session

