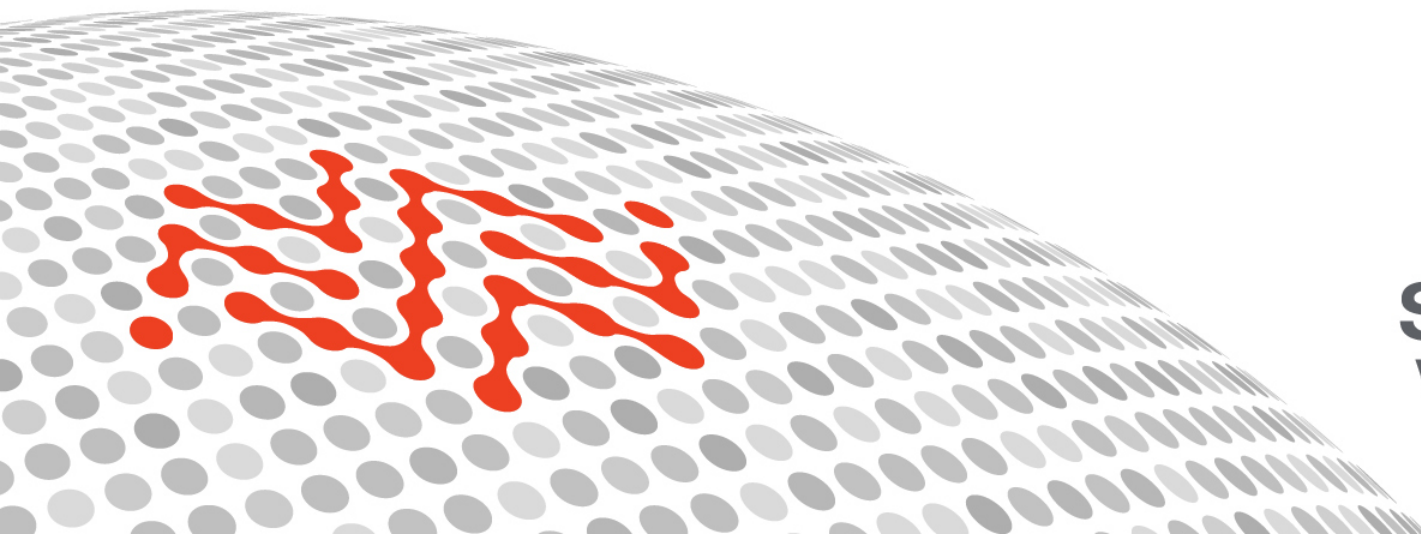


# First Quarter 2014 Results

May 1, 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 Q2 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”, “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

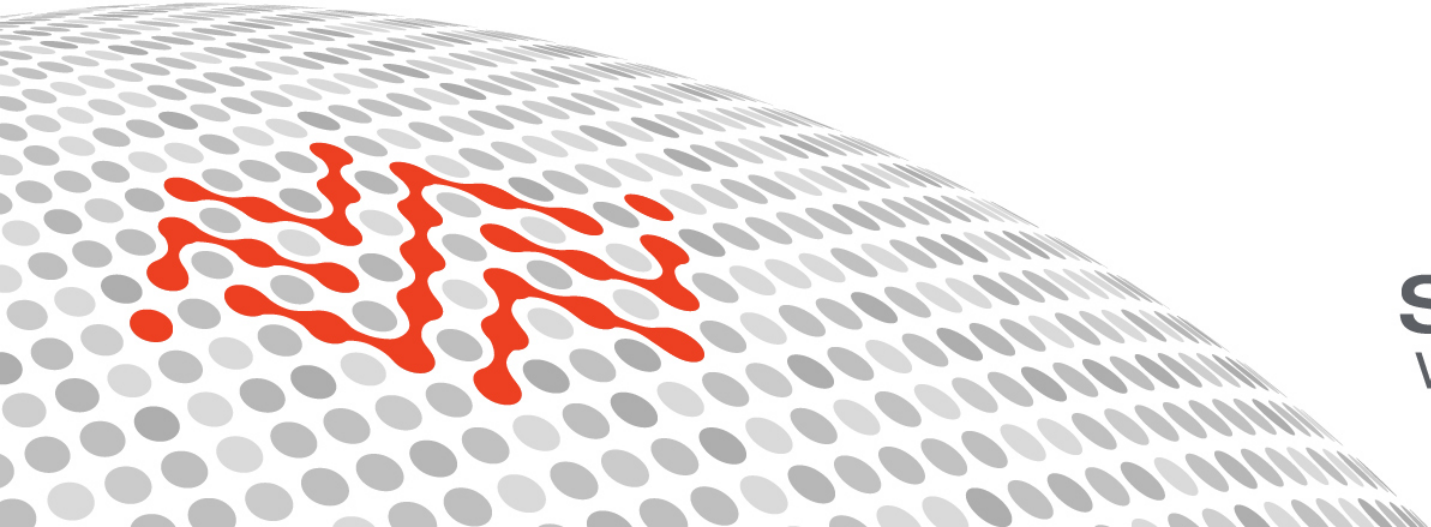
Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results.

## 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

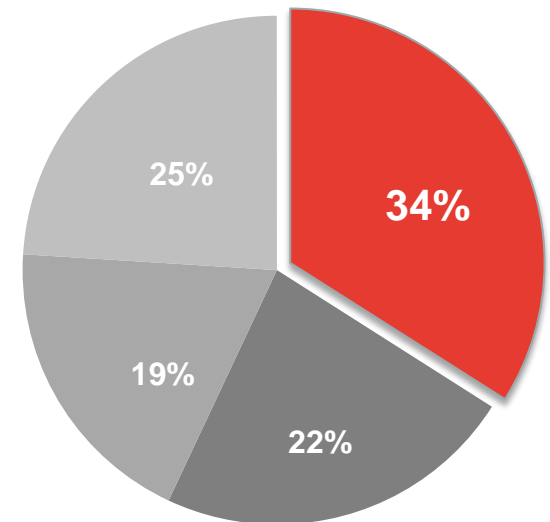


# Q1 2014 Highlights

- Record quarterly revenue in Q1 2014
- Revenue increased 19.5% year-over-year to \$121.2 million
- Adjusted EBITDA increased 127% year-over-year to \$4.1M
- Closed acquisition of In Motion Technology

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

Cellular M2M Embedded Module  
Revenue Market Share in 2013<sup>(1)</sup>



(1) Source: Sierra Wireless, public filings, ABI Research

# OEM Solutions

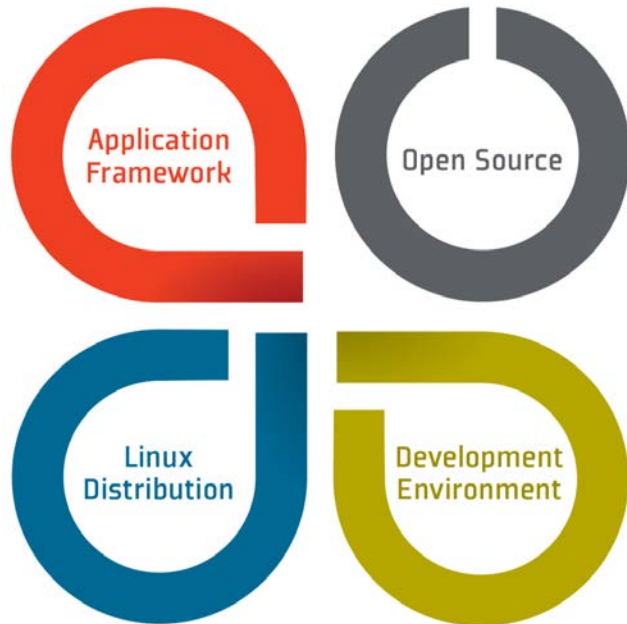
Q1 Revenue of \$106.2M ↑ 19% YoY (GM: 28.8%)

- Strong YoY revenue growth
  - Momentum continuing in 3G and 4G
  - Small contribution from AnyData
- Strong design win momentum in Q1
  - Record quarter for OEM design wins
  - Automotive, Energy, and PC OEMs
- Strengthening go to market capability
- Launched Legato embedded platform
  - Open source platform built on Linux
  - Simplifies and accelerates M2M



# Legato: Open source embedded platform

**Simplify and Accelerate** M2M development



 Legato™

**Ready-to-run**  
Integrated, tested,  
validated

**Ready-to-build**  
Open source, flexible  
foundation

**Ready-to-connect**  
Any cloud, network,  
peripheral



***Differentiation, Share, Margin, AirVantage subscribers***

# Enterprise Solutions

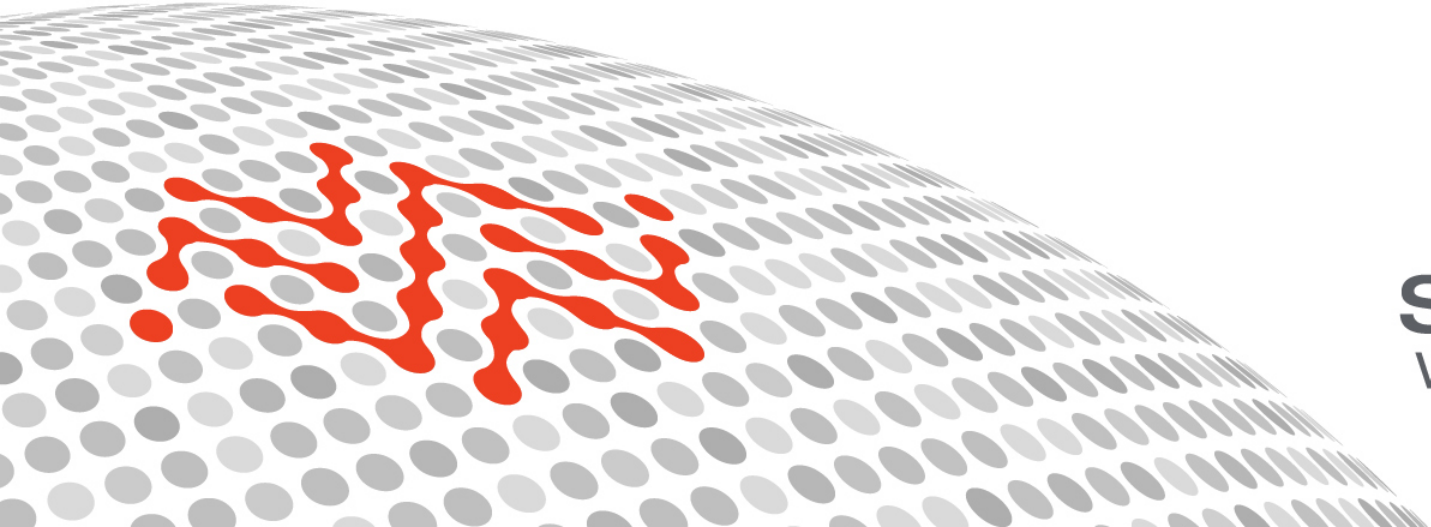
Q1 Revenue of \$15.0M ↑ 23% YoY (GM: 53.8%)

- Solid YoY revenue growth
  - Partial quarter contribution from In Motion Technology
- Commenced commercial shipments of new AirLink ES440 4G Gateway
  - Targeted for Enterprise and Retail locations
  - Mission critical 4G LTE connectivity
- Solid progress in AirVantage Cloud Services
  - Record number of new AirVantage Management Services customers added in Q1
  - New opportunities from OEM Solutions channel
- Collaboration agreement with Tech Mahindra to deploy end-to-end M2M solutions



# Financial Overview

David McLennan, Chief Financial Officer





# Summary of Key Financial Metrics

## Q1 2014 Financial Metrics for Continuing Operations (\$USD millions, except EPS and Margin %)

	Q1 2014			
	GAAP Actual	Non-GAAP <sup>(1)</sup> Actual	Non-GAAP <sup>(1)</sup> Actual (excl. In Motion)	Non-GAAP <sup>(1)</sup> Guidance (excl. In Motion)
Revenue	\$121.2	\$121.2	\$119.9	\$117 – 121
Gross Margin (%)	31.9%	32.0%	31.8%	
Operating Expenses	\$45.3	\$38.0	\$37.4	
Adjusted EBITDA <sup>(2)</sup>	N/A	\$4.1	\$4.1	
Earnings (Loss) from operations	\$(6.7)	\$0.7	\$0.7	\$0.5 – 1.5
Net Earnings (Loss)	\$(4.0)	\$0.5	\$0.5	\$0.4 – 1.2
Earnings (Loss) per Share	\$(0.13)	\$0.02	\$0.02	\$0.01 – 0.04

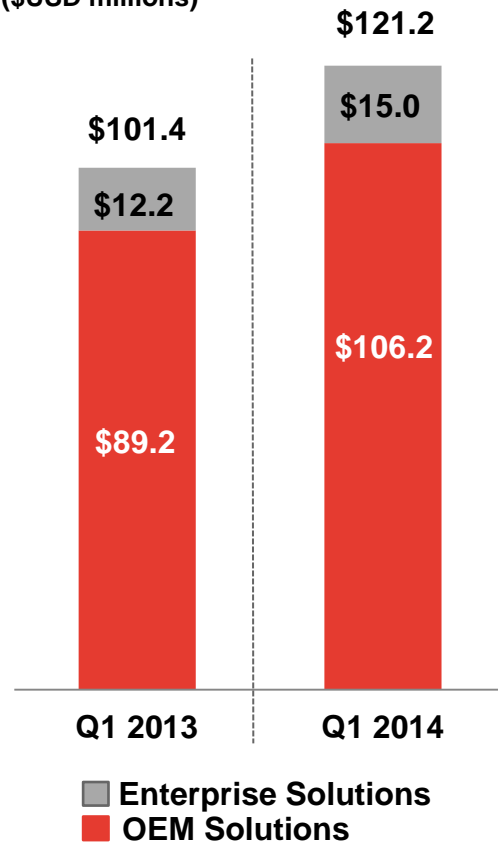
(1) Non-GAAP results exclude the impact of: stock-based compensation expense and related social taxes, acquisition and disposition costs, acquisition amortization, impairment, integration costs, restructuring costs, foreign exchange gains or losses on translation of balance sheet accounts, and certain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

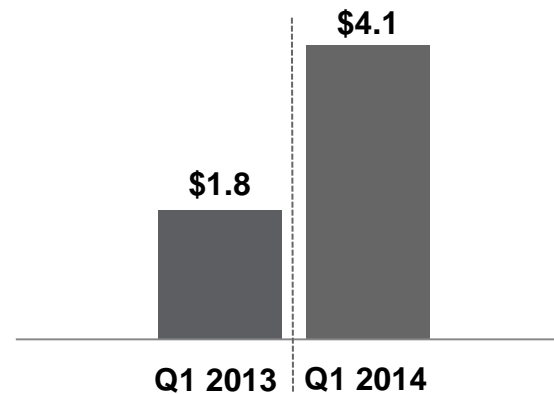
# Q1 2014 Highlights

## Non-GAAP<sup>(1)</sup> Operating Results for Continuing Ops (includes In Motion Technology in Q1'14)

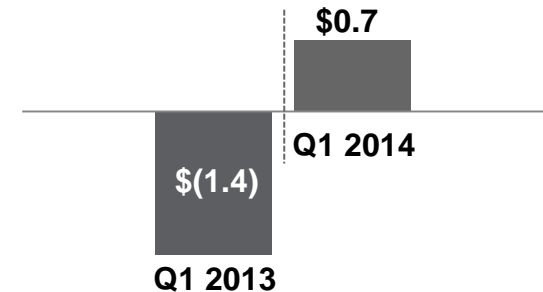
Quarterly Revenue  
(\$USD millions)



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



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

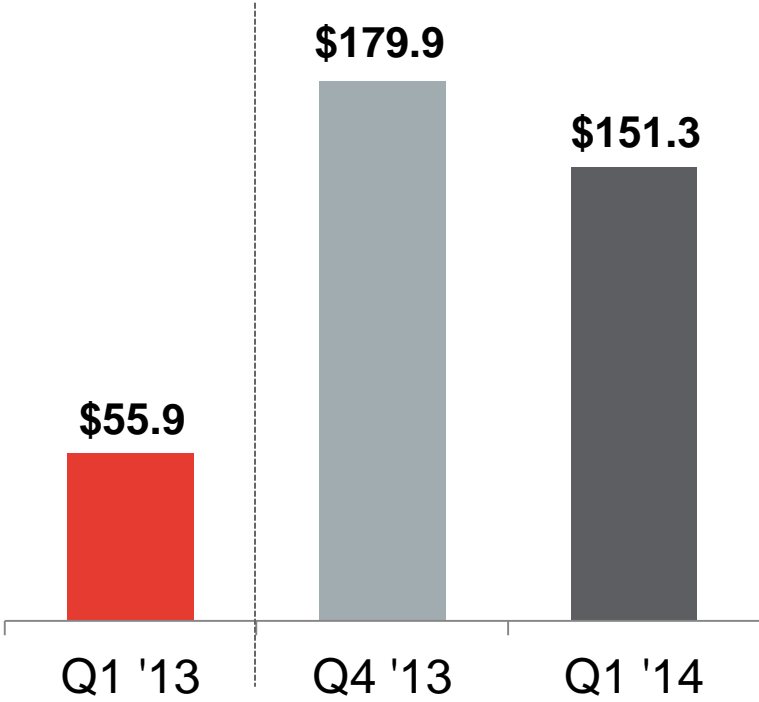


Enterprise Solutions  
 OEM Solutions

(1) Non-GAAP results 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)



Cash used in Q1 2014: \$ 28.6 million

- Cash used in operations \$ 3.9 million
- Capital expenditures \$ 2.0 million
- Cash used in other activities \$ 0.1 million
- Purchase of In Motion Technology \$ 22.6 million

# Financial Guidance Summary

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

	Q2 2014 Guidance
Revenue	\$128.0 to \$131.0 million
Earnings from operations	\$2.7 to \$3.5 million
Net earnings	\$1.9 to \$2.5 million
Diluted Earnings per share	\$0.06 to \$0.08 per share

Financial guidance for Q2 2014 includes full quarter of In Motion Technology

(1) Non-GAAP results 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

# Q1 2014 Summary

- Record quarterly revenue in Q1
- Year over year profitability improvement
- World's leading M2M pure play
  - Design win momentum continuing
  - Solutions across the value chain
- Accelerating growth with acquisitions

Trusted M2M partner to leading global customers



RENAULT



Honeywell

lenovo

# Q&A Session

