

# Sierra Wireless Corporate Overview

February - 2016

**Sierra Wireless is building  
the Internet of Things.**



# 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 Q1 and full year financial guidance summary, our guidance drivers for 2016 and our business outlook for 2016 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.

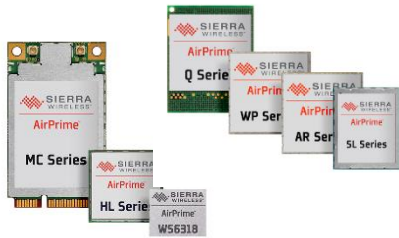
## USE OF NON-GAAP FINANCIAL MEASURES

- This presentation contains references to certain non-GAAP financial measures and should be viewed in conjunction with our press release.

# Sierra Wireless

## Building the Internet of Things with intelligent wireless solutions

Simple. Scalable. Secure.



### Embedded Wireless Modules

- 2G, 3G and 4G wireless modules
- Industry leading product portfolio
- Smart and Essential modules



### Intelligent Wireless Gateways

- Mobile, Industrial and Enterprise
- Rugged gateways and modems
- Mission-critical connectivity



### Cloud & Connectivity Services

- IoT Platform and Smart SIM
- Managed Connectivity Services
- Applications Enablement

← *Integrated device to cloud offering* →

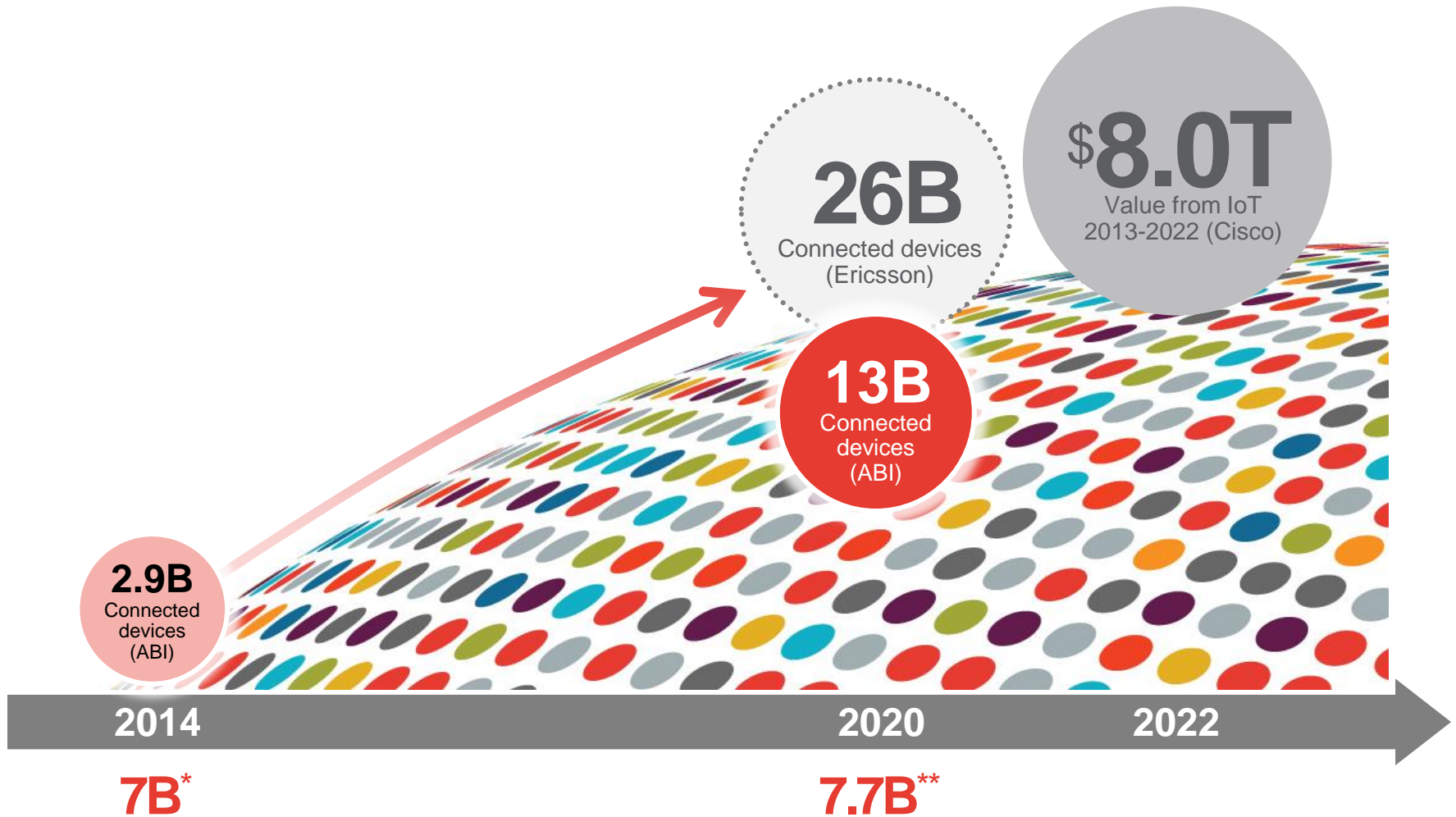
2015 revenues \$608 million; 1,000 employees; customers in 130+ countries

# Building the Internet of Things

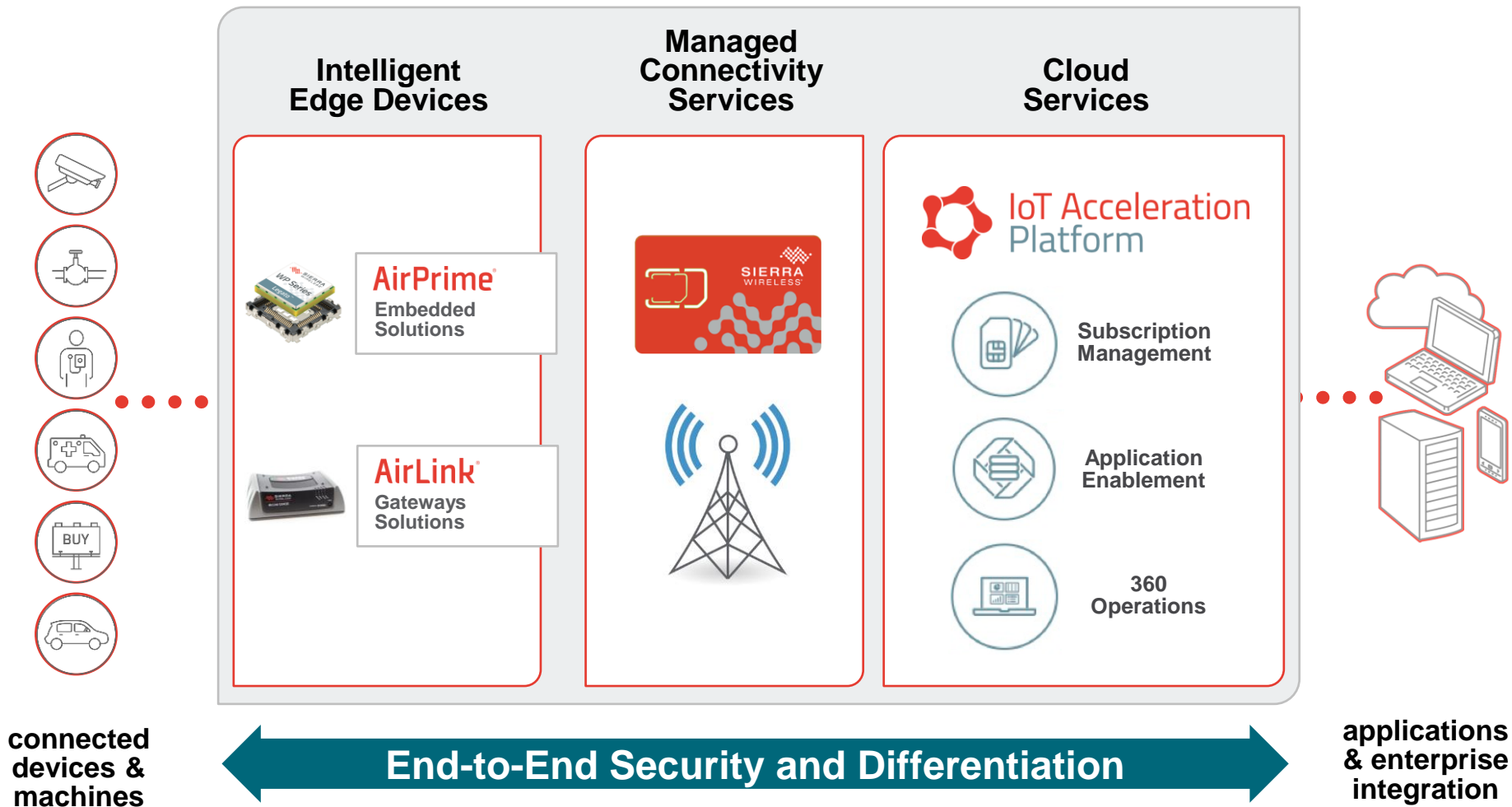
With intelligent wireless solutions



# Long Term IoT Growth Opportunity



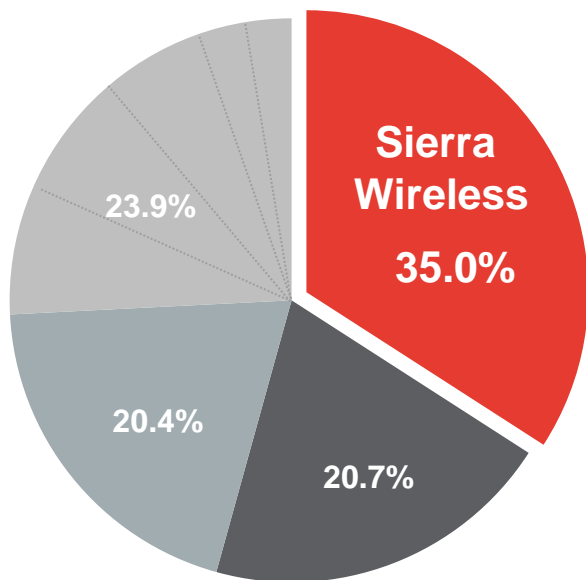
# Sierra Wireless: The leader in Device-to-Cloud Solutions for IoT



# Sierra Wireless is the global market leader

## #1 in cellular devices for the IoT

Cellular Embedded Module Revenue Market Share in 2014<sup>(1)</sup>



<sup>(1)</sup> Source: ABI Research – June 2015

## Innovation Leader

**4G Leader** (LTE, LTE-A, LTE-M)

Embedded **app platforms**

**Smallest scalable** modules

MangOH™ Open Hardware

More than **400** patents

# Well positioned in key IoT segments

## Strong global base of blue-chip customers

### Automotive & Transport

- Automotive OEM
- Fleet Management
- User-based Insurance
- Toll Collect



### Energy & Industrial

- Smart Metering
- Smart Grid
- Industrial Equipment
- Public Infrastructure



### Enterprise

- Sales & Payment
- Distributed Enterprise
- Mobile Computing
- Surveillance



### Residential & Healthcare

- Home Security
- Residential Automation
- Health Diagnostics
- Wearables





# Sierra Wireless has moved to three Business Segments

- The company has expanded its Cloud & Connectivity Services business; and realigned the organization to drive focus and growth in three segments
- As a result, we now have three reportable business segments from two previously
- Cloud & Connectivity Services forms our new third business segment

## OEM Solutions

AirPrime 2G, 3G, and 4G embedded modules



## Enterprise Solutions

AirLink intelligent gateways and applications



## Cloud & Connectivity Services

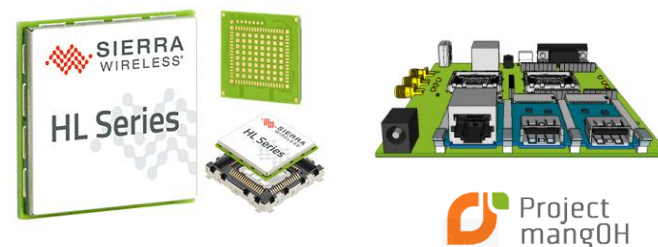
AirVantage IoT Platform, Smart SIM & Managed Connectivity Services



# OEM Solutions

**Q4'15 Revenue: \$121.5M (Non-GAAP GM: 27.6%)**

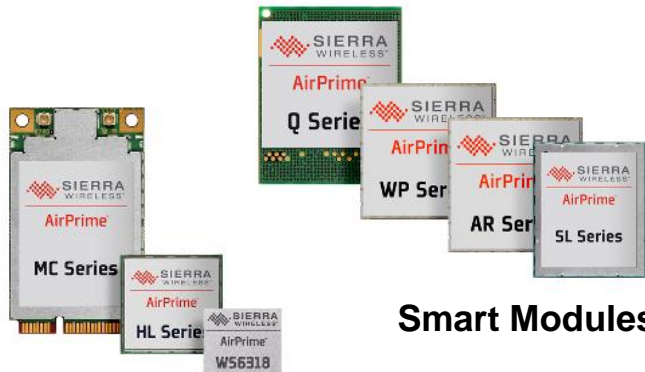
- Revenue in the Fourth Quarter of \$121.5 million
- Sequential decline in Q4'15 primarily due to:
  - Automotive slightly lower as expected
  - Mobile Computing improved slightly as expected
  - Some demand softness from a small group of OEM customers in different segments
- Continued design win success in Networking, Energy, Mobile Computing, Fleet
- Latest LTE-A module selected by Dell for enterprise laptops
- Announced first LTE Cat-1 design win with Maestro for fleet tracking



# OEM Solutions Product Portfolio

## Embedded Modules

2G / 3G / 4G LTE



## Smart Modules

## Essential Modules



## Software Solutions & Services



## Embedded Applications



## AirVantage Cloud



## Embedded SIM



## Development Tools

# Enterprise Solutions

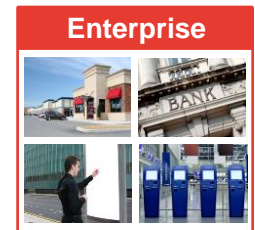
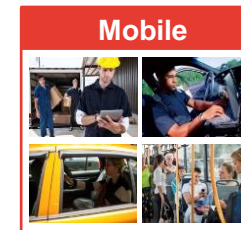
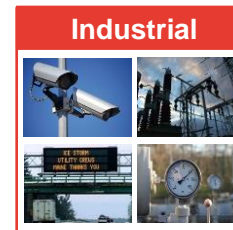
**Q4'15 Revenue: \$16.5M (Non-GAAP GM: 53.6%)**

- Revenue in the Fourth Quarter of \$16.5 million
  - Revenue up 19% in H2 2015 compared to H1
- Launched new AirLink RV50 gateway
  - Powered by 4G LTE; dual SIM support
  - Industry leading power management
  - Cloud managed via AirVantage
- New customer wins in Public Safety, Transit, and Energy
- Expanding product portfolio with additional gateway launches in next several quarters
  - Making targeted sales investments

## RV50 LTE – Industry's lowest power Industrial Gateway



- LTE with auto carrier switching
- Lowest power consumption
- Secure cloud management



AirLink intelligent gateways enabling cellular connectivity in key market segments

# Gateway Solutions Product Portfolio

## Programmable Modems



Platform for creating cellular wireless enabled products and services



GL



FX Series

## Intelligent Gateways



Out-of-the-box connectivity linking remote assets to the enterprise



ES450



RV50



GX450



LS300

## Mobile Solutions



Communications system that extends the enterprise network to the vehicle



oMG

# Cloud and Connectivity Services

**Q4'15 Revenue: \$6.8M (Non-GAAP GM: 41.4%)**

- Revenue in the Fourth Quarter of \$6.8 million
  - Includes full quarter from Mobiquithings
- Implementing a unified platform for comprehensive operations management and application enablement
- Solid design wins in Q4 including security, telematics, vehicle tracking, remote monitoring, energy and environmental
- Opportunity funnel for connectivity services expanding with new and existing customers
- Launching new Sierra Smart SIM for superior QoS and global network coverage



Subscription Management



Application Enablement



Device Management



Sierra Wireless Smart SIM

- Sierra Smart SIM with patented technology for QoS and worldwide multi-operator coverage

# Strong presence around the world



**Sierra Wireless operates worldwide serving global network operators, OEMs, enterprises**



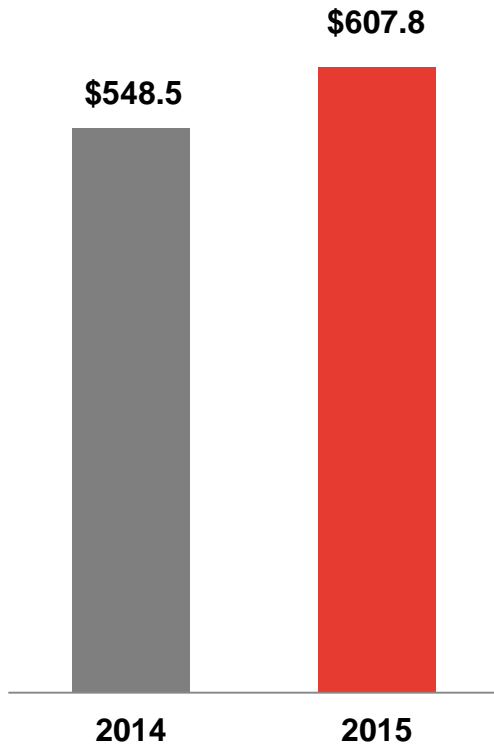
# Financial Results



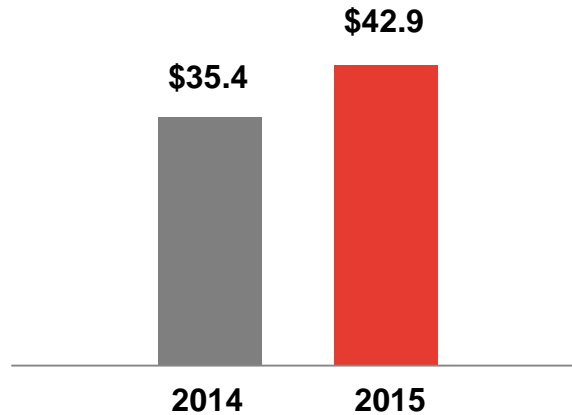


# FY 2015 – Non GAAP Operating Results<sup>(1)</sup>

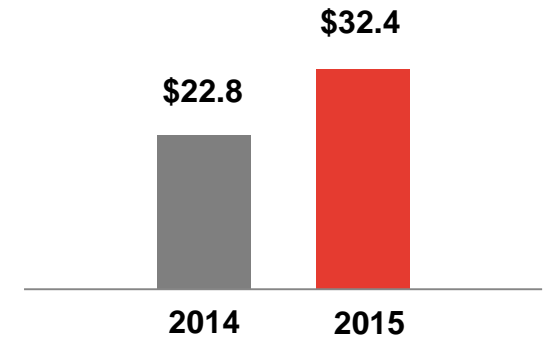
**Annual Revenue**  
(\$USD millions)



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



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



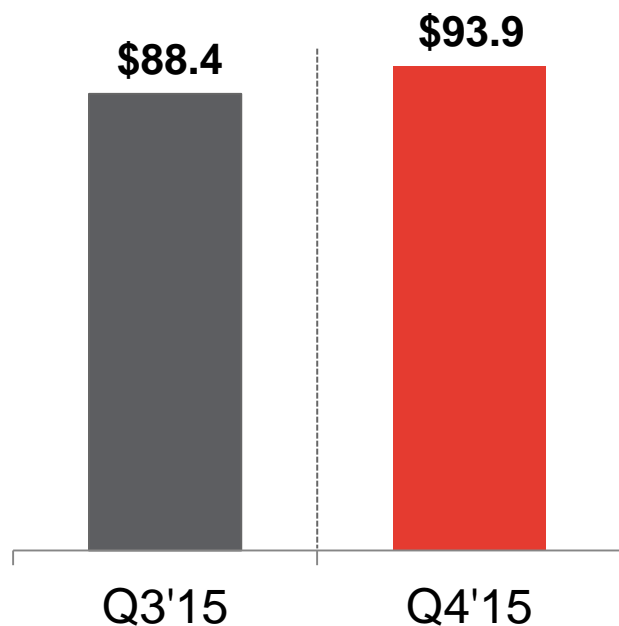
(1) Non-GAAP financial measures exclude the impact of: stock-based compensation expense and related social taxes, acquisition related costs, acquisition amortization, impairment, integration costs, restructuring costs, foreign exchange gains or losses on translation of balance sheet accounts, and certain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

(2) Adjusted EBITDA as defined equates to earnings (loss) from operations plus stock-based compensation expense and related social taxes, acquisition related costs, restructuring costs, integration costs, impairment and amortization.

# Solid Cash Position and Debt Free

## Cash & Cash Equivalents

(\$USD millions)



Balance sheet remains strong with \$93.9 million in cash and no debt

US\$ Millions	Q4 2015
Cash provided from operations	13.1
Capital expenditures	<u>(5.0)</u>
Free cash flow	8.1
Other and acquisition related	<u>(2.6)</u>
Increase in cash balance	<u><u>5.5</u></u>

# Q4 and YE 2015 Summary

- Clear leader in cellular connectivity solutions for IoT
- Strengthening leadership position with fully integrated device-to-cloud solutions
  - Three key acquisitions in 2015
  - Realigned organization to drive focus & growth
- Well positioned to drive improving growth and profitability in 2016 and beyond
  - Expect 40+ new customer programs to launch in 2016
  - Re-invigorating our gateway product portfolio
  - Making targeted investments in Sales & Marketing
- Continue to pursue strategic acquisitions to accelerate growth and create shareholder value
- Focused on driving sustainable long term growth, a favorable mix shift and shareholder value creation

Trusted IoT partner to leading global customers

PHILIPS



RENAULT



CISCO

ingenico  
GROUP

Honeywell



EDMI

VEOLIA

HARMAN



PEUGEOT



BNSF

**Thank You**

