



# SEMTECH COMPLETES ACQUISITION OF SIERRA WIRELESS

Creating a comprehensive IoT platform to enable the transformation to a smarter, more sustainable planet

JANUARY 12, 2023

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This presentation also includes a presentation of select non-GAAP financial measures, namely: non-GAAP Gross Margin and non-GAAP Operating Margin. The reconciliations of these to the most comparable GAAP measures are shown at the end of the presentation.

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# Our Vision

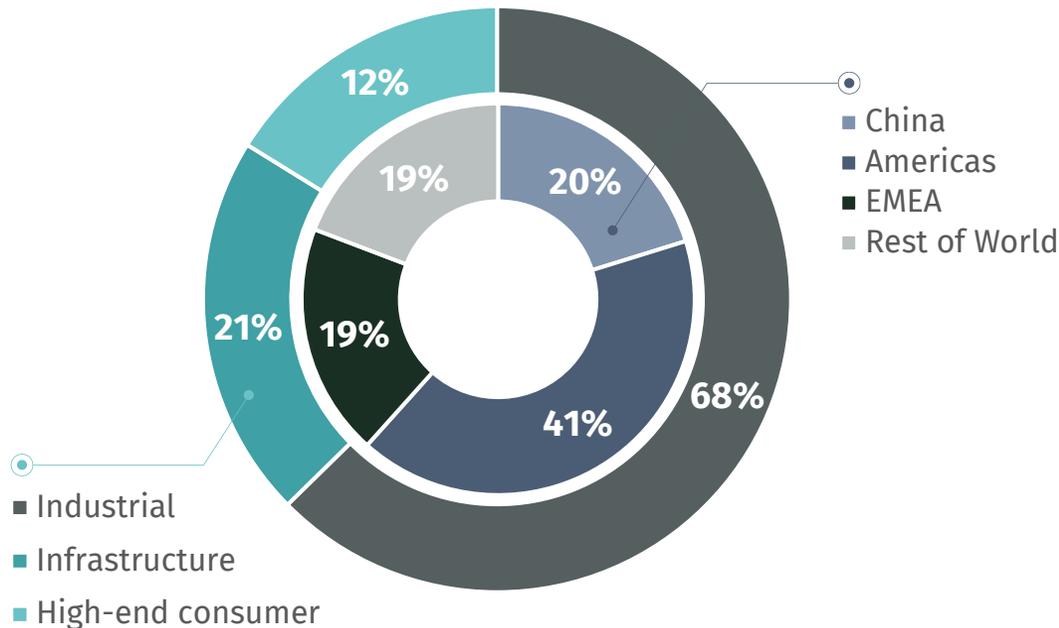
An aerial photograph of a dense, vibrant green forest. In the center, there is a large, irregularly shaped pond that reflects the surrounding trees. The forest is thick with various shades of green, and a light mist or fog hangs in the air, creating a serene and natural atmosphere.

**To deliver leading-edge, innovative & high-quality technology solutions that enable a smarter, more connected & sustainable planet**

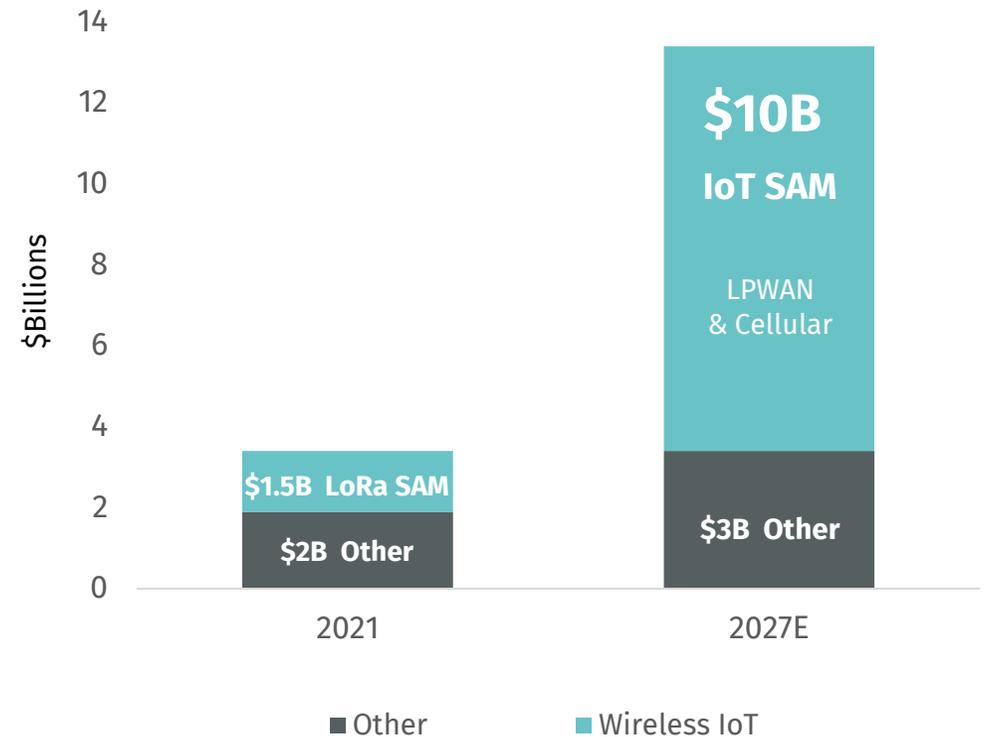
# Diverse, Fast Growth, Technology Solutions Company

\$1.5B DIVERSE REVENUE PORTFOLIO

## Pro Forma Revenue (Semtech + Sierra Wireless)



## \$13B Semtech SAM



Source: Company filings, Sierra Wireless filings, company estimates. PF represents Semtech LTM revenue mix as of 10/30/2022 and Sierra Wireless LTM revenue mix as of 9/30/2022. Geographic consumption is estimated as of F1H23 for Semtech and C2022E for Sierra Wireless.

Source: Aligned to OMDIA Market Report 2022 IoT Connectivity Report, 2020 Gateway Market Report, VDC LPWAN 2021 Market Analysis, Sierra Wireless market analysis, Semtech market analysis

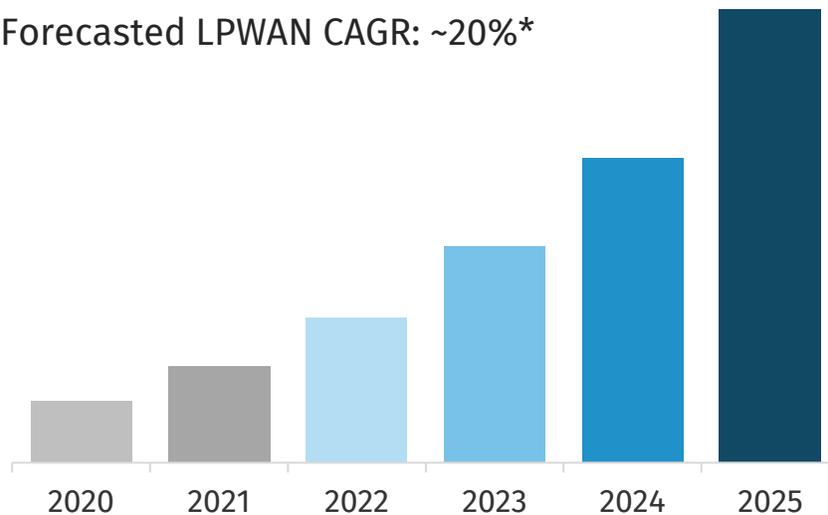


# LoRa<sup>®</sup>: The Catalyst for Low Power IoT

“LoRaWAN<sup>®</sup> is the preferred network choice for many low-power IoT applications”

OMDIA Research | Sept 2022

- Forecasted LoRa-enabled CAGR: ~40%\*
- Forecasted LPWAN CAGR: ~20%\*



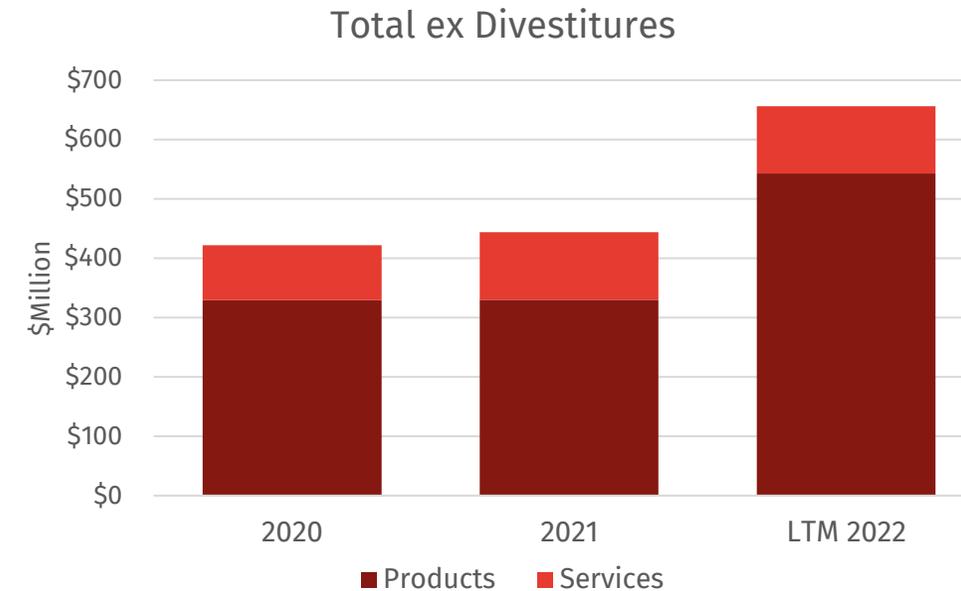
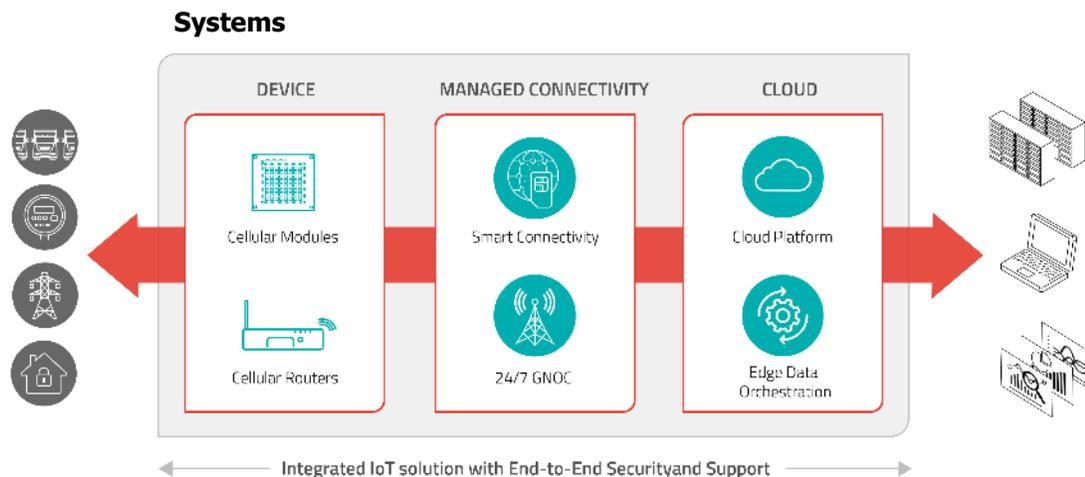
**LoRa Growth Forecast\***

\*Low Power Wireless Market Tracker 2022 OMDIA Research

- Established global leader in Low Power Wide Area Networks
- Supports private & public networks
- Wide adoption: ~300M connected devices
- Leader in sustainability use cases
- Installed infrastructure supports 5B sensor end node devices

**Emerging 'Sensing as a Service' Business  
enables IoT transformation**

# Sierra Wireless: Established Leader in Cellular IoT Solutions



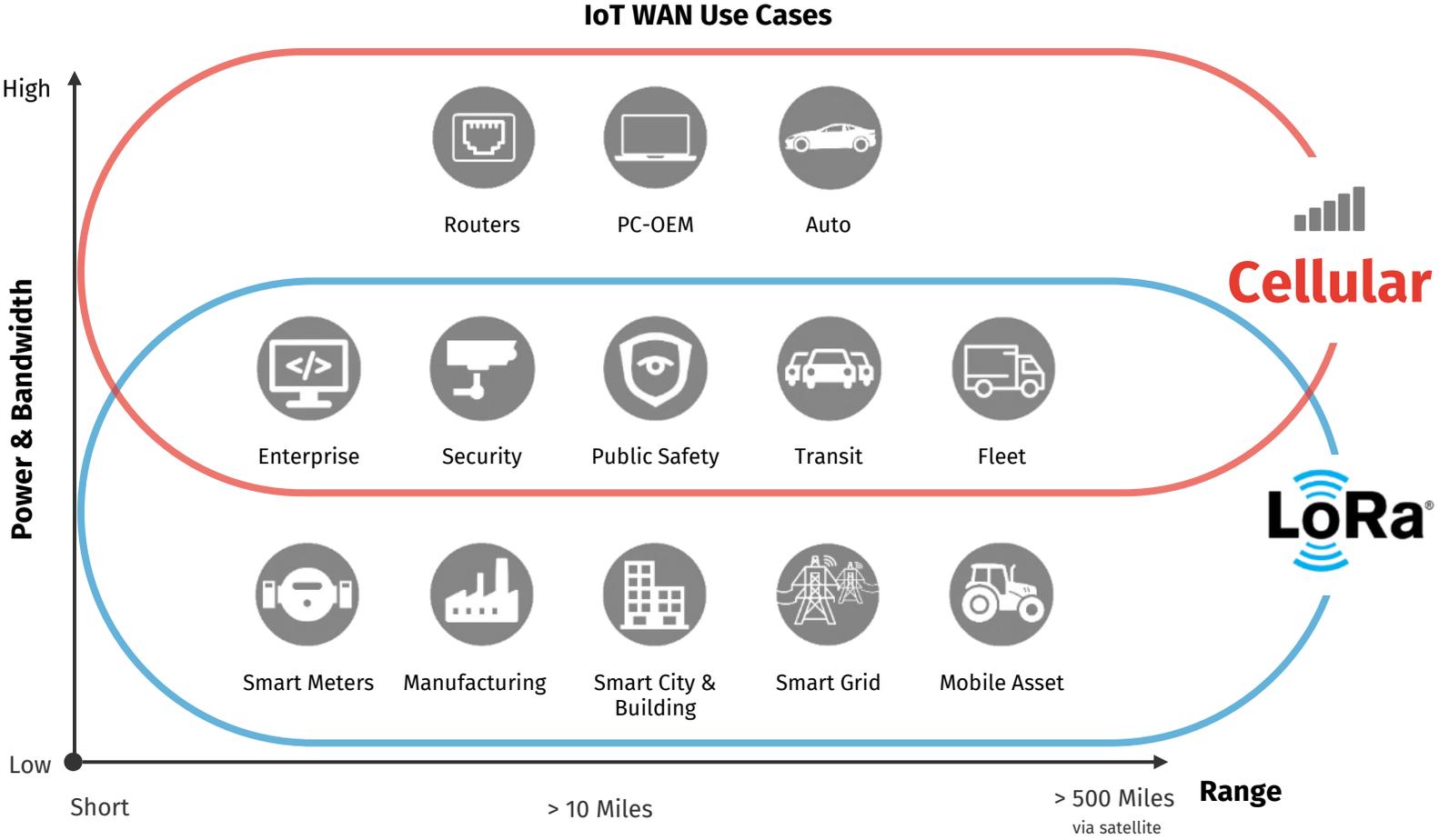
**TOP 5**  
In global IoT markets:  
modules, routers & connectivity

**>150M**  
Devices  
shipped globally

**600+**  
Cellular Partner  
Networks Globally

**190 Countries**  
Products & Services  
Deployed

# Cellular & LoRa®: A Winning Combination For All IoT Use Cases



Cellular adds global network coverage & sensor data backhaul channel

LoRa adds low cost, ultra-low power sensor networks for affordable insights

Combination enables massive 'Sensor as a Service' capability

# The New Semtech Will Enable New IoT Connected Services to Become a Reality

## CHALLENGE

The complexity of integrating end to end connectivity is slowing down IoT adoption at scale. *Too many bottlenecks, too many interfaces.*

## SOLUTION

- Expand network coverage for all IoT use cases
- Bring LoRa® & cellular together to easily utilize the best of both and spark innovation
- Simplify IoT deployments by bringing a complete portfolio
- World class sensors, gateways, edge routers & managed connectivity services all from one company

“ This acquisition has the potential to address one of the big barriers for suppliers, developers and users by making it much easier to integrate their systems for IoT across the cellular and LoRaWAN® worlds. ”

**CCS Insights** | Sept 2022

# Low Power Sensor Connectivity & Management enables a Smarter Planet

75% OF IOT SOLUTIONS SUPPORT U.N. SUSTAINABLE DEVELOPMENT GOALS\*

<b>Smart buildings</b> 10% savings in overall operational building costs	<b>Smart Mold Detection</b> for occupant and building safety	<b>ASSET TRACKING</b>	<b>Smart Senior Care</b> Ensure safety of seniors	<b>Smart Grid Monitoring</b> Detect all malfunctions	<b>Smart Mail Delivery</b> to remote regions	<b>Smart City</b> Better monitor threat of floods	<b>Crop Yield</b> 50% irrigation savings & yield increase	<b>Smart construction</b> Water damage protection
<b>Smart classrooms</b> Sensors improve a safer classroom	<b>Smart Water Grid</b> 1M Cubic meters of water saved annually	<b>Smart City Asset Tracking</b> 25% increase in outdoor connected asset reporting	<b>Smart Islands</b> Reduces droughts	<b>Solar Farm Management</b> Fully wireless solar-powered farm	<b>Smart Energy Grid</b> Reduced energy consumption 25%	<b>Water &amp; Gas metering</b> 30% consumption decrease	<b>Smart energy monitoring</b> Lowered cost of electrical monitoring by 90%	<b>Equipment Tracking</b> Daily tracking & Maintenance
<b>Aquaculture Monitoring</b> Reduce crop losses	<b>Smart connectivity</b> to improve sea safety	<b>Precision Crop Irrigation</b> Water consumption down 30%	<b>Smart Health Care</b> Improves patient experience and comfort	<b>Smart Streetlight</b> Reduce smart streetlight CO2 emissions by up to 80%	<b>Smart energy monitoring</b> Lowered cost of electrical monitoring by 90%	<b>Anti-Poaching Efforts</b> Efficiently protect rhinos against poachers	<b>Smart Rubber Production</b> Increased rubber production by 50%	
<b>Maritime Tracking</b> alleviate supply chain restraints	<b>Smart Animal Protection</b> Helps to protect turtle hatchlings	<b>Cattle Tracking</b> solve livestock management issues	<b>Smart street lighting</b> Saved up to 1.29 billion kilowatt-hour (kWh) of energy in more than 100 cities	<b>Marine animal monitoring</b> Deliver location of endangered animals				

Low power, low-cost connectivity having a measurable impact

\*Source: IoT Analytics

# Semtech IoT Strategy Will Deliver

## BROAD PORTFOLIO OF MULTI-NETWORK SOLUTIONS

## CUSTOMER BENEFITS

Software/Services

### IoT Connected Services



- Sensing as a Service
- Managed Connectivity
- Device Management
- Geolocation
- Security
- Data Management
- Edge Management
- Provisioning

### Ease of Deployment

- Reduced Complexity
- Increased Security
- Ease of Integration

Hardware

### IoT Gateways & Router Chips IoT End Node Sensor Chips



### IoT Modules



### Broadband Modules



### IoT Gateways & Routers



### More Connectivity Options

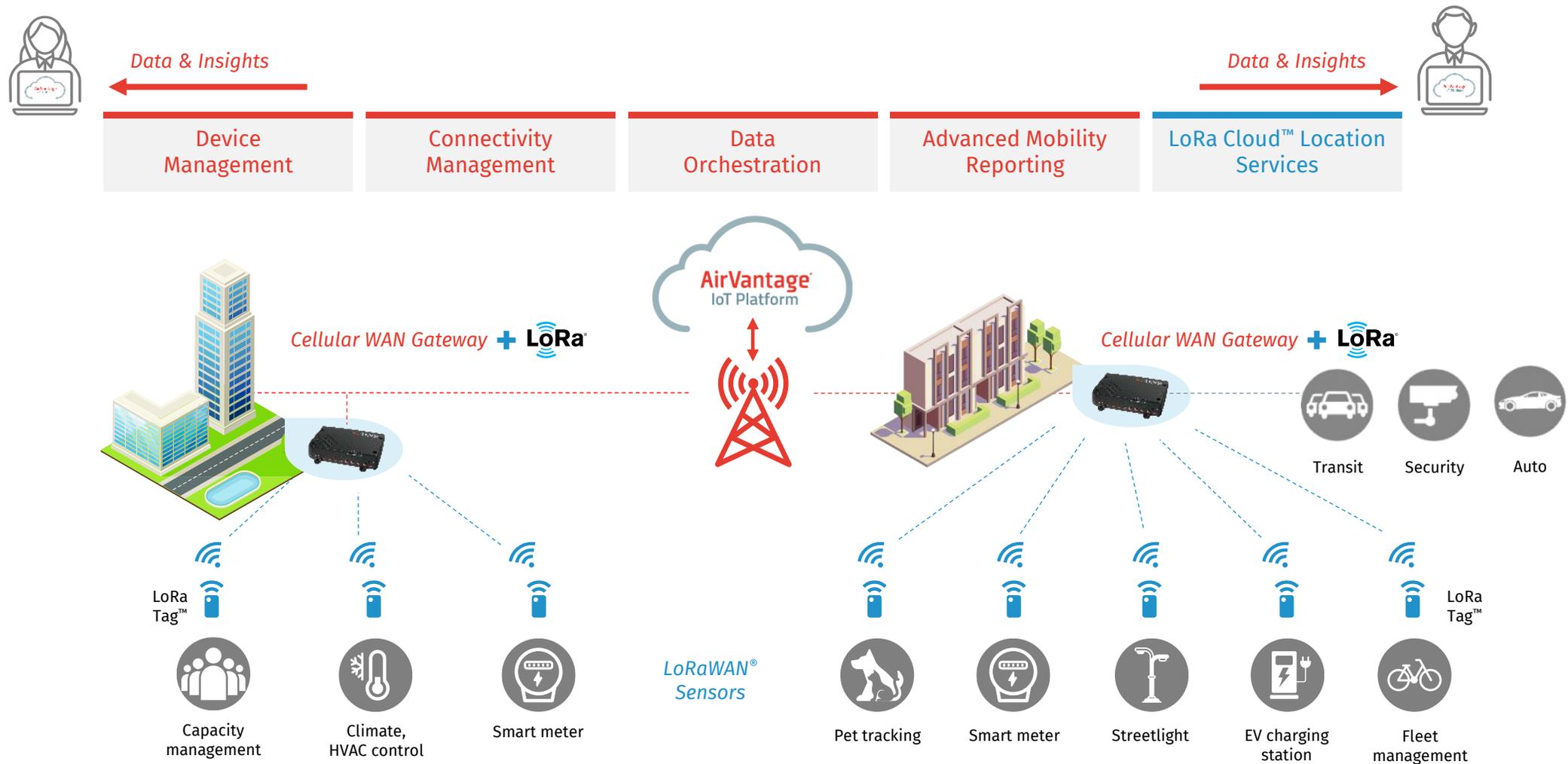
- Increased Use Case Coverage & Flexibility

### Low Cost, Ultra Low Power & QoS

- Low Power, Low Cost Sensors
- High QoS Edge
- Guaranteed Coverage

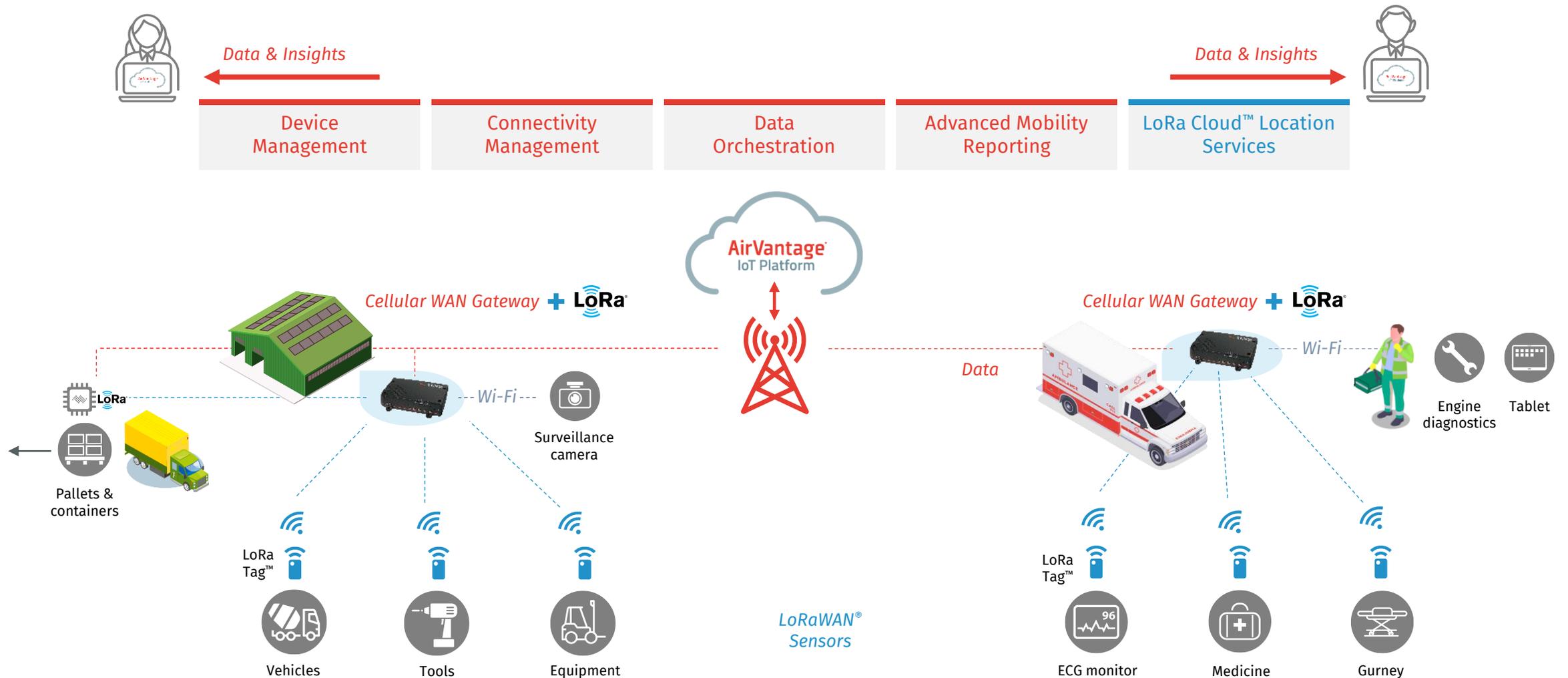
# IoT Connected Spaces: Smart Buildings & Cities Use Case

CELLULAR & LoRa®



# Asset Management: Industrial & Medical Example

CELLULAR & LoRa®



# Products & Services For Top Growth Markets

## INDUSTRIAL

- Sensors
- Gateways & Routers
- IoT Connected Services
- IoT Modules

## INFRASTRUCTURE

- Hyperscale Data Centers
- Base Stations
- PON/FTTH
- Broadband

## HIGH-END CONSUMER

- Smartphones
- Tablets
- Wearables
- Automotive



### IoT SYSTEM PRODUCTS

- LoRa® & Cellular Gateways & Routers
- Cellular IoT Modules & Broadband Modules
- LoRa Gateway & End Node Chips



### IoT CONNECTED SERVICES

- IoT Sensing as a Service
- IoT Connected Services
- LoRa Cloud™ Services
- IoT Cellular Connectivity



### ADVANCED PROTECTION AND SENSING PRODUCTS

- ESD Protection
- ESD-EMI Filter Devices
- High-Current Lightning Protection
- PerSe® Proximity Sensing



### SIGNAL INTEGRITY PRODUCTS

- ClearEdge® & Tri-Edge™ Clock & Data Recovery
- FiberEdge® Physical Media Devices
- Professional Audio & Video

# Pro Forma Combined P&L

REVENUE GOAL IS \$3B BY FY2028; MAINTAINS PATH TO LT OPERATING MODEL

Semtech + Sierra Wireless		
US\$ millions	Pro Forma <sup>1,2</sup>	Long Term Target
LTM Revenue	\$1.5B	▶ 14-18% CAGR
LTM Non-GAAP Gross Margin	50%	▶ 58 - 63%
LTM Non-GAAP Operating Margin	21%	▶ 32 - 36%

## Margin Expansion Plan

- Growth of high-margin ‘Sensing as a Service’ revenue
- LoRa® penetration into the cellular SAM
- Leverage scale to improve COGS
- Execute ~\$40M of operational synergies 12-18 months
- Margin expansion with Infrastructure & Industrial growth

Source: Company filings and Sierra Wireless filings

Note: LTM = “Last Twelve Months”; Gross Margin and Operating Margin are non-GAAP measures. Reconciliations of the historical LTM Company measures to the most comparable GAAP measures can be found at the end of this presentation. The Company is unable to include reconciliations of the forward-looking pro forma measures to the corresponding GAAP measures as this is not available without unreasonable efforts due to the uncertainty and inherent difficulty of predicting the occurrence and financial impact of certain items, including acquisition and integration costs, amortization of intangible assets, foreign exchange rates and other adjustments that are difficult to predict in advance.

<sup>1</sup>LTM financial metrics as of 10/30/2022 for Semtech and 9/30/2022 for Sierra Wireless

<sup>2</sup>Pro forma includes expected synergies

# New Executive Team

SIERRA WIRELESS LEADERS JOIN SEMTECH EXECUTIVE TEAM

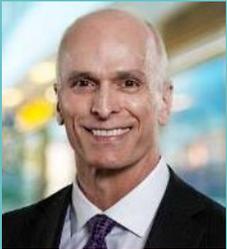
## NEW FROM SIERRA WIRELESS



**Mohan Maheswaran**  
President and CEO



**Emeka Chukwu**  
EVP and CFO



**Gary Beauchamp**  
EVP and GM, Signal Integrity Products Group



**Madhu Rayabhari**  
SVP and GM, Advanced Protection and Sensing Products Group



**Tom Mueller**  
EVP and GM, IoT System Products Group



**Ross Gray**  
VP and GM, IoT Connected Services Group



**Pravin Desale**  
SVP, IoT Engineering



**Asaf Silberstein**  
EVP, Global Operations and IT



**Charles Ammann**  
EVP, Chief Legal Officer and Secretary



**Francois Tremblay**  
VP and Chief Technical Officer



**Julie McGee**  
SVP, Chief Marketing and ESG Officer



**Michael Rodensky**  
SVP, Global Sales



**Mike Wilson**  
EVP and Chief Quality Officer



**Norris Powell**  
SVP and Chief Human Resources Officer

# New Semtech with Sierra Wireless

## PARTICIPATING IN TOP GROWTH MARKETS

- INDUSTRIAL
- INFRASTRUCTURE
- HIGH-END CONSUMER

## BUSINESS MODEL INNOVATION

- CLOUD BASED CONNECTED SERVICES
- SENSING AS A SERVICE

## STRONG FINANCIAL FORECAST

- >15% REVENUE CAGR
- SAM GROWTH
- MARGIN EXPANSION
- EARNINGS LEVERAGE

## GEOGRAPHIC BALANCE

- ~60% REVENUE CONSUMPTION IN AMERICAS & EMEA

## SMARTER PLANET TECHNOLOGIES

- LOW POWER
- LOWER E-WASTE
- SENSING INSIGHTS

# Non-GAAP Reconciliation (Semtech)

	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23
Gross Margin-GAAP	63.5%	64.1%	64.4%	64.9%	65.1%
Share-based compensation	0.3%	0.4%	0.4%	0.3%	0.4%
<b>Non-GAAP Gross margin</b>	<b>63.8%</b>	<b>64.5%</b>	<b>64.8%</b>	<b>65.2%</b>	<b>65.5%</b>
Operating Margin-GAAP	19.2%	22.5%	23.3%	30.6%	21.0%
Share-based compensation	8.9%	5.6%	5.5%	6.3%	1.8%
Intangible amortization	0.7%	0.6%	0.5%	0.5%	0.6%
Transaction and integration costs	0.2%	(0.1)%	0.2%	2.0%	2.8%
Restructuring and other reserves, net	-%	-%	0.2%	-%	1.3%
Litigation costs (recoveries), net	0.2%	(0.1)%	0.1%	-%	(0.1)%
Gain on sale of business	-%	-%	-%	(8.6)%	(0.2)%
<b>Non-GAAP Operating margin</b>	<b>29.2%</b>	<b>28.5%</b>	<b>29.8%</b>	<b>30.8%</b>	<b>27.2%</b>