



# SEMTECH TO ACQUIRE SIERRA WIRELESS

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

AUGUST 2, 2022

# Forward-Looking Statements

This presentation contains “forward-looking statements” within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, as amended, based on Semtech Corporation’s (the “Company’s”) current expectations, estimates and projections about its operations, industry, financial condition, performance, results of operations and liquidity. Forward-looking statements are statements other than historical information or statements of current condition and relate to matters such as the expected timing to consummate the proposed transaction with Sierra Wireless and the synergies, expected financial results and other benefits to be realized if the proposed transaction is consummated. Forward-looking statements involve known and unknown risks and uncertainties that could cause actual results and events to differ materially from those projected. Potential factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to: the failure of Sierra Wireless to obtain shareholder approval as required for the proposed transaction; the failure to obtain regulatory approvals required for the closing of the proposed transaction; failure by Sierra Wireless to obtain approval of the Supreme Court of British Columbia; failure to satisfy the conditions to the closing of the proposed transaction; the effect of the announcement of the proposed transaction on the ability of the Company or Sierra Wireless to retain and hire key personnel and maintain business relationships with customers, suppliers and others with whom they each do business, or on the Company’s and Sierra Wireless’ operating results, market price of common stock and business generally; potential legal proceedings relating to the proposed transaction and the outcome of any such legal proceeding; the inherent risks, costs and uncertainties associated with integrating the businesses successfully and risks of not achieving all or any of the anticipated benefits of the proposed transaction, or the risk that the anticipated benefits of the proposed transaction may not be fully realized or take longer to realize than expected; the occurrence of any event, change or other circumstances that could give rise to the termination of the arrangement agreement; the risk that the proposed transaction will not be consummated within the expected time period, or at all; the uncertain, but potential negative impact to the Company of the ongoing supply chain constraints and any disruptions associated with the COVID-19 pandemic on global economic conditions that could impact the Company’s results; and the factors identified under the heading “Risk Factors” in the Company’s Annual Report on Form 10-K for the fiscal year ended January 31, 2021, as such risk factors may be updated, amended or superseded from time to time by subsequent reports that the Company files with the Securities and Exchange Commission. Investors are cautioned not to place undue reliance on any forward-looking information contained herein, which reflect management’s analysis only as of the date hereof. Except as required by law, the Company assumes no obligation to publicly release the results of any update or revision to any forward-looking statement that may be made to reflect new information, events or circumstances after the date hereof or to reflect the occurrence of unanticipated or future events, or otherwise.

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

# Transaction Overview

## Transaction Consideration

- Semtech to acquire Sierra Wireless (Nasdaq: SWIR) in an all-cash transaction
    - Purchase price: US\$31 per share
    - Transaction enterprise value: ~US\$1.2 billion
- 

## Expected Financial Impact

- Doubles revenue, accelerates growth, and maintains path to long term operating model
  - US\$40 million of run-rate operational synergies within 12-18 months, post-close
  - Immediately accretive to non-GAAP EPS
- 

## Financing

- Combination of cash from balance sheet and \$1.15 billion in new committed debt financing
- 

## Closing

- Approved by Semtech and Sierra Wireless boards of directors
- Expected to close in Semtech's fiscal year 2023
- Subject to approval by Sierra Wireless' shareholders, certain regulatory bodies, the Supreme Court of British Columbia and other customary closing conditions

# Semtech to Acquire Sierra Wireless

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

**Complete  
IoT Portfolio**

**LoRa®+  
Cellular**

**2X  
Revenue**

**\$1.5B**  
Annual  
At time of closing

**New  
Cloud Service  
Revenue**

**>\$100M**  
Recurring

**~10X  
IoT SAM**

**\$10B**  
By 2027

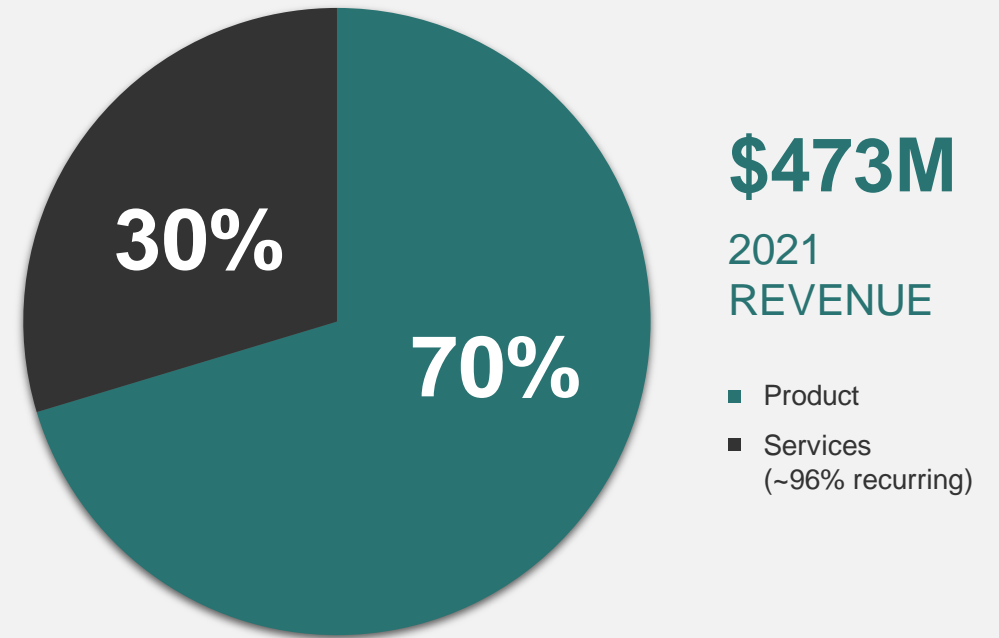
**Immediately  
Accretive**

**To Non-  
GAAP EPS**

# Sierra Wireless

## BEST IN CLASS CELLULAR IoT SOLUTIONS

- 25 years of cellular IoT expertise
- 2G → 5G cellular module & routers shipping to over 200 countries
- Device to IoT Cloud management service platform including managed connectivity
- Strong engineering organization: Over 400 wireless patents, RF & systems level leadership



## BUSINESS HIGHLIGHTS

**4 out of 5 of the  
top 20 utilities**

use AirLink® routers for smart grid deployments and vehicle fleets

**All of the top 10  
oil & gas producers**

rely on Sierra Wireless to keep their infrastructure running smoothly

**More than half of the  
top 100 U.S. police  
departments**

rely on Sierra Wireless routers in cruisers and incident response vehicles

**The top 3  
smart meter  
manufacturers**

rely on Sierra Wireless modules to manage and monitor energy usage

# Semtech IoT Vision & Strategy

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



**Simplify IoT** Through a **Total Platform Offering**



Enable Access to **all IoT Markets**



Enable Network Coverage for **all IoT use cases**



Maximize Offering Through **Multi-Radio Platform & Chip to Cloud Service**



Accelerate and Enhance IoT **Cloud Services Recurring Revenues**



**Leverage Differentiated LoRa® Capabilities** to optimize application solutions for lowest power, highest efficiency and smartest technology implementations



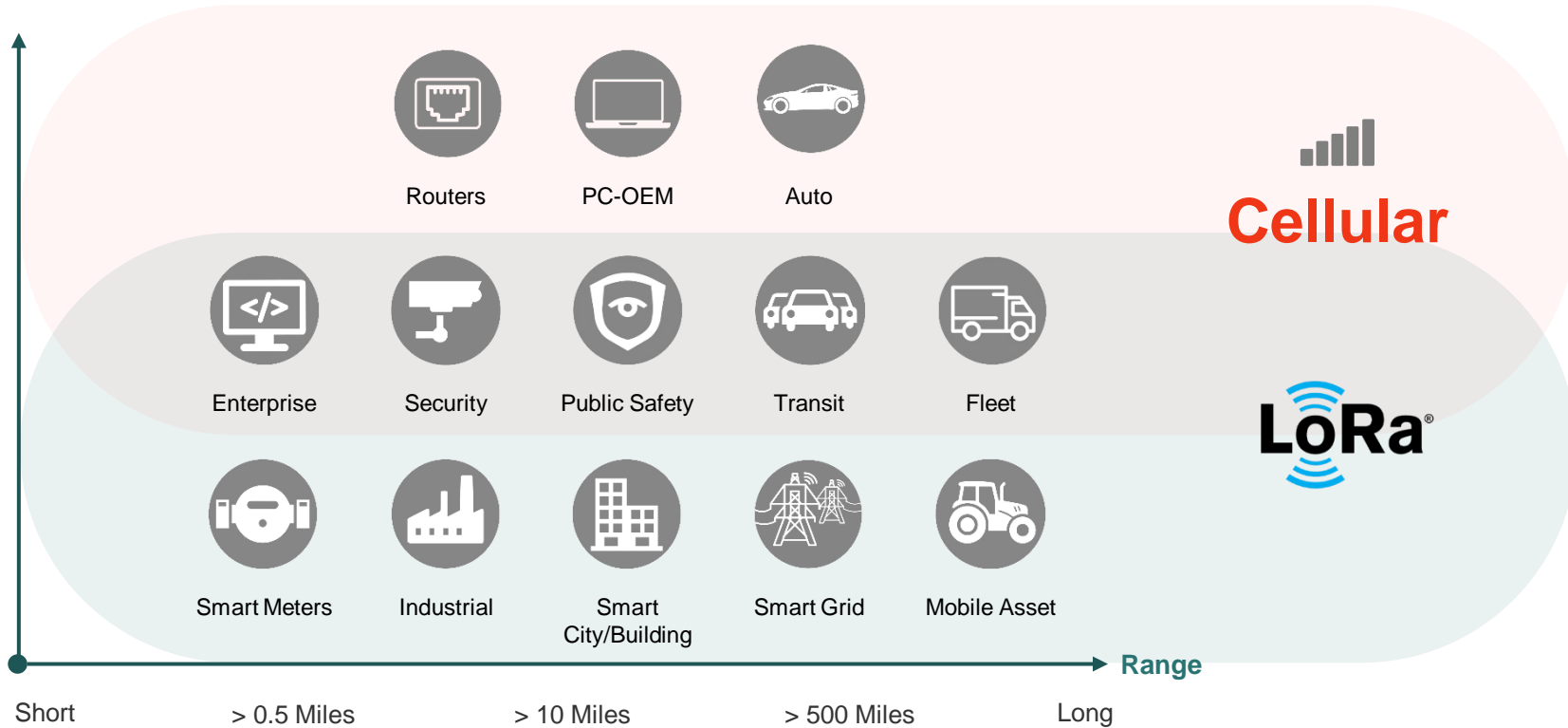
# Complementary Technologies For IoT

Power & Bandwidth Consumption

Ideal Technology Solution by Use Case

High

Low



## Sierra Wireless

- 2G-5G Modules
- Gateways & Routers
- AirVantage® Cloud Service Platform

## Semtech

- LoRa Cloud™ Services
- LoRa Gateway Chips
- LoRa End Node Chips

# Innovative Solutions For an Expanded Market



LoRa® Platform



Cellular Modules & Gateways



Cloud Services



## New low power, multi-mode solutions



IoT Cellular Connectivity Services



LoRa Cloud™ Services



Mission Critical IoT Gateways  
LoRa + Cellular



IoT Multi Radio Modules

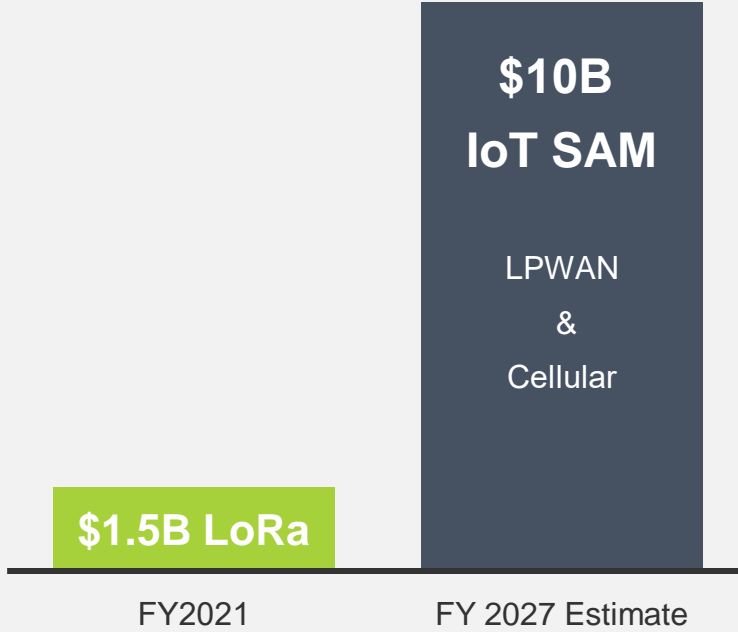


LoRa Gateway Chips



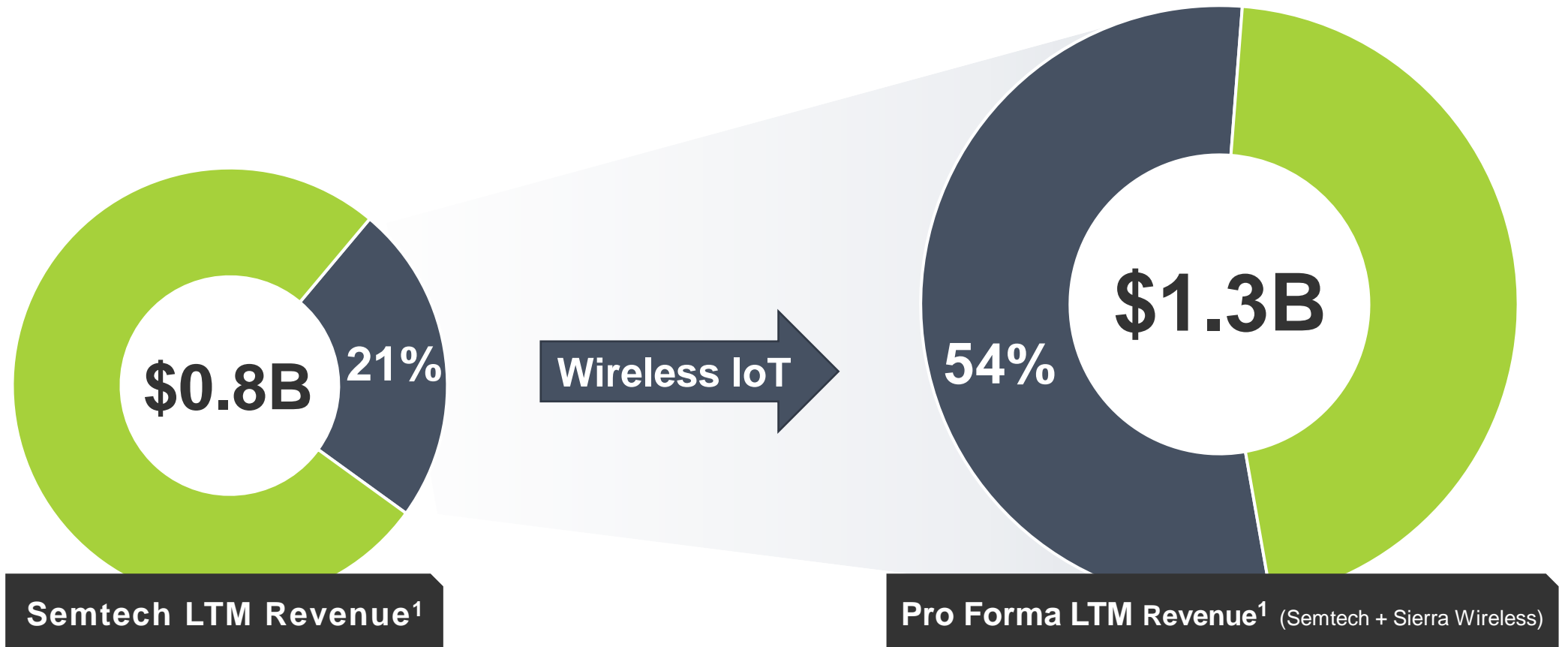
LoRa End Node Chips

## ~10x Increase IoT Market Opportunity

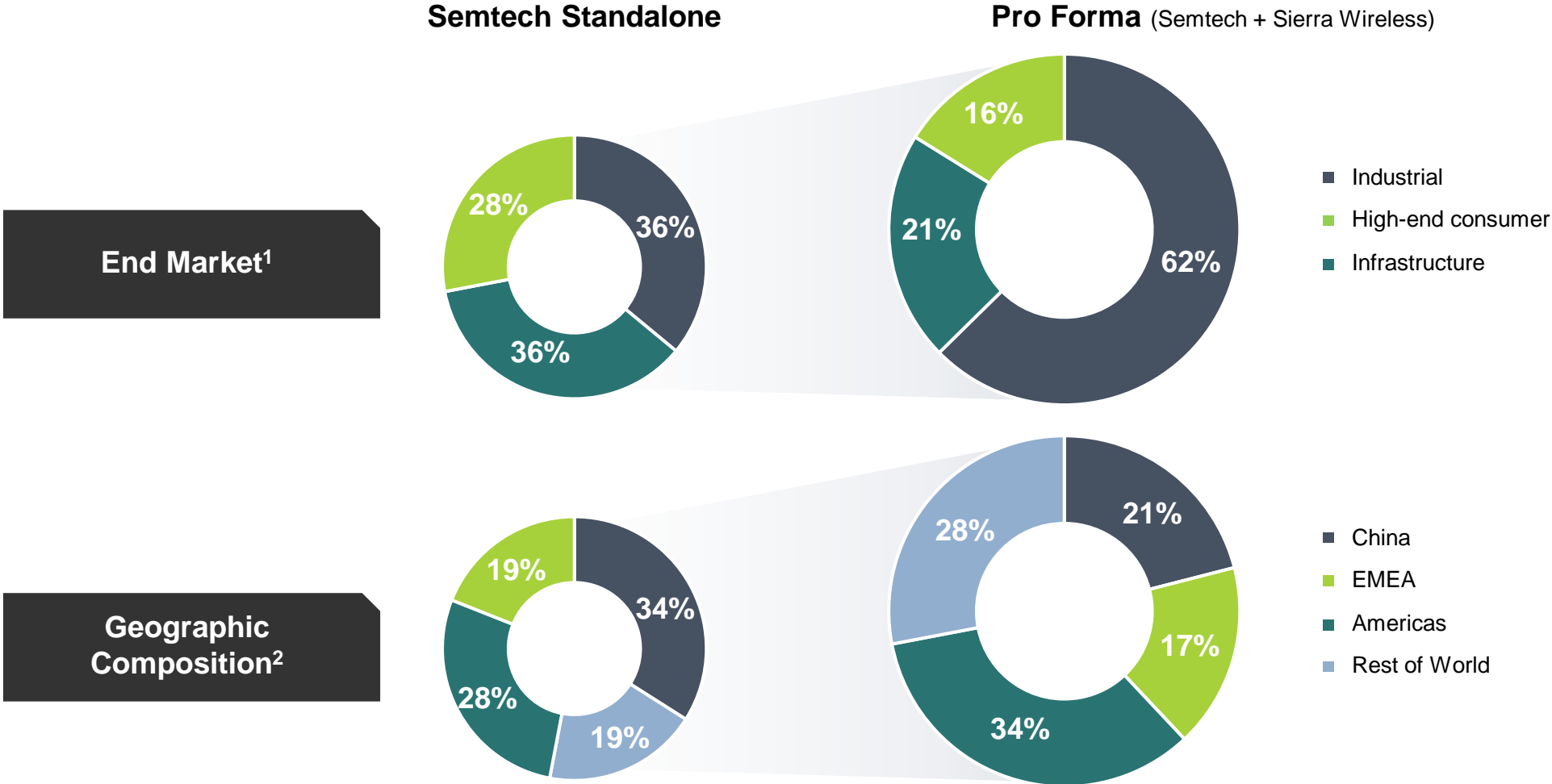




# Greater IoT Scale



# Diversified Revenue Base and Attractive End Markets



Source: Company filings, Sierra Wireless filings and Semtech and Sierra Wireless management  
<sup>1</sup> Semtech standalone revenue mix as of LTM 5/1/2022 and PF represents Semtech LTM revenue mix as of 5/1/2022 and Sierra Wireless LTM revenue mix as of 3/31/2022  
<sup>2</sup> Semtech estimates as of FY 2022 ending in January 2022 for Semtech standalone and PF includes Sierra Wireless' LTM Revenue as of 3/31/2022. Sierra Wireless geographic consumption revenue mix assumed same as ship-to revenue mix



# Doubles Scale and Maintains Path to LT Operating Model

## Margin Drivers

- Grow and accelerate high-margin Cloud and services revenue
- LoRa® penetration of cellular SAM (LoRa + cellular modules)
- Expected ~\$40M in operational synergies improving overall profitability
- Leverage strong balance sheet and scale to improve overall costs/purchasing power

(US\$ millions)	Semtech <sup>1</sup>	Pro Forma <sup>1,2</sup>	Long Term Target Semtech + Sierra Wireless
<b>LTM Revenue</b>	\$773	\$1,311	▶ <b>\$3B by CY2027</b> <i>(mostly organic)</i>
<b>LTM Non-GAAP Gross Margin</b>	64%	51%	▶ <b>58 – 63%</b>
<b>LTM Non-GAAP Operating Margin</b>	29%	20%	▶ <b>32 – 36%</b>

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 5/1/2022 for Semtech and 3/31/2022 for Sierra Wireless

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

# Semtech with Sierra Wireless

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

**Complete &  
Highly  
Diversified IoT  
Portfolio**

**Doubling  
Annual  
Revenue &  
Geographic  
Diversification**

**Cloud  
Services  
Momentum**

**Significant  
IoT SAM  
Expansion**

**Immediately  
Accretive to  
Non-GAAP  
EPS**



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# Non-GAAP Reconciliation (Semtech)

	Q2 CY21	Q3 CY21	Q4 CY21	Q1 CY22	LTM 5/1/2022
Gross Margin-GAAP	62.4%	63.5%	64.1%	64.4%	63.6%
Share-based compensation	0.3%	0.3%	0.4%	0.4%	0.4%
<b>Non-GAAP Gross margin</b>	<b>62.7%</b>	<b>63.8%</b>	<b>64.5%</b>	<b>64.8%</b>	<b>64.0%</b>
Operating Margin-GAAP	19.8%	19.2%	22.5%	23.3%	21.2%
Share-based compensation	6.2%	8.9%	5.6%	5.5%	6.6%
Intangible amortization	0.7%	0.7%	0.6%	0.5%	0.6%
Transaction and integration costs	0.1%	0.2%	(0.1)%	0.2%	0.1%
Restructuring and other reserves, net	-%	-%	-%	0.2%	0.1%
Litigation costs (recoveries), net	0.3%	0.2%	(0.1)%	0.1%	0.1%
<b>Non-GAAP Operating margin</b>	<b>27.1%</b>	<b>29.2%</b>	<b>28.5%</b>	<b>29.8%</b>	<b>28.7%</b>