



Sierra Wireless Inc. Is a Great Buy Now And for the Future

Description

Sierra Wireless Inc. ([TSX:SW](#))([NASDAQ:SWIR](#)) is a technology company at the forefront of the IoT (Internet of Things) revolution. IoT is the idea that all devices in your daily life will be interconnected.

Whether it is your car informing (and scheduling) your next service, your coffee machine turning on once you turn off your alarm, or your oven turning down the heat when your car tells it that you are still stuck in traffic, IoT has the potential to be a trillion dollar market, and Sierra is positioning itself to be a key player.

Let's take a look at how Sierra is doing now, and why it really is a good buy.

How is Sierra doing?

Sierra is currently priced at \$31.70, far below the 52-week high of \$56.94. Year-to-date, the stock is down a whopping 42.5%, but looking out over the course of a full year, the price shows a gain of 26%.

Looking further back at the five-year difference in price solidifies Sierra as being on the long-term investor's shopping list—there has been an impressive 257% increase in price.

Quarterly results are in...and they are good.

The company announced better-than-expected results in the most recent quarter, but that couldn't stop the stock from sliding further.

Analysts were forecasting revenues of approximately \$155 million and adjusted earnings per share of \$0.23, and the company over-delivered \$158 million in revenue—a 17% increase year over year.

Looking ahead to the third quarter, Sierra is once again acting conservative. It expects revenue to come in between \$157-160 million, with diluted earnings per share in the \$0.23-0.27 range.

Wall Street estimates third-quarter revenue to be more in line with \$163 million and earnings per share up to \$0.30.

Despite the difference, Sierra's own figures call for 13% growth year over year, which is nothing short of impressive and within the company's own stated long-term goals of 10-15% growth.

Sierra is buying pieces to the IoT puzzle

Sierra is positioning itself to be at the core of the IoT. For that to happen, Sierra has made some strategic acquisitions that have begun, or will soon begin, to bear fruit for the company. Here's a summary of some of the acquisitions over the past year:

- February 2015: Sweden-based Wireless Maingate for \$90 million. Wireless Maingate is a provider of machine-to-machine connectivity (M2M) and data management services.
- June 2015: Florida-based Accel Networks for approximately \$10 million. Accel is a provider of 4G LTE managed connectivity services.
- June 2015: France-based MobiquiThings for approximately \$15 million. MobiquiThings is a mobile virtual network operator.

While Sierra's guidance continues to be conservative, the truth is that Sierra is setting itself up to be a core part of what could be a trillion dollar market within a few years.

In my opinion, Sierra is an excellent option at a bargain price for the long-term investor who is willing to take some risk and will not be swayed by price fluctuations.

CATEGORY

1. Investing
2. Tech Stocks

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