



Is Sierra Wireless, Inc. a Good Buy?

Description

Sierra Wireless, Inc. ([TSX:SW](#))([NASDAQ:SWIR](#)) is a company at the forefront of the Internet of Things (IoT)—the concept that everyday devices are interconnected and feed information, updates, and diagnostics to one another.

It could be your car automatically notifying and scheduling your service appointments, or your alarm clock telling the coffee machine to start brewing in the morning. The IoT is going to radically change device connectivity in our everyday lifestyles.

Sierra's focus in the IoT is on the connectivity of data. The company is already well known and respected in the field of 4G LTE and LTE-advanced solutions as well as interchangeable modules and embedded software.

Over the past year the company has made a number of impressive acquisitions, all of which complete the IoT puzzle.

Sierra's Q3 results are in and show improvement

In the most recent quarter, Sierra posted revenue of \$154.6 million, an increase of 7.9% over the same quarter last year. Non-GAAP earnings from operations amounted to \$9.5 million in comparison to \$8.4 million reported in the same quarter last year. Adjusted EBITDA came in at \$12.1 million, an increase of \$300 million over the same quarter in 2014. Non-GAAP diluted earnings per share came in at \$0.23 per share, a decrease of \$0.01 over the same quarter last year.

President and CEO Jason Cohenour commented on the mixed results for the quarter: "We delivered solid year-over-year growth in revenue and operating profit in the third quarter of 2015 ... While our Q3 results were solid, revenue was slightly below our expectations."

Revenues were lower than anticipated due to a temporary drop in demand for 4G-enabled enterprise notebooks. According to the company, that drop will be eliminated and demand will normalize in the coming months.

Apart from the slight dip in revenue, the quarter ended somewhat mixed for Sierra. It was better in comparison to previous quarters, where there was little to no growth, but it missing the mark again on earnings-per-share estimates for the quarter by \$0.02 per share.

For the coming fourth quarter, the company is expecting slightly lower revenues in the \$148-151 million range, with earnings per share of \$0.09-0.11. Sierra noted that the lower forecast is reflective of a short-term situation with an automotive customer.

Sierra's stock price surged nearly 10% this week without any particular announcement. Despite this recent jump, the company is still down by a whopping 60% year-to-date.

In my opinion, Sierra is a great buy for investors seeking long-term growth who will not be alarmed by short-term fluctuations in price. The company is making the right acquisitions to accomplish the IoT vision, improving results with each quarter, and the stock can be purchased for under \$22.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:SWIR (Sierra Wireless)
2. TSX:SW (Sierra Wireless)

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