



Sierra Wireless, Inc. Share Price Jumped 2% Friday and Should Continue to Soar

Description

Sierra Wireless, Inc. ([TSX:SW](#))([NASDAQ:SWIR](#)) is a leading provider of fully integrated device-to-cloud solutions for the Internet of Things (IoT) with a 33% market share.

This company designs and manufactures wireless communications equipment for organizations in various fields including automotive, transportation, energy, healthcare, industrial, and mobile computing industries.

Sierra Wireless has outperformed the TSX by 58.34% in the last year and has gained 73.74% year to date. The stock is on its way to go past its 52-week high of \$43.16.

Sierra Wireless's share price closed up sharply Friday, rallying \$0.72, or 2.01%, to \$36.52. This rise followed the announcement on Thursday that Sierra Wireless is launching the industry's first global dual-mode Low Power Wide Area (LPWA) module with integrated application processing and GNSS.

LPWA technologies combine lower-cost broader coverage and better battery life with globally available and secure cellular networks. It will connect millions more things to the internet.

On June 13, 2017, Sierra Wireless announced that it has entered a joint business relationship with PwC Canada to help enterprises around the world develop and launch transformative IoT services and new business models.

The implementation of IoT solutions can be very complex and costly. Together, Sierra Wireless and PwC Canada will use their expertise to advise enterprises on IoT transformation best practices and technologies, so more enterprises implement IoT successfully.

Q1 results and Q2 outlook beat analysts' estimates

Sierra Wireless's 2017 first-quarter results and second-quarter outlook are way ahead of analysts' expectations.

Indeed, during the first quarter of 2017, which ended on March 31, Sierra Wireless earned US\$0.24

per share — up 200% from a year ago. This number exceeds the estimates of US\$0.16 per share.

Revenue for the first quarter was US\$162 million — up 13% from a year ago. The consensus estimate was \$160 million. Strong customer demand drove year-over-year revenue growth across all business segments and geographic regions.

First-quarter revenue from OEM solutions was up 10% year-over-year and totaled 82% of revenue, marking the second quarter in a row of double-digit year-over-year growth.

Sierra Wireless forecasts second-quarter revenue to be in the range of US\$165-175 million and adjusted earnings per share to be in the range of US\$0.24-0.32. Analysts had modeled profit of US\$0.19 per share and revenue of US\$164 million.

Sierra Wireless posted sales of US\$156.23 million in the same quarter last year, which suggests a positive year-over-year growth rate of 8.8%. The company is expected to report its next quarterly earnings results after the market closes on August 3.

EPS grew at a rate of 41% in 2016 and are estimated to grow at a rate of 14.8% this year. The long-term prospects are very good too with a long-term growth rate of 17.5%.

While Sierra Wireless has had a volatile track record given the sensitivities around its hardware business, I believe that the recent strong quarterly results, in addition to the positive outlook, suggest that Sierra is able to continue to reduce such volatility and improve fundamentals.

Moreover, Sierra Wireless's management is disciplined in controlling costs, which will help to improve profits. This will, without a doubt, have a positive impact on its share price.

I think it's time to buy some shares of this fast-growing stock that is full of opportunities.

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