



## Is it Too Late to Buy Sierra Wireless, Inc.?

### Description

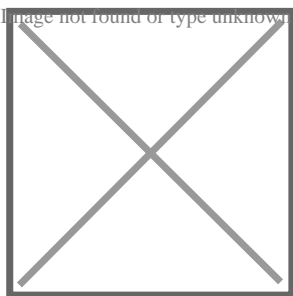
**Sierra Wireless, Inc.** ([TSX:SW](#))([NASDAQ:SWIR](#)) stock has appreciated 18.5% in the last five trading days, but most notably, it [soared nearly 11% yesterday](#). Is it too late to get in on the tech stock?

### Too cheap to ignore

Sierra Wireless made such an amazing pop for a number of reasons, but the most likely reason was because it was too cheap to ignore.

Initially, the stock was pushed down roughly 40% in about five months. The stock fell to a low of about \$24 per share, at which time it was trading at a forward price-to-earnings multiple of below 19, whereas the company is expected to grow its earnings per share by 21-23% per year for the next three to five years.

That's why the stock quickly popped almost 11% on Monday. At the market close, at \$29.46 per share, Sierra Wireless traded at a forward multiple of under 23. So, the stock is still trading at a discount for its growth potential.



### The business

Sierra Wireless is a leader in building the Internet of Things with wireless solutions for organizations. It offers a portfolio of 2G-, 3G-, and 4G-embedded modules and gateways that seamlessly integrate with its secure cloud and connectivity services.

Sierra Wireless's business segments include original equipment manufacturer (OEM) solutions (about 82% of last 12 month's revenue), enterprise solutions (about 13.5%), and cloud and connectivity services (about 4.5%).

### **Strong growth prospects remain**

Since Sierra Wireless was founded in 1993, it has built a portfolio of more than 400 patents in wireless technology and has expanded its customer base to span more than 130 countries. In the last 12 months, Sierra Wireless reached US\$672 million revenue for the first time.

Yet Sierra Wireless still has strong growth potential. The company estimates that its addressable market will grow 10-fold from US\$3 billion in 2015 to US\$30 billion by 2021.

Recent results also indicate healthy growth. Compared to the same quarter in 2016, the third quarter, the company experienced growth in all three of its business segments. Overall, its revenue and adjusted earnings before interest, taxes, depreciation, and amortization increased by 12.8% and 34.6%, respectively.

The [acquisition of Numerex Corp.](#), if approved by Numerex shareholders on December 6, should help drive the growth of Sierra Wireless's Internet of Things device-to-cloud strategy.

### **Investor takeaway**

Looking at the long-term price chart of Sierra Wireless, you'll notice that it's quite volatile. So, the growth stock is not for everyone. However, for those who have the appetite for it may be well rewarded in the future.

The Street consensus from **Thomson Reuters** has a mean 12-month target price of US\$28.70, or ~CAD\$36.45 (based on the recent foreign exchange of US\$1 to CAD\$1.276), per share on the stock. This represents nearly 24% upside potential from Monday's market close price.

### **CATEGORY**

1. Investing
2. Tech Stocks

### **POST TAG**

1. Editor's Choice

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kayng

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