



What Will You Do With Sierra Wireless, Inc. (TSX:SW) Stock?

Description

If you'd bought **Sierra Wireless** ([TSX:SW](#))([NASDAQ:SWIR](#)) anytime in the past year, your position in the stock is likely underwater. Should you sell, hold, or buy more?

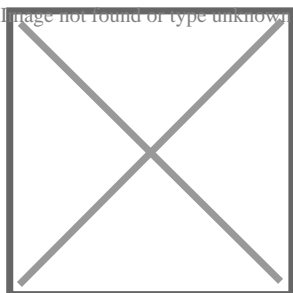
First, ask if you're still comfortable with the stock in terms of the stock's volatility but, more importantly, the business.

Are you comfortable with Sierra Wireless's volatility?

If you look at the stock's five-year price chart, you'll notice how volatile the stock can be. Yahoo Finance has a recent beta of 1.21 on the stock on the Toronto Stock Exchange and 2.32 on the NASDAQ, which means the stock is more volatile than the market (and much more so on the NASDAQ). It may be less volatile on the Toronto Stock Exchange because the stronger U.S. dollar against the Canadian dollar helps stabilize the stock.

On the TSX, the stock has traded as high as about \$29 per share and as low as the \$18.50 range it traded at market close on Friday. That's a pretty big drawdown of 36%.

The selloff of about 13% this month may be due to investors doing tax-loss selling in their taxable accounts, and it seems overdone. If you believe in the growth potential of the business, it doesn't make sense to follow the herd and sell. Instead, it may be an excellent buying opportunity.



Are you comfortable with Sierra Wireless's business?

Sierra Wireless offers a portfolio of wireless embedded modules and gateways, which are seamlessly integrated with its secure cloud and connectivity services. It's an innovator with integrated IoT solutions using 4G LTE-A, LPWA, and 5G. Since 1993, it has shipped more than 160 million devices worldwide with customers in more than 130 countries.

As LTE and 5G networks mature and become more and more prominent around the world, companies will adopt more and more to IoT with the goal of improving operational efficiency, improving customer relationships, and even creating new revenue streams.

However, IoT deployments and the IoT ecosystem itself are complex. Additionally, there are cybersecurity concerns. That's where Sierra Wireless comes in by helping businesses simplify their IoT adoption process.

Sierra Wireless is well positioned in key IoT market segments, including Automotive and Transport, Energy and Industrial, Enterprise, and Residential and Healthcare, which have applications in Fleet and Asset Management, Smart Grid, Surveillance, and Patient Monitoring, respectively, as examples.

Investor takeaway

It may be a little early to invest in an IoT company such as [Sierra Wireless](#), since it may take at least a few years for 5G to mature. So, you should either have a long-term investment horizon or aim to trade the stock on its ups and downs due to its highly volatile nature. The growth stock is now trading at its 2016 levels, representing a [cheap](#) forward price-to-earnings ratio of under 13.

It may be reassuring that insiders ownership is about 1.32% of the stock on the NASDAQ, which is worth about US\$6.6 million or CAD\$8.8 million. Yahoo Finance also shows that on the NASDAQ, more than 30% of Sierra Wireless shares are held by institutions.

CATEGORY

1. Investing
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