



## Canada's 5G Technology Leader Is Undervalued

### Description

**Sierra Wireless** ([TSX:SW](#))([NASDAQ:SWIR](#)) is a technology company that tends to fly under the radar. With a market capitalization of just \$611 million, it's one of the smallest wireless chip manufacturers in North America. However, this year the company is bracing to punch above its weight.

Over the past 20 years, the Vancouver-based company has been at the forefront of the mobile revolution. The tiny embedded chips it manufactures have powered cell phones from the 2G era to today's sophisticated 4G-enabled smartphones.

Sierra's focus on making chips that enable internet-connectivity as small as possible paid off massively as smartphones got slimmer and mobile connectivity became a utility. Now, the company is investing heavily in the next wave of mobile technologies that will redefine the way cities are built, services are delivered, and communication is established.

The fifth generation of mobile communications technology, known simply as 5G, targets an expanded data rate, reduced latency, energy efficiency, cost-effectiveness, higher system capacity, and much broader device connectivity. In other words, it is better in every way than the 4G standard of today's cellular networks.

One of the most important aspects of this new technology is the way it enables small and distributed devices to connect to the internet faster. This feature underpins the internet of things, or the IoT revolution experts have been predicting for years.

According to Sierra Wireless' latest report, much of its research and development (R&D) efforts in recent years have been focused on this incoming wave of IoT devices powered by a 5G network.

The results of these investments are now being showcased by the team. In February this year, the company unveiled the industry's first 5G connectorized module known as AirPrime®.

Developed in partnership with chip giant **Qualcomm**, the module enables original equipment manufacturers (OEMs) to deploy different devices and platforms powered by 5G's low-latency and ultra high speeds. The lower energy requirements and wider field of coverage allow for smart city and IoT deployments.

Even before these 5G modules are rolled out, the wave of IoT devices is already being reflected on [Sierra's bottom line](#). Revenues from IoT services were up 161% for the full year in 2018, with the segment registering 89% growth in the most recent quarter alone.

Meanwhile, the stock trades at just 77% annual sales and 1.34 times the book value per share at writing. The company also has US\$89 million in cash and cash equivalents on the book, which makes further investments and critical acquisitions easier.

Those statistics do not reflect the promise of a growth company at the forefront of exciting technology revolutions, but they do reflect Sierra's abysmal financial record. Over the past few years, the company has managed to expand sales while generating little profit or even losing money.

Earnings per share were \$0.25 in the fourth quarter of 2018, or 10.7% lower than the same quarter in the previous year.

In short, Sierra's operational turnaround now hinges on a successful and lucrative deployment of its 5G modules and IoT-related innovations.

## Bottom line

For investors with an appetite for risk and considerable volatility in pursuit of high growth, Sierra Wireless is worth a closer look.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. NASDAQ:QCOM (QUALCOMM Incorporated)
2. NASDAQ:SWIR (Sierra Wireless)
3. TSX:SW (Sierra Wireless)

### PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

### Category

1. Investing
2. Tech Stocks

**Date**

2025/08/15

**Date Created**

2019/04/10

**Author**

vraisinghani

default watermark

**default watermark**