



NEWS RELEASE

## CalAmp Reports FY 2005 Second Quarter Results

10/12/2004

- Q2 revenues up 110% from prior year to \$51 million
- Q2 net income improves \$1.4 million from prior year

OXNARD, Calif., Oct. 12 /PRNewswire-FirstCall/ -- CalAmp Corp. (Nasdaq: CAMP) today reported results for its second quarter ended August 31, 2004.

Revenue for the second quarter of fiscal 2005 was \$50.8 million, compared to \$24.2 million for the second quarter of the prior year. The period-over- period increase in revenue is due primarily to the improvement in satellite product sales which began late in the Company's fiscal 2004 second quarter. Net income for the fiscal 2005 second quarter was \$1,746,000 or \$0.08 per diluted share, compared to net income of \$390,000 or \$0.03 per diluted share for the second quarter of last year.

For the six months ended August 31, 2004 revenue was \$95.8 million, compared to \$42.8 million in the prior year. Net income during the first six months of fiscal 2005 was \$3,055,000 or \$0.14 per diluted share, versus a net loss of \$712,000 or (\$0.05) per diluted share in the first six months of fiscal year 2004.

Fred Sturm, President and Chief Executive Officer, commented, "We are pleased with the performance of our Products Division which generated \$43 million in revenue in the second quarter on the strength of our Direct Broadcast Satellite business that began improving over a year ago. We also received approval on two new DBS products late in the second quarter that are expected to begin shipping in volume during the latter part of the third quarter. Although the DBS market remains extremely competitive, we have been able to maintain our market

position through a combination of ongoing product development and aggressive cost effectiveness programs. Our key customers in this business -- the satellite television service providers -- continue to gain market share at the expense of the cable television operators. We look forward to supporting the market's requirements for high performance, cost-effective outdoor electronics in a challenging and dynamic competitive environment."

Continued Mr. Sturm, "In the second quarter our Solutions Division generated revenues of nearly \$8 million, but it remains in a loss position. Despite this loss, we made progress during the quarter in executing on our strategic business model of providing a complete end-to-end solution, most notably with our recently announced manufacturing agreement with EFJohnson. However, it is clear that we need to make certain adjustments to improve this division's financial performance. To that end, we recently strengthened our sales and marketing organization and have made adjustments in our overhead structure. We will closely monitor our performance with the objective of achieving profitable results for the Solutions Division as soon as possible without adversely impacting our ability to execute on our strategic model."

Mr. Sturm concluded, "Based on our current visibility, we estimate fiscal 2005 third quarter revenues in the range of \$50 to \$58 million and earnings in the range of \$0.07 to \$0.12 cents per diluted share. Included in these estimates are charges of \$461,000 for amortization of intangible assets."

About CalAmp Corp.

CalAmp is a leading provider of breakthrough wireless and content delivery solutions, services and products. With comprehensive capabilities ranging from product inception through production, CalAmp is a trusted partner delivering cost-effective high quality solutions to a broad array of customers and markets. CalAmp is one of the largest suppliers of direct broadcast satellite (DBS) outdoor customer premise equipment to the U.S. satellite television market and offers solutions for digital multimedia delivery, residential broadband data delivery, healthcare, retailing applications, public safety markets and wireless enterprise connectivity. The company is headquartered in Oxnard, California and has approximately 600 employees. Founded in 1981, CalAmp has been publicly traded since 1983 as NASDAQ: CAMP.

Forward Looking Statement

Statements in this press release that are not historical in nature are forward-looking statements, which involve known and unknown risks and uncertainties. Words such as "may," "will," "expects," "intends," "plans," "believes," "seeks," "could," "estimate" and variations of these words and similar expressions are intended to identify forward-looking statements. Actual results could differ materially from those implied by such forward-looking statements due to a variety of factors, including, general and industry economic conditions, competition, development factors, operating costs, the Company's ability to integrate the Vyteq acquisition successfully and other risks and

uncertainties that are detailed from time to time in the Company's filings with the Securities and Exchange Commission. Although the Company believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be attained. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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CAL AMP CORP.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited, in thousands except per share amounts)

	Three Months Ended		Six Months Ended	
	August 31,		August 31,	
	2004	2003	2004	2003
Revenues	\$50,827	\$24,197	\$95,824	\$42,763
Cost of revenues	40,503	20,997	77,199	38,257
Gross profit	10,324	3,200	18,625	4,506
Operating expenses:				
Research and development	2,068	1,236	3,875	2,598
Selling	1,732	549	2,804	1,043
General and administrative	3,179	843	5,624	1,661
Intangible asset amortization	461	26	721	52
In-process research and development	--	--	471	--
	7,440	2,654	13,495	5,354

Operating income (loss)	2,884	546	5,130	(848)
Non-operating expense, net	(75)	(129)	(139)	(182)
Income (loss) before income taxes	2,809	417	4,991	(1,030)
Income tax (provision) benefit	(1,063)	(27)	(1,936)	318
Net income (loss)	\$1,746	\$390	\$3,055	\$(712)

Net income (loss) per share:

Basic	\$0.08	\$0.03	\$0.15	\$(0.05)
Diluted	\$0.08	\$0.03	\$0.14	\$(0.05)

Shares used in per share calculations:

Basic	22,292	14,747	20,524	14,746
Diluted	22,809	14,916	21,224	14,746

Business Segment Information (1)

	Three Months Ended		Six Months Ended	
	August 31,		August 31,	
	2004	2003	2004	2003
Revenue:				
Products Division	\$43,056	\$24,197	\$83,555	\$42,763
Solutions Division	7,771	--	12,269	--
Total revenue	\$50,827	\$24,197	\$95,824	\$42,763
Gross profit				
Products Division	\$8,503	\$3,200	\$15,769	\$4,506
Solutions Division	1,821	--	2,856	--
Total gross profit	\$10,324	\$3,200	\$18,625	\$4,506
Operating income (loss)				
Products Division	\$6,036	\$1,040	\$10,670	\$74
Solutions Division	(2,083)	--	(3,592)	--
Corporate expenses	(1,069)	(494)	(1,948)	(922)
Total operating income (loss)	\$2,884	\$546	\$5,130	\$(848)

(1) Effective with the acquisition of Vytex Corporation on April 12, 2004, CalAmp realigned its operations into a divisional structure in which CalAmp's existing Satellite and Wireless Access businesses were combined, together with Vytex's products manufacturing business, into a new Products Division.

Vytek's principal operations, consisting of revenues generated by professional engineering services and the development of software applications, comprise the new Solutions Division.

CAL AMP CORP.  
CONSOLIDATED BALANCE SHEETS  
(Unaudited - In thousands)

August 31, February 28,  
2004 2004

Current assets:

Cash and cash equivalents	\$25,268	\$22,885
Accounts receivable, net	25,621	18,579
Inventories	25,208	20,253
Deferred income tax assets	1,814	2,404
Prepaid expenses and other current assets	3,915	3,244

Total current assets	81,826	67,365
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Equipment and improvements, net	5,125	4,381
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Deferred income tax assets, less current portion	3,292	4,359
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Goodwill	100,942	20,938
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Other intangible assets, net	4,800	200
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Other assets	2,346	399
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\$198,331	\$97,642
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Current liabilities:

Bank line of credit payable	\$3,000	\$ --
Current portion of long-term debt	2,946	3,603
Accounts payable	23,428	17,395
Accrued payroll and employee benefits	3,820	1,513
Other current liabilities	4,787	2,078
Deferred revenue	1,647	--

Total current liabilities	39,628	24,589
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Long-term debt, less current portion	6,116	7,690
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Stockholders' equity:

Common stock	232	149
Additional paid-in capital	138,145	44,486

Common stock held in escrow	(9,594)	--
Retained earnings	24,605	21,550
Accumulated other comprehensive loss	(801)	(822)
Total stockholders' equity	152,587	65,363
	\$198,331	\$97,642

CAL AMP CORP.  
CONSOLIDATED CASH FLOW STATEMENTS  
(Unaudited - In thousands)

Six Months Ended  
August 31,  
2004      2003

Cash flows from operating activities:

Net income (loss)	\$3,055	\$(712)
Depreciation and amortization	2,075	1,613
Write-off of in-process R&D	471	--
Equipment impairment writedowns		201      575
Deferred tax assets, net	1,657	(289)
Changes in operating working capital	(1,875)	2,045
Other	143	(117)

Net cash provided by operating activities      5,727      3,115

Cash flows from investing activities:

Capital expenditures	(1,243)	(978)
Proceeds from sale of property and equipment	627	285
Acquisition of Vytek, net of cash acquired	(1,727)	--

Net cash used in investing activities      (2,343)      (693)

Cash flows from financing activities:

Debt repayments, net of borrowings	(1,557)	(1,301)
Proceeds from stock option exercises	556	12

Net cash used in financing activities      (1,001)      (1,289)

Net change in cash      2,383      1,133

Cash at beginning of period      22,885      21,947

Cash at end of period      \$25,268      \$23,080

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SOURCE CalAmp Corp.

10/12/2004

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10/12/2004 16:00 EDT <http://www.prnewswire.com>