



NEWS RELEASE

CalAmp Reports FY 2005 Third Quarter Results; Q3 Revenues up 29% from Prior Year to \$57 Million

1/11/2005

OXNARD, Calif.--(BUSINESS WIRE)--Jan. 11, 2005--CalAmp Corp. (NASDAQ:CAMP) today reported results for its third quarter ended November 30, 2004.

Revenue for the third quarter of fiscal 2005 was \$57.1 million, compared to \$44.2 million for the third quarter of last year. Net income for the fiscal 2005 third quarter was \$1,787,000 or \$0.08 per diluted share, compared to net income of \$3,452,000 or \$0.22 per diluted share for the third quarter of last year. The revenue increase in the latest quarter compared to the third quarter of last year is attributable to the April 2004 acquisition of Vytek Corporation, which now operates as the Company's Solutions Division, and to higher sales of Direct Broadcast Satellite television reception products. The lower earnings per share was attributable primarily to the higher effective income tax rate (37.8% in the latest quarter compared to 9.9% in the third quarter of last year), and to an operating loss in the Solutions Division.

For the nine months ended November 30, 2004 revenue was \$152.9 million, compared to \$87.0 million in the prior year. Net income during the nine months ended November 30, 2004 was \$4.8 million, or \$0.22 per diluted share, versus net income of \$2.7 million, or \$0.18 per diluted share, in the comparable period of last year. Net cash provided by operating activities during the first nine months of fiscal 2005 was \$8.1 million, compared to \$6.7 million in the first nine months of fiscal 2004. The sales increase in the year-to-date period is due primarily to the growth in sales of Direct Broadcast Satellite television reception products.

Fred Sturm, President and Chief Executive Officer, commented, "We continue to be pleased with the performance of our Products Division, which generated over \$50 million in revenue in the latest quarter. Demand for Satellite products improved during the quarter as we began volume shipments of two new products in support of our

customers' multi-satellite and digital video recorder service offerings. We are a leading supplier to the U.S. Direct Broadcast Satellite television market which continues to gain market share from cable television operators. Although the aggressive price competition in this market is persistent, our organization has risen to the challenge by responding with innovative, cost effective and high quality products which differentiate us as a market leader."

Mr. Sturm added, "Revenue from the Solutions Division in the latest quarter was \$6.6 million. We continue to take steps to bring this division to profitability as quickly as possible, including strengthening and refocusing the sales organization and making appropriate cost reductions. As previously announced, last month we appointed Steve L'Heureux as the new President of the Solutions Division. We expect that under his leadership we will be successful in expanding our revenue base and bringing this division to profitability."

Mr. Sturm concluded, "Based on our current visibility, we estimate fiscal 2005 fourth quarter revenues in the range of \$62 to \$68 million and earnings in the range of \$0.11 to \$0.15 per diluted share."

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 650 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 Vytex 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.

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

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2004	2003	2004	2003
Revenues	\$57,066	\$44,248	\$152,890	\$87,011
Cost of revenues	46,767	37,514	123,966	75,771
Gross profit	10,299	6,734	28,924	11,240
Operating expenses:				
Research and development	2,315	1,338	6,190	3,936
Selling	1,847	627	4,651	1,670
General and administrative	2,786	899	8,410	2,560
Intangible asset amortization	486	26	1,207	78
In-process research and development	-	-	471	-
	7,434	2,890	20,929	8,244
Operating income	2,865	3,844	7,995	2,996
Non-operating income (expense), net	8	(12)	(131)	(194)
Income before income taxes	2,873	3,832	7,864	2,802
Income tax provision	(1,086)	(380)	(3,022)	(62)
Net income	\$ 1,787	\$ 3,452	\$ 4,842	\$ 2,740
Net income per share:				
Basic	\$ 0.08	\$ 0.23	\$ 0.23	\$ 0.19

Diluted \$ 0.08 \$ 0.22 \$ 0.22 \$ 0.18

Shares used in per share calculations:

Basic	22,356	14,788	21,135	14,760
Diluted	23,113	15,555	21,891	15,128

Business Segment Information (1)

	Three Months Ended		Nine Months Ended	
	November 30,		November 30,	
	2004	2003	2004	2003
Revenue:				
Products Division	\$50,425	\$44,248	\$133,980	\$87,011
Solutions Division	6,641	-	18,910	-
Total revenue	\$57,066	\$44,248	\$152,890	\$87,011
Gross profit				
Products Division	\$ 8,737	\$ 6,734	\$ 24,506	\$11,240
Solutions Division	1,562	-	4,418	-
Total gross profit	\$10,299	\$ 6,734	\$ 28,924	\$11,240
Operating income (loss)				
Products Division	\$ 6,191	\$ 4,447	\$ 16,861	\$ 4,521
Solutions Division	(2,379)	-	(5,971)	-
Corporate expenses	(947)	(603)	(2,895)	(1,525)
Total operating income	\$ 2,865	\$ 3,844	\$ 7,995	\$ 2,996

(1) Effective with the acquisition of Vytek 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 Vytek'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)

November 30, February 28,
2004 2004

Current assets:

Cash and cash equivalents	\$ 26,528	\$ 22,885
Accounts receivable, net	28,565	18,579
Inventories	24,364	20,253
Deferred income tax assets	885	2,404
Prepaid expenses and other current assets	4,692	3,244

Total current assets	85,034	67,365
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Equipment and improvements, net	4,943	4,381
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Deferred income tax assets, less current portion	3,269	4,359
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Goodwill	100,885	20,938
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Other intangible assets, net	4,514	200
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Other assets	425	399
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\$ 199,070	\$ 97,642
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Current liabilities:

Current portion of long-term debt	\$ 2,924	\$ 3,603
Accounts payable	23,829	17,395
Accrued payroll and employee benefits	3,391	1,513
Other current liabilities	4,133	2,078
Deferred revenue	1,862	-

Total current liabilities	36,139	24,589
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Long-term debt, less current portion	8,395	7,690
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Stockholders' equity:		
Common stock	232	149
Additional paid-in capital	131,261	44,486
Common stock held in escrow	(2,548)	-
Retained earnings	26,392	21,550
Accumulated other comprehensive loss	(801)	(822)

Total stockholders' equity	154,536	65,363

	\$ 199,070	\$ 97,642
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CAL AMP CORP.
CONSOLIDATED CASH FLOW STATEMENTS
(Unaudited - In thousands)

Nine Months Ended
November 30,

2004 2003

Cash flows from operating activities:		
Net income	\$ 4,842	\$ 2,740
Depreciation and amortization	3,218	2,381
Write-off of in-process R&D	471	-
Equipment impairment writedowns	241	575
Deferred tax assets, net	2,609	(144)
Changes in operating working capital	(3,375)	1,248
Other	96	(61)

Net cash provided by operating activities	8,102	6,739

Cash flows from investing activities:		
Capital expenditures	(1,970)	(2,026)
Proceeds from sale of property and equipment	835	579
Acquisition of VyteK, net of cash acquired	(1,727)	

Net cash used in investing activities	(2,862)	(1,447)

Cash flows from financing activities:		
Debt repayments, net of borrowings	(2,300)	(2,325)
Proceeds from stock option exercises	703	372

Net cash used in financing activities	(1,597)	(1,953)

Net change in cash	3,643	3,339
Cash at beginning of period	22,885	21,947

Cash at end of period	\$26,528	\$25,286
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SOURCE: CalAmp Corp.