



NEWS RELEASE

CalAmp Reports FY 2006 Fourth Quarter and Year-End Results; Company Achieves Record Full Year EPS of \$0.62, Up 72% Over Prior Year; Fourth Quarter Revenues of \$47.8M and \$0.15 EPS

5/9/2006

OXNARD, Calif.--(BUSINESS WIRE)--May 9, 2006--CalAmp Corp. (Nasdaq:CAMP), a leading provider of wireless products and engineering services, today reported results for its fiscal 2006 full year and fourth quarter ended February 28, 2006.

Fourth Quarter and Fiscal Year 2006 Results

Revenue in the fiscal 2006 fourth quarter was \$47.8 million compared to \$67.1 million for the fourth quarter of last year. Sales in last year's fourth quarter were benefited by the launch of a new product by one of the Direct Broadcast Satellite (DBS) service providers for which CalAmp was the sole supplier at that time.

Gross profit for the fourth quarter of fiscal 2006 was \$12.2 million, or 25.5% of revenues, compared to \$12.5 million, or 18.6% of revenues, for the same period last year. The increase in gross margin was primarily the result of improved operating efficiencies and increased sales of higher margin products of the Products Division.

Operating income of \$5.6 million in the quarter is \$0.6 million higher than the fourth quarter of last year, despite lower revenue. Net income in the quarter was \$3.5 million or \$0.15 per diluted share, compared to net income of \$3.2 million or \$0.14 per diluted share for the fourth quarter of last year.

For the year ended February 28, 2006 revenue was \$217 million, essentially flat with the prior year. Gross profit of \$52.7 million represented a year-over-year improvement of \$11.3 million, or 27%. Net income during fiscal 2006

was \$14.6 million, which is an 80% increase over the prior year. Diluted EPS increased 72% from \$0.36 in fiscal 2005 to \$0.62 in fiscal 2006, which is a record for the Company.

"I continue to be quite pleased with our operating execution. Gross margins remained very strong and the Company generated record cash flow from operations in fiscal 2006," commented Fred Sturm, CalAmp's President and Chief Executive Officer. "Our revenue for the fourth quarter reflected the seasonally lower market demand for DBS products. This market continues to provide unique opportunities as our customers roll-out additional services including HDTV while seeking to control subscriber acquisition costs and inventories. We are already seeing some shifts in our product demand. This has resulted in new product development initiatives for our customers that are intended to further integrate our products and thereby lower overall equipment costs. We anticipate submitting initial samples of our next generation products to our customers by the end of our fiscal 2007 first quarter for their review, and following-up with qualification samples in our second quarter. We expect our DBS customers to closely manage their inventories of existing products in order to minimize their costs and bring these newer, more cost-effective products to market faster."

Liquidity

At February 28, 2006, the Company had total cash of \$45.8 million, with \$7.7 million in total outstanding debt. Net cash provided by operating activities was \$22.4 million during the most recent fiscal year, up 79% over the prior year. Inventory was \$18.3 million at the end of the fourth quarter, representing annualized turns of about 9 times. Accounts receivable outstanding at the end of the fourth quarter represents a 48 day average collection period.

Acquisition of Dataradio, Inc.

Earlier today, CalAmp announced that it had signed a definitive agreement to acquire Dataradio, Inc., a privately held Canadian company that is a leading provider of mobile and fixed wireless data communication solutions used in public safety, critical infrastructure and industrial control applications. This acquisition provides CalAmp with the opportunity to expand its wireless data communications business for machine-to-machine (M2M) and public safety applications. It also furthers CalAmp's strategic goals of diversifying its customer base and expanding its product offerings into higher-margin growth markets. For the 12 month period ended April 30, 2006, Dataradio had unaudited revenues of approximately U.S. \$32 million. During this period, Dataradio generated gross margins in excess of 50%. Dataradio has approximately 175 employees at facilities located in Montreal, Minnesota and Georgia.

The acquisition agreement provides for a cash payment of Canadian \$60.1 million (approximately U.S. \$54.6 million at the current Canadian Dollar to U.S. Dollar exchange rate of 1.10). CalAmp plans to finance the transaction using a combination of cash on hand and bank debt. The transaction is subject to customary closing conditions and is

expected to be completed in the next several weeks.

Business Outlook

Commenting on the Company's fiscal 2007 first quarter outlook, Mr. Sturm said, "Based on our current forecasts, we estimate that fiscal 2007 first quarter revenues will be in the range of \$44 to \$48 million, with earnings in the range of \$0.09 to \$0.13 per diluted share. This earnings estimate includes the implementation of accounting for stock compensation expense under provisions of FAS 123R, which we expect to reduce first quarter earnings by approximately \$0.01 per share. The earnings estimate does not include the impact of the planned Dataradio acquisition."

Conference Call and Webcast

A conference call and simultaneous webcast to discuss fiscal 2006 fourth quarter and full year financial results, business outlook and the Dataradio acquisition will be held today at 4:30 p.m. Eastern / 1:30 p.m. Pacific. The live webcast of the call is available on CalAmp's web site at www.calamp.com. Participants are encouraged to visit the web site at least 15 minutes prior to the start of the call to register, download and install any necessary audio software.

CalAmp's President and CEO Fred Sturm and CFO Rick Vitelle will host the conference call. After the live webcast, a replay will remain available until the next quarterly conference call in the Investor Relations section of CalAmp's web site.

About CalAmp Corp.

CalAmp is a leading provider of wireless equipment, engineering services and software that enable anytime/anywhere access to critical information, data and entertainment content. With comprehensive capabilities ranging from product design and development through volume production, CalAmp delivers cost-effective high quality solutions to a broad array of customers and end markets. CalAmp is the leading supplier of Direct Broadcast Satellite (DBS) outdoor customer premise equipment to the U.S. satellite television market. The Company also provides wireless connectivity solutions for the telemetry and asset tracking markets, public safety communications, the healthcare industry and digital multimedia delivery applications. For additional information, please visit the Company's website at www.calamp.com.

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", "expect", "intend", "plan", "believe", "seek", "could", "estimate", "judgment", "targeting", "should", 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 eliminate operating losses in its Solutions Division and make this business segment profitable, the Company's ability to efficiently and cost-effectively integrate its acquired businesses, 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 INCOME STATEMENTS
(Unaudited, in thousands except per share amounts)

	Three Months Ended		Year Ended	
	February 28,		February 28,	
	2006	2005	2006	2005

Revenues	\$ 47,789	\$67,137	\$217,493	\$220,027
Cost of revenues	35,620	54,683	164,747	178,649

Gross profit	12,169	12,454	52,746	41,378
Research and development	1,967	2,130	9,109	8,320
Selling	1,381	1,746	6,963	6,397
General and administrative	2,800	3,089	10,700	11,499
Intangible asset amortization	396	436	1,771	1,643
In-process research and development	(10)	-	310	471

	6,534	7,401	28,853	28,330

Operating income	5,635	5,053	23,893	13,048
Non-operating income (expense), net	305	11	536	(120)

Income before income taxes	5,940	5,064	24,429	12,928
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Income tax provision	(2,475)	(1,830)	(9,867)	(4,852)
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Net income	\$ 3,465	\$ 3,234	\$ 14,562	\$ 8,076
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Net income per share:

Basic	\$ 0.15	\$ 0.14	\$ 0.64	\$ 0.38
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Diluted	\$ 0.15	\$ 0.14	\$ 0.62	\$ 0.36
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Shares used in per share calculations:

Basic	22,857	22,438	22,605	21,460
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Diluted	23,843	23,101	23,415	22,193
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Business Segment Information

	Three Months Ended		Year Ended	
	February 28,		February 28,	

	2006	2005	2006	2005
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Revenue

Products Division	\$ 43,577	\$60,855	\$196,908	\$194,835
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Solutions Division	4,212	6,282	20,585	25,192
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Total revenue	\$ 47,789	\$67,137	\$217,493	\$220,027
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Gross profit

Products Division	\$ 10,614	\$11,259	\$ 45,589	\$ 35,765
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Solutions Division	1,555	1,195	7,157	5,613
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Total gross profit	\$ 12,169	\$12,454	\$ 52,746	\$ 41,378
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Operating income (loss)

Products Division	\$ 7,908	\$ 8,455	\$ 31,361	\$ 25,316
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Solutions Division	(1,161)	(2,080)	(3,190)	(8,051)
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Corporate expenses	(1,112)	(1,322)	(4,278)	(4,217)
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Total operating income	\$ 5,635	\$ 5,053	\$ 23,893	\$ 13,048
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CAL AMP CORP.
CONSOLIDATED BALANCE SHEETS
(Unaudited - In thousands)

February February
28, 2006 28, 2005

Assets

Current assets:

Cash and cash equivalents	\$ 45,783	\$ 31,048
Accounts receivable, net	28,630	27,027
Inventories	18,279	21,465
Deferred income tax assets	4,042	6,118
Prepaid expenses and other current assets	2,502	2,876

Total current assets	99,236	88,534
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Equipment and improvements, net	5,438	5,383
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Deferred income tax assets	2,344	5,285
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Goodwill	91,386	92,834
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Other intangible assets, net	5,304	4,028
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Other assets	638	691
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	\$204,346	\$196,755
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Liabilities and Stockholders'

Equity

Current liabilities:

Current portion of long-term debt	\$ 2,168	\$ 2,897
Accounts payable	12,011	18,389
Accrued payroll and employee benefits	3,608	3,652
Other accrued liabilities	2,763	3,127
Deferred revenue	1,323	1,597

Total current liabilities	21,873	29,662
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Long-term debt, less current portion	5,511	7,679
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Other non-current liabilities	853	1,126

Stockholders' equity:		
Common stock	232	227
Additional paid-in capital	135,022	131,784
Common stock held in escrow	(2,532)	(2,548)
Retained earnings	44,188	29,626
Accumulated other comprehensive loss	(801)	(801)

Total stockholders' equity	176,109	158,288

	\$204,346	\$196,755
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CAL AMP CORP.
CONSOLIDATED CASH FLOW STATEMENTS
(Unaudited - In thousands)

Year Ended
February 28,

2006 2005

Cash flows from operating activities:		
Net income	\$ 14,562	\$ 8,076
Depreciation and amortization	4,372	4,340
Write-off of in-process R&D	310	471
Equipment impairment writedowns	-	241
Tax benefit of option exercises	1,158	388
Deferred tax assets, net	6,236	4,201
Changes in operating working capital	(4,301)	(5,105)
Other	43	(76)

Net cash provided by operating activities	22,380	12,536

Cash flows from investing activities:		
Capital expenditures	(2,296)	(2,359)
Proceeds from sale of assets	146	1,749
Acquisition of Skybility business	(4,897)	-

Acquisition of Vytex Corp., net of cash acquired	- (1,776)	

Net cash used in investing activities	(7,047)	(2,386)

Cash flows from financing activities:		
Debt repayments, net of borrowings	(2,888)	(3,043)
Proceeds from stock option exercises	2,290	1,056

Net cash used in financing activities	(598)	(1,987)

Net change in cash and cash equivalents	14,735	8,163
Cash and cash equivalents at beginning of period	31,048	22,885

Cash and cash equivalents at end of period	\$ 45,783	\$31,048
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SOURCE: CalAmp Corp.