



NEWS RELEASE

## CalAmp Reports Fiscal 2006 First Quarter Results; Company Achieves 51% Increase in Net Income Driven by Improvements in Gross Margin

7/7/2005

OXNARD, Calif.--(BUSINESS WIRE)--July 7, 2005--CalAmp Corp. (Nasdaq:CAMP), a leading provider of wireless products and engineering services, today reported results for its fiscal 2006 first quarter ended May 31, 2005.

### Fiscal 2006 First Quarter Results

Revenue for the first quarter of fiscal 2006 was \$47.6 million, compared to \$45.0 million for the first quarter of fiscal 2005. The increase reflects the inclusion of recently acquired Skybility for six weeks of the fiscal 2006 first quarter, which contributed revenue of \$1.2 million during this period.

Net income for the fiscal 2006 first quarter was \$2.0 million or \$0.09 per diluted share compared to net income of \$1.3 million or \$0.07 per diluted share for the first quarter of last year. This represents a 51% increase in net income. First quarter results include pretax charges of \$293,000 and \$471,000 in fiscal 2006 and 2005, respectively, for the write-off of in-process research and development associated with acquisitions.

Gross profit for the first quarter of fiscal 2006 was \$10.7 million, or 22.5% of revenues compared to \$8.3 million or 18.4% of revenues for the same period last year. The increases in gross profit and gross margin were primarily the result of changes in product mix for Products Division sales and actions taken to improve the financial performance of the Solutions Division.

"We are quite pleased with the bottom line improvement generated during the first quarter of fiscal 2006," commented Fred Sturm, CalAmp's President and Chief Executive Officer. "Earnings per share of \$0.09 was at the

high end of our guidance range for the quarter and was driven by improved gross margins in both the Products and Solutions Divisions. During the quarter, the Products Division benefited from a mix of products favoring higher-margin Direct Broadcast Satellite (DBS) equipment and positive contributions from Skybility, which was acquired mid-quarter. The integration of Skybility has now been completed and we look forward to leveraging CalAmp's high volume manufacturing capability and design and development expertise with Skybility's strong customer relationships and intellectual property. The Solutions Division is also showing improved results as we continue to execute on our strategy of selectively pursuing higher-margin business opportunities and refining the cost structure required to deliver our services."

Mr. Sturm continued, "As anticipated, during the first quarter, our primary DBS customers adjusted their inventory holding levels, resulting in a sequential decline in Product Division quarterly revenues. However, the order rate has increased in the beginning of our fiscal 2006 second quarter due to continued demand for feature rich equipment that supports our customers' multi-satellite and digital video recorder service offerings. Longer term, we expect to benefit from higher value added products and the higher gross profit associated with these advanced products."

#### Liquidity

At May 31, 2005, the Company had total cash of \$29.2 million, with \$9.8 million in total outstanding debt. During the past 12 months total cash increased by \$5.5 million due primarily to \$13 million of cash provided from operating activities, partially offset by cash used for the Skybility acquisition of \$4.9 million and debt reductions of \$3 million.

#### Business Outlook

Commenting on the Company's fiscal 2006 second quarter outlook, Mr. Sturm said, "Based on our current projections, we estimate that fiscal 2006 second quarter revenues will be in the range of \$52 to \$60 million, and that earnings will be in the range of \$0.10 to \$0.14 per diluted share. For the full year of fiscal 2006, we continue to target 10% to 15% revenue growth reflecting introduction of new products, growth in our DBS business, and the contributions of our recent strategic acquisitions made to diversify our markets and customer base."

#### Conference Call and Webcast

A conference call and simultaneous webcast to discuss fiscal 2006 first quarter financial results and business outlook 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](http://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, healthcare industry, enterprise-class Wi-Fi networks and digital multimedia delivery applications. For additional information, please visit the Company's web site at [www.calamp.com](http://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," 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, 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  
May 31,  
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2005    2004  
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Revenues	\$ 47,580	\$ 44,997
Cost of revenues	36,882	36,696
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Gross profit	10,698	8,301
Operating expenses:		
Research and development	2,197	1,807
Selling	1,872	1,072
General and administrative	2,614	2,445
Intangible asset amortization	443	260
In-process research and development	293	471
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	7,419	6,055
	-----	
Operating income	3,279	2,246
Non-operating income (expense), net		43 (64)
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Income before income taxes	3,322	2,182
Income tax provision	(1,345)	(873)
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Net income	\$ 1,977	\$ 1,309
	=====	=====
Net income per share:		
Basic	\$ 0.09	\$ 0.07
Diluted	\$ 0.09	\$ 0.07
Shares used in per share calculations:		
Basic	22,492	18,755
Diluted	22,910	19,750

#### Business Segment Information

Three Months Ended  
May 31,

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2005 2004  
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Revenue		
Products Division	\$ 41,168	\$ 40,499
Solutions Division	6,412	4,498

Total revenue	\$ 47,580	\$ 44,997
Gross profit		
Products Division	\$ 8,810	\$ 7,266
Solutions Division	1,888	1,035
Total gross profit	\$ 10,698	\$ 8,301
Operating income (loss)		
Products Division	\$ 5,356	\$ 4,634
Solutions Division	(1,143)	(1,509)
Corporate expenses	(934)	(879)
Total operating income	\$ 3,279	\$ 2,246

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

May 31,   February 28,  
2005      2005

Assets

Current assets:

Cash and cash equivalents	\$ 29,186	\$ 31,048
Accounts receivable, net	24,101	27,027
Inventories	26,533	21,465
Deferred income tax assets	5,716	6,118
Prepaid expenses and other current assets	3,780	2,876

Total current assets                   89,316    88,534

Equipment and improvements, net                   5,513    5,383

Deferred income tax assets                   4,869    5,285

Goodwill                                   94,977    92,834

Other intangible assets, net	4,554	4,028
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Other assets	682	691
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	\$ 199,911	\$ 196,755
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Liabilities and Stockholders' Equity

Current liabilities:

Current portion of long-term debt	\$ 2,880	\$ 2,897
Accounts payable	21,835	18,389
Accrued payroll and employee benefits	2,099	3,652
Other accrued liabilities	3,285	3,127
Deferred revenue	1,474	1,597

Total current liabilities	31,573	29,662
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Long-term debt, less current portion	6,965	7,679
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Other non-current liabilities	1,093	1,126
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Stockholders' equity:

Common stock	227	227
Additional paid-in capital	131,799	131,784
Common stock held in escrow	(2,548)	(2,548)
Retained earnings	31,603	29,626
Accumulated other comprehensive loss	(801)	(801)

Total stockholders' equity	160,280	158,288
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	\$ 199,911	\$ 196,755
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CAL AMP CORP.  
CONSOLIDATED CASH FLOW STATEMENTS  
(Unaudited - In thousands)

Three Months Ended  
May 31,

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	2005	2004
	-----	-----
Cash flows from operating activities:		
Net income	\$ 1,977	\$ 1,309
Depreciation and amortization	1,080	959
Write-off of in-process R&D	293	471
Increase in equity associated with tax benefit of stock option exercises	2	41
Deferred tax assets, net	818	809
Changes in operating working capital	(62)	85
Other	7	(2)
	-----	-----
Net cash provided by operating activities	4,115	3,672
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Cash flows from investing activities:		
Capital expenditures	(373)	(686)
Proceeds from sale of property and equipment	-	177
Acquisition of Skybility assets	(4,886)	-
Acquisition of Vytex Corp., net of cash acquired	-	(1,727)
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Net cash used in investing activities	(5,259)	(2,236)
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Cash flows from financing activities:		
Debt repayments, net of borrowings	(731)	(768)
Proceeds from stock option exercises	13	87
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Net cash used in financing activities	(718)	(681)
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Net change in cash	(1,862)	755
Cash at beginning of period	31,048	22,885
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Cash at end of period	\$ 29,186	\$ 23,640
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Financial Relations Board

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SOURCE: CalAmp Corp.