



NEWS RELEASE

CalAmp Reports Fiscal 2006 Second Quarter Results

10/6/2005

OXNARD, Calif.--(BUSINESS WIRE)--Oct. 6, 2005--CalAmp Corp. (Nasdaq:CAMP):

-- Q2 Net Income More than Doubles Driven by Gross Margin Improvements

-- Operating Income Reaches Record Level

CalAmp Corp. (Nasdaq:CAMP), a leading provider of wireless products and engineering services, today reported results for its fiscal 2006 second quarter ended August 31, 2005.

Fiscal 2006 Second Quarter Results

Revenue for the fiscal 2006 second quarter was \$57.7 million, a 13.4% increase compared to \$50.8 million for the second quarter of fiscal 2005. In addition to the improved revenue from our DBS satellite products, the increase is attributable to sales of 2-way wireless modules and to the inclusion of our Machine-to-Machine (M2M) radios product line, which was acquired during the first quarter of fiscal 2006.

Net income for the fiscal 2006 second quarter was \$3.7 million or \$0.16 per diluted share compared to net income of \$1.7 million or \$0.08 per diluted share for the second quarter of last year.

Gross profit for the second quarter of fiscal 2006 was \$13.4 million, or 23.3% of revenues compared to \$10.3 million or 20.3% of revenues for the same period last year. The increases in gross profit and gross margin were primarily the result of increased sales of higher-margin products of the Products Division and ongoing actions taken to improve the financial performance of the Solutions Division.

"We are very pleased with the improvements in profitability achieved during the latest quarter," commented Fred Sturm, CalAmp's President and Chief Executive Officer. "Our operating income of \$6.1 million established a record for a single quarter and earnings per share of \$0.16 was higher than our expected EPS range of \$0.10 to \$0.14. These results were driven by improved gross margins in both the Products and Solutions Divisions."

Mr. Sturm continued, "During the quarter we benefited from increased revenues in our higher margin M2M and other wireless product offerings. The Solutions Division is also showing improved results as we continued to alter its cost structure and focus our efforts on higher margin opportunities. Although the Solutions Division experienced a decline in revenues as a result of our decision to forego non-strategic and marginally profitable business, gross margins increased to 34% in the latest quarter, from 23% gross margins in the same period last year. We can now shift our focus to growing the Solutions Division top line, which is an important factor in meeting our target of achieving operating profitability by the fiscal 2006 fourth quarter."

Liquidity

At August 31, 2005, the Company had total cash of \$33.1 million, with \$9.1 million in total outstanding debt. During the first six months of fiscal 2006 total cash and cash equivalents increased by \$2 million due primarily to \$9.1 million of cash provided from operating activities, partially offset by cash used for the M2M product line acquisition of \$4.9 million and debt reductions of \$1.5 million. Inventory was \$21.3 million at the end of the second quarter, representing annualized turns of about 8 times. Accounts receivable outstanding at the end of the second quarter represents a 38 day average collection period, which is within expectations.

Business Outlook

Commenting on the Company's fiscal 2006 third quarter outlook, Mr. Sturm said, "Based on our current projections, we estimate that fiscal 2006 third quarter revenues will be in the range of \$60 to \$68 million, and that earnings will be in the range of \$0.17 to \$0.21 per diluted share. We expect revenue for the full year of fiscal 2006 will grow approximately 10% over last year."

Conference Call and Webcast

A conference call and simultaneous webcast to discuss fiscal 2006 second 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. 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.

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		Six Months Ended	
August 31,		August 31,	

2005	2004	2005	2004

Revenues	\$ 57,661	\$50,827	\$105,241	\$ 95,824
Cost of revenues	44,246	40,503	81,128	77,199

Gross profit	13,415	10,324	24,113	18,625
Operating expenses:				
Research and development	2,360	2,068	4,557	3,875
Selling	1,796	1,732	3,668	2,804
General and administrative	2,607	3,179	5,221	5,624
Intangible asset amortization	529	461	972	721
In-process research and development	27	-	320	471

	7,319	7,440	14,738	13,495

Operating income	6,096	2,884	9,375	5,130
Non-operating income (expense), net	26	(75)	69	(139)

Income before income taxes	6,122	2,809	9,444	4,991
Income tax provision	(2,441)	(1,063)	(3,786)	(1,936)

Net income	\$ 3,681	\$ 1,746	\$ 5,658	\$ 3,055
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Net income per share:

Basic	\$ 0.16	\$ 0.08	\$ 0.25	\$ 0.15
Diluted	\$ 0.16	\$ 0.08	\$ 0.24	\$ 0.14

Shares used in per share calculations:

Basic	22,490	22,292	22,491	20,524
Diluted	23,314	22,809	23,112	21,224

Business Segment Information

	Three Months Ended		Six Months Ended	
	August 31,		August 31,	

	2005	2004	2005	2004

Revenue				
Products Division	\$ 52,598	\$43,056	\$ 93,766	\$ 83,555
Solutions Division	5,063	7,771	11,475	12,269

Total revenue	\$ 57,661	\$50,827	\$105,241	\$ 95,824
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Gross profit				
Products Division	\$ 11,724	\$ 8,503	\$ 20,534	\$ 15,769
Solutions Division	1,691	1,821	3,579	2,856

Total gross profit	\$ 13,415	\$10,324	\$ 24,113	\$ 18,625
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Operating income (loss)				
Products Division	\$ 7,691	\$ 6,036	\$ 13,047	\$ 10,670
Solutions Division	(513)	(2,083)	(1,656)	(3,592)
Corporate expenses	(1,082)	(1,069)	(2,016)	(1,948)

Total operating income	\$ 6,096	\$ 2,884	\$ 9,375	\$ 5,130
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CAL AMP CORP.
CONSOLIDATED BALANCE SHEETS
(Unaudited - In thousands)

August 31, February 28,
2005 2005

Assets

Current assets:		
Cash and cash equivalents	\$ 33,099	\$ 31,048
Accounts receivable, net	25,571	27,027
Inventories	21,264	21,465
Deferred income tax assets	4,944	6,118
Prepaid expenses and other current assets	2,358	2,876

Total current assets	87,236	88,534
Equipment and improvements, net	5,490	5,383
Deferred income tax assets, less current		

portion	4,211	5,285
Goodwill	92,595	92,834
Other intangible assets, net	6,235	4,028
Other assets	550	691

	\$ 196,317	\$ 196,755
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Liabilities and Stockholders' Equity

Current liabilities:

Current portion of long-term debt	\$ 2,857	\$ 2,897
Accounts payable	13,384	18,389
Accrued payroll and employee benefits	2,915	3,652
Other accrued liabilities	4,492	3,127
Deferred revenue	1,256	1,597

Total current liabilities	24,904	29,662

Long-term debt, less current portion	6,250	7,679

Other non-current liabilities	1,116	1,126

Stockholders' equity:

Common stock	227	227
Additional paid-in capital	131,885	131,784
Common stock held in escrow	(2,548)	(2,548)
Retained earnings	35,284	29,626
Accumulated other comprehensive loss	(801)	(801)

Total stockholders' equity	164,047	158,288

	\$ 196,317	\$ 196,755
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(Unaudited - In thousands)

	Six Months Ended	
	August 31,	
	2005	2004
Cash flows from operating activities:		
Net income	\$ 5,658	\$ 3,055
Depreciation and amortization	2,299	2,075
Write-off of in-process R&D	320	471
Equipment impairment writedowns	-	201
Deferred tax assets, net	2,248	1,657
Changes in operating working capital	(1,492)	(1,875)
Other	42	143
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Net cash provided by operating activities	9,075	5,727
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Cash flows from investing activities:		
Capital expenditures	(1,060)	(1,243)
Proceeds from sale of assets	141	627
Acquisition of Skybility business	(4,897)	-
Acquisition of Vyteck Corp., net of cash acquired	-	(1,727)
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Net cash used in investing activities	(5,816)	(2,343)
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Cash flows from financing activities:		
Debt repayments, net of borrowings	(1,460)	(1,557)
Proceeds from stock option exercises	252	556
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Net cash used in financing activities	(1,208)	(1,001)
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Net change in cash and cash equivalents	2,051	2,383
Cash and cash equivalents at beginning of period	31,048	22,885
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Cash and cash equivalents at end of period	\$33,099	\$25,268
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Financial Relations Board

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SOURCE: CalAmp Corp.