



NEWS RELEASE

CalAmp Reports Fiscal 2007 Second Quarter Results

10/12/2006

OXNARD, Calif., Oct 12, 2006 (BUSINESS WIRE) -- CalAmp Corp. (Nasdaq:CAMP), a leading provider of wireless products and engineering services, today reported results for its fiscal 2007 second quarter ended August 31, 2006. Key highlights include:

-- Revenues of \$57.9 million and earnings of \$0.05 per diluted share

-- Consolidated gross margin increase to 24.2%, from 23.3% in the same period last year

"Our business performed as expected during the second quarter, with operating results in-line with our prior guidance," commented Fred Sturm, CalAmp's President and Chief Executive Officer. "CalAmp's revenues and gross margin were enhanced by our wireless connectivity business, which includes contributions from our existing Machine-to-Machine (M2M) and public safety products along with the recent acquisitions of Dataradio Inc. and the Mobile Resource Management (MRM) product line. During the quarter, we began the progress of integrating these acquisitions into our wireless connectivity businesses. We believe these acquisitions have significant long-term revenue growth opportunities, will improve our overall margins and increase our customer diversification. Also, as previously announced, Dataradio recently won a \$3.8 million contract to provide a mobile data communications system for the police, fire and EMS personnel of Onondaga County, New York. Last month we began initial delivery of the system and we expect deliveries to continue through fiscal 2007 and concluding in fiscal 2008."

Mr. Sturm continued, "Consistent with our objective of maintaining CalAmp's leadership position in the outdoor DBS equipment marketplace, we also made further progress on product development initiatives for our next generation equipment. We anticipate receiving product approval from our key customers in the near future with initial shipments beginning in the latter part of our fiscal third quarter. We anticipate revenue from these new products to reach meaningful levels during our fourth quarter which is normally a seasonally lower period of

demand for our DBS products."

Fiscal 2007 Second Quarter Results

Revenue for the fiscal 2007 second quarter was \$57.9 million, essentially flat with the \$57.7 million for the second quarter of fiscal 2006. Growth in the Company's wireless data connectivity business, due primarily to the May 2006 acquisitions of Dataradio and the MRM product line, more than offset lower DBS product sales and Solutions Division revenue in the quarter.

Net income for the fiscal 2007 second quarter was \$1.2 million or \$0.05 per diluted share compared to net income of \$3.7 million or \$0.16 per diluted share for the second quarter of last year. Included in the fiscal 2007 second quarter net income is additional expense of \$1,001,000 for amortization of intangible assets related to the recent acquisitions of Dataradio and the MRM product line, \$653,000 for stock option expense related to the current year adoption of FAS 123R, and an increase in net interest expense of \$382,000, all amounts prior to income tax effects.

Gross profit for the second quarter of fiscal 2007 was \$14.0 million, or 24.2% of revenues compared to \$13.4 million or 23.3% 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, including growth of the Company's higher-margin wireless connectivity business, and ongoing actions taken to improve the financial performance of the Solutions Division.

Liquidity

At August 31, 2006, the Company had total cash of \$25.5 million, with \$38.0 million in total outstanding debt. Net cash provided by operating activities during the first six months of fiscal 2007 was \$5.4 million after excluding a payment of cash bonuses totaling \$5.4 million made to employees of Dataradio during the second quarter for incentives that were accrued as expenses in Dataradio's pre-acquisition income statement. These bonuses were paid from cash that was on Dataradio's balance sheet at the time of acquisition by CalAmp. Inventories were \$21.9 million at the end of the second quarter, representing annualized turns of 8 times based on cost of sales in the latest quarter. Accounts receivable outstanding at the end of the second quarter represents a 52 day average collection period.

Business Outlook

Commenting on the Company's fiscal 2007 third quarter outlook, Mr. Sturm said, "Based on our current forecasts, we estimate that fiscal 2007 third quarter revenues will be in the range of \$59 to \$65 million, with earnings in the range of \$0.04 to \$0.08 per diluted share. We expect that our consolidated gross margin for the third quarter will be

impacted by heavier than normal costs for air freight shipments of incoming materials and lower margins on final shipments of end-of-life DBS products. In addition, our earnings forecast also includes amortization of intangible assets related to the recent acquisitions of Dataradio and the MRM product line of approximately \$928,000, FAS 123R stock option expense of \$725,000, and net interest expense of \$345,000, all prior to income tax effects."

Conference Call, Webcast and 10-Q filing

A conference call and simultaneous webcast to discuss fiscal 2007 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.

The reader is also referred to the Company's quarterly report on Form 10-Q, filed today with the Securities and Exchange Commission.

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, private wireless networks, public safety communications and critical infrastructure and process control 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, the timing of customer approvals of new product designs, operating costs, 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 Statements of Operations and
 Reconciliation of Non-GAAP Adjustments
 (Unaudited, in thousands except per share amounts)

	Three months ended August 31,	
	2006	2005
Revenues	\$57,934	\$57,661
Cost of revenues	43,923	44,246
Gross profit	14,011	13,415
Operating expenses:		
Research and development	3,792	2,360
Selling	3,005	1,796
General and administrative	3,517	2,607
Intangible asset amortization	1,275	529
In-process research and development	-	27
Impairment loss	-	-
	11,589	7,319
Operating income (loss)	2,422 (a)	6,096
Non-operating income (expense), net	(246)	26
Income (loss) before income taxes	2,176	6,122

Income tax provision	(941)	(2,441)
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Net income (loss)	\$ 1,235	\$ 3,681
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Net income (loss) per share:

Basic	\$ 0.05	\$ 0.16
Diluted	\$ 0.05	\$ 0.16

Shares used in per share calculations:

Basic	23,337	22,490
Diluted	23,689	23,314

	Six Months Ended August 31, 2006		Six months ended Aug. 31, 2005	
	GAAP Basis	Non-GAAP Adjustments	Adjusted Basis	
Revenues	\$104,247		\$104,247	\$105,241
Cost of revenues	79,309		79,309	81,128
Gross profit	24,938		24,938	24,113
Operating expenses:				
Research and development	6,357		6,357	4,557
Selling	4,776		4,776	3,668
General and administrative	6,330		6,330	5,221
Intangible asset amortization	1,676		1,676	972
In-process research and development	6,850	\$ (6,850)(b)	0	320
Impairment loss	29,848	(29,848)(c)	0	-
	55,837	(36,698)	19,139	14,738
Operating income (loss)	(30,899)(a)	36,698	5,799	9,375

Non-operating income				
(expense), net	715	(689)(d)	26	69
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Income (loss) before				
income taxes	(30,184)	36,009	5,825	9,444
Income tax provision	(2,632)	276 (e)	(2,356)	(3,786)
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Net income (loss)	\$(32,816)	\$ 36,285	\$ 3,469	\$ 5,658
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Net income (loss) per				
share:				
Basic	\$ (1.41)	\$ 0.15	\$ 0.25	
Diluted	\$ (1.41)	\$ 0.15	\$ 0.24	

Shares used in per				
share calculations:				
Basic	23,230	23,230	22,491	
Diluted	23,230	23,714	23,112	

(a) Operating income (loss) for the three and six months ended August 31, 2006 includes share-based compensation expense pursuant to FAS123R of \$653 and \$1,073, respectively. Such expense is included in the following captions of the Statement of Operations:

	Three Months	Six Months
Statement of Operations	Ended Aug.	Ended Aug.
Caption	31, 2006	31, 2006
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Cost of revenues	\$75	\$105
Research and development		
expense	117	158
Selling expense	62	106
General and administrative		
expense	399	704
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	\$653	\$1,073
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(b) In-process research and development write-off arising from the acquisition of Dataradio

(c) Solutions Division goodwill and intangible assets impairment charge

(d) Foreign currency hedging gain realized in connection with the acquisition of Dataradio

(e) Tax expense associated with the foreign currency hedging gain

"GAAP" refers to financial information presented in accordance with Generally Accepted Accounting Principles in the United States.

This press release includes historical non-GAAP financial measures, as defined in Regulation G promulgated by the Securities and Exchange Commission, with respect to the six months ended August 31, 2006.

CalAmp believes that its presentation of historical non-GAAP financial measures provides useful supplementary information to investors. The presentation of historical non-GAAP financial measures is not meant to be considered in isolation from or as a substitute for results prepared in accordance with accounting principles generally accepted in the United States.

In this press release, CalAmp reported the non-GAAP financial measures of Adjusted Basis net income and diluted earnings per share. CalAmp uses these non-GAAP financial measures to enhance the investor's overall understanding of the financial performance and prospects for the future of CalAmp's core business activities. Specifically, CalAmp believes that a report of Adjusted Basis net income and diluted earnings per share provides consistency in its financial reporting and facilitates the comparison of results of core business operations between its current, past and future periods.

CAL AMP CORP.
Consolidated Statements of Operations and
Reconciliation of Non-GAAP Adjustments
(continued)

Business Segment Information

Three months ended August 31,

	2006		2005	
Revenue				
Products Division	\$	55,343	\$	52,598
Solutions Division		2,591		5,063
Total revenue	\$	57,934	\$	57,661
Gross profit				
Products Division	\$	12,644	\$	11,724
Solutions Division		1,367		1,691
Total gross profit	\$	14,011	\$	13,415
Operating income (loss) (a)				
Products Division	\$	4,374	\$	7,691
Solutions Division		(423)		(513)
Corporate expenses		(1,529)		(1,082)
Total operating income (loss)	\$	2,422	\$	6,096

Six Months Ended August 31, 2006

	Six months ended			
	GAAP Basis	Non-GAAP Adjustments	Adjusted Aug. 31, Basis	2005
Revenue				
Products Division	\$ 98,300		\$ 98,300	\$ 93,766
Solutions Division	5,947		5,947	11,475

Total revenue	\$104,247	\$104,247	\$105,241
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Gross profit			
Products Division	\$ 22,731	\$ 22,731	\$ 20,534
Solutions Division	2,207	2,207	3,579
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Total gross profit	\$ 24,938	\$ 24,938	\$ 24,113
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Operating income (loss)			
(a)			
Products Division	\$ 3,517	\$ 6,850	(b) \$ 10,367
Solutions Division	(31,605)	29,848	(c) (1,757)
Corporate expenses	(2,811)	(2,811)	(2,016)
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Total operating income (loss)	\$(30,899)	\$36,698	\$ 5,799
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(a) Operating income (loss) for the three and six months ended August 31, 2006 includes share-based compensation expense pursuant to FAS123R of \$653 and \$1,073, respectively. Such expense is included in the operating income (loss) of the reporting segments as follows:

Reporting Segment	Three Months Ended Aug. 31, 2006	Six Months Ended Aug. 31, 2006
Products Division	\$250	\$390
Solutions Division	119	191
Corporate expenses	284	492
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	\$653	\$1,073
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(b) In-process research and development write-off arising from the acquisition of Dataradio

(c) Solutions Division goodwill and intangible assets impairment charge

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

August February
31, 28,
2006 2006

Assets

Current assets:

Cash and cash equivalents	\$ 25,485	\$ 45,783
Accounts receivable, net	38,822	28,630
Inventories	21,887	18,279
Deferred income tax assets	4,877	4,042
Prepaid expenses and other current assets	7,705	2,502

Total current assets	98,776	99,236
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Equipment and improvements, net	6,583	5,438
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Deferred income tax assets	-	2,344
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Goodwill	89,829	91,386
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Other intangible assets, net	21,102	5,304
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Other assets	1,532	638
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	\$217,822	\$204,346
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Liabilities and
Stockholders' Equity

Current liabilities:

Current portion of long-term debt	\$ 1,521	\$ 2,168
Accounts payable	17,077	12,011
Accrued payroll and employee benefits	2,928	3,608
Other accrued liabilities	5,630	2,763
Deferred revenue	1,346	1,323

Total current liabilities	28,502	21,873
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Long-term debt, less current portion	36,500	5,511

Deferred income tax liability	4,013	-

Other non-current liabilities	1,076	853

Stockholders' equity:		
Common stock	233	232
Additional paid-in capital	136,925	135,022
Common stock held in escrow	-	(2,532)
Retained earnings	11,372	44,188
Accumulated other comprehensive loss	(799)	(801)

Total stockholders' equity	147,731	176,109

	\$217,822	\$204,346
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CAL AMP CORP.
CONSOLIDATED CASH FLOW STATEMENTS
(Unaudited - In thousands)

Six Months Ended
August 31,

2006 2005

Cash flows from operating activities:		
Net income (loss)	\$(32,816)	\$ 5,658
Depreciation and amortization	3,111	2,299
Stock-based compensation expense	1,073	-
Write-off of in-process R&D	6,850	320
Impairment loss	29,848	-
Excess tax benefit from stock-based compensation	(258)	-
Deferred tax assets, net	(261)	2,248
Changes in operating working capital	(7,636)	(1,492)
Other	58	42

Net cash provided by operating activities
 (A) (31) 9,075

Cash flows from investing activities:

Capital expenditures	(1,382)	(1,060)	
Proceeds from sale of property and equipment	16	141	
Acquisition of Dataradio net of cash acquired	(48,038)	-	
Acquisition of TechnoCom product line	(2,478)	-	
Proceeds from Vitek escrow distribution	480	-	
Acquisition of Skybility assets	-	(4,897)	

Net cash used in investing activities (51,402) (5,816)

Cash flows from financing activities:

Proceeds from long-term debt	38,000	-	
Debt repayments	(7,658)	(1,460)	
Proceeds from stock option exercises	533	252	
Excess tax benefit from stock-based compensation	258	-	

Net cash provided (used) by financing activities 31,133 (1,208)

Effect of exchange rate changes on cash 2 -

Net change in cash (20,298) 2,051

Cash at beginning of period 45,783 31,048

Cash at end of period \$ 25,485 \$33,099

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(A) Net cash provided by operating activities for the six months ended August 31, 2006 is net of the payment of \$5,355,000 of accrued incentives paid by Dataradio to its workforce shortly after the acquisition by CalAmp. These incentives were recorded as an expense in Dataradio's pre-acquisition income statement.

SOURCE: CalAmp Corp.

CalAmp Corp.

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or

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