



NEWS RELEASE

CalAmp Reports Fiscal 2007 Third Quarter Results

1/11/2007

OXNARD, Calif., Jan 11, 2007 (BUSINESS WIRE) -- CalAmp Corp. (Nasdaq:CAMP), a leading provider of wireless communications products, today reported results for its fiscal 2007 third quarter ended November 30, 2006. Key highlights of the latest quarter include:

-- Initial shipments of new generation Direct Broadcast Satellite (DBS) products to support service providers' rollout of high definition television (HDTV) programming.

-- Revenues of \$61.1 million, GAAP earnings of \$0.04 per diluted share and Adjusted Basis (non-GAAP) earnings of \$0.08 per diluted share within expectations.

"During the fiscal third quarter, our core DBS business continued to generate solid cash flows, and we made progress executing on our business strategy to increase our market presence in wireless data communication markets," commented Fred Sturm, CalAmp's President and Chief Executive Officer. "On a sequential quarter basis, CalAmp's increase in revenues was driven by sales to our Direct Broadcast Satellite (DBS) customers along with growth in several of our wireless data communications offerings including products for Mobile Resource Management (MRM)."

Mr. Sturm continued, "CalAmp achieved a number of important operational milestones during the third quarter, which position the Company for a solid finish to fiscal 2007. Toward the end of the quarter, we received product approval from both of our DBS customers and began shipping next generation outdoor reception equipment. During our fourth quarter, we expect meaningful revenues from the new DBS products. As an indication of our leadership position in this market, CalAmp is currently the only company supplying these latest products to both DBS service providers. In our wireless data communications business, we continue to aggressively execute our growth strategy. Dataradio recently won a \$1.3 million contract to provide a mobile data communications system for the police, fire and EMS personnel of Genesee County, Michigan. Additionally, CalAmp was selected to provide

key MRM components for GE Security's new NavLogix(TM) fleet tracking service."

Fiscal 2007 Third Quarter Results

Revenue for the fiscal 2007 third quarter was \$61.1 million compared to \$64.5 million for the third quarter of fiscal 2006. Growth in the Company's wireless data communications business, driven by the May 2006 acquisitions of Dataradio and the MRM product line, partially offset lower DBS product sales and Solutions Division revenue in the latest quarter.

Net income for the fiscal 2007 third quarter was \$0.9 million or \$0.04 per diluted share compared to net income of \$5.4 million or \$0.23 per diluted share for the third quarter of last year. Adjusted Basis (non-GAAP) net income for the fiscal 2007 third quarter was \$2.0 million or \$0.08 per diluted share compared to Adjusted Basis net income of \$5.7 million or \$0.24 per diluted share for the same period last year. Adjusted Basis net income for the comparable periods exclude the impact of amortization of intangible assets, stock-based compensation expense, in-process research and development and impairment loss, each net of tax where applicable. A reconciliation of GAAP basis net income to Adjusted Basis net income is provided in the table at the end of this press release.

Gross profit for the third quarter of fiscal 2007 was \$12.7 million, or 20.8% of revenues compared to \$16.5 million or 25.5% of revenues for the same period last year. The reduction in gross profit and gross margin were primarily the result of higher freight costs and lower margins on final shipments of end-of-life DBS products. The Company made the decision to incur higher freight costs to expedite incoming materials in response to supply chain disruptions and demand volatility in order to meet customer requirements. The Company expects the higher level of freight costs to persist through much of the fourth quarter until the supply pipeline for new DBS products has been filled.

Liquidity

During the nine months ended November 30, 2006, the Company generated operating cash flow of \$11.7 million. At November 30, 2006, the Company had total cash of \$33.3 million, with \$34.3 million in total outstanding debt. Inventories were \$20.8 million at the end of the third quarter, representing annualized turns of 9 times based on cost of sales in the latest quarter. Accounts receivable outstanding at the end of the third quarter represents a 51 day average collection period.

Business Outlook

Commenting on the Company's fiscal 2007 fourth quarter outlook, Mr. Sturm said, "Based on our current estimates, we anticipate fiscal 2007 fourth quarter revenues will be in the range of \$54 to \$60 million, with net income in the

range of \$0.03 to \$0.07 per diluted share. Adjusted Basis (Non-GAAP) net income for the fourth quarter, which excludes amortization of intangible assets and stock-based compensation expense--each net of tax--is expected to be \$0.07 to \$0.11 per diluted share."

Conference Call, Webcast and 10-Q filing

A conference call and simultaneous webcast to discuss fiscal 2007 third 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 communications products 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 data communication 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
(Unaudited, in thousands except per share amounts)

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2006	2005	2006	2005
Revenues	\$61,092	\$64,463	\$165,339	\$169,704
Cost of revenues	48,390	47,999	127,699	129,127
Gross profit	12,702	16,464	37,640	40,577
Operating expenses:				
Research and development	4,099	2,585	10,456	7,142
Selling	2,614	1,914	7,390	5,582
General and administrative	3,308	2,679	9,638	7,900
Intangible asset amortization	1,229	403	2,905	1,375
In-process research and development	-	-	6,850	320
Impairment loss	-	-	29,848	-
	11,250	7,581	67,087	22,319
Operating income (loss)	1,452 (a)	8,883	(29,447)(a)	18,258
Non-operating income (expense), net	(141)	162	574	231
Income (loss) before income				

taxes	1,311	9,045	(28,873)	18,489
Income tax provision	(415)	(3,606)	(3,047)	(7,392)
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Net income (loss)	\$ 896	\$ 5,439	\$(31,920)	\$ 11,097
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Net income (loss) per share:

Basic	\$ 0.04	\$ 0.24	\$ (1.37)	\$ 0.49
Diluted	\$ 0.04	\$ 0.23	\$ (1.37)	\$ 0.48

Shares used in per share

calculations:

Basic	23,414	22,580	23,290	22,520
Diluted	23,679	23,592	23,290	23,272

(a) Operating income (loss) for the three and nine months ended November 30, 2006 includes share-based compensation expense pursuant to FAS123R of \$541 and \$1,614, respectively. Such expense is included in the following captions of the Statement of Operations:

	Three	Nine
	Months	Months
	Ended	Ended
Statement of	Nov. 30,	Nov. 30,
Operations Caption	2006	2006

Cost of revenues	\$39	\$112
Research and development expense	55	166
Selling expense	65	191
General and administrative expense	382	1,145
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	\$541	\$1,614
	=====	=====

CAL AMP CORP.
BUSINESS SEGMENT INFORMATION
(Unaudited, in thousands except per share amounts)

Three Months Ended Nine Months Ended

	November 30,		November 30,	
	2006	2005	2006	2005
Revenue				
Products Division	\$59,484	\$59,565	\$157,784	\$153,331
Solutions Division	1,608	4,898	7,555	16,373
Total revenue	\$61,092	\$64,463	\$165,339	\$169,704
Gross profit				
Products Division	\$11,983	\$14,441	\$ 34,714	\$ 34,975
Solutions Division	719	2,023	2,926	5,602
Total gross profit	\$12,702	\$16,464	\$ 37,640	\$ 40,577
Operating income (loss)				
Products Division	\$ 3,819	\$10,406	\$ 7,336	\$ 23,453
Solutions Division	(779)	(373)	(32,384)	(2,029)
Corporate expenses	(1,588)	(1,150)	(4,399)	(3,166)
Total operating income (loss)	\$ 1,452	(a)\$ 8,883	\$(29,447)	(a)\$ 18,258

(a) Operating income (loss) for the three and nine months ended November 30, 2006 includes share-based compensation expense pursuant to FAS123R of \$541 and \$1,614, respectively. Such expense is included in the operating income (loss) of the reporting segments as follows:

Reporting Segment	Three Months Ended 2006	Nine Months Ended Nov. 30, 2006	Nine Months Ended Nov. 30, 2006
Products Division	\$141	\$531	
Solutions Division	105	296	
Corporate expenses	295	787	

\$541 \$1,614
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CAL AMP CORP.
CONSOLIDATED BALANCE SHEETS
(Unaudited - In thousands)

November February
30, 28,
2006 2006

Assets

Current assets:

Cash and cash equivalents	\$ 33,284	\$ 45,783
Accounts receivable, net	30,274	28,630
Inventories	20,821	18,279
Deferred income tax assets	4,139	4,042
Prepaid expenses and other current assets	8,443	2,502

Total current assets 96,961 99,236

Equipment and improvements, net 6,571 5,438

Deferred income tax assets, less current portion - 2,344

Goodwill 89,835 91,386

Other intangible assets, net 19,872 5,304

Other assets 1,399 638

\$214,638 \$204,346
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Liabilities and
Stockholders' Equity

Current liabilities:

Current portion of long-term debt	\$ 2,215	\$ 2,168
Accounts payable	12,820	12,011
Accrued payroll and employee benefits	3,431	3,608
Other accrued liabilities	4,954	2,763
Deferred revenue	1,313	1,323

Total current liabilities	24,733	21,873

Long-term debt, less current portion	32,048	5,511

Deferred income tax liabilities	7,109	-

Other non-current liabilities	1,034	853

Stockholders' equity:		
Common stock	235	232
Additional paid-in capital	138,199	135,022
Common stock held in escrow	-	(2,532)
Retained earnings	12,268	44,188
Accumulated other comprehensive loss	(988)	(801)

Total stockholders' equity	149,714	176,109

	\$214,638	\$204,346
	=====	=====

CAL AMP CORP.
CONSOLIDATED CASH FLOW STATEMENTS
(Unaudited - In thousands)

Nine Months Ended
November 30,

2006 2005

Cash flows from operating activities:		
Net income (loss)	\$(31,920)	\$11,097
Depreciation and amortization	5,027	3,305
Stock-based compensation expense	1,614	-
Write-off of in-process R&D	6,850	320
Impairment loss	29,848	-
Stock option income tax benefits	-	678
Excess tax benefit from stock-based compensation	(392)	-
Deferred tax assets, net	3,555	5,431

Changes in operating working capital	(2,973)	(6,485)
Other	84	16

Net cash provided by operating activities (A)	11,693	14,362

Cash flows from investing activities:		
Capital expenditures	(2,112)	(1,555)
Proceeds from sale of property and equipment	16	143
Acquisition of Dataradio net of cash acquired	(48,047)	-
Acquisition of TechnoCom product line	(2,478)	-
Proceeds from Vytek escrow distribution	480	-
Acquisition of Skybility assets	-	(4,897)

Net cash used in investing activities	(52,141)	(6,309)

Cash flows from financing activities:		
Proceeds from long-term debt	38,000	-
Debt repayments	(11,416)	(2,178)
Proceeds from stock option exercises	1,130	1,282
Excess tax benefit from stock-based compensation	392	-

Net cash provided (used) by financing activities	28,106	(896)

Effect of exchange rate changes on cash	(157)	-

Net change in cash and cash equivalents	(12,499)	7,157
Cash and cash equivalents at beginning of period	45,783	31,048

Cash and cash equivalents at end of period	\$ 33,284	\$38,205
	=====	=====

(A) Net cash provided by operating activities for the nine months ended November 30, 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.

CAL AMP CORP.
NON-GAAP EARNINGS RECONCILIATION
(Unaudited, in thousands except per share amounts)

Non-GAAP Earnings
Reconciliation

"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. 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 and past periods.

The reconciliation of GAAP basis net income (loss) to Adjusted Basis net income is as follows:

	Three Months Ended		Nine Months Ended	
	November 30,		November 30,	
	2006	2005	2006	2005
GAAP basis net income (loss) \$	896	\$ 5,439	\$(31,920)	\$11,097
Adjustments to reconcile to non-GAAP net income:				
Amortization of intangible assets, net of tax	693	242	1,638	825
Stock-based compensation				

expense, net of tax	305	-	910	-
In-process R&D, net of tax in fiscal 2006	-	-	6,850	192
Impairment loss - goodwill	-	-	29,012	-
Impairment loss - intangible assets, net of tax	-	-	472	-

Adjusted Basis net income \$ 1,894 \$ 5,681 \$ 6,962 \$12,114

Adjusted Basis net income per
diluted share \$ 0.08 \$ 0.24 \$ 0.29 \$ 0.52

Weighted average common shares
outstanding on diluted basis 23,679 23,592 23,701 23,272

Reconciling items that are not treated as tax deductible in computing the GAAP basis income tax provision (in-process research and development in fiscal 2007 and goodwill impairment loss) are not tax-effected in the Non-GAAP Earnings Reconciliation. The remaining reconciling items are tax-effected using an adjusted year-to-date effective income tax rate that is computed by excluding from pretax income (loss) those reconciling items that are not treated as tax deductible in computing the GAAP basis income tax provision. The computation of the adjusted year-to-date effective income tax rate is as follows:

	Nine Months Ended November 30,	
	2006	2005
Pretax income (loss) as reported	\$(28,873)	\$18,489
Add back nondeductible items:		
In-process research and development in fiscal 2007	6,850	-
Impairment loss - goodwill	29,012	-
Pretax income before nondeductible items	6,989	18,489
Income tax provision as reported	3,047	7,392
Year-to-date effective income tax rate as adjusted	43.6%	40.0%



SOURCE: CalAmp Corp.

CalAmp Corp.

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or

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