



NEWS RELEASE

# CalAmp Reports Fiscal 2009 Fourth Quarter and Full Year Results

5/12/2009

OXNARD, Calif.--(BUSINESS WIRE)--May. 12, 2009-- **CalAmp Corp. (Nasdaq:CAMP)**, a leading provider of wireless products, services and solutions, today reported results for its fiscal 2009 fourth quarter and full year ended February 28, 2009. Key elements include:

- Consolidated fourth quarter revenues of \$21.3 million; Satellite products revenues of \$8.1 million, 10% higher than prior quarter.
- Fourth quarter GAAP loss from continuing operations of \$45.8 million, or \$1.85 per diluted share, includes non-cash pretax charge of \$44.7 million for impairment loss; Adjusted basis (non-GAAP) income from continuing operations of \$3.8 million or \$0.15 per diluted share.
- Fourth quarter net cash provided by operations of \$10.5 million (includes \$9.0 million received from out-of-court settlement of litigation with Rogers Corporation).
- Bank term loan balance reduced by \$7.7 million in fourth quarter to \$17.6 million while cash balance increased to \$6.9 million.

Rick Gold, CalAmp's President and Chief Executive Officer, commented, "Our top line performance reflects the challenging economic environment that has resulted in key customers delaying projects and postponing orders for our wireless datacom products. However, I am encouraged with our operating execution where we continue to make good progress on our strategic initiatives, strengthen relationships with our key customers and generate positive cash flow from operating activities. Our ongoing efforts to rebuild our competitive position in the Direct Broadcast Satellite (DBS) market are moving forward. During the fourth quarter, unit volumes of our satellite products to our historically largest DBS customer continued to ramp, resulting in a 10% sequential quarter increase in satellite product revenues. I am also pleased with our recent product development activities where we remain on-track with next generation DBS product designs and have refreshed and extended our wireless datacom

product portfolio. We are working closely with strategic launch customers for these new products and are well positioned for growth in our wireless datacom business as market conditions stabilize.”

Mr. Gold continued, “Although the recession presented the Company with significant challenges, restructuring initiatives taken during this past year have improved our financial flexibility while streamlining our operations. These actions are expected to result in annualized savings of approximately \$6 million. We believe this will enable the Company to be more responsive to changing market dynamics and customer demand as we look ahead to fiscal 2010.”

## Fiscal 2009 Fourth Quarter Results

Total revenue for the fiscal 2009 fourth quarter was \$21.7 million compared to \$29.8 million for the fourth quarter of fiscal 2008. The reduction in revenues was due primarily to lower sales of the Company's wireless datacom products.

Gross profit for the fiscal 2009 fourth quarter was \$13.6 million, or 63.7% of revenues compared to gross profit of \$7.5 million, or 25.3% of revenue for the same period last year. Included in gross profit in the fiscal 2009 fourth quarter is a \$9.0 million gain from the settlement of litigation with Rogers Corporation. Excluding the litigation settlement, fiscal 2009 fourth quarter gross profit was \$4.6 million, or 21.5% of revenue. The reduction in gross profit and gross margin percentage in the latest quarter (excluding the settlement) was due primarily to lower wireless datacom revenues.

Results of operations for the fiscal 2009 fourth quarter as determined in accordance with Generally Accepted Accounting Principles ("GAAP") was a loss from continuing operations of \$45.8 million, which is a loss of \$1.85 per basic and diluted share. The Company's annual goodwill impairment test resulted in the full impairment of the Company's goodwill in the amount of \$28.5 million, along with partial impairments of other intangible assets in the amount of \$13.5 million and fixed assets in the amount of \$1.6 million. In addition to amounts written-down as a result of the annual goodwill impairment test, the Company also recorded the impairment of \$1.1 million related to holdings of preferred stock of a privately-held company. The aggregate amount of the aforementioned impaired assets was \$44.7 million. Of note, the outcome of the impairment analysis was largely influenced by the Company's stock price as of the impairment test date. As of December 31, 2008, the effective date of the impairment analysis, the Company's stock price was \$0.45 per common share, which equates to a market capitalization of \$11.3 million based on the 25.2 million common shares outstanding.

The tax-deductible portion of the \$44.7 million impairment charge gives rise to an income tax benefit of \$12.9 million and a corresponding increase in the deferred income tax asset balance. Based on an evaluation of the deferred income tax asset carried out pursuant to the applicable accounting rules, the Company increased its

deferred tax asset valuation allowance by \$16.4 million. This results in an income tax provision for the three months and year ended February 28, 2009 of \$5.9 million and \$3.8 million, respectively.

The Adjusted Basis (non-GAAP) income from continuing operations for the fiscal 2009 fourth quarter was \$3.8 million, or \$0.15 per basic and diluted share. This compares to Adjusted Basis (non-GAAP) loss from continuing operations of \$2.8 million, which is a loss of \$0.11 per basic and diluted share, in the same period last year. Adjusted Basis income (loss) from continuing operations excludes the impact of impairment charges, changes in the deferred income tax asset valuation allowance, amortization of intangible assets, stock-based compensation expense and in-process research and development charges, each net of tax to the extent applicable. A reconciliation of the GAAP basis loss from continuing operations to Adjusted Basis income (loss) from continuing operations is provided in the table at the end of this press release.

## Liquidity

At February 28, 2009, the Company had total cash of \$6.9 million, with \$17.6 million in total outstanding bank debt and a \$3.5 million note payable to a key DBS customer. Net cash provided by operating activities was \$10.5 million for the three months ended February 28, 2009, which included \$9.0 million received from the out-of-court settlement of litigation with Rogers Corporation. For the year ended February 28, 2009, net cash generated by operating activities was \$13.8 million including the Rogers settlement. During the latest quarter, the principal on the Company's bank term loan was paid down by \$7.7 million and the principal on the note payable to the DBS customer was paid down by \$0.9 million.

The bank term loan has a maturity date of December 31, 2009, and consequently the entire term loan balance is classified as a current liability in the Consolidated Balance Sheet at February 28, 2009. The Company believes that it will be able to refinance the term loan prior to the maturity date from the proceeds of an asset-based loan, possibly supplemented by proceeds from another funding source.

## Business Outlook

Commenting on the Company's business outlook for the first quarter of fiscal 2010, Mr. Gold said, "Although we believe a full economic recovery is still several quarters ahead, there are signs that conditions are beginning to improve within several of the vertical markets we serve. That said, while we are forecasting sequential growth in our satellite business, we expect our wireless datacom business to remain sluggish in the near term. Based on our current forecast, we believe fiscal 2010 first quarter consolidated revenues will be in the range of \$22 to \$24 million, with a GAAP basis net loss in the range of \$0.15 to \$0.19 per diluted share. The Adjusted Basis (non-GAAP) results of operations for the first quarter, which exclude changes in the deferred income tax asset valuation allowance, amortization of intangible assets and stock-based compensation expense net of tax, are expected to be a net loss

of \$0.06 to \$0.10 per diluted share. Notwithstanding this anticipated net loss, we expect to continue generating positive operating cash flow in the first quarter.”

## Conference Call and Webcast

A conference call and simultaneous webcast to discuss fiscal 2009 fourth quarter financial results and business outlook will be held today at 4:30 p.m. Eastern / 1:30 p.m. Pacific. CalAmp's President and CEO Rick Gold and CFO Rick Vitelle will host the conference call. Participants can dial into the live conference call by calling 877-941-1848 (480-629-9692 for international callers). An audio replay will be available through May 19, 2009, by calling 800-406-7325 (303-590-3030 for international callers) and entering the access code 4074352.

Additionally, a 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. 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 provides wireless communications solutions that enable anytime/anywhere access to critical data and content. The Company serves customers in the public safety, industrial monitoring and controls, mobile resource management and direct broadcast satellite markets. The Company's products are marketed under the CalAmp, Dataradio, SmartLink, Aercept, LandCell and Omega trade names. For more information, please visit [www.calamp.com](http://www.calamp.com).

## Forward-Looking Statements

Statements in this press release that are not historical in nature are forward-looking statements that involve known and unknown risks and uncertainties. Words such as "may," "will," "expect," "intend," "plan," "believe," "seek," "could," "estimate," "judgment," "targeting," "should," "anticipate," "goal" 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 product demand, competitive pressures and pricing declines in the Company's Satellite and Wireless markets, the timing of customer approvals of new product designs, the length and extent of the global economic downturn that has and may continue to adversely affect the Company's business, the Company's ability to refinance or extend its bank term loan prior to the December 31, 2009 maturity date, and other risks or uncertainties that are described in the Company's Annual Report on Form 10-K for fiscal 2009 as filed today 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  
(In thousands except per share amounts)

	Three Months Ended February 28,		Year Ended February 28,	
	2009	2008	2009	2008
Revenues	\$ 21,327	\$ 29,785	\$ 98,370	\$ 140,907
Cost of revenues	7,739	(a) 22,247	60,244	(a) 122,412
Gross profit	13,588	7,538	38,126	18,495
Operating expenses:				
Research and development	3,369	3,728	12,899	15,710
Selling	2,384	3,414	8,959	10,633
General and administrative	2,735	4,809	12,087	14,966
Intangible asset amortization	617	1,558	4,429	6,418
In-process research and development	-	-	-	310
Impairment loss	44,736	5,531	44,736	71,276
	53,841	19,040	83,110	119,313
Operating loss	(40,253 )	(11,502 )	(44,984 )	(100,818 )
Non-operating income (expense), net	361	(760 )	(911 )	(2,472 )
Loss from continuing operations before income taxes	(39,892 )	(12,262 )	(45,895 )	(103,290 )
Income tax (provision) benefit	(5,940 )	3,046	(3,770 )	20,940
Loss from continuing operations	(45,832 )	(9,216 )	(49,665 )	(82,350 )
Loss from discontinued operations, net of tax	-	(267 )	-	(1,799 )
Net loss	\$ (45,832 )	\$ (9,483 )	\$ (49,665 )	\$ (84,149 )
Basic and diluted loss per share:				
Loss from continuing operations	\$ (1.85 )	\$ (0.37 )	\$ (2.01 )	\$ (3.45 )
Loss from discontinued operations	-	(0.01 )	-	(0.08 )
Total basic and diluted loss per share	\$ (1.85 )	\$ (0.38 )	\$ (2.01 )	\$ (3.53 )
Shares used in per share calculations:				
Basic	24,810	24,660	24,765	23,881
Diluted	24,810	24,660	24,765	23,881

(a) Includes a \$9 million gain from a legal settlement with Rogers Corporation in January 2009.

CAL AMP CORP.  
BUSINESS SEGMENT INFORMATION  
( In thousands)

	Three Months Ended February 28, 2009		Year Ended February 28, 2009		2008	
<b>Revenue</b>						
Satellite	\$ 8,126		\$ 9,255	\$ 26,327	\$ 50,490	
Wireless DataCom	13,201		20,530	72,043	90,417	
Total revenue	\$ 21,327		\$ 29,785	\$ 98,370	\$ 140,907	
<b>Gross profit (loss)</b>						
Satellite	\$ 9,349	(a)	\$ 722	\$ 10,254	(a)	\$ (14,808) (d)
Wireless DataCom	4,239		6,816	27,872		33,303
Total gross profit	\$ 13,588		\$ 7,538	\$ 38,126		\$ 18,495
<b>Operating income (loss)</b>						
Satellite	\$ 6,110	(a)(b)	\$ (1,568) (c)	\$ 3,616	(a)(b)	\$ (63,924) (c)(d)
Wireless DataCom	(43,886)	(e)(f)	(7,485) (g)(h)	(42,206)	(e)(f)	(30,473) (g)(h)
Corporate expenses	(2,477)	(i)	(2,449)	(6,394)	(i)	(6,421)
Total operating loss	\$ (40,253)	)	\$ (11,502)	\$ (44,984)	)	\$ (100,818)

(a) Includes a \$9 million gain from a legal settlement with Rogers Corporation in January 2009.

(b) Includes a Satellite segment goodwill impairment charge of \$2.3 million for the three months and year ended February 28, 2009.

(c) Includes a Satellite segment goodwill impairment charge of \$1.2 million and \$44.4 million for the three months and year ended February 28, 2008, respectively.

(d) Includes charges for estimated product warranty and related costs in the year ended February 28, 2008 of \$17.9 million.

(e) Includes a Wireless DataCom segment impairment charge of \$41.3 million for the three months and year ended February 28, 2009.

(f) Includes intangible asset amortization expense in the three months and year ended February 28, 2009 of \$0.6 million and \$4.4 million, respectively.

(g) Includes a Wireless DataCom segment goodwill impairment charge of \$4.3 million and \$26.9 million for the three months and year ended February 28, 2008.

(h) Includes intangible asset amortization expense in the three months and year ended February 28, 2008 of \$1.6 million and \$6.4 million, respectively.

(i) Includes an impairment charge on investment in preferred stock of a privately held company of \$1.1 million for the three months and year ended February 28, 2009.

CAL AMP CORP.  
CONSOLIDATED BALANCE SHEETS  
(In thousands)

	February 28, 2009	2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,913	\$ 6,588
Accounts receivable, net	13,682	20,043
Inventories	15,139	25,097
Deferred income tax assets	3,479	5,306
Prepaid expenses and other current assets	4,962	9,733
Total current assets	44,175	66,767
Equipment and improvements, net	2,139	5,070
Deferred income tax assets, less current portion	13,111	14,802
Goodwill	-	28,520
Other intangible assets, net	6,473	24,424
Other assets	3,749	3,458
	\$ 69,647	\$ 143,041
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$ 21,078	\$ 5,343
Accounts payable	5,422	10,875
Accrued payroll and employee benefits	3,380	4,218
Accrued warranty costs	3,286	3,818
Other accrued liabilities	8,683	11,800
Deferred revenue	3,609	4,005
Total current liabilities	45,458	40,059
Long-term debt, less current portion	-	27,187
Other non-current liabilities	990	2,375
Stockholders' equity:		
Common stock	252	250
Additional paid-in capital	144,881	144,318
Accumulated deficit	(120,814)	(71,149)
Accumulated other comprehensive income (loss)	(1,120)	1
Total stockholders' equity	23,199	73,420
	\$ 69,647	\$ 143,041

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

	Year Ended February 28,	
	2009	2008
Cash flows from operating activities:		
Net loss	\$ (49,665	) \$ (84,149
Depreciation and amortization	6,549	9,681
Stock-based compensation expense	1,268	2,238
Write-off of in-process research and development costs	-	310
Impairment loss	44,736	71,276
Deferred tax assets, net	3,373	(20,784
Loss on sale of discontinued operations, net of tax	-	1,202
Gain on sale of investment	-	(331
Changes in operating working capital	7,499	19,087
Other	-	(6
Net cash provided (used) by operating activities	13,760	(1,476
Cash flows from investing activities:		
Capital expenditures	(831	) (1,359
Earn-out payments on TechnoCom acquisition	(1,183	) (985
Earn-out payments on Landcell acquisition	(188	) -
Proceeds from sale of discontinued operations	465	4,420
Proceeds from sale of property and equipment	-	7
Proceeds from sale of investment	-	1,045
Acquisition of Aercept	-	(19,318
Acquisition of SmartLink, net of refunds from escrow fund	296	(7,845
Net cash used in investing activities	(1,441	) (24,035
Cash flows from financing activities:		
Debt repayments	(11,452	) (6,728
Proceeds from stock option exercises	-	213
Net cash used in financing activities	(11,452	) (6,515
Effect of exchange rate changes on cash	(542	) 1,077
Net change in cash and cash equivalents	325	(30,949
Cash and cash equivalents at beginning of period	6,588	37,537
Cash and cash equivalents at end of period	\$ 6,913	\$ 6,588

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 reports the non-GAAP financial measures of Adjusted Basis Income (Loss) from Continuing Operations and Adjusted Basis Income (Loss) from Continuing Operations Per Diluted Share. CalAmp uses these non-GAAP financial measures to enhance the investor's overall understanding of the financial performance and future prospects of CalAmp's core business activities. Specifically, CalAmp believes that a report of Adjusted Basis Income (Loss) from Continuing Operations and Adjusted Basis Income (Loss) from Continuing Operations Per Diluted 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 the GAAP Basis Loss from Continuing Operations to Adjusted Basis Income (Loss) from Continuing Operations is as follows:



	Three Months Ended February 28, 2009		Year Ended February 28, 2008	
GAAP Basis Loss from Continuing Operations	\$(45,832	) \$(9,216	) \$(49,665	) \$(82,350
Adjustments to reconcile to Adjusted Basis Loss from Continuing Operations:				
Impairment charge	32,558	5,069	32,558	62,776
Valuation allowance on deferred tax assets	16,396	-	16,396	-
Amortization of intangible assets, net of tax	379	953	2,718	3,925
Stock-based compensation expense, net of tax	264	387	778	1,369
In-process R&D, net of tax	-	-	-	190
Adjusted Basis Income (Loss) from Continuing Operations	\$3,765	\$ (2,807	) \$2,785	\$ (14,090
Adjusted Basis Income (Loss) from Continuing Operations per Diluted Share	\$0.15	\$ (0.11	) \$0.11	\$ (0.59
Weighted average common shares outstanding on diluted basis	24,810	24,660	24,765	23,881

The reconciling items above are tax effected using the year-to-date effective tax rate. The computation of the year-to-date effective income tax rate is as follows:

	Year Ended February 28, 2009		2008	
Pretax loss from continuing operations, as reported	\$(45,895	)	\$(103,290	)
Add back nondeductible portion of impairment loss	13,220		49,397	
Pretax loss from continuing operations before nondeductible item	(32,675	)	(53,893	)
Income tax (provision) benefit, as reported	(3,770	)	20,940	
Add back valuation allowance	16,396		-	
Income tax benefit, as adjusted	12,626		20,940	
Effective income tax rate	38.6	%	38.9	%

Source: CalAmp Corp.

## CalAmp Corp.:

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or

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