



NEWS RELEASE

## CalAmp Reports Fiscal 2009 Second Quarter Results

10/7/2008

OXNARD, Calif.--(BUSINESS WIRE)--

CalAmp Corp. (Nasdaq: CAMP), a leading provider of wireless products, services and solutions, today reported results for its fiscal 2009 second quarter ended August 31, 2008. Key elements include:

-- Consolidated second quarter revenues of \$23.3 million; wireless datacom revenues of \$20.1 million.

-- GAAP loss from continuing operations of \$1.5 million, or \$0.06 loss per basic and diluted share, within expectations; Adjusted Basis (non-GAAP) loss from continuing operations of \$0.5 million or \$0.02 loss per basic and diluted share, also within expectations.

-- Consolidated gross margin percentage of 32.0%; wireless datacom gross margin percentage of 37.5%.

-- Unit volumes of Direct Broadcast Satellite (DBS) product shipments to historically largest customer beginning to ramp up.

Rick Gold, CalAmp's President and Chief Executive Officer, commented, "Similar to last quarter, our operating results were driven by the continued strong performance of our wireless datacom business, which generated revenues of \$20.1 million and accounted for 86% of our consolidated revenue. I am particularly pleased with the contributions from our mobile resource management--or MRM--product lines that continue to gain customer acceptance in applications targeted for high value asset tracking and fleet management."

Mr. Gold continued, "Satellite product sales were modest for most of the second quarter. However, I was encouraged to see unit volumes to our historically largest DBS customer begin ramping up significantly at the end

of the quarter and we expect this will continue throughout the second half of fiscal 2009. We are committed to rebuilding our competitive position in the DBS market and I believe our recent efforts will help us achieve this goal and return CalAmp to profitability."

#### Fiscal 2009 Second Quarter Results

Total revenue for the fiscal 2009 second quarter was \$23.3 million compared to \$32.7 million for the second quarter of fiscal 2008. The reduction in revenues was due primarily to significantly lower sales of the Company's satellite products.

Gross profit for the fiscal 2009 second quarter was \$7.5 million, or 32.0% of revenues compared to gross profit of \$6.3 million, or 19.3% of revenue for the same period last year. The improvement in gross profit and gross margin percentage in the latest quarter was due primarily to higher MRM revenues and gross margin, and a charge included in last year's second quarter of \$1.5 million for estimated expenses to correct a product performance issue with a key DBS customer.

Results of operations for the fiscal 2009 second quarter as determined in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") was a loss from continuing operations of \$1.5 million, or \$0.06 loss per basic and diluted share. This compares to a loss from continuing operations of \$3.3 million, or \$0.14 loss per basic and diluted share, in the second quarter of last year. The lower loss in the latest quarter was attributable to higher gross profit as discussed above.

The Adjusted Basis (non-GAAP) loss from continuing operations for the fiscal 2009 second quarter was \$0.5 million, or \$0.02 loss per basic and diluted share compared to an Adjusted Basis loss from continuing operations of \$2.0 million or \$0.08 loss per basic and diluted share for the same period last year. Adjusted Basis income (loss) from continuing operations excludes the impact of amortization of intangible assets, stock-based compensation expense and in-process research and development, each net of tax. A reconciliation of the GAAP basis income (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 August 31, 2008, the Company had total cash of \$4.7 million, with \$26.0 million in total outstanding bank debt and a \$5 million note payable to a key DBS customer. Net cash used by operating activities was \$1.1 million for the three months ended August 31, 2008, primarily for working capital. For the six month period ended August 31, 2008, net cash generated by operating activities was approximately \$700,000. During the latest quarter, bank term loan principal was paid down by \$1.0 million. The bank term loan has a maturity date of June 30, 2009, and

consequently the entire term loan balance of \$26 million is classified as a current liability in the August 31, 2008 balance sheet. The Company has requested an extension of the maturity date, and is currently in discussions with the banks on this matter.

#### Business Outlook

Commenting on the Company's business outlook, Mr. Gold said, "Our third quarter outlook remains cautious due in part to continued uncertainty surrounding the U.S. economy, which may impact purchase decisions by key customers. That said, we expect sales of our satellite products to increase materially compared to the second quarter as unit volumes shipped to our historically largest DBS customer continue to ramp higher. Based on our current forecast, we believe fiscal 2009 third quarter consolidated revenues will be in the range of \$26 to \$30 million, with a GAAP basis net loss in the range of \$0.03 to \$0.07 per diluted share. The Adjusted Basis (non-GAAP) results of operations for the third quarter, which exclude amortization of intangible assets and stock-based compensation expense net of tax, are expected to be in the range of a \$0.03 loss to \$0.01 income per diluted share."

#### Conference Call and Webcast

A conference call and simultaneous webcast to discuss fiscal 2009 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](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 Rick Gold 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 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 general and industry economic conditions, product demand, increased competition, competitive pricing and continued pricing declines in the DBS market, the timing of customer approvals of new product designs, operating costs, the Company's ability to efficiently and cost-effectively integrate its acquired businesses, the risk that the ultimate cost of resolving a product performance issue with one of the Company's key DBS customers may exceed the amount of reserves established for that purpose, the length and extent of the U.S. market downturn stemming from the recent tightening of credit markets that may impact the Company's business and that of its customers and which may constrain the Company's ability to refinance its bank term loan, and other risks or uncertainties that are described in the Company's fiscal 2008 Annual Report on Form 10-K as filed with the Securities and Exchange Commission on May 15, 2008. 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		Six Months Ended	
	Ended	Six Months Ended	Six Months Ended	Six Months Ended
	August 31,	August 31,	August 31,	August 31,
	2008	2007	2008	2007
Revenues	\$23,308	\$32,668	\$51,209	\$ 79,061
Cost of revenues	15,840	26,353	34,312	78,132
Gross profit	7,468	6,315	16,897	929
Operating expenses:				
Research and development	3,131	3,795	6,331	8,114
Selling	1,647	2,373	3,919	4,642
General and administrative	3,266	3,457	6,362	6,659

Intangible asset amortization	1,240	1,558	2,572	3,302
In-process research and development	-	-	-	310
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	9,284	11,183	19,184	23,027
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Operating loss	(1,816)	(4,868)	(2,287)	(22,098)
Non-operating expense, net	(334)	(507)	(750)	(1,090)
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Loss from continuing operations before income taxes	(2,150)	(5,375)	(3,037)	(23,188)
Income tax benefit	652	2,117	1,042	8,985
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Loss from continuing operations	(1,498)	(3,258)	(1,995)	(14,203)
Loss from discontinued operations, net of tax	-	(1,115)	-	(1,532)
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Net loss	\$(1,498)	\$(4,373)	\$(1,995)	\$(15,735)
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Basic and diluted loss per share:				
Loss from continuing operations	\$ (0.06)	\$ (0.14)	\$ (0.08)	\$ (0.60)
Loss from discontinued operations	-	(0.05)	-	(0.07)
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Total basic and diluted loss per share	\$ (0.06)	\$ (0.19)	\$ (0.08)	\$ (0.67)
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Shares used in per share calculations:				
Basic	24,737	23,623	24,720	23,612
Diluted	24,737	23,623	24,720	23,612

CAL AMP CORP.  
BUSINESS SEGMENT INFORMATION  
(Unaudited, in thousands)

	Three Months Ended		Six Months Ended	
	August 31,		August 31,	
	2008	2007	2008	2007
Revenue				
Satellite	\$ 3,176	\$ 9,851	\$10,817	\$ 32,882
Wireless DataCom	20,132	22,817	40,392	46,179
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Total revenue	\$23,308	\$32,668	\$51,209	\$ 79,061
	=====	=====	=====	=====
Gross profit (loss)				
Satellite	\$ (81)	\$(1,835)	\$ 652	\$(15,751)
Wireless DataCom	7,549	8,150	16,245	16,680
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Total gross profit	\$ 7,468	\$ 6,315	\$16,897	\$ 929
	=====	=====	=====	=====
Operating income (loss)				
Satellite	\$(1,324)	\$(3,064)(a)	\$(1,656)	\$(18,295)(a)
Wireless DataCom	916 (b)	(500)(c)	1,973 (b)	(1,146)(c)
Corporate expenses	(1,408)	(1,304)	(2,604)	(2,657)
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Total operating loss	\$(1,816)	\$(4,868)	\$(2,287)	\$(22,098)
	=====	=====	=====	=====

(a) Includes charges for estimated product warranty and related costs in the three and six-month periods ended August 31, 2007 of \$1.5 million and \$17.8 million, respectively.

(b) Includes intangible asset amortization expense in the three and six-month periods ended August 31, 2008 of \$1.2 million and \$2.6 million, respectively.

(c) Includes intangible asset amortization expense in the three and six-month periods ended August 31, 2007 of \$1.6 million and \$3.3 million, respectively.

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

August 31, February 28,  
2008 2008

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Assets

Current assets:

Cash and cash equivalents	\$ 4,697	\$ 6,588
Accounts receivable, net	16,612	20,043
Inventories	23,977	25,097
Deferred income tax assets	4,698	5,306
Prepaid expenses and other current assets	10,213	9,733

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Total current assets

	60,197	66,767
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Equipment and improvements, net	4,398	5,070
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Deferred income tax assets, less current portion	16,289	14,802
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Goodwill	28,224	28,520
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Other intangible assets, net	21,852	24,424
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Other assets	3,491	3,458
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\$134,451 \$143,041  
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Liabilities and Stockholders' Equity

Current liabilities:

Current portion of long-term debt	\$ 31,030	\$ 5,343
Accounts payable	9,708	10,875
Accrued payroll and employee benefits	3,535	4,218
Accrued warranty costs	4,867	3,818
Other accrued liabilities	10,198	11,800
Deferred revenue	3,085	4,005

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Total current liabilities

	62,423	40,059
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Long-term debt, less current portion	-	27,187
Other non-current liabilities	1,090	2,375
Stockholders' equity:		
Common stock	252	250
Additional paid-in capital	144,252	144,318
Accumulated deficit	(73,144)	(71,149)
Accumulated other comprehensive income (loss)	(422)	1
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Total stockholders' equity	70,938	73,420
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	\$134,451	\$143,041
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CAL AMP CORP.  
CONSOLIDATED CASH FLOW STATEMENTS  
(Unaudited - In thousands)

Six Months Ended  
August 31,

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2008    2007  
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Cash flows from operating activities:		
Net loss	\$(1,995)	\$(15,735)
Depreciation and amortization	3,770	5,201
Stock-based compensation expense	361	1,027
Write-off of in-process research and development costs	-	310
Excess tax benefit from stock-based compensation	-	(55)
Deferred tax assets, net	(1,046)	(14,388)
Loss on sale of discontinued operations, net of tax	-	935
Gain on sale of investment	-	(331)
Changes in operating working capital	(376)	20,934
Other	-	(2)
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Net cash provided (used) by operating activities	714	(2,104)



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Cash flows from investing activities:

Capital expenditures	(561)	(920)	
Earn-out payments on TechnoCom acquisition	(872)	-	
Proceeds from sale of discontinued operations	420	4,000	
Proceeds from sale of property and equipment	-	4	
Proceeds from sale of investment	-	1,045	
Acquisition of Aercept	-	(19,315)	
Acquisition of SmartLink, net of refunds from escrow fund	296	(7,944)	
Cash restricted for repayment of debt	-	(3,309)	

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Net cash used in investing activities (717) (26,439)  
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Cash flows from financing activities:

Debt repayments	(1,500)	(1,476)	
Proceeds from stock option exercises	-	157	
Excess tax benefit from stock-based compensation	-	55	

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Net cash used in financing activities (1,500) (1,264)  
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Effect of exchange rate changes on cash (388) 640  
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Net change in cash and cash equivalents (1,891) (29,167)

Cash and cash equivalents at beginning of period 6,588 37,537  
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Cash and cash equivalents at end of period \$ 4,697 \$ 8,370  
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CAL AMP CORP.  
NON-GAAP EARNINGS RECONCILIATION  
(Unaudited, in thousands except per share amounts)

Non-GAAP Earnings Reconciliation  
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"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 Loss from Continuing Operations and Adjusted Basis 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 (non-GAAP) Loss from Continuing Operations and Adjusted Basis 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 (non-GAAP) Loss from Continuing Operations is as follows:

	Three Months Ended		Six Months Ended	
	August 31,		August 31,	
	2008	2007	2008	2007

GAAP Basis Loss from Continuing Operations		\$(1,498)	\$(3,258)	\$(1,995)	\$(14,203)
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Adjustments to reconcile to Adjusted Basis Loss from Continuing Operations:

Amortization of intangible assets, net of tax	815	955	1,690	2,024
Stock-based compensation expense, net of tax	231	315	237	597
In-process R&D, net of tax	-	-	-	190

Adjusted Basis Loss from Continuing Operations	\$ (452)	\$(1,988)	\$ (68)	\$(11,392)
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Adjusted Basis Loss from  
Continuing Operations per Diluted  
Share                   \$ (0.02) \$ (0.08) \$ - \$ (0.48)

Weighted average common shares  
outstanding on diluted basis   24,737   23,623   24,720   23,612

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:

	Six Months Ended	
	August 31,	
	2008	2007
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Pretax loss from continuing operations, as reported	\$(3,037)	\$(23,188)
Income tax benefit, as reported	1,042	8,985
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Effective income tax rate	34.3%	38.7%
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Source: CalAmp Corp.