



NEWS RELEASE

CalAmp Reports Fiscal 2009 Third Quarter Results

1/13/2009

OXNARD, Calif.--(BUSINESS WIRE)--Jan. 13, 2009--CalAmp Corp. (Nasdaq:CAMP), a leading provider of wireless products, services and solutions, today reported results for its fiscal 2009 third quarter ended November 30, 2008. Key elements include:

- Consolidated third quarter revenues of \$25.8 million up 11% on a sequential quarter basis driven by the shipment ramp of Direct Broadcast Satellite (DBS) products.
- GAAP loss from continuing operations of \$1.8 million, or \$0.07 loss per basic and diluted share, within expectations; Adjusted Basis (non-GAAP) loss from continuing operations of \$0.7 million or \$0.03 loss per basic and diluted share, also within expectations.
- Consolidated gross margin percentage of 29.6%; wireless datacom gross margin percentage of 40.0%.
- Positive third quarter operating cash flow; positive cash flow from operations of \$3.3 million for the first nine months of fiscal 2009.

Rick Gold, CalAmp's President and Chief Executive Officer, commented, "I'm encouraged to see sequential growth in revenue during this latest quarter despite the tough macroeconomic conditions. This growth was driven by the resumption of volume shipments of satellite products to what has historically been our largest DBS customer. We are currently rebuilding our competitive position in the DBS market with revenue of \$7.4 million in the third quarter, more than two times higher than the previous quarter. However, similar to most of our peers and customers, the global economic downturn is impacting the top line results of our wireless datacom business. Midway through our fiscal third quarter, we started seeing sluggishness in short-term demand with some customers delaying contracts and postponing orders. That said, I continue to be encouraged with our operating execution and our ability to make steady progress within a challenging economic environment. Our recent product development activities have enabled us to extend our portfolio of wireless datacom products and improved our ability to serve existing customers and reach adjacent vertical markets. In addition, we continue to expand our

market reach by developing partners and indirect channels. Finally, our intensified focus on inventory management has improved our liquidity position and helped generate \$3.3 million in cash flow from operating activities through the first nine months of fiscal 2009."

Mr. Gold continued, "In response to current economic challenges, last week we took certain actions to realign the cost structure of our wireless datacom business. We have reorganized our Public Safety Mobile and Industrial Monitoring and Controls business units by combining the research and development groups, merging sales management and consolidating manufacturing operations. As part of this restructuring we have reduced our work force by 8%, which is expected to yield annualized savings of approximately \$2.5 million. This will result in a charge of approximately \$800,000 in the fourth quarter. We believe these changes will streamline operations and allow the Company to become more responsive to changing market dynamics and customer demand."

Mr. Gold concluded, "Subsequent to the end of the quarter, we announced the out-of-court settlement of litigation with Rogers Corporation, resulting in a \$9 million cash payment to CalAmp. The dispute related to product performance issues involving laminate supplied by Rogers that was included in certain products manufactured by CalAmp and sold to a DBS customer. I am pleased that we have reached a satisfactory resolution of this matter. This settlement significantly improves CalAmp's financial strength and we believe is the best outcome for our shareholders."

Fiscal 2009 Third Quarter Results

Total revenue for the fiscal 2009 third quarter was \$25.8 million compared to \$32.1 million for the third 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 third quarter was \$7.6 million, or 29.6% of revenues compared to gross profit of \$10.0 million, or 31.3% of revenue for the same period last year. The reduction in gross profit and gross margin percentage in the latest quarter was due primarily to lower wireless datacom revenues. Wireless datacom gross margin percentage in the latest quarter was 40.0%.

Results of operations for the fiscal 2009 third quarter as determined in accordance with Generally Accepted Accounting Principles ("GAAP") was a loss from continuing operations of \$1.8 million, or \$0.07 loss per basic and diluted share. This compares to a loss from continuing operations of \$58.9 million, or \$2.49 loss per basic and diluted share, in the third quarter of last year. The lower loss in the current quarter was primarily attributable to a \$65.7 million goodwill pretax impairment charge in the third quarter of last year.

The Adjusted Basis (non-GAAP) loss from continuing operations for the fiscal 2009 third quarter was \$0.7 million, or

\$0.03 loss per basic and diluted share. This compares to Adjusted Basis (non-GAAP) income from continuing operations of \$47,000, or zero cents per basic and diluted share, in the same period last year. Adjusted Basis income (loss) from continuing operations excludes the impact of amortization of intangible assets, stock-based compensation expense, in-process research and development and impairment 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 November 30, 2008, the Company had total cash of \$5.7 million, with \$25.2 million in total outstanding bank debt and a \$4.5 million note payable to a key DBS customer. Net cash provided by operating activities was \$2.5 million for the three months ended November 30, 2008. For the nine month period ended November 30, 2008, net cash generated by operating activities was approximately \$3.3 million. During the latest quarter, the principal on the Company's bank term loan was paid down by \$750,000 and the principal on the note payable to the DBS customer was paid down by \$528,000.

The Company was not in compliance with one of its financial covenants at the end of December 2008 that requires a minimum level of wireless datacom revenues on a rolling three-month basis. The Company has requested a waiver of this covenant violation and is currently in discussions with the banks, but thus far the banks have not waived this noncompliance. Consequently, the Company has classified the entire term loan balance as a current liability in the consolidated balance sheet at November 30, 2008.

On January 12, 2009, the Company received a cash payment of \$9 million from Rogers Corporation in an out-of-court litigation settlement. Under the terms of the Company's bank credit agreement as amended, the Company is obligated to pay 50% of the net cash proceeds of this legal settlement, or \$4.1 million, to the banks as a reduction of the term loan balance. After giving effect to this principal payment, the balance of the term loan is approximately \$20.3 million. The Company is continuing to seek a waiver of the covenant violation referred to above, and expects that it will ultimately refinance the bank debt from the proceeds of an asset-based loan at or before the December 31, 2009 maturity date.

Business Outlook

Commenting on the Company's business outlook for the fourth quarter of fiscal 2009, Mr. Gold said, "We expect to see sequential growth in our satellite business but expect our wireless datacom business to remain sluggish as a result of the difficult economic conditions. We continue to experience customer delays including a postponement of our recently announced driverless train project in Australia. Based on our current forecast, we believe fiscal 2009 fourth quarter consolidated revenues will be in the range of \$22 to \$26 million, with GAAP basis net income in the

range of \$0.06 to \$0.10 per diluted share. The Adjusted Basis (non-GAAP) results of operations for the fourth quarter, which exclude amortization of intangible assets and stock-based compensation expense net of tax, are expected to be net income of \$0.10 to \$0.14 per diluted share. The GAAP and non-GAAP expected results for the fourth quarter include per share income net of tax of approximately \$0.20 attributable to the \$9 million legal settlement and the workforce reduction charge of \$800,000. We expect to continue generating positive operating cash flow in the fourth quarter, even without the benefit of the Rogers legal settlement."

Conference Call and Webcast

A conference call and simultaneous webcast to discuss fiscal 2009 third 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 800-219-6110 or 303-205-0033. An audio replay will be available through January 20, 2009, by calling 800-405-2236 or 303-590-3000, and entering pass code 11124755.

Additionally, a 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. 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.

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, 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 Company's ability to obtain a waiver from its banks under its Credit Agreement of an event of default arising from a financial covenant violation that arose at the end of December 2008, 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 Annual Report on Form 10-K for fiscal 2008 and Form 10-Q for the fiscal 2009 third quarter as filed with the Securities and Exchange Commission on May 15, 2008 and January 13, 2009, respectively. 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		Nine Months Ended	
	November 30,		November 30,	
	2008	2007	2008	2007
Revenues	\$ 25,834	\$ 32,061	\$ 77,043	\$ 111,122
Cost of revenues	18,193	22,033	52,505	100,165
Gross profit	7,641	10,028	24,538	10,957
Operating expenses:				
Research and development	3,199	3,868	9,530	11,982
Selling	2,656	2,577	6,575	7,219
General and administrative	2,990	3,498	9,352	10,157
Intangible asset amortization	1,240	1,558	3,812	4,860
In-process research and development	-	-	-	310

Impairment loss	-	65,745	-	65,745
	10,085	77,246	29,269	100,273
Operating loss	(2,444)	(67,218)	(4,731)	(89,316)
Non-operating expense, net	(522)	(622)	(1,272)	(1,712)
Loss from continuing operations before income taxes	(2,966)	(67,840)	(6,003)	(91,028)
Income tax benefit	1,128	8,909	2,170	17,894
Loss from continuing operations	(1,838)	(58,931)	(3,833)	(73,134)
Loss from discontinued operations, net of tax	-	-	-	(1,532)
Net loss	\$ (1,838)	\$ (58,931)	\$ (3,833)	\$ (74,666)

Basic and diluted loss per share:

Loss from continuing operations	\$ (0.07)	\$ (2.49)	\$ (0.15)	\$ (3.10)
Loss from discontinued operations	-	-	-	(0.06)
Total basic and diluted loss per share	\$ (0.07)	\$ (2.49)	\$ (0.15)	\$ (3.16)

Shares used in per share calculations:

Basic	24,809	23,640	24,750	23,621
Diluted	24,809	23,640	24,750	23,621

CAL AMP CORP.

BUSINESS SEGMENT INFORMATION

(Unaudited, in thousands)

	Three Months Ended		Nine Months Ended	
	November 30,		November 30,	
	2008	2007	2008	2007
Revenue				
Satellite	\$ 7,384	\$ 8,353	\$ 18,201	\$ 41,235
Wireless	18,450	23,708	58,842	69,887
DataCom				
Total revenue	\$ 25,834	\$ 32,061	\$ 77,043	\$ 111,122
Gross profit (loss)				
Satellite	\$ 253	\$ 221	\$ 905	\$ (15,530)
Wireless	7,388	9,807	23,633	26,487
DataCom				
Total gross profit	\$ 7,641	\$ 10,028	\$ 24,538	\$ 10,957
Operating income (loss)				
Satellite	\$ (838)	\$ (44,061) (a)	\$ (2,494)	\$ (62,356) (a)(b)
Wireless	(293) (d)	(21,842) (c)	1,680 (d)	(22,988) (c)(e)
DataCom		(e)		
Corporate expenses	(1,313)	(1,315)	(3,917)	(3,972)

Total
operating \$ (2,444) \$ (67,218) \$ (4,731) \$ (89,316)
loss

(a) Includes charges for estimated product warranty and related costs in the three and nine-month periods ended November 30, 2007 of \$0.1 million and \$17.9 million, respectively.

(b) Includes a Satellite segment goodwill impairment charge of \$43.2 million.

(c) Includes a Wireless DataCom segment goodwill impairment charge of \$22.5 million.

(d) Includes intangible asset amortization expense in the three and nine-month periods ended November 30, 2008 of \$1.2 million and \$3.8 million, respectively.

(e) Includes intangible asset amortization expense in the three and nine-month periods ended November 30, 2007 of \$1.6 million and \$4.9 million, respectively.

CAL AMP CORP.

CONSOLIDATED BALANCE SHEETS

(Unaudited - In thousands)

	November 30, 2008	February 28, 2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,703	\$ 6,588
Accounts receivable, net	15,337	20,043

Inventories	19,368	25,097
Deferred income tax assets	3,574	5,306
Prepaid expenses and other current assets	8,122	9,733
Total current assets	52,104	66,767
Equipment and improvements, net	3,897	5,070
Deferred income tax assets, less current portion	18,995	14,802
Goodwill	28,224	28,520
Other intangible assets, net	20,612	24,424
Other assets	3,375	3,458
	\$ 127,207	\$ 143,041

Liabilities and Stockholders' Equity

Current liabilities:

Current portion of long-term debt	\$ 29,752	\$ 5,343
Accounts payable	7,560	10,875
Accrued payroll and employee benefits	3,336	4,218
Accrued warranty costs	3,921	3,818
Other accrued liabilities	9,858	11,800
Deferred revenue	3,014	4,005
Total current liabilities	57,441	40,059
Long-term debt, less current portion	-	27,187
Other non-current liabilities	1,023	2,375

Stockholders' equity:

Common stock	252	250
Additional paid-in capital	144,527	144,318
Accumulated deficit	(74,982)	(71,149)
Accumulated other comprehensive income (loss)	(1,054)	1
Total stockholders' equity	68,743	73,420
	\$ 127,207	\$ 143,041

CAL AMP CORP.

CONSOLIDATED CASH FLOW STATEMENTS

(Unaudited - In thousands)

Nine Months Ended

November 30,

2008 2007

Cash flows from operating activities:

Net loss	\$ (3,833)	\$ (74,666)
Depreciation and amortization	5,552	7,469
Stock-based compensation expense	838	1,605
Write-off of in-process research and development costs	-	310
Impairment loss	-	65,745
Excess tax benefit from stock-based compensation	-	(64)
Deferred tax assets, net	(2,371)	(23,296)

Loss on sale of discontinued operations, net of tax	-	935
Gain on sale of investment	-	(331)
Changes in operating working capital	3,065	18,080
Other	-	25
Net cash provided (used) by operating activities	3,251	(4,188)
Cash flows from investing activities:		
Capital expenditures	(650)	(1,106)
Earn-out payments on TechnoCom acquisition	(1,183)	(703)
Proceeds from sale of discontinued operations	420	4,000
Proceeds from sale of property and equipment	-	8
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	-	(3,340)
Net cash used in investing activities	(1,117)	(27,355)
Cash flows from financing activities:		
Debt repayments	(2,778)	(2,210)
Proceeds from stock option exercises	-	206
Excess tax benefit from stock-based compensation	-	64
Net cash used in financing activities	(2,778)	(1,940)
Effect of exchange rate changes on cash	(241)	982
Net change in cash and cash equivalents	(885)	(32,501)
Cash and cash equivalents at beginning of period	6,588	37,537

Cash and cash equivalents at end of period	\$ 5,703	\$ 5,036
--	----------	----------

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 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		Nine Months Ended	
	November 30,		November 30,	
	2008	2007	2008	2007
GAAP Basis Loss from	\$ (1,838)	\$ (58,931)	\$ (3,833)	\$ (73,134)

Continuing Operations

Adjustments to reconcile to
Adjusted Basis Loss

from Continuing Operations:

Amortization of intangible assets, net of tax	792	952	2,434	2,968
Stock-based compensation expense, net of tax	305	333	535	928
In-process R&D, net of tax	-	-	-	189
Impairment charge	-	57,693	-	57,693
Adjusted Basis Income (Loss) from Continuing Operations	\$ (741)	\$ 47	\$ (864)	\$ (11,356)

Adjusted Basis Loss from
Continuing

Operations per Diluted Share \$ (0.03) \$ - \$ (0.03) \$ (0.48)

Weighted average common shares
outstanding

on diluted basis 24,809 23,640 24,750 23,621

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:

Nine Months Ended

November 30,

2008 2007

Pretax loss from continuing operations, as reported		\$ (6,003)	\$ (91,028)
Add back nondeductible portion of impairment loss		-	45,056
Pretax loss from continuing operations before nondeductible item		(6,003)	(45,972)

Income tax benefit, as reported	2,170	17,894
Effective income tax rate	36.2 %	38.9 %

CONTACT: At the Company:

Rick Vitelle

Chief Financial Officer

(805) 987-9000

or

At Financial Relations Board:

Lasse Glassen

General Information

(213) 486-6546

lglassen@fbir.com

Source: CalAmp Corp.