



NEWS RELEASE

CalAmp Reports Fiscal 2017 Second Quarter Financial Results

9/29/2016

Revenue was \$90.5 million, a 30% year-over-year increase

Consolidated gross margin of 42%

IRVINE, Calif. , Sept. 29, 2016 /PRNewswire/ -- **CalAmp (NASDAQ: CAMP)**, a leading provider of wireless products, services and solutions, today reported results for its fiscal 2017 second quarter ended August 31, 2016 .

Michael Burdick, CalAmp's President and Chief Executive Officer, said, "The company continues its rapid pace of innovation, expanding its product portfolio and leadership position in the connected vehicle marketplace. Our pipeline of opportunities is very healthy, and we recently won two significant MRM telematics device customers who are expected to contribute to our long-term growth. Although we have been impacted by tough macro conditions in North America , we continue to invest in market-leading telematics solutions, and we remain optimistic that we will see a pick-up in growth from CalAmp's core businesses and new opportunities emerging through LoJack channels."

Revenue for the second quarter of fiscal 2017 was \$90.5 million , an increase of 30% from the second quarter of fiscal 2016. Revenue in the second quarter of fiscal 2017 included \$31.9 million from LoJack products and services and \$6.7 million from the Satellite segment.

Gross profit for the second quarter of fiscal 2017 was \$37.6 million , an increase of \$12.3 million over the same quarter last year. Gross margin was 42% in the second quarter of fiscal 2017, up from 36% in the second quarter of fiscal 2016.

GAAP net income for the second quarter of fiscal 2017 was \$0.5 million , or \$0.01 per diluted share, compared to net income of \$3.5 million , or \$0.10 per diluted share, in the second quarter of fiscal 2016. Non-GAAP adjusted basis net income for the second quarter of fiscal 2017 was \$10.1 million , or \$0.27 per diluted share, compared to

non-GAAP adjusted net income of \$9.8 million , or \$0.27 per diluted share, in the second quarter of fiscal 2016.

Adjusted EBITDA for the second quarter of fiscal 2017 was \$12.9 million and Adjusted EBITDA margin was 14.2%.

As of August 31, 2016 , the Company had total cash and marketable securities of \$117 million and total debt outstanding of \$143 million , which is the carrying amount of the Company's 1.625% convertible notes in the face amount of \$172.5 million . Net cash provided by operating activities was \$11.0 million during the second quarter of fiscal 2017.

During the second quarter, the company purchased and retired approximately 580,000 shares of its common stock at an aggregate cost of \$8.5 million pursuant to a stock repurchase plan adopted in June 2016. As of August 31, 2016 , the remaining authorization for additional share purchases under this plan is \$16.5 million .

Recent Business Highlights

- One of the largest telematics service providers in North America has chosen various CalAmp LMU and TTU telematics device lines for its range of fleet and asset management solutions. This recent development follows another significant customer win in the first quarter with Omnitrac.
- The company launched the LoJack-branded LotSmart™ and SureDrive™ telematics applications.
- CalAmp received certification of its Instant Crash Notification (ICN) service by independent insurance industry research company CESVIMAP, which provides objective evaluations of crash test results for vehicle repair and other collision damage services to insurance companies in Europe , Latin America and China .
- The company announced that two customers, MapAnything and Chevin, have chosen the CalAmp Telematics Cloud suite of services to enable their respective telematics applications offerings. With these additional customers, CalAmp now has six companies that rely on this innovative service platform to power their telematics solutions.
- LoJack Italy, the wholly-owned LoJack licensee, maintained its rapid growth at over 60% year-over-year.

Business Outlook

The Company remains cautious in the very near-term as macro conditions in North America have continued to result in softer-than-expected demand from key customers for MRM telematics products. Though CalAmp has experienced weakness through the first half of this year, the company is seeing some firming of demand and is optimistic that the company will see MRM product revenues begin to improve later this fiscal year and into fiscal 2018.

Excluding CalAmp's Satellite business, which contributed \$6.7 million of revenue in the second fiscal quarter and ceased operations at quarter-end, the outlook for the third quarter ending November 30, 2016 is:

- Consolidated revenue in the range of \$81 to \$87 million , along with GAAP basis results of operations in the range of (\$0.02) net loss to \$0.02 net income per diluted share and non-GAAP net income in the range of

\$0.24 to \$0.30 per diluted share.

- Adjusted EBITDA in the range of \$11 to \$14 million .

In addition, the Company expects its core business to steadily strengthen through the balance of this year, with momentum building into fiscal 2018.

Conference Call and Webcast

CalAmp is hosting a conference call for analysts and investors to discuss its fiscal 2017 second quarter results and outlook for its fiscal 2017 third quarter at 1:30 p.m. Pacific Time today. Participants can listen in via webcast by visiting the Investor Relations section of CalAmp's website at www.calamp.com. Please go to the website at least 15 minutes early to register, download and install any necessary audio software. A replay of the webcast will be available for 30 days after the call. The conference call can also be accessed by dialing 855-302-8830 (+1-330-871-6073 for international callers) and using the Conference ID# 80479544. Following the call, an audio replay will also be available by calling 855-859-2056 or +1-404-537-3406 and entering the Conference ID# 80479544. The audio replay will be available through October 6, 2016 .

About CalAmp

CalAmp (NASDAQ: CAMP) is a proven leader in providing wireless communications solutions to a broad array of vertical market applications and customers. CalAmp's extensive portfolio of intelligent communications devices, robust and scalable cloud service platform, and targeted software applications streamline otherwise complex Machine-to-Machine (M2M) deployments. These solutions enable customers to optimize their operations by collecting, monitoring and efficiently reporting business critical data and desired intelligence from high-value mobile and remote assets. 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, within the meaning of the federal securities laws including the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, 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. The forward-looking statements in this press release address a variety of subjects, including the outlook for our fiscal 2017 third and fourth quarter operating results. Readers are cautioned that actual results could differ materially from those implied by such forward-looking statements due to a variety of factors, including global economic conditions (including Brexit), competitive pressures and pricing declines, softer-than-expected demand from key customers, intellectual property infringement claims, and other risks or uncertainties that are described in Part I, Item 1A of our Annual Report on Form 10-K for fiscal 2016 as filed on April 20, 2016 with the Securities and Exchange Commission . Although we believe the expectations reflected in such forward-looking statements are based upon reasonable assumptions, we can give no assurances that our expectations will be attained. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new

information, future events or otherwise.

Non-GAAP Financial Measures

"GAAP" refers to financial information presented in accordance with U.S. Generally Accepted Accounting Principles. 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 GAAP.

In this press release, CalAmp reports the non-GAAP financial measures of Adjusted Basis net income, Adjusted basis net income per diluted share, non-GAAP gross margin, Adjusted EBITDA (Earnings Before Investment Income, Interest Expense, Taxes, Depreciation, Amortization, Stock-Based Compensation and certain other adjustments as detailed in the accompanying non-GAAP reconciliation), and Adjusted EBITDA margin. Adjusted Basis net income excludes the impact of intangibles amortization expense, stock-based compensation, acquisition and integration expenses, and certain other adjustments as shown in the non-GAAP reconciliation provided in the table at the end of this press release. 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 the use of these non-GAAP measures facilitates the comparison of results of core business operations between its current and past periods.

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CAL AMP CORP.
CONSOLIDATED INCOME STATEMENTS
(Unaudited, in thousands except per share amounts)

| | Three Months Ended August 31, | | Six Months Ended August 31, | |
|------------------|----------------------------------|-----------|--------------------------------|------------|
| | 2016 | 2015 | 2016 | 2015 |
| Revenues | \$ 90,479 | \$ 69,808 | \$ 181,626 | \$ 135,237 |
| Cost of revenues | 52,865 | 44,505 | 109,178 | 86,408 |
| Gross profit | 37,614 | 25,303 | 72,448 | 48,829 |

| | | | | |
|---|----------------|-----------------|-------------------|-----------------|
| Operating expenses: | | | | |
| Research and development | 5,885 | 4,995 | 11,976 | 9,560 |
| Selling | 12,683 | 5,847 | 23,991 | 11,345 |
| General and administrative | 11,284 | 4,908 | 27,267 | 9,683 |
| Intangible asset amortization | 3,856 | 1,655 | 7,346 | 3,299 |
| | <u>33,708</u> | <u>17,405</u> | <u>70,580</u> | <u>33,887</u> |
| Operating income | <u>3,906</u> | <u>7,898</u> | <u>1,868</u> | <u>14,942</u> |
| Non-operating income (expense): | | | | |
| Investment income (loss) | 455 | (43) | 908 | (15) |
| Interest expense | (2,474) | (2,280) | (4,898) | (2,928) |
| Other income (expense) | (130) | (18) | 413 | (29) |
| | <u>(2,149)</u> | <u>(2,341)</u> | <u>(3,577)</u> | <u>(2,972)</u> |
| Income (loss) before income taxes and equity in net loss of affiliate | 1,757 | 5,557 | (1,709) | 11,970 |
| Income tax benefit (provision) | <u>(864)</u> | <u>(2,058)</u> | <u>255</u> | <u>(4,412)</u> |
| Income (loss) before equity in net loss of affiliate | 893 | 3,499 | (1,454) | 7,558 |
| Equity in net loss of affiliate | <u>(372)</u> | <u>-</u> | <u>(684)</u> | <u>-</u> |
| Net income (loss) | <u>\$ 521</u> | <u>\$ 3,499</u> | <u>\$ (2,138)</u> | <u>\$ 7,558</u> |
| Earnings (loss) per share: | | | | |
| Basic | \$ 0.01 | \$ 0.10 | \$ (0.06) | \$ 0.21 |
| Diluted | \$ 0.01 | \$ 0.10 | \$ (0.06) | \$ 0.21 |
| Shares used in computing earnings (loss) per share: | | | | |
| Basic | 36,390 | 36,135 | 36,425 | 36,049 |
| Diluted | 36,849 | 36,716 | 36,425 | 36,691 |

BUSINESS SEGMENT INFORMATION
(Unaudited, in thousands)

| | Three Months Ended | | Six Months Ended | |
|-------------------------|--------------------|------------------|-------------------|-------------------|
| | August 31, | | August 31, | |
| | 2016 | 2015 | 2016 | 2015 |
| Revenues | | | | |
| Wireless DataCom | \$ 83,807 | \$ 61,819 | \$ 166,557 | \$ 119,645 |
| Satellite | 6,672 | 7,989 | 15,069 | 15,592 |
| Total revenues | <u>\$ 90,479</u> | <u>\$ 69,808</u> | <u>\$ 181,626</u> | <u>\$ 135,237</u> |
| Gross profit | | | | |
| Wireless DataCom | \$ 36,209 | \$ 23,098 | \$ 68,719 | \$ 44,686 |
| Satellite | 1,405 | 2,205 | 3,729 | 4,143 |
| Total gross profit | <u>\$ 37,614</u> | <u>\$ 25,303</u> | <u>\$ 72,448</u> | <u>\$ 48,829</u> |
| Operating income | | | | |
| Wireless DataCom | \$ 5,035 | \$ 7,529 | \$ 6,072 | \$ 14,419 |
| Satellite | 139 | 1,557 | 1,547 | 2,777 |
| Corporate expenses | (1,268) | (1,188) | (5,751) | (2,254) |
| Total operating income | <u>\$ 3,906</u> | <u>\$ 7,898</u> | <u>\$ 1,868</u> | <u>\$ 14,942</u> |

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| Assets | August 31, 2016 (Unaudited) | February 29, 2016 |
|---|-----------------------------------|----------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 94,705 | \$ 139,388 |
| Short-term marketable securities | 22,299 | 88,718 |
| Accounts receivable, net | 68,766 | 49,432 |
| Inventories | 27,999 | 16,731 |
| Prepaid expenses and other current assets | 7,314 | 4,498 |
| | <u>221,083</u> | <u>298,767</u> |
| Total current assets | 221,083 | 298,767 |
| Property, equipment and improvements, net | 21,599 | 11,225 |
| Deferred income tax assets | 28,604 | 30,213 |
| Goodwill | 63,180 | 16,508 |
| Other intangible assets, net | 74,916 | 17,010 |
| Other assets | 10,777 | 10,640 |
| | <u>\$ 420,159</u> | <u>\$ 384,363</u> |
| | | |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 36,604 | \$ 24,938 |
| Accrued payroll and employee benefits | 10,800 | 6,814 |
| Deferred revenue | 16,855 | 9,438 |
| Other current liabilities | 17,945 | 8,375 |
| | <u>82,204</u> | <u>49,565</u> |
| Total current liabilities | 82,204 | 49,565 |
| 1.625% convertible senior unsecured notes | 143,260 | 139,800 |
| Other non-current liabilities | 13,500 | 5,551 |
| Stockholders' equity: | | |
| Common stock | 364 | 367 |
| Additional paid-in capital | 223,680 | 229,159 |
| Accumulated deficit | (41,991) | (39,853) |
| Accumulated other comprehensive loss | (858) | (226) |
| | <u>181,195</u> | <u>189,447</u> |
| Total stockholders' equity | 181,195 | 189,447 |
| | <u>\$ 420,159</u> | <u>\$ 384,363</u> |

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

| | Six Months Ended August 31, | |
|---|--------------------------------|----------|
| | 2016 | 2015 |
| Cash flows from operating activities: | | |
| Net income (loss) | \$ (2,138) | \$ 7,558 |
| Depreciation expense | 4,032 | 1,675 |
| Intangible assets amortization expense | 7,346 | 3,299 |
| Stock-based compensation expense | 3,605 | 2,609 |
| Amortization of convertible debt issue costs and discount | 3,460 | 2,019 |
| Foreign currency remeasurement gains | (460) | - |
| Deferred tax assets, net | (1,091) | 4,106 |
| Equity in net loss of affiliate | 684 | - |
| Impairment of internal use software | 1,364 | - |
| Other | 14 | 7 |
| Changes in operating working capital | 2,500 | 7,489 |

| | | |
|--|------------------|-------------------|
| Net cash provided by operating activities | 19,316 | 28,762 |
| Cash flows from investing activities: | | |
| Proceeds from maturities of marketable securities | 66,419 | 6,634 |
| Purchases of marketable securities | - | (114,010) |
| Capital expenditures | (3,527) | (2,576) |
| Acquisition of Crashboxx | - | (1,500) |
| Acquisition of LoJack, net of cash acquired | (116,982) | - |
| Advances to unconsolidated subsidiary | (737) | - |
| Other | (36) | - |
| Net cash used in investing activities | (54,863) | (111,452) |
| Cash flows from financing activities: | | |
| Proceeds from issuance of convertible notes | - | 172,500 |
| Payments of debt issuance costs | - | (5,291) |
| Purchase of convertible note hedges | - | (31,343) |
| Proceeds from issuance of warrants | - | 15,991 |
| Payment of acquisition-related note and contingent consideration | - | (1,262) |
| Repurchases of common stock | (8,451) | - |
| Taxes paid related to net share settlement of vested equity awards | (1,416) | (2,478) |
| Proceeds from exercise of stock options | 780 | 487 |
| Net cash provided (used) by financing activities | (9,087) | 148,604 |
| Effect of exchange rate changes on cash | (49) | - |
| Net change in cash and cash equivalents | (44,683) | 65,914 |
| Cash and cash equivalents at beginning of period | 139,388 | 34,184 |
| Cash and cash equivalents at end of period | <u>\$ 94,705</u> | <u>\$ 100,098</u> |

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CAL AMP CORP.
RECONCILIATION OF NON-GAAP MEASURES TO GAAP
(Unaudited)

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In this press release, CalAmp reports the non-GAAP financial measures of Adjusted basis net income, Adjusted basis net income per diluted share, non-GAAP gross margin, Adjusted EBITDA (Earnings Before Investment Income, Interest Expense, Taxes, Depreciation, Amortization and Stock-Based Compensation and other adjustments as identified below), and Adjusted EBITDA margin. 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 the use of these non-GAAP measures facilitates the comparison of results of core business operations between its current and past periods.

The reconciliation of the GAAP basis net income (loss) to Adjusted basis (non-GAAP) net income is as follows (in thousands except per share amounts):

| | Three Months Ended | | Six Months Ended | |
|--|--------------------|----------|------------------|----------|
| | August 31, | | August 31, | |
| | 2016 | 2015 | 2016 | 2015 |
| GAAP basis net income (loss) | \$ 521 | \$ 3,499 | \$ (2,138) | \$ 7,558 |
| Intangible assets amortization expense | 3,856 | 1,655 | 7,346 | 3,299 |
| Stock-based compensation expense | 1,621 | 1,389 | 3,605 | 2,609 |
| Non-cash interest expense from amortization of debt discount | 1,562 | 1,353 | 3,069 | 1,736 |
| GAAP basis income tax provision (benefit) | 864 | 2,058 | (255) | 4,412 |
| Equity in net loss of affiliate | 372 | - | 684 | - |
| Acquisition and integration expenses | - | - | 3,539 | - |
| Non-cash cost of sales and depreciation on markup of LoJack inventory and fixed assets | 671 | - | 4,681 | - |
| Legal arbitration expenses for LoJack battery claim | 1,080 | - | 1,460 | - |

| | | | | |
|---|------------------|-----------------|------------------|------------------|
| Adjusted basis income before income taxes | 10,547 | 9,954 | 21,991 | 19,614 |
| Income tax provision (non-GAAP basis) (a) | (463) | (116) | (847) | (287) |
| Adjusted basis net income | <u>\$ 10,084</u> | <u>\$ 9,838</u> | <u>\$ 21,144</u> | <u>\$ 19,327</u> |
| Adjusted basis net income per diluted share | \$ 0.27 | \$ 0.27 | \$ 0.57 | \$ 0.53 |
| Weighted average common shares outstanding on diluted basis | 36,849 | 36,716 | 36,931 | 36,691 |

(a) The non-GAAP income tax provision represents cash taxes paid or payable for the period after giving effect to the utilization of net operating loss and tax credit carryforwards.

The reconciliation of GAAP basis net income (loss) to Adjusted EBITDA, and the calculation of Adjusted EBITDA margin, are as follows (dollars in thousands):

| | Three Months Ended August 31, | | Six Months Ended August 31, | |
|--|----------------------------------|------------------|--------------------------------|------------------|
| | 2016 | 2015 | 2016 | 2015 |
| GAAP basis net income (loss) | \$ 521 | \$ 3,499 | \$ (2,138) | \$ 7,558 |
| Investment income | (455) | 43 | (908) | 15 |
| Interest expense | 2,474 | 2,280 | 4,898 | 2,928 |
| GAAP basis income tax provision (benefit) | 864 | 2,058 | (255) | 4,412 |
| Depreciation expense | 2,211 | 883 | 4,032 | 1,675 |
| Intangible assets amortization expense | 3,856 | 1,655 | 7,346 | 3,299 |
| Stock-based compensation expense | 1,621 | 1,389 | 3,605 | 2,609 |
| Equity in net loss of affiliate | 372 | - | 684 | - |
| Acquisition and integration expenses | - | - | 3,539 | - |
| Non-cash cost of sales on markup of LoJack inventory | 309 | - | 4,319 | - |
| Legal arbitration expenses for LoJack battery claim | 1,080 | - | 1,460 | - |
| Adjusted EBITDA | <u>\$ 12,853</u> | <u>\$ 11,807</u> | <u>\$ 26,582</u> | <u>\$ 22,496</u> |
| Revenue | \$ 90,479 | \$ 69,808 | \$ 181,626 | \$ 135,237 |
| Adjusted EBITDA margin | 14.2% | 16.9% | 14.6% | 16.6% |

The calculation of non-GAAP gross margin is as follows (dollars in thousands):

| | Three Months Ended August 31, | | Six Months Ended August 31, | |
|---|----------------------------------|------------------|--------------------------------|------------------|
| | 2016 | 2015 | 2016 | 2015 |
| GAAP basis gross profit | \$ 37,614 | \$ 25,303 | \$ 72,448 | \$ 48,829 |
| Non-cash cost of sales on markup of LoJack inventory and fixed assets | 357 | - | 4,367 | - |
| Non-GAAP gross profit | <u>\$ 37,971</u> | <u>\$ 25,303</u> | <u>\$ 76,815</u> | <u>\$ 48,829</u> |
| Revenue | \$ 90,479 | \$ 69,808 | \$ 181,626 | \$ 135,237 |
| Non-GAAP gross margin | 42.0% | 36.2% | 42.3% | 36.1% |

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