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NovAtel Announces 1998 Earnings

(Calgary, Alberta, Canada, February 16, 1999)—NovAtel Inc. (NASDAQ: NGPSF) today reported results for the fourth quarter and year ended December 31, 1998.

Revenues in the fourth quarter of 1998 were CDN $4.4 million (US $2.9 million) compared to revenues of CDN $7.6 million (US $5.1 million) reported in the corresponding period last year. The Company is reporting a net loss from continuing operations for the fourth quarter of CDN $2.2 million (US $1.4 million) or CDN $0.28 (US $0.19) per share compared with net income from continuing operations of CDN $2.5 million (US $1.7 million) or CDN $0.33 (US $0.22) per share in the same period a year ago.

For the full year, revenues were CDN $21.6 million (US $14.4 million), down from CDN $27.0 million (US $18.1 million) in the same period a year ago. The Company incurred a net loss of CDN $2.3 million (US $1.6 million), or CDN $0.30 (US $0.20) per share, compared with net income of CDN $7.2 million (US $4.8 million) in 1997. For 1998, the Company recorded a net loss from continuing operations of CDN $3.6 million (US $2.4 million) or CDN $0.47 (US $0.31) per share, versus net income from continuing operations of CDN $6.7 million (US $4.5 million) in the same period a year ago. Discontinued operations contributed income of CDN $1.3 million (US $0.9 million) in 1998 primarily as a result of the sale of residual inventory and collection of the purchase price adjustment related to the 1996 divestiture of the Company's Personal Communications Products division.

"The delay of expected Wide Area Augmentation System (WAAS) sales coupled with slower than anticipated OEM sales impaired revenues for 1998," commented Doug Reid, President and Chief Executive Officer.

"During the first part of 1998, expenses were growing as we continued to increase staffing levels to pursue our aggressive product development and marketing initiatives," Reid continued. "However, since revenues did not materialize as expected, in November and December the company reduced its work force by 21 permanent and 19 temporary employees. We also initiated a number of cost controls."

"Although 1998 did not produce the results that we expected, we are confident that NovAtel has a solid foundation in the GPS market from which to explore new opportunities and return to profitability. During the year, NovAtel was the supplier of choice to the Japanese MSAS program, equivalent to the U.S. WAAS program; sales of surveying products in Japan were strong despite the depressed Japanese economy; three new products were introduced; and offices were established in both the U.S. and Europe to better serve our customers. Finally, Canadian Marconi's acquisition of a stake in the company provides us with better access to the aviation and defense markets through joint development and marketing programs," concluded Reid.

In January 1999, NovAtel concluded a sale/leaseback of its corporate head office located in Calgary, Alberta, Canada. The net proceeds realized from this transaction were CDN $6.9 million (US $4.6 million).

NovAtel Inc. designs, markets and supports a broad range of products that determine precise geographic locations using the Global Positioning System ("GPS"). NovAtel's GPS products are used principally for applications in high-end markets such as surveying, geographic information systems, aviation, marine, mining, machine control and agriculture. For further information please visit our website at http://www.novatel.ca.

Certain statements in this press release constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company, or developments in the Company's industry, to differ materially from the anticipated results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to, certification and market acceptance of the Company's new products, impact and timing of large orders, pricing pressures in the market and other competitive factors and maintaining technological leadership, together with the other risks and uncertainties described in public filings.

NOVATEL INC.

CONSOLIDATED BALANCE SHEETS
(in Canadian $ thousands)

	December 31. 1998	December 31. 1997
ASSETS		
Current assets:		
Cash and short term investments	$ 4,486	$10,732
Accounts receivable	5,349	4,891
Inventories	3,595	2,066
Prepaid expenses and deposits	315	131
Related party receivables and advances	8	1
Total current assets	13,753	17,821
Capital assets	11,755	10,610
Intangible assets	3,424	3,948
Deferred development costs	528	---
Total assets	$ 29,460	$32,379
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 5,121	$ 7,246
Related party payables	49	---
Provision for future warranty costs	110	60
Deferred gain on sale/leaseback of fixed assets – current portion	42	---
Capital lease obligation – current portion	350	---
Total current liabilities	5,672	7,306
Deferred gain on sale/leaseback of fixed assets – long-term portion	80	---
Capital lease obligation – long-term portion	922	---
Total liabilities	6,674	7,306
Shareholders' equity:		
Capital stock	35,602	35,559
Deficit	(12,816)	(10,486)
Total shareholders' equity	22,786	25,073
Total liabilities and shareholders' equity	$ 29,460	$32,379

NOVATEL INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(in Canadian $ thousands, except per share data)

	Three months ended		Year ended	
	Dec. 31, 1998	Dec. 31, 1997	Dec. 31, 1998	Dec. 31, 1997
Revenues				
Product sales	$ 4,367	$ 7,570	$21,468	$ 26,895
NRE fees	8	9	99	154
Total revenues	4,375	7,579	21,567	27,049
Cost of sales				
Cost of product sales	1,850	1,972	8,629	7,771
Cost of NRE	4	4	45	79
Total cost of sales	1,854	1,976	8,674	7,850
Gross profit	2,521	5,603	12,893	19,199
Operating expenses:				
Research and development	2,061	1,599	8,234	6,077
Selling and marketing	1,304	847	4,621	3,196
General and administration	844	853	3,561	3,541
Total operating expenses	4,209	3,299	16,416	12,814
Operating income (loss)	(1,688)	2,304	(3,523)	6,385
Interest income	43	86	212	201
Other income/(expense)	(486)	137	(236)	199
Income (loss) from continuing operations – before income taxes	(2,131)	2,527	(3,547)	6,785
Provision for income taxes	28	15	87	62
Net income (loss) from continuing operations	(2,159)	2,512	(3,634)	6,723
Net income from discontinued operations	9	408	1,304	460
Net income (loss)	$ (2,150)	$ 2,920	$ (2,330)	$ 7,183
Net income (loss) per share (basic):				
Continuing operations	$ (0.28)	$ 0.33	$ (0.47)	$ 0.91
Discontinued operations	0.00	0.05	0.17	0.06
Net income (loss) per share	$ (0.28)	$ 0.38	$ (0.30)	$ 0.97
Weighted average shares outstanding (basic)	7,674	7,670	7,673	7,420
Net income (loss) per share (fully diluted):				
Continuing operations	$ (0.28)	$ 0.31	$ (0.47)	$ 0.86
Discontinued operations	0.00	0.05	0.17	0.06
Net income (loss) per share	$ (0.28)	$ 0.36	$ (0.30)	$ 0.92
Weighted average shares outstanding (fully diluted)	8,565	8,523	8,509	8,100