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NovAtel Reports Third Quarter Results

(Calgary, Alberta, Canada, October 14, 1999) – NovAtel Inc. (NASDAQ: NGPS), a global positioning manufacturer, today announced results for the third quarter ended October 2, 1999.

Revenues in the third quarter were CDN \$7.5 million (US \$5.1 million) compared to CDN \$6.7 million (US \$4.5 million) in the same period a year ago. The Company returned to profitability after reporting losses in the previous three quarters, and is reporting income from continuing operations of CDN \$79,000 (US \$54,000) or \$0.01 (US \$0.01) per share versus income of \$309,000 (US \$210,000) in Q3 of 1998. The results of a year ago were augmented by shipments of \$3 million related to the MSAS program.

Third quarter results show significant improvement from the second quarter of this year. Revenues increased from CDN \$3.3 million (US \$2.2 million) in the second quarter to CDN \$7.5 million (US \$5.0 million) in the third quarter. The Company reported a loss from continuing operations of CDN \$1.7 million (US \$1.1 million) in the second quarter compared to an income of CDN \$79,000 (US \$54,000) in the third quarter.

“The Q3 results are very positive,” says Doug Reid, President and Chief Executive Officer. “New revenues from the European EGNOS program, a new project in Costa Rica, the sale of 13 receivers to the Japanese MSAS program and revenues from Point sales all contributed to the improvement in the third quarter.”

“We have seen a number of very notable developments during the third quarter which the Company anticipates will significantly contribute to future growth,” Reid continued.

In August Sokkia and NovAtel launched a new jointly owned company, Point, Inc., that combines Sokkia’s extensive worldwide sales and distribution with NovAtel’s world class GPS engineering to develop advanced measurement solutions for the fields of surveying, mapping, Geographical Information Systems (GIS), construction and machine control. Sokkia will begin selling new products developed by Point in October. NovAtel receives the benefit of sales of GPS product to Point and its proportionate share of sales made by Point into the Sokkia distribution system. NovAtel will also benefit, commencing the first quarter 2000, from a reduction in operating expenses as approximately 25 people were transferred to Point.

Also, in August the Company announced that it had been awarded an initial contract to supply wide area reference receivers for the European Geo-stationary Overlay System

(EGNOS). This contract adds to the Company's success with the WAAS receiver program currently active in the United States and Japan. Subject to a successful Preliminary Design Review, currently scheduled for early 2000, NovAtel is expecting to receive a full contract to complete software proving and qualification activities and deliver 18 EGNOS receiver systems.

In September, the Company delivered 13 reference receivers, worth more than US \$1 million, to the MTSAT Satellite-based Augmentation System (MSAS) in Japan. This shipment supports NovAtel's key role in the MSAS and other wide area augmentation systems.

The Company's technological innovation continues with the launch of its latest generation receiver—the OEM4—in September. This is the smallest GPS dual frequency receiver available on the market today that can track 12 satellites and deliver two centimeter real time accuracy while consuming less than three watts of power. Beta units are currently available and full market release is expected for Q1 2000.

“We believe that we have a solid foundation on which to move forward and to build upon,” concluded Reid.

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 and machine control. For further information please visit our website at <http://www.novatel.ca>.

Certain statements in this news 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, establishing and maintaining effective distribution channels, 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)

{PRIVATE }	<u>October 2, 1999</u>	<u>December 31, 1998</u>
ASSETS		
Current assets:		
Cash and short term investments	\$ 8,547	\$ 4,486
Accounts receivable	6,798	5,354
Related party receivables and advances	59	3
Inventories	3,299	3,595
Prepaid expenses and deposits	<u>327</u>	<u>315</u>
Total current assets	19,030	13,753
Capital assets	5,105	11,755
Intangible assets	3,166	3,424
Deferred development costs	<u>1,368</u>	<u>528</u>
Total assets	<u>\$ 28,669</u>	<u>\$ 29,460</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 5,733	\$ 5,121
Related party payables	128	49
Provision for future warranty costs	194	110
Deferred gain on sale/leaseback of capital assets – current portion	153	42
Capital lease obligation – current portion	<u>368</u>	<u>350</u>
Total current liabilities	6,576	5,672
Deferred gain on sale/leaseback of capital assets – long-term portion	974	80
Capital lease obligation – long-term portion	<u>644</u>	<u>922</u>
Total liabilities	<u>8,194</u>	<u>6,674</u>
Non-controlling interest	54	—
Shareholders' equity:		
Capital stock	35,602	35,602
Deficit	<u>(15,181)</u>	<u>(12,816)</u>
Total shareholders' equity	<u>20,421</u>	<u>22,786</u>
Total liabilities and shareholders' equity	<u>\$ 28,669</u>	<u>\$ 29,460</u>

NOVATEL INC.

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

	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>Oct. 2, 1999</u>	<u>Oct. 3, 1998</u>	<u>Oct. 2, 1999</u>	<u>Oct. 3, 1998</u>
Revenues				
Product sales.....	\$ 7,303	\$ 6,683	\$15,579	\$17,101
NRE fees	<u>207</u>	<u>—</u>	<u>508</u>	<u>91</u>
Total revenues	<u>7,510</u>	<u>6,683</u>	<u>16,087</u>	<u>17,192</u>
Cost of sales				
Cost of product sales.....	3,596	2,162	7,774	6,779
Cost of NRE	<u>160</u>	<u>—</u>	<u>324</u>	<u>41</u>
Total cost of sales	<u>3,756</u>	<u>2,162</u>	<u>8,098</u>	<u>6,820</u>
Gross profit.....	<u>3,754</u>	<u>4,521</u>	<u>7,989</u>	<u>10,372</u>
Operating expenses:				
Research and development.....	1,860	2,186	5,425	6,173
Selling and marketing	1,014	1,329	2,952	3,317
General and administration	<u>808</u>	<u>932</u>	<u>2,054</u>	<u>2,717</u>
Total operating expenses.....	<u>3,682</u>	<u>4,447</u>	<u>10,431</u>	<u>12,207</u>
Operating income (loss)	72	74	(2,442)	(1,835)
Interest income	88	44	287	169
Other income (expense)	<u>(60)</u>	<u>211</u>	<u>(147)</u>	<u>250</u>
Income (loss) from continuing operations – before income taxes	100	329	(2,302)	(1,416)
Provision for income taxes	<u>21</u>	<u>20</u>	<u>63</u>	<u>59</u>
Net income (loss) from continuing operations.....	79	309	(2,365)	(1,475)
Income from discontinued operations	<u>—</u>	<u>68</u>	<u>—</u>	<u>1,295</u>
Net income (loss).....	<u>\$ 79</u>	<u>\$ 377</u>	<u>\$(2,365)</u>	<u>\$ (180)</u>
Income (loss) per share (basic):				
Continuing operations	\$ 0.01	\$ 0.04	\$ (0.31)	\$ (0.19)
Discontinued operations.....	<u>0.00</u>	<u>0.01</u>	<u>0.00</u>	<u>0.17</u>
Income (loss) per share	<u>\$ 0.01</u>	<u>\$ 0.05</u>	<u>\$ (0.31)</u>	<u>\$ (0.02)</u>
Weighted average shares outstanding (basic)	<u>7,674</u>	<u>7,674</u>	<u>7,674</u>	<u>7,673</u>
Income (loss) per share (fully diluted):				
Continuing operations	\$ 0.01	\$ 0.04	\$ (0.31)	\$ (0.19)
Discontinued operations.....	<u>0.00</u>	<u>0.01</u>	<u>0.00</u>	<u>0.17</u>
Income (loss) per share	<u>\$ 0.01</u>	<u>\$ 0.05</u>	<u>\$ (0.31)</u>	<u>\$ (0.02)</u>
Weighted average shares outstanding (fully diluted)	<u>8,649</u>	<u>8,518</u>	<u>8,604</u>	<u>8,500</u>

