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CONTACTS: Doug Reid
(403) 295-4587
Werner Gartner
(403) 295-4550

NovAtel Reports Results for the Second Quarter 2000, Revenues Up 96%

(Calgary, Alberta, Canada, July 19, 2000)— NovAtel Inc. (NASDAQ: NGPS), a global positioning manufacturer, today announced results for the second quarter ended June 30, 2000.

Revenues in the second quarter 2000 were CDN \$6.5 million (US \$4.4 million) compared to CDN \$3.3 million (US \$2.2 million) in the same period a year ago, an increase of 96%, and an increase over first quarter 2000 revenues of CDN \$6.3 million (US \$4.2 million). The increase in revenues from second quarter 1999 to second quarter 2000 continues to reinforce the encouraging trends in the Company's core financial performance.

The Company is reporting a net loss from continuing operations for the second quarter 2000 of CDN \$449,000 (US \$303,000) or CDN \$0.06 (US \$0.04) per share compared with a net loss from continuing operations of CDN \$1.7 million (US \$1.1 million) or CDN \$0.22 (US \$0.15) per share in the same period a year ago.

"The trends in each of our sectors continues to be very positive despite the reported loss, which is drastically reduced from the second quarter 1999 and lower than the first quarter 2000," commented Doug Reid, President and Chief Executive Officer.

Strong growth was seen from Geomatics revenues, increasing 174% from the second quarter 1999 to the second quarter 2000. The transition from Nikon to Sokkia began during the second quarter 1999 with the formation of Point, Inc., a company jointly owned by NovAtel and Sokkia. Geomatics revenues increased 34% from the first quarter 2000 to the second quarter 2000. The relationship with Sokkia is expected to strengthen with further penetration of their distribution network and the introduction of new products.

The Aerospace and Defense sector revenues were also significantly improved, increasing 265% from the second quarter 1999 to second quarter 2000 and up 98% from first quarter 2000 to second quarter 2000, primarily attributable to the recently announced sale of WAAS receivers to China. The balance of the WAAS receivers to China is due to be delivered in the third and fourth quarters. Negotiations are underway for a full contract in the European wide area augmentation system known as EGNOS.

Finally, the Special Apps sector also showed significant improvement growing 34% over the second quarter 1999. The level of interest in the recently launched GPS 600 antenna has been very encouraging and the most recent generation receiver, the OEM4, is being designed into many customers' products.

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 and agriculture. 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, operating results of affiliates and subsidiaries including Point, Inc., 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)

	June 30. 2000	December 31. 1999
ASSETS		
Current assets:		
Cash and short term investments	\$ 7,161	\$ 8,280
Accounts receivable	4,700	6,110
Related party receivables	773	1,340
Related party note receivable	642	—
Inventories	4,777	3,684
Prepaid expenses and deposits	<u>499</u>	<u>292</u>
Total current assets	18,552	19,706
Capital assets	4,015	4,648
Intangible assets	2,870	3,047
Deferred development costs	<u>2,184</u>	<u>1,803</u>
Total assets	<u>\$ 27,621</u>	<u>\$29,204</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 3,878	\$ 4,851
Related party payables	240	278
Customer deposits	4	—
Note payable	642	—
Provision for future warranty costs	223	246
Deferred gain on sale/leaseback of capital assets – current portion	153	153
Capital lease obligation – current portion	<u>316</u>	<u>374</u>
Total current liabilities	5,456	5,902
Deferred gain on sale/leaseback of capital assets – long-term portion.	858	936
Capital lease obligation – long-term portion	<u>423</u>	<u>549</u>
Total liabilities	<u>6,737</u>	<u>7,387</u>
Non-controlling interest	70	65
Shareholders' equity:		
Capital stock	35,607	35,602
Deficit	<u>(14,793)</u>	<u>(13,850)</u>
Total shareholders' equity	<u>20,814</u>	<u>21,752</u>
Total liabilities and shareholders' equity	<u>\$ 27,621</u>	<u>\$29,204</u>

NOVATEL INC.

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

	<u>Three months ended</u>		<u>Six months ended</u>	
	<u>June 30,</u> <u>2000</u>	<u>June 26,</u> <u>1999</u>	<u>June 30,</u> <u>2000</u>	<u>June 26,</u> <u>1999</u>
Revenues	\$ 6,470	\$ 3,307	\$ 12,763	\$ 8,577
Cost of sales.....	<u>2,538</u>	<u>1,763</u>	<u>5,648</u>	<u>4,342</u>
Gross profit.....	<u>3,932</u>	<u>1,544</u>	<u>7,115</u>	<u>4,235</u>
Operating expenses:				
Research and development.....	2,121	1,680	4,053	3,565
Selling and marketing.....	1,256	965	2,250	1,938
General and administration.....	<u>1,036</u>	<u>630</u>	<u>1,936</u>	<u>1,246</u>
Total operating expenses	<u>4,413</u>	<u>3,275</u>	<u>8,239</u>	<u>6,749</u>
Operating loss.....	(481)	(1,731)	(1,124)	(2,514)
Interest income	67	105	143	199
Other income (expense)	<u>(41)</u>	<u>(27)</u>	<u>1</u>	<u>(87)</u>
Loss from continuing operations before income taxes	(455)	(1,653)	(980)	(2,402)
Provision for (recovery of) income taxes	<u>(6)</u>	<u>21</u>	<u>(24)</u>	<u>42</u>
Net loss from continuing operations.....	(449)	(1,674)	(956)	(2,444)
Net income from discontinued operations	<u>—</u>	<u>—</u>	<u>13</u>	<u>—</u>
Net loss.....	<u>\$ (449)</u>	<u>\$ (1,674)</u>	<u>\$ (943)</u>	<u>\$ (2,444)</u>
Net loss per share (basic):				
Continuing operations	\$ (0.06)	\$ (0.22)	\$ (0.12)	\$ (0.32)
Discontinued operations.....	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net loss per share	<u>\$ (0.06)</u>	<u>\$ (0.22)</u>	<u>\$ (0.12)</u>	<u>\$ (0.32)</u>
Weighted average shares outstanding (basic)	<u>7,675</u>	<u>7,674</u>	<u>7,674</u>	<u>7,674</u>
Net loss per share (fully diluted):				
Continuing operations	\$ (0.06)	\$ (0.22)	\$ (0.12)	\$ (0.32)
Discontinued operations.....	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net loss per share	<u>\$ (0.06)</u>	<u>\$ (0.22)</u>	<u>\$ (0.12)</u>	<u>\$ (0.32)</u>
Weighted average shares outstanding (fully diluted).....	<u>8,704</u>	<u>8,679</u>	<u>8,706</u>	<u>8,578</u>