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NovAtel Announces Record Revenues for the Fourth Quarter 1999

(Calgary, Alberta, Canada, February 1, 2000)—NovAtel Inc. (NASDAQ: NGPS) today reported results for the fourth quarter and year ended December 31, 1999. The Company achieved record revenues of CDN \$8.1 million (US \$5.6 million) in the fourth quarter 1999, an increase of 86% over revenues of CDN \$4.4 million (US \$3.0 million) reported in the corresponding period last year.

The Company is reporting net income from continuing operations for the fourth quarter of CDN \$382,000 (US \$263,000) or CDN \$0.05 (US \$0.03) per share compared with a net loss from continuing operations of CDN \$2.2 million (US \$1.5 million) or CDN \$0.28 (US \$0.19) per share in the same period a year ago.

For the full year, revenues were CDN \$24.2 million (US \$16.7 million), up from CDN \$21.6 million (US \$14.9 million) in the same period a year ago. While returning to profitability in the second half of the year, the Company was unable to fully recover from losses incurred in the first half of the year. For the full year, the Company incurred a net loss of CDN \$1.0 million (US \$0.7 million), or CDN \$0.13 (US \$0.09) per share, compared with a net loss of CDN \$2.3 million (US \$1.6 million) in 1998. From continuing operations, the Company recorded a net loss of CDN \$2.0 million (US \$1.4 million) or CDN \$0.26 (US \$0.18) per share, versus a net loss from continuing operations of CDN \$3.6 million (US \$2.5 million) in the same period a year ago. Discontinued operations contributed income of CDN \$949,000 (US \$654,000) in 1999, related to the resolution of the purchase price adjustment claim arising from the sale of the Company's Wireless Access Products Group in 1995.

"The fourth quarter continued the very positive trend in financial performance established in our previous quarter", commented Doug Reid, President and Chief Executive Officer. "Despite a slow start, overall 1999 proved to be very successful on a number of fronts."

In the second half of 1999, the Company commenced a transition to a new GPS surveying partner, Sokkia Co., Ltd. The transition was to more than just a new partnership with a world leader in surveying but also reflected a move from a supplier relationship to a fully integrated development team. Newly developed GPS survey products were announced in October 1999 and are now being delivered through Sokkia channels.

In 1999, the Company launched its latest generation GPS receiver - the OEM4 - being the smallest GPS dual frequency receiver on the market that can track 12 satellites in real time and deliver 2 centimeter accuracy. The Company also recently announced a revolutionary new antenna using the Company's patent pending Pinwheel technology. It is the GPS industry's first dual frequency antenna to achieve less than 1 millimeter offset between L1 and L2 phase centres without the aid of a choke ring. This kind of performance is achieved by utilizing NovAtel's innovative aperture coupled slot array technology instead of conventional antenna designs.

On the aviation front, participation in the U.S. WAAS and Japanese MSAS programs continued and work began on the European EGNOS program. The joint development of a certified GPS receiver with Canadian Marconi Company is proceeding as planned with product expected by the end of this year.

In a move to introduce GPS technology to developing areas of the world, the Company was awarded a contract to conduct a capital project study of a highway in Costa Rica which will be used to assist in their reinvestment in highway maintenance and construction.

“Many new opportunities continue to present themselves,” continued Reid. “I believe that NovAtel is well positioned to pursue these opportunities. We will place extra emphasis on bringing out new products and exploiting market opportunities during the first half of 2000. We are exploring possible partnerships and alliances which will provide more extensive market access.”

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, operating results of affiliates and subsidiaries, 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)

	December 31, 1999	December 31, 1998
ASSETS		
Current assets:		
Cash and short term investments.....	\$ 8,280	\$ 4,486
Accounts receivable	6,110	5,349
Related party receivables	1,340	8
Inventories.....	3,684	3,595
Prepaid expenses and deposits.....	<u>292</u>	<u>315</u>
Total current assets	19,706	13,753
Capital assets	4,648	11,755
Intangible assets	3,047	3,424
Deferred development costs.....	<u>1,803</u>	<u>528</u>
Total assets	<u>\$ 29,204</u>	<u>\$29,460</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 4,851	\$ 5,121
Related party payables	278	49
Provision for future warranty costs	246	110
Deferred gain on sale/leaseback of capital assets – current portion	153	42
Capital lease obligation – current portion.....	<u>374</u>	<u>350</u>
Total current liabilities	5,902	5,672
Deferred gain on sale/leaseback of capital assets – long-term portion..	936	80
Capital lease obligation – long-term portion.....	<u>549</u>	<u>922</u>
Total liabilities	<u>7,387</u>	<u>6,674</u>
Non-controlling interest.....	65	—
Shareholders' equity:		
Capital stock.....	35,602	35,602
Deficit	<u>(13,850)</u>	<u>(12,816)</u>
Total shareholders' equity.....	<u>21,752</u>	<u>22,786</u>
Total liabilities and shareholders' equity.....	<u>\$ 29,204</u>	<u>\$29,460</u>

NOVATEL INC.

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

	<u>Three months ended</u>		<u>Year ended</u>	
	<u>Dec. 31, 1999</u>	<u>Dec. 31, 1998</u>	<u>Dec. 31, 1999</u>	<u>Dec. 31, 1998</u>
Revenues	\$ <u>8,139</u>	\$ <u>4,375</u>	\$ <u>24,226</u>	\$ <u>21,567</u>
Cost of sales	<u>4,548</u>	<u>1,854</u>	<u>12,646</u>	<u>8,674</u>
Gross profit	<u>3,591</u>	<u>2,521</u>	<u>11,580</u>	<u>12,893</u>
Operating expenses:				
Research and development	1,477	2,061	6,902	8,234
Selling and marketing	973	1,304	3,925	4,621
General and administration	<u>729</u>	<u>844</u>	<u>2,783</u>	<u>3,561</u>
Total operating expenses	<u>3,179</u>	<u>4,209</u>	<u>13,610</u>	<u>16,416</u>
Operating income (loss)	412	(1,688)	(2,030)	(3,523)
Interest income	87	43	374	212
Other income/(expense)	<u>(57)</u>	<u>(486)</u>	<u>(204)</u>	<u>(236)</u>
Income (loss) from continuing operations				
– before income taxes	442	(2,131)	(1,860)	(3,547)
Provision for income taxes	<u>60</u>	<u>28</u>	<u>123</u>	<u>87</u>
Net income (loss) from continuing operations	382	(2,159)	(1,983)	(3,634)
Net income from discontinued operations	<u>949</u>	<u>9</u>	<u>949</u>	<u>1,304</u>
Net income (loss)	<u>\$ 1,331</u>	<u>\$ (2,150)</u>	<u>\$ (1,034)</u>	<u>\$ (2,330)</u>
Net income (loss) per share (basic):				
Continuing operations	\$ 0.05	\$ (0.28)	\$ (0.26)	\$ (0.47)
Discontinued operations	<u>0.12</u>	<u>0.00</u>	<u>0.13</u>	<u>0.17</u>
Net income (loss) per share	<u>\$ 0.17</u>	<u>\$ (0.28)</u>	<u>\$ (0.13)</u>	<u>\$ (0.30)</u>
Weighted average shares outstanding (basic)	<u>7,674</u>	<u>7,674</u>	<u>7,674</u>	<u>7,673</u>
Net income (loss) per share (fully diluted):				
Continuing operations	\$ 0.05	\$ (0.28)	\$ (0.26)	\$ (0.47)
Discontinued operations	<u>0.12</u>	<u>0.00</u>	<u>0.13</u>	<u>0.17</u>
Net income (loss) per share	<u>\$ 0.17</u>	<u>\$ (0.28)</u>	<u>\$ (0.13)</u>	<u>\$ (0.30)</u>
Weighted average shares outstanding (fully diluted)	<u>8,612</u>	<u>8,565</u>	<u>8,566</u>	<u>8,509</u>