

Company Overview

NovAtel Inc. designs, markets, and supports a broad range of products that determine precise geographic locations using the Global Positioning System (GPS). The system is comprised of 24 earth orbiting satellites that transmit radio signals 24 hours a day worldwide. GPS receivers calculate the distance from the satellites to the receiver and then use a triangulation technique to determine exact geographical locations. GPS is used for a variety of purposes, including navigating, tracking, mapping, and conducting geographical surveys.

NovAtel focuses on high-end GPS applications such as surveying, geographic information systems (GIS), aviation, marine, mining and machine control and agriculture with technologically innovative products that provide high levels of accuracy, real-time positioning and reliability. According to industry sources, these market segments represent an estimated US\$900M in 1996 and are expected to grow to approximately US\$3 billion in 2000. NovAtel is not active in low-end GPS applications like vehicle navigation and the consumer/cellular market.

Investor Information (at 07/27/98)

Nasdaq: NGPSF
Price: US\$4.625
Market capitalization: US\$35.5 million
Price range since IPO: US\$4.125 - US\$12.125
Shares outstanding: 7,674,040

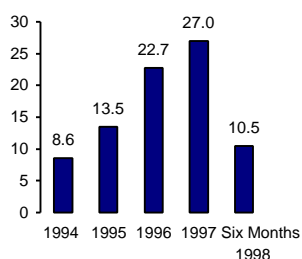
CAGR 1993-97
Sales: 53%
Income from continuing operations: 136%

Analyst Coverage

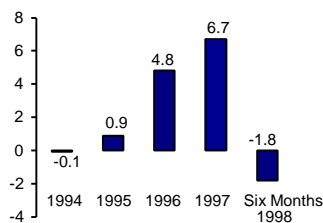
Montgomery Securities
Prudential Securities

Financial Highlights

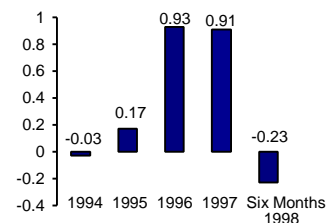
Revenue
CDN\$ Millions



Income (Loss) From Continuing Operations
CDN\$ Millions



Income (Loss) From Continuing Operations - Per Share (basic)
CDN\$



Statement of Operations

(CDN\$ in thousands, except per share data)

	Six months ended	
	07/04/98	06/28/97
Revenue	\$ 10,509	\$ 12,065
Income (loss) from continuing operations	\$ (1,784)	\$ 2,311
Income (loss) per share from continuing operations (basic)	\$ (0.23)	\$ 0.32
Income (loss) per share from continuing operations (fully diluted)	\$ (0.23)	\$ 0.31

Balance Sheet

(CDN\$ in thousands)

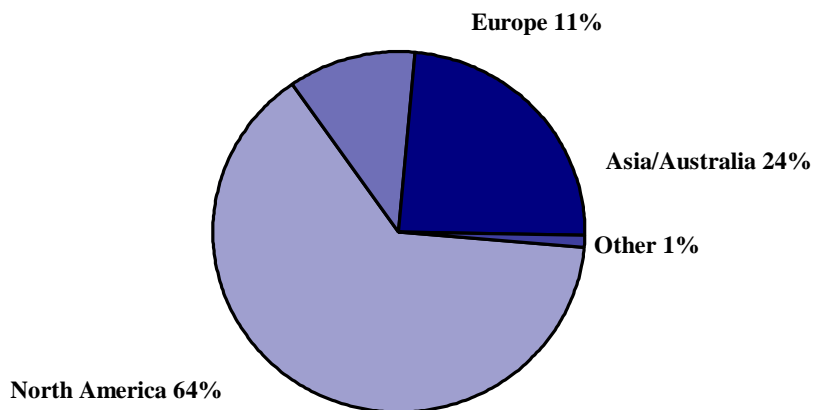
	at 07/04/98	at 12/31/97
Cash and short term investments	\$ 6,004	\$ 10,732
Debt-current	\$ 0	\$ 0
Debt-long term	\$ 0	\$ 0
Total shareholders' equity	\$ 24,559	\$ 25,073

Recent Developments

- NovAtel received a purchase order to supply 24 Multi-Functional Transport Satellite (MTSAT) based Augmentation System (MSAS) receiver subsystems and 2 Navigation Earth Station (NES) receiver subsystems for the Japanese MSAS program. The receiver subsystems are being delivered through NovAtel's Japanese dealer, DX Antenna Co. Ltd. of Tokyo, Japan, who will provide local support and translation services to NEC Corporation, the prime contractor for the MSAS program. Deliveries are scheduled for second and third quarters and are the first part of a multi-stage program for the MSAS network. MSAS and NES receivers are identical to those supplied by NovAtel to the U.S. Federal Aviation Administration (FAA) Wide Area Augmentation system (WAAS) program. The MSAS program is an extension of the World Satellite Augmentation System for GPS that is initially being fielded by the FAA in the U.S.
- A new survey product successfully completed tests by Japanese regulators. The product will be shipped in Japan through NovAtel's Nikon distribution network in the third quarter.
- NovAtel opened offices in the United States and Europe to support plans for continued market expansion and to provide enhanced customer and dealer services. The company also plans to open an office in Asia in the first quarter of 1999.
- Nine of the twelve team finalists competing in the 1998 International Aerial Robotics Competition, being held August 14, 1998, are using NovAtel GPS real-time kinematic (RTK) technology. The contestants are using NovAtel's MiLLennium RT-2 dual frequency GPS receiver, a real-time kinematic differential GPS receiver that delivers 2 centimeter or better positioning performance. The NovAtel RT-2 receiver was used by last year's winning team, Carnegie Mellon University. The competition is being held at the Hazardous Materials Management and Emergency Response (HAMMER) facility adjacent to the Hanford Nuclear Site near Richland, Washington.

Distribution

NovAtel sells its products through multiple channels – direct, dealers and value-added resellers – and in over 35 countries worldwide.



Region (Six Months 1998)

Key Strategies

- Grow OEM business by expanding the product family
- Broaden revenue base by entering selected end-user markets
- Expand international business by a targeted marketing strategy with optimized sales channel mix
- Maintain technological leadership
- Lead industry in customer support and service

Investor Contact

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