

Company Overview

NovAtel Inc. designs, markets and sells high-precision GPS and other positioning components and sub-systems used in a wide variety of commercial applications principally in the aviation, geomatics (surveying and mapping), mining, precision agriculture, marine and defence industries. NovAtel's solutions combine hardware, such as receivers and antennas, with software to enable its customers to fully integrate the Company's high-precision GPS technology into their respective products and systems. NovAtel's customers are original equipment manufacturers (OEMs) and system integrators who build systems for various end market applications.

Management of the Company believes the primary customer benefits of NovAtel's core technology solutions include:

- High-precision positioning with accuracy to the sub-centimetre level;
- High reliability and robust performance, even in challenging environments;

- Cost-effective components and sub-systems to enable broad market application;
- Small, low-power designs for easy system integration; and
- Flexibility to integrate customer software solutions enabling NovAtel's customers to reduce system costs and accelerate time to market.

The availability of reliable and cost-effective high-precision positioning technology has resulted in an expanding number of commercial applications for the technology. Examples of applications for this technology include enabling commercial aircraft to use direct point-to-point flight lines resulting in reduced operating costs, farmers to equip their tractors with machine controlled precision guidance systems, which typically results in lower operating costs and higher crop yields, and surveyors to use GPS-based instruments to survey sites more rapidly and accurately

Investor Information (at 30/07/04)

Nasdaq:	NGPS
Price (Close):	US\$13.76
Market capitalization:	US\$111.02 million
Shares outstanding:	8,068,429

CAGR 1993-03	
Sales:	23%
52-week price range (Close):	US\$3.30 - US\$18.90

Financial Highlights

Statement of Operations

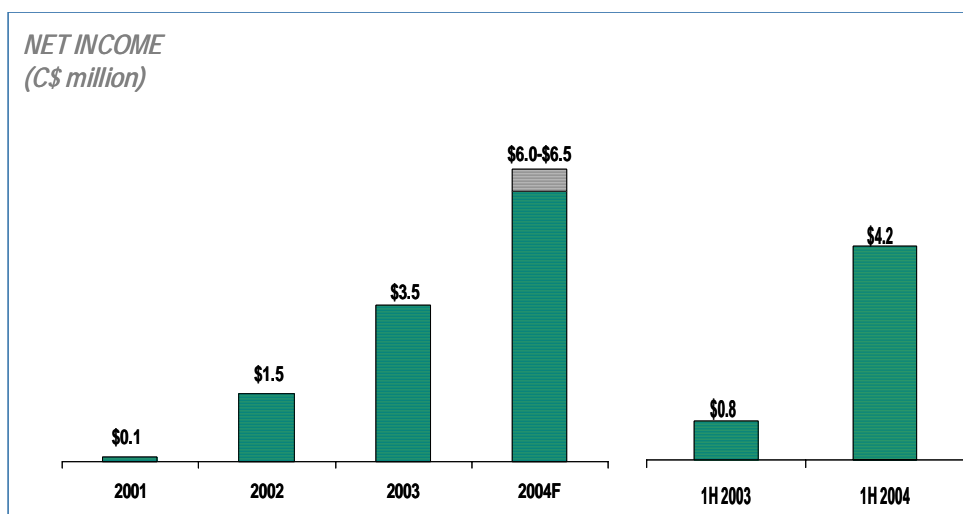
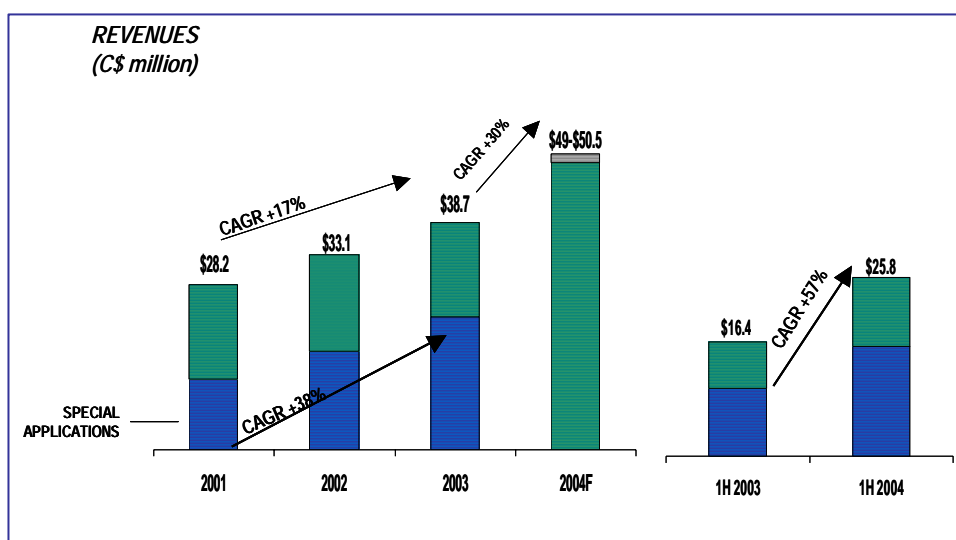
(CDN\$ in thousands, except per share data)

	Three months ended	
	6/30/04	6/29/03
Revenue	\$ 13,282	\$ 9,514
Net income from continuing operations	\$ 2,023	\$ 725
Net income	\$ 2,023	\$ 745
Net income (loss) per share from continuing operations (basic)	\$ 0.25	\$ 0.09
Net income (loss) per share from continuing operations (diluted)	\$ 0.24	\$ 0.09

Balance Sheet

(CDN\$ in thousands)

	at 6/30/04	at 12/31/03
Cash and short term investments	\$16,175	\$13,000
Total assets	\$42,011	\$35,572
Debt-long term	\$ 0	\$ 0
Total shareholders' equity	\$30,171	\$ 25,447



Recent Developments

- ◆ On August 3, NovAtel launched its SPAN Technology™ (Synchronized Position, Attitude and Navigation) at the AUVSI's Unmanned Systems North America Symposium. This leading edge technology combines GPS with an IMU (Inertial Measurement Unit) to deliver precise position, velocity, time and attitude data, all at 100 Hz, in challenging environments where GPS satellites can become obstructed.
- ◆ On July 28, the company announced its financial results for the second quarter ended June 30, 2004. Revenue for the second quarter of 2004 of CDN \$13.3 million represents a quarterly record. The higher revenues translated into a corresponding strong growth in net income, of CDN \$2.0 million. The second quarter net income also included an expense of \$722,000 pertaining to NovAtel's proposed \$50 million public offering in Canada, which was withdrawn on May 26, 2004.

Special Applications revenue for the second quarter grew 34% year over year. The majority of this increase was attributable to product shipments into Leica and the revenue from the L1 product line NovAtel acquired in May of 2003 from CMC Electronics.

In the Aerospace and Defence category, second quarter revenue grew by 79% over the similar period a year ago, largely due to engineering services and product shipments to Raytheon Company for the next generation Wide Area Augmentation System (WAAS) program. NovAtel had been working with the US Federal Aviation Administration and Raytheon Company for the past year to develop this new generation of key WAAS ground network and GUS equipment, under the terms of the letter contracts announced in November 2003. Hardware deliveries to Raytheon Company contributed \$2.0 million to the company's second quarter 2004 revenues.

In the Geomatics category, the company continued to see positive trends at Point, Inc., its joint venture with Sokkia Co., Ltd., with an increase of 17% over the second quarter of 2003.

The strong operating results allowed the company to continue to strengthen its balance sheet, as NovAtel generated positive operating cash flow for the eleventh consecutive quarter and increased its cash/short-term investments balance to over \$16 million as of June 30.

The company revised its previously issued guidance for the full year 2004 to reflect the results of the first half of 2004. As of the date of the release, the company forecasted revenue of CDN \$49 million to \$50.5 million, compared to earlier guidance of CDN \$47 and \$49 million; and net income of CDN \$6.0 to \$6.5 million, compared to earlier guidance of between CDN \$5.6 and \$6.0 million. This guidance assumes that the US dollar relative to the Canadian dollar remained at the levels as of the date of the release.

- ◆ On June 23, NovAtel announced that the European Patent Office (EPO) had upheld the company's Narrow Correlator® Tracking Technology patent (EP 0488739 B2). The Board of Appeals of the EPO ruled on February 4, 2004 that the patent is valid, requiring only minor changes to certain of the broader claims of the patent. The patent was the subject of an Opposition in Europe filed in 1997; NovAtel filed an appeal in 1999.

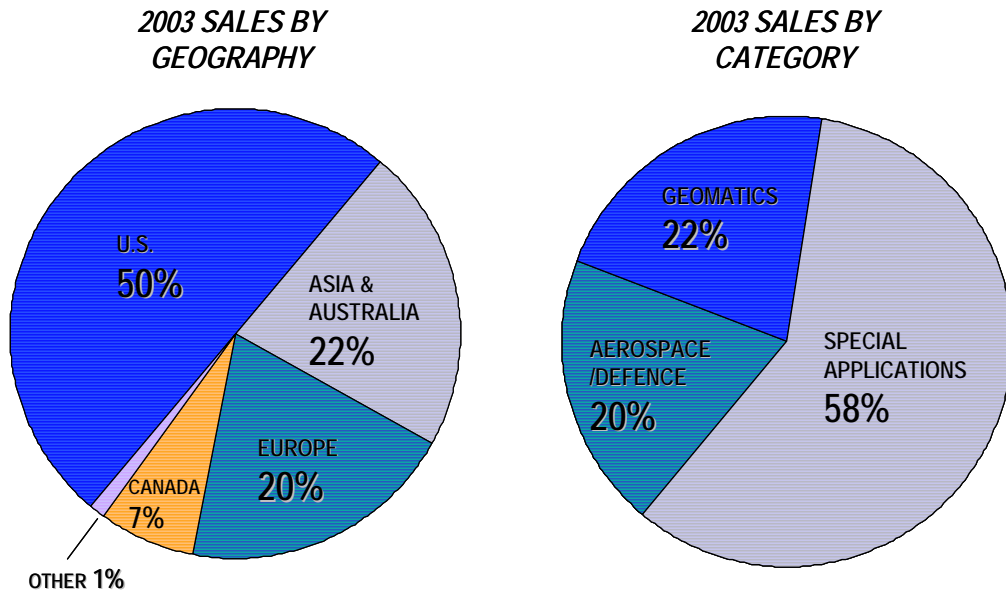
According to Pat Fenton, Chief Technology Officer for NovAtel, "We are very pleased with this ruling as it confirms NovAtel's ownership of this important core Global Navigation Satellite System (GNSS) technology. We anticipate that this may result in future licensing and royalty opportunities."

- ◆ NovAtel announced on June 21 that the first units were shipped in March 2004 to Raytheon Company for the US WAAS Final Operational Capability (FOC) program and the Geostationary Communications & Control Segment (GCCS), respectively. NovAtel had been working with the US Federal Aviation Administration and Raytheon Company for the past year to develop this new generation of key WAAS ground network and GUS equipment, under the terms of the letter contracts announced in November 2003.

The WAAS-GII receiver will be initially fielded to expand the existing ground network in Alaska, Canada and Mexico. NovAtel estimates the total value of the WAAS-GII contract to be up to US \$3.0 million, and of the L1/L5 Signal Generator to be up to US \$1.6 million. The L1/L5 Signal Generator will be initially used in the development of the GUS for the new WAAS Geostationary Satellite.

Distribution

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



Key Strategies

NovAtel's goal is to become the leading provider of high-precision global positioning component technologies and sub-systems. In order to achieve this goal, NovAtel is focused on the following growth strategies:

- ◆ Continue to invest in high-precision global positioning technology.
- ◆ Partner with and/or acquire enabling and complementary technologies.
- ◆ Continue to build market share with large OEMs and emerging system integrators.
- ◆ Attract and retain key employees.
- ◆ Continue to generate strong revenue growth while improving profitability and capital efficiency.

Investor Contact

Sonia Ross
NovAtel Inc.
1120 - 68th Avenue N.E.
Calgary, AB T2E 8S5

Telephone: 403•295•4532
Facsimile: 403•295•0230
E-mail: sonia.ross@novatel.ca
Website: <http://www.novatel.ca>