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NovAtel Reports Third Quarter Results

(Calgary, Alberta, Canada, October 29, 1998)—NovAtel Inc. (NASDAQ: NGPSF) today announced results for the third quarter ended October 3, 1998.

Revenues in the third quarter were CDN \$6.7 million (US \$4.3 million), compared to CDN \$7.4 million (US \$4.8 million) in the same period a year ago. Income from continuing operations was CDN \$309,000 (US \$201,000) or CDN \$0.04 per share (US \$0.03), versus income from continuing operations of CDN \$1.9 million a year ago.

For the first nine months of 1998, NovAtel reported revenues of CDN \$17.2 million (US \$11.2 million), down from CDN \$19.5 million (US \$12.6 million) in the same period a year ago. For the first nine months of 1998 the company recorded a loss from continuing operations of CDN \$1.5 million (US \$1.0 million), or CDN \$0.19 per share (US \$0.12), versus income from continuing operations of CDN \$4.2 million (US \$2.7 million) in the same period a year ago.

“We are very pleased with our aviation and survey business this quarter,” said Doug Reid, President and Chief Executive Officer. “We continued deliveries of receivers for the MSAS program in Japan as part of their wide area augmentation system. Deliveries of survey products to Nikon, in the United States and Japan, were strong. Gross margins rebounded to 68% in the third quarter from 59% in the second quarter of this year.”

Reid also noted that the third quarter was a period of transition for the Company including his appointment as the new President and CEO and the appointment of Graham Purves as Vice President, Sales and Marketing.

"We are seeing a negative impact on our OEM business," Reid continued. "We recognize the need to devote more attention to this part of our business and are committed to doing so. Further, the economic slowdown in Asia is expected to continue to affect our revenues. We anticipate that these issues may have an impact on our profitability for the fourth quarter."

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.

Certain statements in this press 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, 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)

	October 3. 1998	December 31. 1997
ASSETS		
Current assets:		
Cash and short term investments.....	\$ 5,700	\$10,732
Accounts receivable	7,317	4,892
Inventories	3,026	2,066
Prepaid expenses and deposits	<u>469</u>	<u>131</u>
Total current assets	16,512	17,821
Capital assets	10,253	10,610
Capital leased assets	1,456	---
Intangible assets	3,526	3,948
Deferred development costs	<u>335</u>	<u>---</u>
Total assets	<u>\$32,082</u>	<u>\$32,379</u>
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable and accrued liabilities.....	\$ 5,563	\$ 7,246
Provision for future warranty costs	94	60
Deferred gain on sale/leaseback of fixed assets		
– current portion	42	---
Capital lease obligation – current portion	<u>338</u>	<u>---</u>
Total current liabilities	6,037	7,306
Deferred gain on sale/leaseback of fixed assets		
– long-term portion	91	---
Capital lease obligation – long-term portion	<u>1,018</u>	<u>---</u>
Total liabilities.....	<u>7,146</u>	<u>7,306</u>
Shareholders' equity:		
Capital stock	35,602	35,559
Deficit.....	<u>(10,666)</u>	<u>(10,486)</u>
Total shareholders' equity.....	<u>24,936</u>	<u>25,073</u>
Total liabilities and shareholders' equity.....	<u>\$32,082</u>	<u>\$32,379</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. 3,</u>	<u>Sept. 27,</u>	<u>Oct. 3,</u>	<u>Sept. 27,</u>
	<u>1998</u>	<u>1997</u>	<u>1998</u>	<u>1997</u>
Revenues				
Product sales.....	\$ 6,683	\$ 7,337	\$17,101	\$19,325
NRE fees	<u>---</u>	<u>68</u>	<u>91</u>	<u>145</u>
Total revenues	<u>6,683</u>	<u>7,405</u>	<u>17,192</u>	<u>19,470</u>
Cost of sales				
Cost of product sales.....	2,162	2,105	6,779	5,799
Cost of NRE	<u>---</u>	<u>45</u>	<u>41</u>	<u>75</u>
Total cost of sales	<u>2,162</u>	<u>2,150</u>	<u>6,820</u>	<u>5,874</u>
Gross profit.....	<u>4,521</u>	<u>5,255</u>	<u>10,372</u>	<u>13,596</u>
Operating expenses:				
Research and development	2,186	1,613	6,173	4,478
Selling and marketing	1,329	838	3,317	2,349
General and administration	<u>952</u>	<u>933</u>	<u>2,776</u>	<u>2,735</u>
Total operating expenses.....	<u>4,467</u>	<u>3,384</u>	<u>12,266</u>	<u>9,562</u>
Operating income (loss)	54	1,871	(1,894)	4,034
Interest income/(expense).....	44	42	169	115
Other income	<u>211</u>	<u>(13)</u>	<u>250</u>	<u>62</u>
Income (loss) from continuing operations.....	309	1,900	(1,475)	4,211
Income from discontinued operations	<u>68</u>	<u>19</u>	<u>1,295</u>	<u>52</u>
Income (loss)	<u>\$ 377</u>	<u>\$ 1,919</u>	<u>\$ (180)</u>	<u>\$ 4,263</u>
Income (loss) per share (basic):				
Continuing operations	\$ 0.04	\$ 0.25	\$ (0.19)	\$ 0.57
Discontinued operations.....	<u>0.01</u>	<u>0.00</u>	<u>0.17</u>	<u>0.01</u>
Income (loss) per share	<u>\$ 0.05</u>	<u>\$ 0.25</u>	<u>\$ (0.02)</u>	<u>\$ 0.58</u>
Weighted average shares outstanding (basic)....	<u>7,674</u>	<u>7,670</u>	<u>7,673</u>	<u>7,332</u>
Income (loss) per share (fully diluted):				
Continuing operations	\$ 0.04	\$ 0.23	\$ (0.19)	\$ 0.55
Discontinued operations.....	<u>0.01</u>	<u>0.00</u>	<u>0.17</u>	<u>0.00</u>
Income (loss) per share	<u>\$ 0.05</u>	<u>\$ 0.23</u>	<u>\$ (0.02)</u>	<u>\$ 0.55</u>
Weighted average shares outstanding (fully diluted).....	<u>8,599</u>	<u>8,508</u>	<u>8,615</u>	<u>7,951</u>

