

## **NovAtel Inc. Reports Financial Results for the Third Quarter 2005**

(Calgary, Alberta, Canada, October 27, 2005)— NovAtel Inc. (NASDAQ: NGPS), a precise positioning technology company, today announced its financial results for the third quarter ended September 30, 2005.

Revenues in the third quarter 2005 were CDN \$14.3 million (US \$11.8 million) compared to CDN \$13.8 million (US \$10.4 million) in the similar period a year ago. The Company is reporting net income for the third quarter 2005 of CDN \$3.2 million (US \$2.6 million) or CDN \$0.36 (US \$0.30) per share (diluted) compared to a net income of CDN \$2.9 million (US \$2.2 million) or CDN \$0.33 (US \$0.25) per share (diluted) in the similar period a year ago.

Revenues in the nine months ended September 30, 2005 were CDN \$47.1 million (US \$38.4 million) compared to CDN \$39.6 million (US \$29.7 million) in the similar period a year ago. The Company is reporting net income for the nine months ended September 30, 2005 of CDN \$11.6 million (US \$9.4 million) or CDN \$1.32 (US \$1.07) per share (diluted) compared to a net income of CDN \$7.0 million (US \$5.3 million) or CDN \$0.82 (US \$0.62) per share (diluted), in the similar period a year ago.

"I am pleased to announce continued year-over-year revenue growth for the third quarter of 2005 compared to 2004 for NovAtel, as we experienced strong sales of our precise positioning system components into a number of vertical markets in our Special Applications category, and higher revenues from our Geomatics category," said Jon Ladd, President and CEO. "As expected, the contribution from our Aerospace and Defence category was down due to the substantial completion of certain contracts at the end of 2004."

The Company's third quarter 2005 revenue in its Special Applications category grew by 25% over the similar period in 2004. The majority of this year-over-year revenue increase is attributable to higher product shipments into the surveying/mapping market, as well as into other applications, such as port automation. "These revenue increases were partially dampened by lower sales in the precision agriculture market, although we are optimistic that the recently announced agreement between AGCO Corporation and BEELINE Technologies, Inc. will result in increased shipments beginning in the fourth quarter 2005, which we expect to continue through 2006," Ladd continued.

Revenue in the Company's Geomatics category in the third quarter of 2005 increased by 32% over the similar period a year ago due to higher revenues attributable to the Company's joint venture, Point, Inc., and design wins with new geomatics customers. "Our overall business with Point has been on an upward trend this year, reflecting the commitment we and our joint venture partner, Sokkia Co. Ltd., have made with Point management towards improving the operating performance at Point," added Ladd.

As expected, revenue from the Company's Aerospace and Defence category in the third quarter of 2005 decreased by 62% over the similar period a year ago. "Our Aerospace and Defence revenue is highly dependent on the timing of government contracts and fluctuates quarter to quarter. Our third quarter 2005 revenues were primarily comprised of deliveries to Raytheon Company for Satellite Based Augmentation System (SBAS) equipment for the US WAAS program," stated Ladd.

NovAtel's Executive Vice President and CFO, Werner Gartner, commented, "The 4% growth in reported year-over-year third quarter revenue was somewhat restrained by the

lower US dollar relative to the Canadian dollar. Our third quarter 2005 revenues grew at approximately 13% in US dollars, the base currency of the majority of our revenues.”

“The growth in revenue, combined with steady gross margins and higher operating expenses, resulted in operating income of CDN \$2.9 million in the third quarter of 2005, compared to CDN \$3.1 million in the third quarter of 2004,” continued Gartner. “In terms of cash flow, we generated positive cash flow from operations of CDN \$3.6 million, enabling us to maintain a cash/short term investments balance of CDN \$30.0 million, even after acquiring Waypoint Consulting Inc. for CDN \$3.3 million.”

### Foreign Exchange

Although approximately 95% of the Company’s revenues are earned in US dollars, the Company’s financial results are reported in Canadian dollars and in accordance with Canadian generally accepted accounting principles. The CDN/US dollar exchange rate has declined from an average rate of approximately CDN \$1.30 per US dollar in all of 2004 to a rate of CDN \$1.16 per US dollar as of September 30, 2005.

The US dollar financial information presented above is translated from the Canadian dollar financial information at the average rates in effect during the relevant reporting periods, as follows:

	Three months ended		Nine months ended	
	Sep. 30, 2005	Oct. 2, 2004	Sep. 30, 2005	Oct. 2, 2004
Canadian dollar per US dollar	\$1.216	\$1.327	\$1.229	\$1.332

\* \* \* \* \*

During the conference call scheduled for this afternoon, the Company will be providing updates and further information on the following: revenues from the Special Applications, Aerospace & Defence and Geomatics categories; Point, Inc.; its recent acquisition of Waypoint Consulting Inc.; 2005 trends; and recognition of future income tax assets.

The Company will have a conference call today at 4:30 p.m. ET. Participants may access the NovAtel Inc. conference call by dialing 1-888-334-7880 (North America) or 416-695-7896 (International). This call is also being web cast and can be accessed at NovAtel’s web site [www.novatel.com](http://www.novatel.com) or at [www.fulldisclosure.com](http://www.fulldisclosure.com).

A replay of the conference call will be available until November 3, 2005 by dialing 1-888-509-0082 (North America) or 416-695-5275 (International), or until January 15, 2006 at the web addresses noted above.

The web cast is also being distributed over CCBN’s Investor Distribution Network to both institutional and individual investors. Individual investors can listen to the call through CCBN’s individual investor centre at [www.fulldisclosure.com](http://www.fulldisclosure.com) or by visiting any of the investor sites in CCBN’s Individual Investor Network such as America Online’s Personal Finance Channel, Fidelity Investments® (Fidelity.com) and others. Institutional investors can access the call via CCBN’s password-protected event management site, StreetEvents ([www.streetevents.com](http://www.streetevents.com)).

NovAtel 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, an ISO 9001 certified company, is focused on supplying core high-precision positioning

technology to OEMs and system integrators who build systems for various end market applications. For more information, visit [www.novatel.com](http://www.novatel.com).

*Certain statements in this news release, including those about the Company's future plans and intentions, long-term growth prospects, levels of activity or other future events, are forward-looking statements. These forward-looking statements are not based on historical facts but rather on management's current expectations regarding NovAtel's future growth, results of operations, performance, future capital and other expenditures, competitive advantages, business prospects and opportunities. Wherever possible, words such as "anticipate", "believe", "expect", "may", "could", "will", "potential", "intend", "estimate", "should", "plan", "predict", "forecast" or the negative or other variations of these words, or similar words or phrases, have been used to identify these forward-looking statements. Forward-looking statements involve significant known and unknown risks, uncertainties and assumptions. Many factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements, including operating results of Point, impact and timing of large orders, US dollar to Canadian dollar exchange rate fluctuations, establishing and maintaining effective distribution channels, certification and market acceptance of NovAtel's new products, credit risks of customers and Point, pricing pressures in the market and other competitive factors, maintaining technological leadership, timing of revenue recognition in connection with certain contracts, actions by governmental authorities, and other factors described in our Form 20-F for the year ended December 31, 2004 and other SEC filings, many of which are beyond the control of NovAtel. These factors should be considered carefully and undue reliance should not be placed on the forward-looking statements. These forward-looking statements are made as of the date of this news release, and NovAtel assumes no obligation to update or revise them to reflect new events or circumstances.*

**NOVATEL INC.**

**CONSOLIDATED BALANCE SHEETS**  
(in Canadian \$ thousands)  
(Unaudited)

	<b>Sep. 30, 2005</b>	<b>Dec. 31, 2004</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents .....	\$ 3,242	\$ 8,949
Short-term investments.....	26,803	14,410
Accounts receivable .....	9,506	9,413
Related party receivables.....	1,360	1,591
Related party notes receivable.....	1,568	1,614
Inventories .....	5,368	5,191
Prepaid expenses and deposits .....	3,916	268
Future income tax asset – current portion .....	<u>1,924</u>	<u>1,286</u>
Total current assets.....	53,687	42,722
Capital assets.....	3,176	3,447
Intangible assets .....	2,813	2,515
Deferred development costs.....	1,772	2,359
Future income tax asset – long term portion.....	<u>2,546</u>	<u>1,903</u>
Total assets.....	<u>\$63,994</u>	<u>\$52,946</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities .....	\$8,657	\$ 9,148
Related party payables .....	4	345
Note payable.....	1,568	1,614
Deferred revenue.....	354	755
Provision for future warranty costs .....	<u>573</u>	<u>538</u>
Total current liabilities .....	11,156	12,400
Deferred gain on sale/leaseback of capital assets .....	<u>370</u>	<u>453</u>
Total liabilities .....	<u>11,526</u>	<u>12,853</u>
Shareholders' equity:		
Capital stock .....	39,338	38,870
Contributed surplus.....	764	442
Retained earnings.....	<u>12,366</u>	<u>781</u>
Total shareholders' equity .....	<u>52,468</u>	<u>40,093</u>
Total liabilities and shareholders' equity .....	<u>\$63,994</u>	<u>\$52,946</u>

NOVATEL INC.

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

	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>Sep. 30,</u> <u>2005</u>	<u>Oct. 2,</u> <u>2004</u>	<u>Sep. 30,</u> <u>2005</u>	<u>Oct. 2,</u> <u>2004</u>
Revenues:				
Product sales .....	\$13,791	\$12,646	\$44,805	\$35,097
NRE fees .....	<u>504</u>	<u>1,131</u>	<u>2,333</u>	<u>4,464</u>
Total revenues.....	<u>14,295</u>	<u>13,777</u>	<u>47,138</u>	<u>39,561</u>
Cost of sales:				
Cost of product sales.....	5,200	4,757	17,273	13,878
Cost of NRE fees.....	<u>414</u>	<u>652</u>	<u>1,458</u>	<u>2,424</u>
Total cost of sales .....	<u>5,614</u>	<u>5,409</u>	<u>18,731</u>	<u>16,302</u>
Gross profit .....	<u>8,681</u>	<u>8,368</u>	<u>28,407</u>	<u>23,259</u>
Operating expenses:				
Research and development .....	2,606	2,394	7,826	6,830
Selling and marketing .....	1,689	1,485	4,907	4,533
General and administration .....	1,520	1,325	5,154	3,935
Share offering costs .....	<u>—</u>	<u>20</u>	<u>—</u>	<u>742</u>
Total operating expenses .....	<u>5,815</u>	<u>5,224</u>	<u>17,887</u>	<u>16,040</u>
Operating income .....	2,866	3,144	10,520	7,219
Interest income, net .....	218	87	541	195
Other expense .....	(212)	(342)	(296)	(327)
Benefit of prior years' investment tax credits .....	<u>—</u>	<u>—</u>	<u>1,036</u>	<u>—</u>
Income from continuing operations before income taxes.....	2,872	2,889	11,801	7,087
Income taxes				
Current provision.....	75	18	1,497	52
Future income tax expense (benefit)	<u>(371)</u>	<u>—</u>	<u>(1,281)</u>	<u>—</u>
Net income .....	<u>\$ 3,168</u>	<u>\$ 2,871</u>	<u>\$11,585</u>	<u>\$ 7,035</u>
Net income per share (basic) .....	<u>\$ 0.38</u>	<u>\$ 0.36</u>	<u>\$ 1.40</u>	<u>\$ 0.88</u>
Weighted average shares outstanding (basic) .....	<u>8,304</u>	<u>8,069</u>	<u>8,280</u>	<u>8,033</u>
Net income per share (diluted).....	<u>\$ 0.36</u>	<u>\$ 0.33</u>	<u>\$ 1.32</u>	<u>\$ 0.82</u>