



February 23, 2006

PCTEL Posts \$22.8 Million In Fourth Quarter Revenue; Finishes 2005 With \$77.7 Million In Revenue; Up 61 Percent Over Prior Year

CHICAGO, Feb 23, 2006 (BUSINESS WIRE) -- PCTEL, Inc. (NASDAQ:PCTI), a leader in broadband wireless solutions, announced record revenue for the fourth quarter ending December 31, 2005 and for the entire year. Financial highlights of the quarter and year were:

-- \$22.8 million in revenue for the quarter, which is an increase of 49 percent over the fourth quarter 2004. Revenue for the year ended December 31, 2005 is \$77.7 million, up 61 percent from the same period in the prior year.

-- \$15.3 million in revenue for the quarter from the Antenna Products Group. This is an increase of 56 percent over the fourth quarter last year. Revenue for the year is \$54.2 million, up 105% from 2004. The comparisons are favorably impacted by the acquisition of GPS and mobile antenna product lines from Andrew in Q4 2004 and the acquisition of the iVET(TM) product line during the third quarter of 2005. Without those acquisitions, APG revenue increased 28% over the prior year.

-- \$2.4 million in revenue for the quarter from the Mobility Solutions Group. This is an increase of 119 percent over the fourth quarter last year. Revenue for the year is up 35 percent over 2004.

-- \$4.2 million in revenue for the quarter from the RF Solutions Group. This is record performance for this group and reflects the strong contribution of UMTS scanner sales and growth of the CLARIFY(R) product line. This is a 29 percent increase over the fourth quarter of last year. Revenue for the year is up \$3.6 million over 2004 or 33 percent.

-- \$0.9 million in licensing revenue for the quarter. This includes the benefit of PCTEL's settlement with US Robotics.

-- A GAAP net loss of \$(0.2) million for the quarter, or \$(0.01) per share, compared to \$1.1 million net income, or \$0.05 per share for the same period in 2004. Fourth quarter results last year included \$3.2 million, or \$0.16 per share, of non-cash income from a one time reversal of a reserve related to the modem product lines that we divested in 2003. Net loss, under GAAP, for the year ended December 31, 2005 was \$(3.7) million, or \$(0.18) per share, compared to a net loss of \$(2.7) million, or \$(0.14) per share for 2004.

-- Non-GAAP net income of \$2.2 million for the quarter, or \$0.11 per share, compared to \$2.3 million net income, or \$0.11 per share for the same period in 2004. Non-GAAP net income for the year ended December 31, 2005 was \$4.5 million, or \$0.22 per share, compared to net income of \$1.7 million, or \$0.08 per share for 2004. The company's reporting of non-GAAP income excludes non-cash based expenses for the amortization of restricted stock awards and amortization of intangible assets related to the company's acquisitions. Those expenses were \$2.4 million in the fourth quarter 2005 compared to \$1.2 million for the same period a year ago, and \$8.2 million for the year ended December 31, 2005 compared to \$4.4 million in 2004.

-- \$59.2 million of cash at December 31, 2005, up \$0.6 million from September 30, 2005.

"PCTEL's management team is encouraged by the company's fourth quarter results," said Marty Singer, PCTEL's Chairman and CEO. "Our organic investments and acquisitions have exposed us to the exciting growth associated with wireless broadband. This includes UMTS, Wi-Fi, WiMax, and the emergence of converged devices. We are well positioned to participate in these markets. Our 2006 focus points are top-line revenue growth, operational effectiveness, improvements in gross margin, and continued development and delivery of broadband wireless products," added Singer.

The company will discuss these results and the market trends driving the increased revenue during its scheduled earnings teleconference today at 6:15 PM EST.

CONFERENCE CALL / WEBCAST

The company will hold a conference call at 6:15 PM EST (5:15 PM CST) today, Thursday, February 23, 2006 with Marty Singer, chairman and chief executive officer, and John Schoen, chief financial officer. PCTEL will not be responding to inquiries regarding its financial results until the conference call. The session can be accessed by calling (800) 289-0508 (U.S. / Canada)

or (913) 981-5550 (international).

To listen via the Internet, please visit, www.pctel.com, or <http://investor.pctel.com/MediaList.cfm>

REPLAY: A replay will be available for two weeks after the call on PCTEL's web site at www.pctel.com or by calling (888) 203-1112 (U.S. / Canada) or (719) 457-0820 (international) access code: 7570147.

About PCTEL

PCTEL, Inc. (Nasdaq:PCTI), which is headquartered in Chicago, is a global leader in wireless broadband solutions. PCTEL's Antenna Products Group (<http://antenna.pctel.com>) designs, distributes, and supports innovative antenna solutions for public safety applications, unlicensed and licensed wireless broadband, fleet management, network timing, and other GPS applications. PCTEL's Mobility Solutions' (<http://mobilitysolutions.pctel.com>) software tools provide secure, access independent, remote connectivity to the Internet and VoIP capability for converged handsets. PCTEL's RF Solutions' (<http://rfsolutions.pctel.com>) portfolio of OEM receivers, receiver based products and interference management solutions are used to measure, monitor and optimize cellular networks.

PCTEL protects its leadership position with a portfolio of more than 130 analog and broadband communications, wireless and antenna patents, issued or pending. The company's products are sold or licensed to wireless carriers, wireless ISPs, distributors, system integrators, wireless test and measurement companies, wireless network equipment and handset manufacturers, PC card manufacturers and government agencies. For more information, please visit the company's web site at: <http://www.pctel.com>.

PCTEL Safe Harbor Statement

This press release contains "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Specifically, the statements regarding PCTEL's expectations regarding the future growth of its broadband wireless products and the emergence of converged devices and operational effectiveness are forward looking statements within the meaning of the safe harbor. These statements are based on management's current expectations and actual results may differ materially from those projected as a result of certain risks and uncertainties, including the ability to successfully grow the wireless products business, the ability to implement new technologies and obtain protection for the related intellectual property, and the ability to integrate acquired businesses and products. These and other risks and uncertainties are detailed in PCTEL's Securities and Exchange Commission filings. These forward-looking statements are made only as of the date hereof, and PCTEL disclaims any obligation to update or revise the information contained in any forward-looking statement, whether as a result of new information, future events or otherwise.

PCTEL, Inc.

Condensed Consolidated Statements of Operations (unaudited, in thousands, except per share information)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2005	2004	2005	2004
REVENUES	\$22,794	\$15,298	\$77,746	\$48,221
COST OF REVENUES	12,107	7,335	40,878	19,786
MODEM ROYALTY EXPENSE RECOVERY	--	(3,208)	--	(3,208)
GROSS PROFIT	10,687	11,171	36,868	31,643
OPERATING EXPENSES:				
Research and development	2,548	2,405	10,015	8,614
Sales and marketing	3,388	2,948	13,074	11,247
General and administrative	4,700	4,514	16,836	15,416
Amortization of other intangible assets	1,170	840	4,137	2,972

Restructuring charges	--	129	(70)	(66)
Gain on sale of assets and related royalties	(500)	(500)	(2,100)	(2,000)
Total operating expenses	11,306	10,336	41,892	36,183
INCOME (LOSS) FROM OPERATIONS	(619)	835	(5,024)	(4,540)
OTHER INCOME, NET	502	402	1,546	1,261
INCOME (LOSS) BEFORE PROVISION (BENEFIT) FOR INCOME TAXES	(117)	1,237	(3,478)	(3,279)
PROVISION (BENEFIT) FOR INCOME TAXES	39	173	235	(541)
NET INCOME (LOSS)	\$ (156)	\$ 1,064	\$ (3,713)	\$ (2,738)
	=====	=====	=====	=====
Basic earnings (loss) per share	\$ (0.01)	\$ 0.05	\$ (0.18)	\$ (0.14)
Shares used in computing basic earnings (loss) per share	20,257	20,024	20,146	20,074
Diluted earnings (loss) per share	\$ (0.01)	\$ 0.05	\$ (0.18)	\$ (0.14)
Shares used in computing diluted earnings (loss) per share	20,257	20,179	20,146	20,074

PCTEL, Inc.

Consolidated Condensed Balance Sheets
(unaudited, in thousands)

	December 31, 2005	December 31, 2004
	-----	-----
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 58,966	\$ 83,887
Restricted cash	208	208
Accounts receivable, net	13,725	10,819
Inventories, net	9,547	8,554
Prepaid expenses and other assets	3,179	2,969
Total current assets	85,625	106,437
PROPERTY AND EQUIPMENT, net	11,190	9,746
GOODWILL	31,020	14,114
OTHER INTANGIBLE ASSETS, net	16,457	11,628
OTHER ASSETS	1,217	180
TOTAL ASSETS	\$ 145,509	\$ 142,105
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 2,251	\$ 1,085
Income taxes payable	5,297	5,692
Deferred revenue	1,944	1,738
Accrued liabilities	6,448	9,301
	-----	-----

Total current liabilities	15,940	17,816
LONG-TERM LIABILITIES	5,542	1,366
	-----	-----
Total liabilities	21,482	19,182
	-----	-----
STOCKHOLDERS' EQUITY:		
Common stock	22	21
Additional paid-in capital	167,829	160,180
Deferred compensation	(7,004)	(4,422)
Accumulated deficit	(36,652)	(32,938)
Accumulated other comprehensive income	(168)	82
	-----	-----
Total stockholders' equity	124,027	122,923
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 145,509	\$ 142,105
	=====	=====

PCTEL, Inc.

Revenue and Gross Profit by Segment
(unaudited, in thousands)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2005	2004	2005	2004
	-----	-----	-----	-----
REVENUES:				

APG	\$15,282	\$ 9,826	\$54,249	\$26,451
RFS	4,232	3,283	14,343	10,768
MSG	2,432	1,109	6,922	5,129
LICENSING	868	1,100	2,289	5,936
MODEMS	--	--	--	--
Eliminations	(20)	(20)	(57)	(63)
	-----	-----	-----	-----
TOTAL REVENUES	\$22,794	\$15,298	\$77,746	\$48,221
GROSS PROFIT:				

APG	\$ 4,319	\$ 3,692	\$17,604	\$10,637
RFS	3,119	2,138	10,295	7,177
MSG	2,392	1,045	6,762	4,937
LICENSING	864	1,092	2,207	5,693
MODEMS	--	3,208	--	3,208
Eliminations	(7)	(4)	--	(9)
	-----	-----	-----	-----
TOTAL GROSS PROFIT	\$10,687	\$11,171	\$36,868	\$31,643

PCTEL, Inc.

Reconciliation Of Non GAAP To GAAP Results Of Operations (a)

(unaudited, in thousands)

Three Months Ended December 31, 2005

	As Reported	Non-GAAP Adjustments	(a)	Non GAAP
REVENUES	\$22,794			\$22,794
COST OF REVENUES	12,107	(81)	(b)	12,026
MODEM ROYALTY EXPENSE RECOVERY	-			-
GROSS PROFIT	10,687	81		10,768
OPERATING EXPENSES:				
Research and development	2,548	(97)	(b)	2,451
Sales and marketing	3,388	(240)	(b)	3,148
General and administrative	4,700	(768)	(b)	3,932
Amortization of other intangible assets	1,170	(1,170)		--
Restructuring charges	--			--
Gain on sale of assets and related royalties	(500)			(500)
Total operating expenses	11,306	(2,275)		9,031
INCOME (LOSS) FROM OPERATIONS	(619)	2,356		1,737
OTHER INCOME, NET	502			502
INCOME (LOSS) BEFORE INCOME TAXES	(117)	2,356		2,239
PROVISION FOR INCOME TAXES	39			39
NET INCOME (LOSS)	\$(156)	\$2,356		\$2,200
Earnings (loss) per share				
Basic	\$(0.01)			\$0.11
Diluted	\$(0.01)			\$0.11
Shares used in computing EPS (in thousands)				
Basic	20,257			20,257
Diluted	20,257			20,854

Three Months Ended December 31, 2004

	As Reported	Non-GAAP Adjustments	(a)	Non GAAP
REVENUES	\$15,298			\$15,298
COST OF REVENUES	7,335			7,335
MODEM ROYALTY EXPENSE RECOVERY	(3,208)			(3,208)
GROSS PROFIT	11,171			11,171
OPERATING EXPENSES:				
Research and development	2,405	(29)	(b)	2,376
Sales and marketing	2,948	(85)	(b)	2,863
General and administrative	4,514	(271)	(b)	4,243
Amortization of other intangible assets	840	(840)		--
Restructuring charges	129			129

Gain on sale of assets and related royalties	(500)		(500)
Total operating expenses	10,336	(1,225)	9,111
INCOME (LOSS) FROM OPERATIONS	835	1,225	2,060
OTHER INCOME, NET	402		402
INCOME (LOSS) BEFORE INCOME TAXES	1,237	1,225	2,462
PROVISION FOR INCOME TAXES	173		173
NET INCOME (LOSS)	\$1,064	\$1,225	\$2,289
Earnings (loss) per share			
Basic	\$0.05		\$0.11
Diluted	\$0.05		\$0.11
Shares used in computing EPS (in thousands)			
Basic	20,024		20,024
Diluted	20,179		20,179

(a) These adjustments reconcile the Company's GAAP results of operations to its non-GAAP results of operations. The Company believes that presentation of results excluding items such as non-cash share-based compensation and amortization of intangible assets provides meaningful supplemental information to both management and investors that is indicative of the Company's core operating results and facilitates comparison of operating results across reporting periods. The Company uses these non-GAAP measures when evaluating its financial results as well as for internal planning and forecasting purposes. These non-GAAP measures should not be viewed as a substitute for the Company's GAAP results. Neither the Company's GAAP nor non-GAAP results of operations include the accounting impact had the Company chosen to apply the fair-value recognition provisions of SFAS No. 123 or SFAS No. 123 revised (123R) to expense share-based compensation related to stock options, the impact of which is disclosed in the Company's Forms 10-Q and 10-K as filed with the SEC. The Company will adopt SFAS No. 123R in its first fiscal quarter ending March 31, 2006.

(b) This adjustment reflects the non cash stock based compensation expense for restricted stock grants and stock bonuses awarded to the Company's employees.

PCTEL, Inc.

Reconciliation Of Non GAAP To GAAP Results Of Operations (a)

(unaudited, in thousands)

	Year Ended December 31, 2005		
	As Reported	Non-GAAP Adjustments (a)	Non GAAP
REVENUES	\$77,746		\$77,746

COST OF REVENUES	40,878	(164) (b)	40,714
MODEM ROYALTY EXPENSE RECOVERY			
GROSS PROFIT	36,868	164	37,032
OPERATING EXPENSES:			
Research and development	10,015	(309) (b)	9,706
Sales and marketing	13,074	(812) (b)	12,262
General and administrative	16,836	(2,766) (b)	14,070
Amortization of other intangible assets	4,137	(4,137)	--
Restructuring charges	(70)		(70)
Gain on sale of assets and related royalties	(2,100)		(2,100)
Total operating expenses	41,892	(8,024)	33,868
INCOME (LOSS) FROM OPERATIONS	(5,024)	8,188	3,164
OTHER INCOME, NET	1,546		1,546
INCOME (LOSS) BEFORE INCOME TAXES	(3,478)	8,188	4,710
PROVISION (BENEFIT) FOR INCOME TAXES	235		235
NET INCOME (LOSS)	\$(3,713)	\$8,188	\$4,475
Earnings (loss) per share			
Basic	\$(0.18)		\$0.22
Diluted	\$(0.18)		\$0.22
Shares used in computing EPS (in thousands)			
Basic	20,146		20,146
Diluted	20,146		20,701

Year Ended December 31, 2004

	As Reported	Non-GAAP Adjustments	(a)	Non GAAP
REVENUES	\$48,221			\$48,221
COST OF REVENUES	19,786			19,786
MODEM ROYALTY EXPENSE RECOVERY	(3,208)			(3,208)
GROSS PROFIT	31,643			31,643
OPERATING EXPENSES:				
Research and development	8,614	(108) (b)		8,506
Sales and marketing	11,247	(303) (b)		10,944
General and administrative	15,416	(1,014) (b)		14,402
Amortization of other intangible assets	2,972	(2,972)		--
Restructuring charges	(66)			(66)
Gain on sale of assets and related royalties	(2,000)			(2,000)
Total operating expenses	36,183	(4,397)		31,786
INCOME (LOSS) FROM OPERATIONS	(4,540)	4,397		(143)
OTHER INCOME, NET	1,261			1,261
INCOME (LOSS) BEFORE INCOME TAXES	(3,279)	4,397		1,118

PROVISION (BENEFIT) FOR INCOME TAXES	(541)		(541)
	-----	-----	-----
NET INCOME (LOSS)	\$(2,738)	\$4,397	\$1,659
	-----	-----	-----
Earnings (loss) per share			
Basic	\$(0.14)		\$0.08
Diluted	\$(0.14)		\$0.08
Shares used in computing EPS (in thousands)			
Basic	20,074		20,074
Diluted	20,074		20,793

(a) These adjustments reconcile the Company's GAAP results of operations to its non-GAAP results of operations. The Company believes that presentation of results excluding items such as non-cash share-based compensation and amortization of intangible assets provides meaningful supplemental information to both management and investors that is indicative of the Company's core operating results and facilitates comparison of operating results across reporting periods. The Company uses these non-GAAP measures when evaluating its financial results as well as for internal planning and forecasting purposes. These non-GAAP measures should not be viewed as a substitute for the Company's GAAP results. Neither the Company's GAAP nor non-GAAP results of operations include the accounting impact had the Company chosen to apply the fair-value recognition provisions of SFAS No. 123 or SFAS No. 123 revised (123R) to expense share-based compensation related to stock options, the impact of which is disclosed in the Company's Forms 10-Q and 10-K as filed with the SEC. The Company will adopt SFAS No. 123R in its first fiscal quarter ending March 31, 2006.

(b) This adjustment reflects the non cash stock based compensation expense for restricted stock grants and stock bonuses awarded to the Company's employees.

SOURCE: PCTEL, Inc.

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