



# Investor Presentation

## Q2 Fiscal Year 2017

This presentation reflects information  
as of March 8, 2017

# Forward-Looking Statements

## Cautionary Statement Regarding Forward-Looking Statements

Certain information in this presentation contains forward-looking statements, including but not limited to, information relating to Comtech Telecommunications Corp.'s ("Comtech" or the "Company") future performance and financial condition, plans and objectives of Comtech's management and Comtech's assumptions regarding such future performance, financial condition, and plans and objectives that involve certain significant known and unknown risks and uncertainties and other factors not under Comtech's control which may cause actual results, future performance and financial condition, and achievement of plans and objectives of Comtech's management to be materially different from the results, performance or other expectations implied by these forward-looking statements. These factors include, among other things: the possibility that the expected synergies from the acquisition of TeleCommunication Systems, Inc. ("TCS") will not be fully realized, or will not be realized within the anticipated time period; the risk that Comtech's and TCS's businesses will not be integrated successfully; the possibility of disruption from the acquisition making it more difficult to maintain business and operational relationships or retain key personnel; the risk that Comtech will be unsuccessful in implementing a tactical shift in its Government Solutions segment away from bidding on large commodity service contracts and toward pursuing contracts for its niche products with higher margins; the nature and timing of receipt of, and Comtech's performance on, new or existing orders that can cause significant fluctuations in net sales and operating results; the timing and funding of government contracts; adjustments to gross profits on long-term contracts; risks associated with international sales; rapid technological change; evolving industry standards; new product announcements and enhancements; changing customer demands; changes in prevailing economic and political conditions; changes in the price of oil in global markets; changes in foreign currency exchange rates; risks associated with Comtech's and TCS's legacy legal proceedings, customer claims for indemnification and other similar matters; risks associated with Comtech's obligations under its Secured Credit Facility; risks associated with the Company's large contracts; and other factors described in Comtech's filings with the Securities and Exchange Commission ("SEC").



# Use of Non-GAAP Financial Measures

In order to provide investors with additional information regarding the Company's financial results, this presentation contains "Non-GAAP financial measures" under the rules of the SEC. The Company's Adjusted EBITDA is a Non-GAAP financial measure that represents earnings before income taxes, interest (income) and other expense, interest expense, amortization of stock-based compensation, amortization of intangibles, depreciation expense, acquisition plan expenses and settlement of intellectual property litigation. The Company's definition of Adjusted EBITDA may differ from the definition of EBITDA used by other companies and therefore may not be comparable to similarly titled measures used by other companies, including a similarly titled measure previously utilized by TCS. Adjusted EBITDA is also a measure frequently requested by the Company's investors and analysts. The Company believes that investors and analysts may use Adjusted EBITDA, along with other information contained in its SEC filings, in assessing our performance and comparability of our results with other companies. These Non-GAAP financial measures have limitations as an analytical tool as they exclude the financial impact of transactions necessary to conduct Comtech's business, such as the granting of equity compensation awards, and are not intended to be an alternative to financial measures prepared in accordance with GAAP. These measures are adjusted as described in the reconciliation of GAAP to Non-GAAP in the table in Appendix II, but these adjustments should not be construed as an inference that all of these adjustments or costs are unusual, infrequent or non-recurring. Non-GAAP financial measures should be considered in addition to, and not as a substitute for or superior to, financial measures determined in accordance with GAAP. Investors are advised to carefully review the GAAP financial results that are disclosed in Comtech's SEC filings. The Company has not quantitatively reconciled fiscal 2017 Adjusted EBITDA target to the most directly comparable GAAP measure because items such as stock-based compensation, adjustments to the provision for income taxes, amortization of intangibles, costs related to its acquisition plan, settlement of intellectual property litigation and interest expense are certain items that impact these measures, have not yet occurred, are out of the Company's control, or cannot be predicted. For example, quantification of stock-based compensation expense requires inputs such as the number of shares granted and market price that are not currently ascertainable. Accordingly, reconciliations to the Non-GAAP forward looking metrics are not available without unreasonable effort and such unavailable reconciling items could significantly impact the Company's financial results.



# Overview

# Who is Comtech?



Thought  
Leader in  
Communications

Comtech is a world leader in the advanced communication solutions niche markets that it serves.

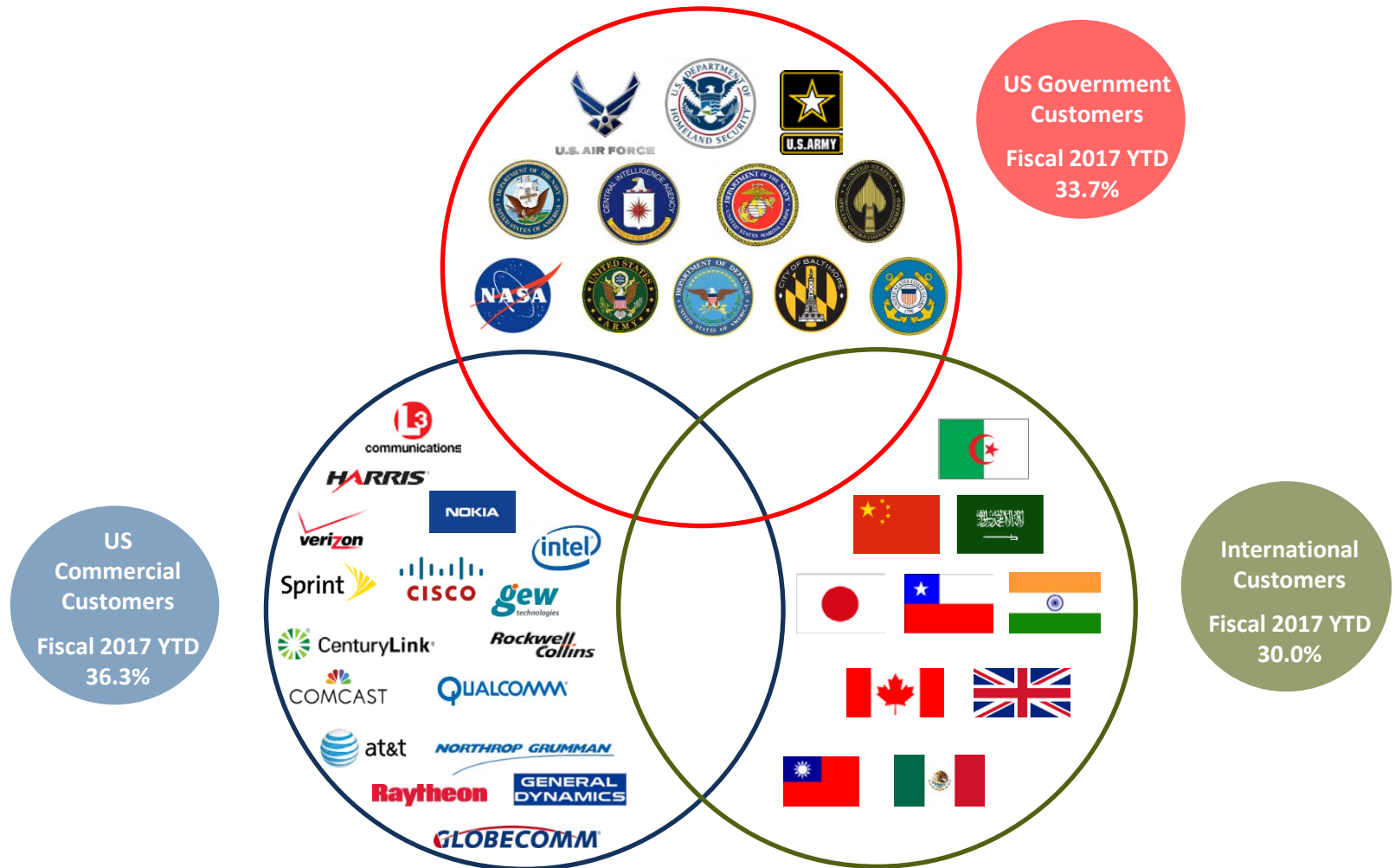
Innovative  
Solutions

People around the world depend on the company's innovations in satellite earth systems, enterprise technologies (such as mapping and location applications), public safety solutions and government command and control systems, including troposcatter technologies.

Legacy of  
Complex  
Problem  
Solving

Government agencies, mobile and telecom operators, and enterprises use our expertise, professional services, and highly secure wireless solutions to defend global security, improve public safety, and establish Connections that Matter®.


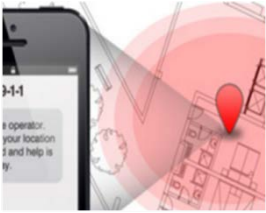




# Comtech Has a Diverse Global Customer Base



With over 100 key customers around the world, our revenues are expected to grow from the \$411.0 million we achieved in fiscal 2016 to a range of \$570.0 million - \$580.0 million in fiscal 2017.

# Comtech Has a Presence in Large, Growing End Markets

Comtech is focused on markets that are highly dependent on secure, advanced communications technologies.

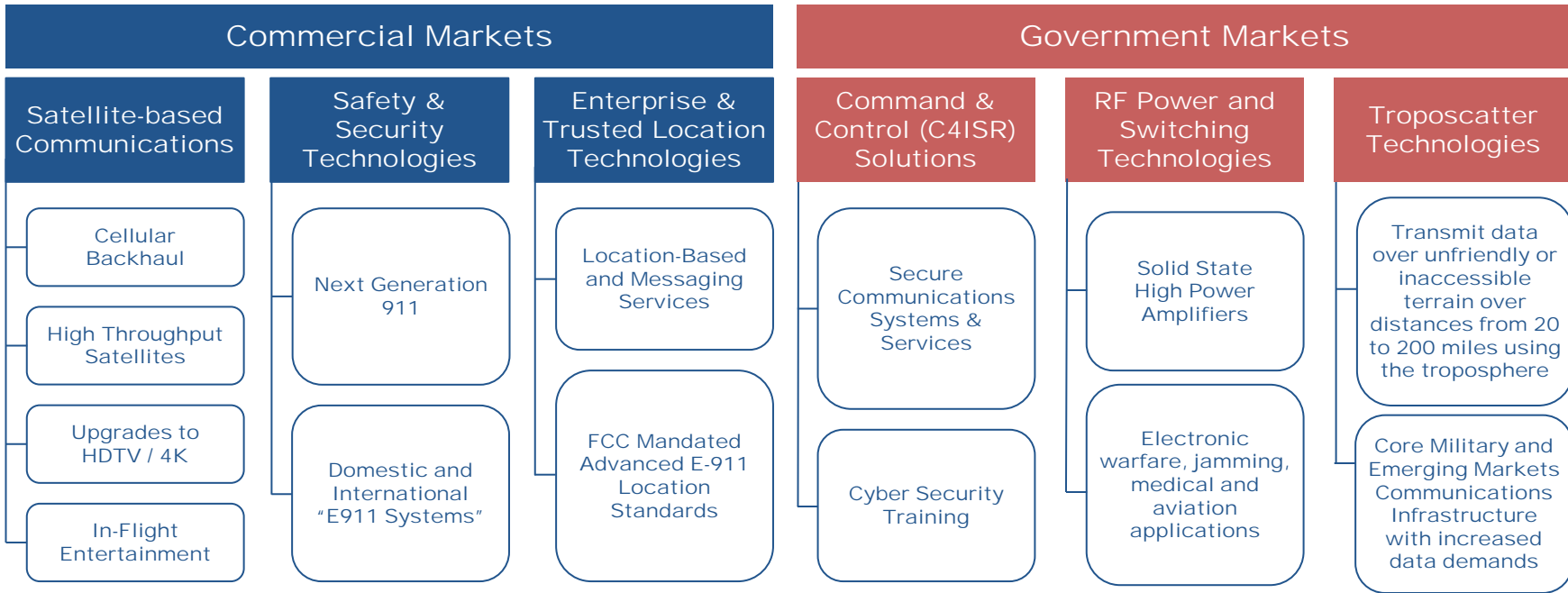
|                      | Commercial  |   |  | Government  |   |   |
|----------------------|---|---|--|---|---|---|
|                      | Satellite-based Communications  | Public Safety & Next Generation 911   | Enterprise & Trusted Location Platforms  | Command & Control (C4ISR) Solutions   | Cybersecurity Training  | Emerging Markets  |
|                      |                |  |  |  |    |    |
| <b>Market Size:</b>  | <b>\$1.3 billion<sup>(1)</sup></b><br>Satellite backhaul equipment and services sales           | <b>\$460 million<sup>(2)</sup></b><br>Next Generation 911 market                  | <b>\$402 million<sup>(3)</sup></b><br>Location-based services revenue              | <b>~\$122 billion<sup>(4)</sup></b><br>Global C4ISR market                          | <b>\$122 billion<sup>(6)</sup></b><br>Will reach \$202 billion by 2021<br><b>\$19 billion<sup>(7)</sup></b><br>FY2017 US cybersecurity budget | <b>\$277 Million<sup>(8)</sup></b><br>Non-line-of-sight Microwave Network Equipment market will reach \$834 million by 2020 |
| <b>Growth Rates:</b> | <b>~4% per year<sup>(1)</sup></b><br>2015-2025, satellite backhaul equipment and services sales | <b>~29% per year<sup>(2)</sup></b><br>2015-2021, Next Generation 911 market       | <b>~4% per year<sup>(3)</sup></b><br>2016-2018, location-based services revenue    | <b>~4% per year<sup>(5)</sup></b><br>2016-2020, global C4ISR market                 | <b>~11% per year<sup>(6)</sup></b><br>2016-2021 (CAGR)  | <b>~25% per year<sup>(8)</sup></b><br>2015-2020, Non-line-of-sight Microwave Network Equipment market                       |

(1) Northern Sky Research, Wireless Backhaul, Trunking and Video Offload via Satellite, 10<sup>th</sup> Ed., 2016. Market size estimated for 2015.  
 (2) Frost & Sullivan, Next Generation 911 (NG911) Market Insight, 2016. Market size forecast by year 2021.  
 (3) ABI Research, Location Technologies, 2015. World market size forecast by year 2018.  
 (4) Research and Markets, The Global C4ISR Market 2014-2024 - Market Size and Drivers: Market Profile, 2015. Market size estimated for 2014.  
 (5) Technavio, Global C4ISR Market 2016-2020, 2016.  
 (6) Cyber Security Market – Global Forecast to 2021. Market size forecast for 2016.  
 (7) White House, President's Budget for Fiscal Year 2017.  
 (8) IHS Technology "Microwave Network Equipment Quarterly Market Tracker: Regional, Q2 2016". Market size estimated for 2015.

# Comtech's Products & Services

Several specific catalysts will drive growth across the Company's established customer base.

Key Growth Areas:

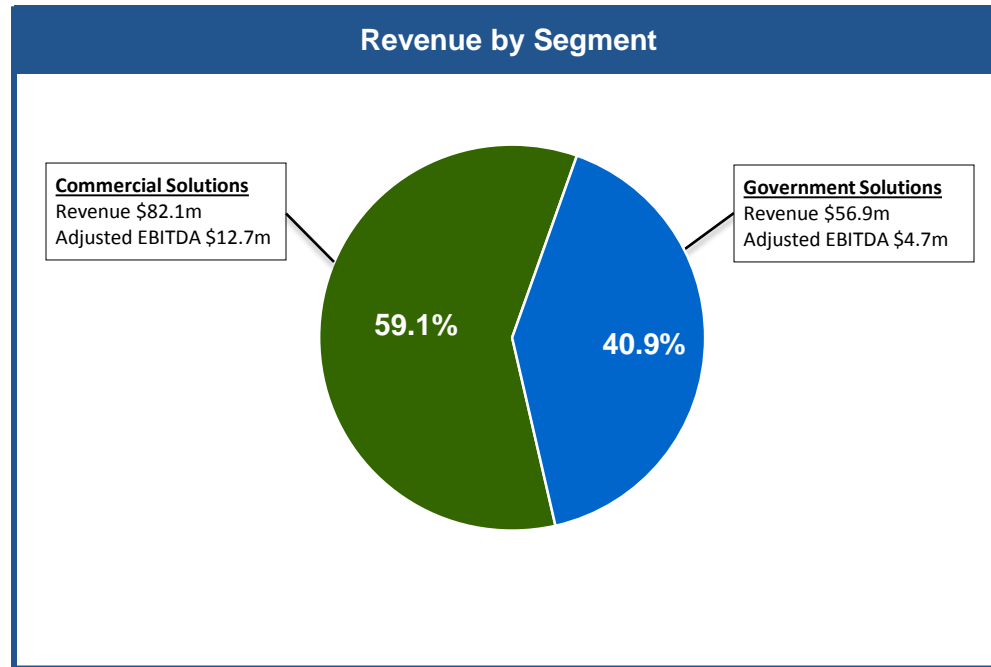


Leading Provider of:





# Summary of Comtech's Q2 FY17 Performance



- **Total Revenues of \$139.0 million**
- **Operating Income of \$12.8 million**
- **Adjusted EBITDA<sup>(1)</sup> (non-GAAP) of \$13.5 million**
- **Cash Flow from Operations of \$17.7 million**
- **Significant strength in Commercial Solutions segment bookings**
- **Continuing tactical shift in strategy in our Government Solutions segment**

Note

(1) Adjusted EBITDA represents earnings before income taxes, interest (income) and other expense, interest expense, amortization of stock-based compensation, amortization of intangibles, depreciation expense, acquisition plan expenses and settlement of intellectual property litigation.

# Comtech's Updated Guidance For Fiscal 2017

## Use of Non-GAAP Financial Measures – See Page 3

### FY 2017 Targets

\$ millions, except per share data

Revenue **\$570.0 - \$580.0**

Adjusted EBITDA<sup>(1)</sup> **~\$70.0**

GAAP EPS **~\$0.68**

Includes a \$10.0 million (\$0.27 EPS) favorable adjustment to operating income related to the settlement of a TCS intellectual property matter

### Comments on FY 2017 Targets

- Reflects a tactical shift in Government Solutions segment away from bidding on large commodity service contracts and toward pursuing contracts for niche products with higher margins.
- Includes:
  - 12 months of TCS contribution
  - Synergies
  - Current estimates of legal expenses
- Does not reflect any potential one-time charges from any restructuring actions we may take

- Assumes:
  - Depreciation expense to range from ~ \$15.0 million to \$16.0 million
  - Amortization expense to range from ~ \$22.0 million to \$24.0 million
  - Amortization of stock-based compensation of ~ \$5.0 million
  - Interest expense to range between \$12.0 million to \$13.5 million or an effective interest rate range of 4.5% to 5.5% of total outstanding debt
  - Effective income tax rate of ~ 35.5%
  - Diluted shares of 23.510 million

#### Note

(1) Adjusted EBITDA represents earnings before income taxes, interest (income) and other expense, interest expense, amortization of stock-based compensation, amortization of intangibles, depreciation expense, acquisition plan expenses and settlement of intellectual property litigation.

# Comtech Has a History of Strong Capital Return to Shareholders

- **Dividend of \$0.10 per common share declared on March 8, 2017**
  - Payable on May 19, 2017 to shareholders of record at the close of business on April 19, 2017
  - Our 27th consecutive quarterly dividend
- **Returned \$577.5 million of capital to shareholders - September 2010 through March 2017**
  - Cash dividends paid of \$135.7 million
  - Total share repurchases of \$441.8 million
- **The Company's Board of Directors is currently targeting the fourth quarter fiscal 2017 dividend to be \$0.10 per common share.**
- **Future dividends remain subject to compliance with financial covenants under the Company's Secured Credit Facility as well as Board approval.**

# Comtech Has Balance Sheet Flexibility

- **We have a \$400.0 million Secured Credit Facility, including a \$150.0 million Revolver**
- **At Q2 we had outstanding**
  - Revolving Loan Facility of ~ \$79.8 million
  - Term Loan Debt of ~ \$168.2 million
  - Capital Lease Obligations of ~ \$5.8 million
  - Total Debt ~ \$253.8 million
- **Net Leverage Ratio of 2.57x (as defined in the Secured Credit Facility)**
  - Consolidated EBITDA for purposes of covenant calculations is higher by \$9.9 million as compared to the Adjusted EBITDA used by Management
  - For Q2, our Net Leverage Ratio was 2.57x Consolidated EBITDA as compared to a maximum allowable of 3.00x Consolidated EBITDA
  - The maximum allowable Net Leverage Ratio for the third quarter of fiscal 2017 will remain at 3.00x
  - Net Leverage Ratio will decrease to 2.75x Consolidated EBITDA by the end of our fiscal 2017

**Given our ~ \$63.1 million of cash as of January 31, 2017 and our expected fiscal 2017 business performance, we anticipate compliance with our Net Leverage Ratio and other covenants in our Secured Credit Facility.**

**In order to obtain increased flexibility and other enhancements, we continue to be actively engaged in substantive discussions with our financial lenders to modify various terms and conditions, contained in our Secured Credit Facility.**

# Appendix I

## Historical Data and Trends

# Market Data

## General Market Information

**NASDAQ Symbol:** CMTL

**Institutional Holders<sup>(2)</sup>:** 180

**52 Week Range<sup>(1)</sup>:** \$9.52 - \$25.01

**Analyst Coverage:** 6

**Source:** NASDAQ

## Analysts

| Institution                    | Analyst Name     |
|--------------------------------|------------------|
| BMO Capital Markets Corp.      | Tim Long         |
| Citibank                       | Stanley Kovler   |
| Jefferies Group LLC            | George Notter    |
| Ladenburg Thalmann and Co. Inc | Glen Mattson     |
| Noble Capital Markets          | Mark Jordan      |
| Northland Capital Markets      | Michael Latimore |

### Notes

- (1) 52 week range indicates the high and low closing prices during the period of February 1, 2016 through January 31, 2017.
- (2) As of March 2, 2017.
- (3) Dollar amounts in thousands, except per share data.
- (4) See Appendix II of this presentation for the reconciliation of Adjusted EBITDA to reported net income.
- (5) Comtech's fiscal year end is July 31.

# Recent Quarterly Operating Results

\$ in 000s

|                                   | <b><u>Q2</u></b><br><b><u>2016</u></b> | <b><u>Q3</u></b><br><b><u>2016</u></b> | <b><u>Q4</u></b><br><b><u>2016</u></b> | <b><u>Q1</u></b><br><b><u>2017</u></b> | <b><u>Q2</u></b><br><b><u>2017</u></b> |
|-----------------------------------|--|--|--|--|--|
| <b><u>Revenue</u></b>             |  |  |  |  |  |
| Commercial Solutions              | \$ 50,722                              | \$ 71,985                              | \$ 83,298                              | \$ 76,178                              | \$ 82,103                              |
| Government Solutions              | 19,601                                 | 52,202                                 | 69,079                                 | 59,608                                 | 56,925                                 |
| <b>Total Revenue</b>              | <b>\$ 70,323</b>                       | <b>\$ 124,187</b>                      | <b>\$ 152,377</b>                      | <b>\$ 135,786</b>                      | <b>\$ 139,028</b>                      |
| <b>Adjusted EBITDA</b>            | <b>\$ 9,262</b>                        | <b>\$ 12,462</b>                       | <b>\$ 18,821</b>                       | <b>\$ 10,046</b>                       | <b>\$ 13,489</b>                       |
| <b><u>% of Revenue</u></b>        |  |  |  |  |  |
| GAAP Gross Profit                 | 41.8%                                  | 41.4%                                  | 40.8%                                  | 38.4%                                  | 38.3%                                  |
| GAAP R&D Expenses                 | 11.0%                                  | 10.1%                                  | 9.2%                                   | 10.4%                                  | 9.6%                                   |
| GAAP SG&A Expenses <sup>(1)</sup> | 21.3%                                  | 24.5%                                  | 22.4%                                  | 24.1%                                  | 22.3%                                  |
| GAAP Operating Income (Loss)      | 4.6%                                   | (10.8)%                                | 4.9%                                   | (0.5)%                                 | 9.2%                                   |
| Adjusted EBITDA <sup>(2)</sup>    | 13.2%                                  | 10.0%                                  | 12.4%                                  | 7.4%                                   | 9.7%                                   |

## Notes

- (1) FY 2016 excludes acquisition plan expenses related primarily to TCS acquisition.
- (2) See Appendix II of this presentation for the reconciliation of Adjusted EBITDA to reported net income.
- (3) Comtech's fiscal year end is July 31.

# Recent Annual Operating Results

| \$ in 000s                        | <u>2013</u> <sup>(3)</sup> | <u>2014</u>       | <u>2015</u>       | <u>2016</u>       |
|-----------------------------------|----------------------------|-------------------|-------------------|-------------------|
| <b><u>Revenue</u></b>             |                            |                   |                   |                   |
| Commercial Solutions              | \$ 229,058                 | \$ 228,745        | \$ 203,674        | \$ 248,955        |
| Government Solutions              | 90,739                     | 118,405           | 103,615           | 162,049           |
| <b>Total Revenue</b>              | <b>\$ 319,797</b>          | <b>\$ 347,150</b> | <b>\$ 307,289</b> | <b>\$ 411,004</b> |
| <b>Adjusted EBITDA</b>            | <b>\$ 52,242</b>           | <b>\$ 61,336</b>  | <b>\$ 51,761</b>  | <b>\$ 48,062</b>  |
| <b><u>% of Revenue</u></b>        |                            |                   |                   |                   |
| GAAP Gross Profit                 | 44.0%                      | 43.6%             | 45.2%             | 41.7%             |
| GAAP R&D Expenses                 | 11.5%                      | 9.8%              | 11.7%             | 10.3%             |
| GAAP SG&A Expenses <sup>(1)</sup> | 19.8%                      | 19.3%             | 20.4%             | 23.1%             |
| GAAP Operating Income (Loss)      | 10.8%                      | 12.6%             | 11.1%             | (0.1)%            |
| Adjusted EBITDA <sup>(2)</sup>    | 16.3%                      | 17.7%             | 16.8%             | 11.7%             |
| GAAP EPS                          | \$ 0.97                    | \$ 1.37           | \$ 1.42           | \$ (0.46)         |

Excluding \$21.3 million of acquisition plan expenses in FY 2016 mainly related to the TCS acquisition, operating income would have been 5.0% of net sales

## Notes

(1) FY 2016 Excludes acquisition plan expenses

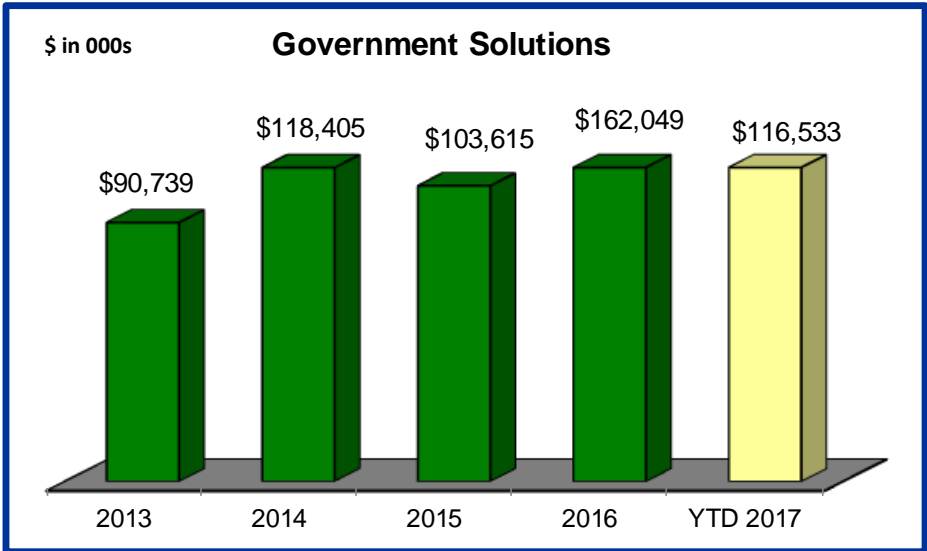
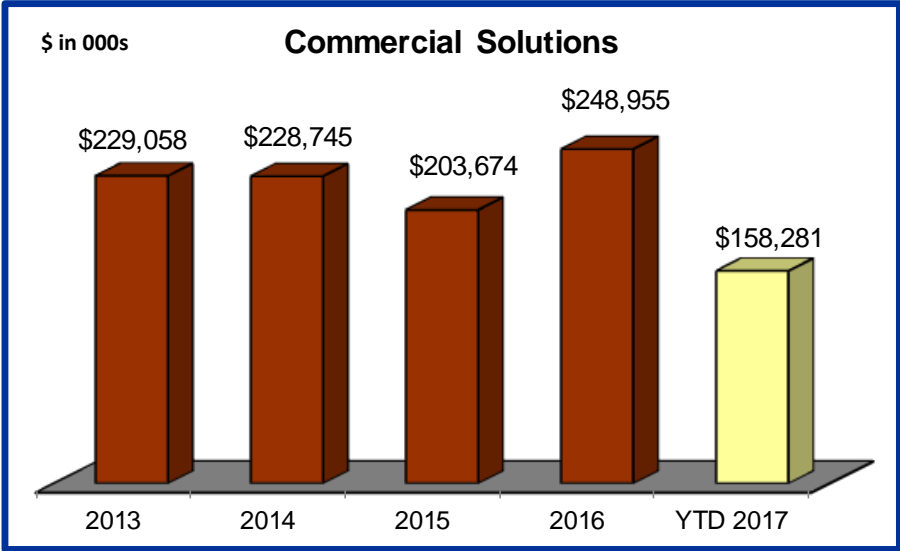
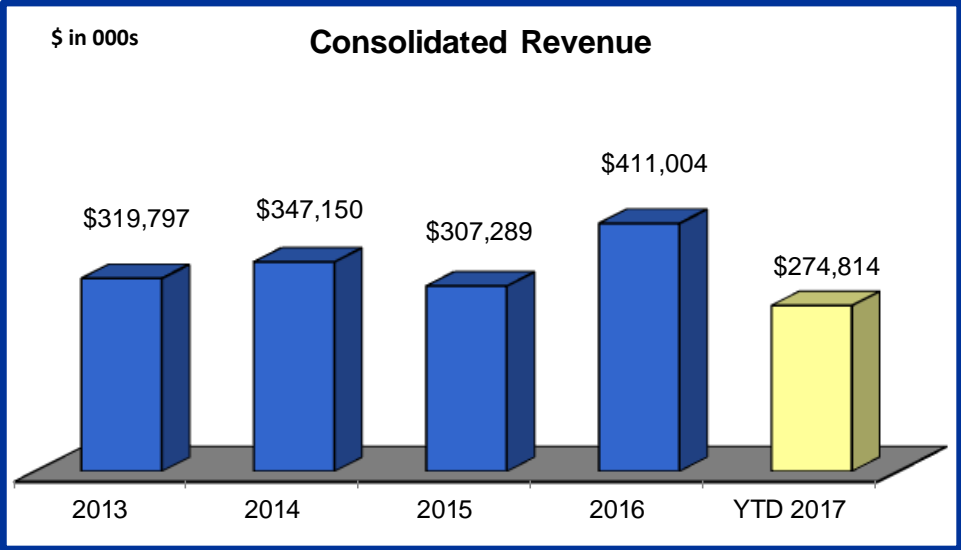
(2) See Appendix II of this presentation for the reconciliation of Adjusted EBITDA to reported net income.

(3) Excluding a net benefit of \$2.8 million primarily driven by a change in the fair value of a contingent earn-out liability associated with the acquisition of Stampede Technologies Inc., fiscal year 2013 SG&A expenses and operating income would have been 20.7% and 9.9%, respectively.

(4) Comtech's fiscal year end is July 31.

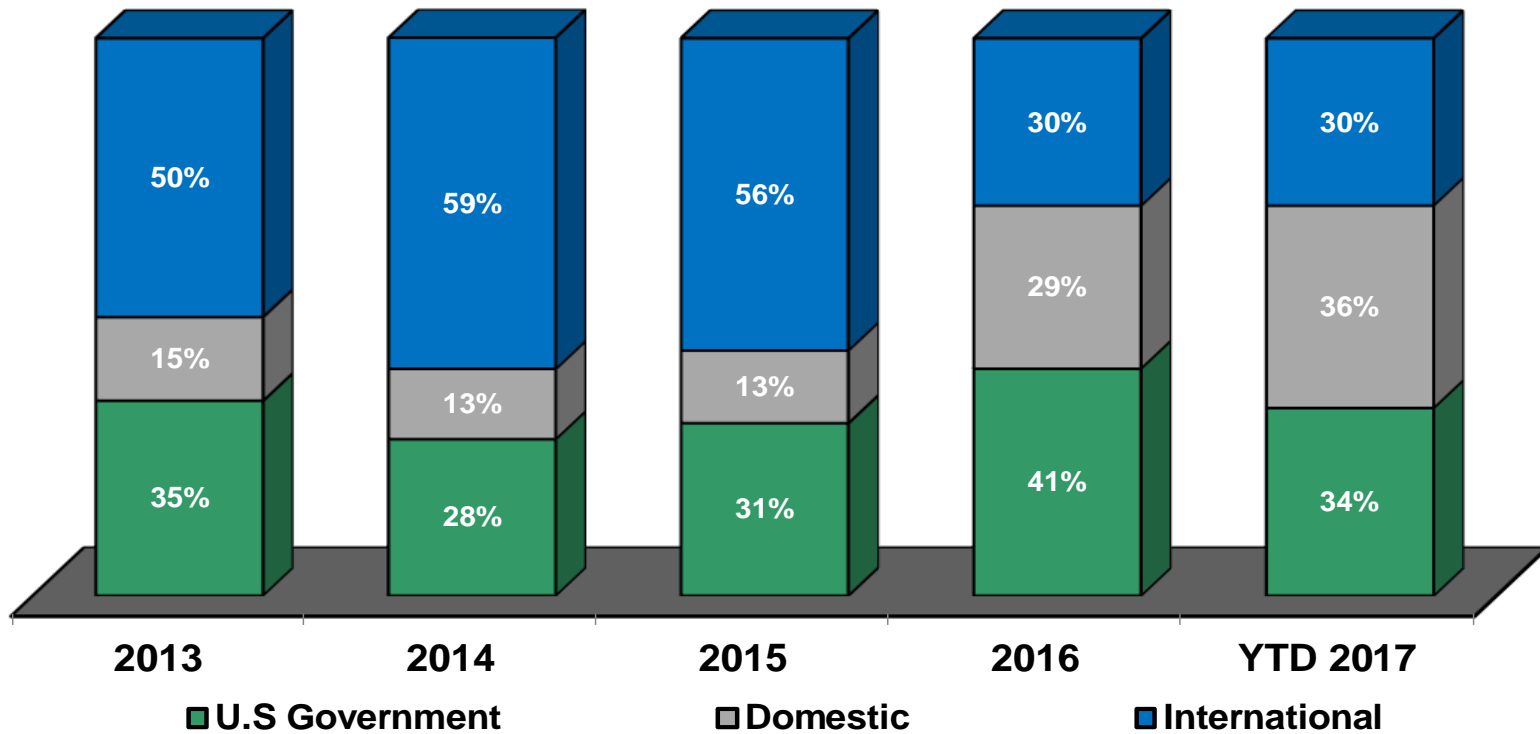


# Historical Revenue Results



Note  
 (1) Comtech's fiscal year end is July 31.

# Our Customer Base



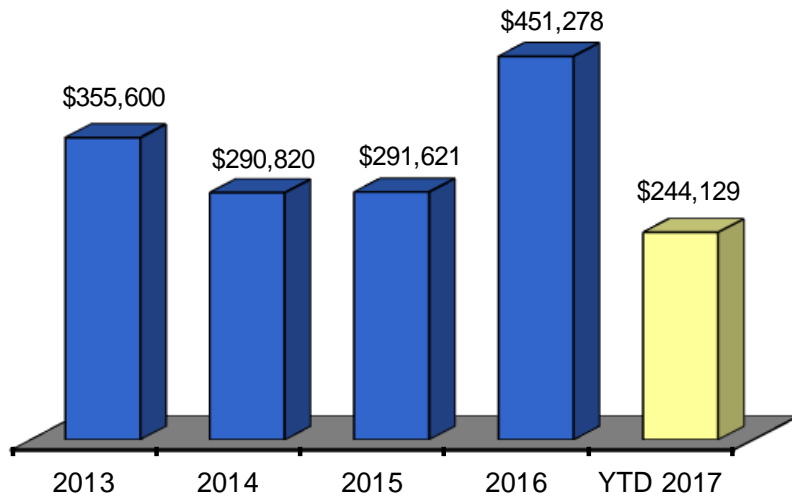
Note

(1) Comtech's fiscal year end is July 31.

# Historical Bookings and Backlog

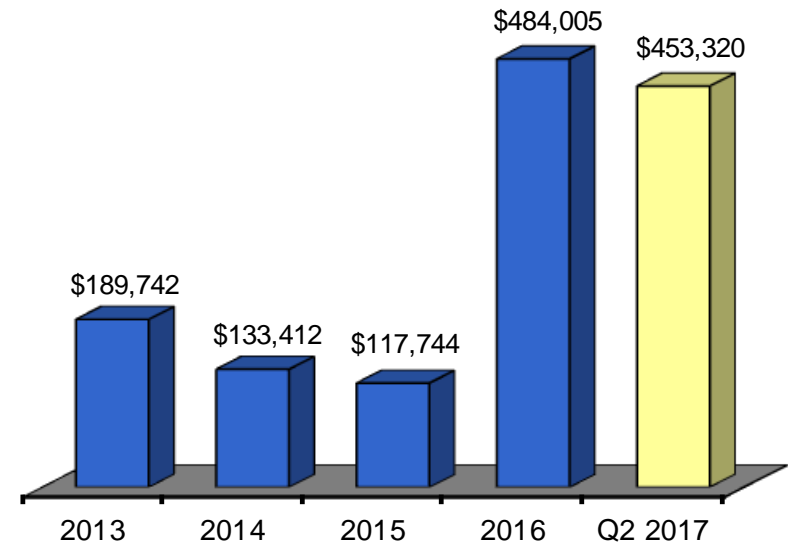
## Bookings

\$ in 000s



## Total Backlog

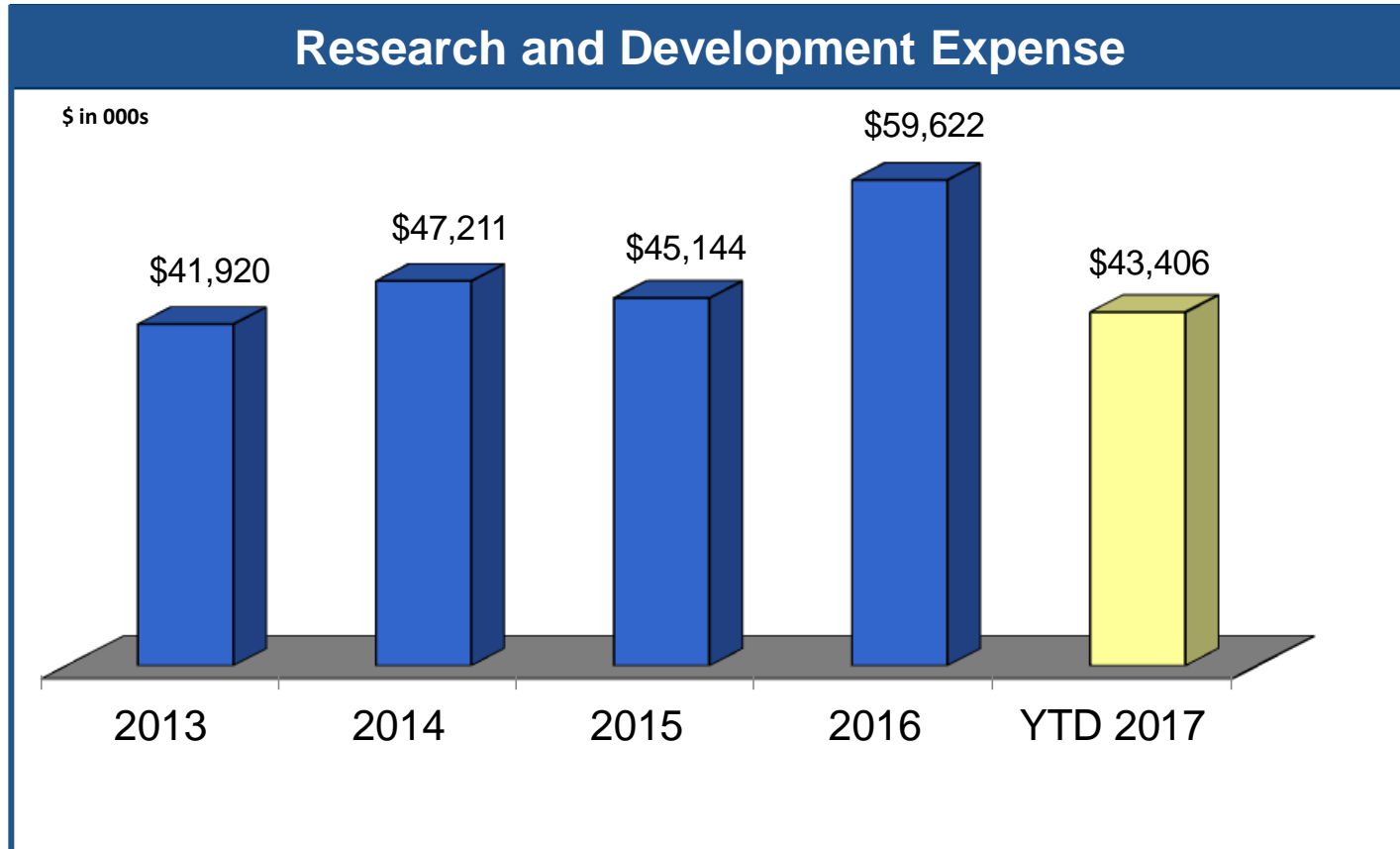
\$ in 000s



Note

(1) Comtech's fiscal year end is July 31.

# Total Research and Development Expense



Note

- (1) Research and development expense includes company-funded plus customer-funded.
- (2) Comtech's fiscal year end is July 31.

# Recent Balance Sheet Trends

## Balance Sheet

\$ in 000s

|   | <b>Jan. 31,</b><br><b><u>2016</u></b> | <b>Apr. 30,</b><br><b><u>2016</u></b> | <b>Jul. 31,</b><br><b><u>2016</u></b> | <b>Oct. 31,</b><br><b><u>2016</u></b> | <b>Jan. 31,</b><br><b><u>2017</u></b> |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Cash and Cash Equivalents                 | \$ 163,466                            | \$ 69,112                             | \$ 66,805                             | \$ 62,711                             | \$ 63,144                             |
| Working Capital                           | 221,614                               | 146,447                               | 119,493                               | 115,044                               | 121,641                               |
| Total Assets                              | 462,170                               | 903,328                               | 921,196                               | 903,452                               | 883,508                               |
| Current and Long-Term Debt <sup>(1)</sup> | \$ -                                  | \$ 351,198                            | \$ 258,649                            | \$ 256,796                            | \$ 248,875                            |
| Stockholders' Equity                      | 397,872                               | 379,798                               | 470,401                               | 461,288                               | 466,459                               |
| Total Capitalization                      | <u>\$ 397,872</u>                     | <u>\$ 730,996</u>                     | <u>\$ 729,050</u>                     | <u>\$ 718,084</u>                     | <u>\$ 715,334</u>                     |

**As of January 31, 2017, we have returned approximately \$575.1 million of capital to stockholders (total share repurchases of \$441.8 million and cash dividends paid of \$133.3 million)**

Note

(1) Current and long-term debt includes capital lease obligations.

(2) Comtech's fiscal year end is July 31.

# Appendix II

# Reconciliation of CMTL Non-GAAP Financial Measures to GAAP

| <b>Quarterly Adjusted EBITDA</b>  | <b>Q2 2016</b> | <b>Q3 2016</b> | <b>Q4 2016</b> | <b>Q1 2017</b> | <b>Q2 2017</b>  |
|---|----------------|----------------|----------------|----------------|-----------------|
| Adjusted EBITDA   | \$ 9,262       | \$ 12,462      | \$ 18,821      | \$ 10,046      | \$ 13,489       |
| Stock-based compensation expense  | (1,074)        | (1,041)        | (951)          | (970)          | (1,019)         |
| Net interest expense & other  | 37             | (3,468)        | (4,222)        | (3,323)        | (2,778)         |
| Depreciation and amortization   | (2,662)        | (7,858)        | (9,819)        | (9,804)        | (9,600)         |
| Income tax (expense) benefit  | (750)          | 2,510          | (540)          | 1,562          | (3,486)         |
| Acquisition plan expenses (primarily TCS)                                   | (2,337)        | (16,960)       | (587)          | -              | -               |
| Settlement of intellectual property litigation                              | -              | -              | -              | -              | 9,979           |
| Reported net income (loss)  | \$ 2,476       | \$ (14,355)    | \$ 2,702       | \$ (2,489)     | \$ 6,585        |
| <b>Quarterly Operating Income (Loss)</b>                                    | <b>Q2 2016</b> | <b>Q3 2016</b> | <b>Q4 2016</b> | <b>Q1 2017</b> | <b>Q2 2017</b>  |
| Operating income (loss)   | \$ 3,189       | \$ (13,397)    | \$ 7,464       | \$ (728)       | \$ 12,849       |
| Acquisition plan expenses (primarily TCS)                                   | 2,337          | 16,960         | 587            | -              | -               |
| Settlement of intellectual property litigation                              | -              | -              | -              | -              | (9,979)         |
| Adjusted Operating Income   | \$ 5,526       | \$ 3,563       | \$ 8,051       | \$ (728)       | \$ 2,870        |
| <b>Annual Adjusted EBITDA</b>   | <b>2013</b>    | <b>2014</b>    | <b>2015</b>    | <b>2016</b>    | <b>YTD 2017</b> |
| Adjusted EBITDA   | \$ 52,242      | \$ 61,336      | \$ 51,761      | \$ 48,062      | \$ 23,535       |
| Stock-based compensation expense  | (3,130)        | (4,263)        | (4,363)        | (4,117)        | (1,989)         |
| Net interest expense & other  | (6,996)        | (5,391)        | (74)           | (7,616)        | (6,101)         |
| Depreciation and amortization (incl. accel. depreciation <sup>(1)</sup> )   | (14,165)       | (13,006)       | (12,736)       | (23,245)       | (19,404)        |
| Income tax (expense) benefit  | (9,685)        | (13,356)       | (10,758)       | 454            | (1,924)         |
| Strategic alternatives analysis expenses                                    | -              | (225)          | (585)          | -              | -               |
| Acquisition plan expenses (primarily TCS)                                   | -              | -              | -              | (21,276)       | -               |
| Settlement of intellectual property litigation                              | -              | -              | -              | -              | 9,979           |
| Government solutions segment restructuring (charges) benefit <sup>(1)</sup> | (458)          | 56             | -              | -              | -               |
| Reported net income (loss)  | \$ 17,808      | \$ 25,151      | \$ 23,245      | \$ (7,738)     | \$ 4,096        |
| <b>Annual Diluted Earnings (Loss) per Share</b>                             | <b>2013</b>    | <b>2014</b>    | <b>2015</b>    | <b>2016</b>    | <b>YTD 2017</b> |
| Non-GAAP diluted earnings per share   | \$ 0.98        | \$ 1.38        | \$ 1.44        | \$ 0.57        | \$ (0.10)       |
| Restructuring charges (incl. accelerated depreciation) <sup>(1)</sup>       | (0.01)         | -              | -              | -              | -               |
| Strategic alternatives analysis expenses                                    | -              | (0.01)         | (0.02)         | -              | -               |
| Acquisition plan expenses (primarily TCS)                                   | -              | -              | -              | (1.03)         | -               |
| Settlement of intellectual property litigation                              | -              | -              | -              | -              | 0.27            |
| GAAP diluted earnings (loss) per share                                      | \$ 0.97        | \$ 1.37        | \$ 1.42        | \$ (0.46)      | \$ 0.17         |

(1) Related to a restructuring plan to wind-down the microsatellite product line.

(2) See statement regarding the use of Non-GAAP financial measures on slide 3 of this presentation.

(3) Dollar amounts in thousands, except per share information. Comtech's fiscal year end is July 31.

