



June 5, 2003

## Comtech Telecommunications Corp. Announces Record Third Quarter Results for Fiscal 2003

MELVILLE, N.Y., Jun 5, 2003 (BUSINESS WIRE) --

Comtech Telecommunications Corp. (Nasdaq: CMTL):

- Sales increased by 67% from \$29.3 million to \$48.8 million
- Diluted earnings per share increased by 760% from 5 cents to 43 cents
- EBITDA increased by 192% from \$2.5 million to \$7.2 million

Comtech Telecommunications Corp. (Nasdaq: CMTL) today reported its results for the three months ended April 30, 2003.

Net sales for the three months ended April 30, 2003 were \$48.8 million compared to \$29.3 million for the three months ended April 30, 2002.

Net income was \$3.5 million, or 43 cents per diluted share, and \$0.4 million or 5 cents per diluted share, for the three month periods ended April 30, 2003 and 2002, respectively. Earnings before interest, income taxes, depreciation and amortization (EBITDA) increased to \$7.2 million for the three months ended April 30, 2003 from \$2.5 million for the three months ended April 30, 2002.

Net sales for the nine months ended April 30, 2003 were \$122.4 million compared to \$90.8 million for the nine months ended April 30, 2002. Net income was \$6.1 million, or 77 cents per diluted share, and \$1.5 million, or 18 cents per diluted share, for the nine months ended April 30, 2003 and 2002, respectively. EBITDA increased to \$15.5 million for the nine months ended April 30, 2003 from \$8.1 million for the nine months ended April 30, 2002.

The significant increase in profitability for the three and nine months ended April 30, 2003 reflects additional gross profit on the increased sales, partially offset by higher selling, general and administrative expenses and research and development expenses.

Backlog as of April 30, 2003 was \$115.9 million compared to \$47.3 million last year and \$87.9 million as of January 31, 2003.

Cash as of April 30, 2003 increased to \$31.3 million, excluding restricted cash of \$4.2 million, primarily as a result of strong cash flow from operations.

In commenting on the Company's performance during the third quarter of fiscal 2003, Fred Kornberg, President and Chief Executive Officer of Comtech Telecommunications Corp., said, "The third quarter was an outstanding one for Comtech. Sales and earnings were at record levels. We believe our performance continues to validate our strategic plan."

Mr. Kornberg added, "The third quarter of fiscal 2003 was favorably impacted by strong sales in our mobile data communications services segment due to the acceleration of the Army's rollout of our product in connection with the recent conflict in Iraq. In addition, sales of satellite earth station equipment and over-the-horizon microwave systems in our telecommunications transmission segment were also strong."

Comtech Telecommunications Corp. is an innovative player in domestic and global high-technology markets. Through its operating units, Comtech pursues opportunities in three interrelated market segments: telecommunications transmission, RF microwave amplifiers, and mobile data communications services. In each of these segments, growth has been driven by increasing demand for telecommunications infrastructure and network and messaging services. The Company's specialties include the design and manufacture of advanced products and networks used for transmission of voice, data and video using satellite, over-the-horizon microwave, terrestrial line-of-sight and other wireless communications systems. More than 300 distinct Comtech products are in service in more than 100 countries.

The Company has scheduled an investor conference call for 11:30 AM (ET) on Thursday, June 5, 2003. Investors and the

public are invited to access a live webcast of the conference call from the news section of the Comtech web site, [www.comtechtel.com](http://www.comtechtel.com). A replay of the webcast will be available at the same location for 30 days following the conference call. Alternatively, investors can access the conference call by dialing (800) 245-3043 (domestic), or (785) 832-0326 (international) and using the conference I.D. of "Comtech." A replay of the conference call will be available for seven days by dialing (402) 220-0863. In addition, an updated investor presentation will be available on our web site shortly after our conference call.

Certain information in this press release contains forward-looking statements, including but not limited to, information relating to the future performance and financial condition of the Company, the plans and objectives of the Company's management and the Company's assumptions regarding such performance and plans that are forward-looking in nature and involve certain significant risks and uncertainties. Actual results could differ materially from such forward-looking information. The Company's Securities and Exchange Commission filings identify many such risks and uncertainties, which include the following:

- the impact of a continued domestic and foreign economic slow-down on the demand for our products and services, particularly in the telecommunications industry;
- risks associated with our mobile data communications business being in an early stage;
- our potential inability to keep pace with rapid technological changes;
- our backlog being subject to customer cancellation or modification;
- our sales to the U.S. government being subject to funding, deployment and other risks;
- our fixed price contracts being subject to risks;
- our dependence on component availability, subcontractor availability and performance by key suppliers;
- the highly competitive nature of our markets;
- our dependence on international sales;
- the adverse effect on demand for our products and services that would be caused by a decrease in the value of foreign currencies relative to the U.S. dollar;
- the potential entry of new competitors in all of our segments;
- uncertainty whether the satellite communications industry or infrastructure will continue to develop and the market will grow;
- uncertainty whether the Internet will continue to grow in international markets;
- the potential impact of increased competition on prices, profit margins and market share for the Company's products and services;
- the availability of satellite capacity on a leased basis needed to provide the necessary global coverage for our mobile data communications services;
- whether we can successfully implement our satellite mobile data communications services and achieve recurring revenues for such services; and
- whether we can successfully combine and assimilate the operations of acquired businesses and product lines.

COMTECH TELECOMMUNICATIONS CORP.  
Consolidated Statements of Operations  
(Unaudited)

	Three Months Ended April 30,		Nine Months Ended April 30,	
	2003	2002	2003	2002
Net sales	\$ 48,753,000	29,262,000	122,352,000	90,832,000
Cost of sales	32,262,000	19,364,000	80,641,000	61,010,000

Gross profit	16,491,000	9,898,000	41,711,000	29,822,000
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Expenses:				
Selling, general and administrative	7,270,000	5,531,000	19,970,000	16,408,000
Research and development	3,014,000	2,797,000	9,326,000	8,157,000
Amortization of intangibles	488,000	370,000	1,540,000	1,101,000
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	10,772,000	8,698,000	30,836,000	25,666,000
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Operating income	5,719,000	1,200,000	10,875,000	4,156,000
Other expense (income):				
Interest expense	682,000	692,000	2,059,000	2,348,000
Interest income	(66,000)	(90,000)	(187,000)	(370,000)
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Income before provision for income taxes	5,103,000	598,000	9,003,000	2,178,000
Provision for income taxes	1,633,000	189,000	2,881,000	719,000
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Net income	\$ 3,470,000	409,000	6,122,000	1,459,000
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Net income per share:				
Basic	\$ 0.46	0.06	0.81	0.20
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Diluted	\$ 0.43	0.05	0.77	0.18
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Weighted average number of common shares outstanding - basic computation	7,567,000	7,474,000	7,538,000	7,450,000
Potential dilutive common shares	474,000	380,000	375,000	459,000
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Weighted average number of common and common equivalent shares outstanding assuming dilution - diluted computation	8,041,000	7,854,000	7,913,000	7,909,000
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EBITDA (1)	\$ 7,228,000	2,479,000	15,492,000	8,081,000
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Reconciliation of net income to EBITDA:				
Net income	\$ 3,470,000	409,000	6,122,000	1,459,000
Income taxes	1,633,000	189,000	2,881,000	719,000
Net interest expense	616,000	602,000	1,872,000	1,978,000
Depreciation and amortization	1,509,000	1,279,000	4,617,000	3,925,000
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EBITDA	\$ 7,228,000	2,479,000	15,492,000	8,081,000

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(1) Represents earnings before interest, income taxes, depreciation and amortization. EBITDA is a non-GAAP operating metric used by management in assessing the Company's operating results and ability to meet its debt service requirements. EBITDA is also a measure frequently requested by the Company's investors and analysts. The Company believes that investors and analysts may use EBITDA, along with other information contained in its SEC filings, in assessing its ability to generate cash flow and service debt.

COMTECH TELECOMMUNICATIONS CORP.  
Consolidated Balance Sheets

	April 30, 2003	July 31, 2002
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<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 31,297,000	15,510,000
Restricted cash	4,247,000	-
Accounts receivable, net	31,675,000	27,435,000
Inventories, net	32,236,000	33,996,000
Prepaid expenses and other current assets	1,879,000	1,407,000
Deferred tax asset - current	2,492,000	2,492,000
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Total current assets	103,826,000	80,840,000
Property, plant and equipment, net	12,121,000	11,889,000
Goodwill and other intangibles with indefinite lives	17,726,000	17,726,000
Other intangibles with definite lives, net	11,852,000	12,902,000
Other assets, net	549,000	661,000
Deferred tax asset - non-current	2,568,000	2,568,000
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Total assets	\$148,642,000	126,586,000
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<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities:</b>		
Current installments of long-term debt	\$ 1,983,000	-
Current installments of capital lease obligations	1,011,000	1,062,000
Accounts payable	11,726,000	9,529,000
Accrued expenses and other current liabilities	11,754,000	9,686,000
Customer advances and deposits	6,783,000	2,173,000
Deferred service revenue	8,675,000	4,343,000
Income taxes payable	5,431,000	2,470,000
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Total current liabilities	47,363,000	29,263,000
Long-term debt, less current installments	26,700,000	28,683,000
Capital lease obligations, less current installments	543,000	1,294,000
Other long-term liabilities	12,000	58,000
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Total liabilities	74,618,000	59,298,000

Stockholders' equity:  
Preferred stock, par value \$.10 per share;

shares authorized and unissued 2,000,000	-	-
Common stock, par value \$.10 per share; authorized 30,000,000 shares, issued 7,674,345 shares at April 30, 2003 and 7,602,921 shares at July 31, 2002	767,000	760,000
Additional paid-in capital	68,328,000	67,883,000
Retained earnings (accumulated deficit)	5,297,000	(825,000)
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	74,392,000	67,818,000

Less:

Treasury stock (93,750 shares)	(185,000)	(185,000)
Deferred compensation	(183,000)	(345,000)
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Total stockholders' equity	74,024,000	67,288,000
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Total liabilities and stockholders' equity	\$148,642,000	126,586,000
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Commitments and contingencies

ECMTL

SOURCE: Comtech Telecommunications Corp.

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