



September 23, 2003

## **Comtech Telecommunications Corp. Announces Record Results for Fiscal Year 2003 Fourth Quarter and Full Year**

MELVILLE, N.Y., Sep 23, 2003 (BUSINESS WIRE) --

Comtech Telecommunications Corp. (Nasdaq: CMTL) today reported its results for the fourth quarter and fiscal year ended July 31, 2003. Net sales for the fourth quarter of fiscal 2003 were \$51.7 million, compared to \$28.5 million in fiscal 2002. Fourth quarter net income was \$3.6 million, or \$0.27 per diluted share, in fiscal 2003, as compared to a net loss in the fourth quarter of fiscal 2002 of \$0.3 million, or \$0.03 per diluted share. The fourth quarter of fiscal 2002 included (i) a non-recurring charge of \$2.2 million for acquired in-process research and development in connection with the acquisition of certain assets and liabilities of Advanced Hardware Architectures, Inc. in July 2002 and (ii) a tax benefit relating to research and experimentation credits. Excluding the impact of such items, fourth quarter net income for fiscal 2002 was \$0.5 million, or \$0.05 per diluted share. Earnings before interest, taxes, depreciation and amortization (EBITDA) were \$7.6 million for the fourth quarter of fiscal 2003 and \$2.7 million for the fourth quarter of fiscal 2002, after adjusting for the in-process research and development charge.

Net sales for fiscal 2003 were \$174.0 million and net income was \$9.7 million, or \$0.80 per diluted share, compared to net sales of \$119.4 million and net income of \$1.1 million, or \$0.10 per diluted share, in fiscal 2002. Excluding the impact of the in-process research and development charge and the tax benefit discussed above, net income for fiscal 2002 was \$2.0 million, or \$0.17 per diluted share. EBITDA was \$23.1 million for fiscal 2003 and \$10.8 million for fiscal 2002, after adjusting for the in-process research and development charge.

Reference is made to the attached tables for further financial information, including a reconciliation of non-GAAP financial information to GAAP.

Backlog as of July 31, 2003 was \$100.1 million compared to \$44.1 million a year earlier.

Fred Kornberg, President and Chief Executive Officer, observed, "Fiscal 2003 was a truly remarkable year for our Company. We achieved record levels of sales, bookings, backlog, EBITDA, profits and earnings per share in an economy that continues to struggle. Once again, all of our segments were profitable."

Mr. Kornberg added, "Our record results in fiscal 2003 reflect increased demand from the U.S. Army logistics and battlefield commands for our mobile data communications products and services, as well as increased interest in our over-the-horizon microwave systems. In addition, we have recently seen signs of strengthening in our satellite earth station product lines."

In commenting on fourth quarter results, Mr. Kornberg noted, "The fourth quarter of fiscal 2003 was stronger than expected as sales and orders received in our mobile data communications segment continued to far exceed our expectations. Activity in our telecommunications transmission segment also contributed to an outstanding fourth quarter."

Mr. Kornberg concluded, "During the fourth quarter of fiscal 2003, we also sold 2.1 million shares of common stock in a private placement transaction. The net proceeds of \$38.2 million were used to prepay all of our long-term debt, which will reduce our interest expense going forward. We ended fiscal 2003 with no long-term debt and \$48.6 million of unrestricted cash. In addition, the 2.1 million shares issued in the private placement, combined with our three-for-two stock split in July, significantly increased our shares outstanding."

Comtech Telecommunications Corp. designs, develops, produces and markets innovative products, systems and services for advanced communications solutions. The Company conducts its business through three complementary segments: telecommunications transmission, RF microwave amplifiers, and mobile data communications. The Company offers niche products, systems and services where it believes it has technological, engineering, systems design or other expertise that differentiate its product offerings.

The Company has scheduled an investor conference call for 11:30 AM (ET) on Tuesday, September 23, 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) 903-0247 (domestic), or (785) 832-1508 (international)

and using the conference I.D. of "Comtech." A replay of the conference call will be available for seven days by dialing (402) 220-1126. In addition, an updated investor presentation, including updated earnings guidance, 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:

- Our operating results being difficult to forecast and subject to volatility;
- Our inability to maintain our government business;
- Our inability to keep pace with technological changes;
- Our dependence on international sales;
- The impact of a continued domestic and foreign economic slow-down and reduction in telecommunications equipment and systems spending on the demand for our products, systems and services;
- Our mobile data communications business being in an early stage;
- Our backlog being subject to cancellation or modification;
- Our dependence on component availability, subcontractor availability and performance by key suppliers;
- Our fixed price contracts being subject to risk;
- The impact of adverse regulatory changes on our ability to sell products, systems and services;
- The impact of prevailing economic and political conditions on our businesses;
- Whether we can successfully integrate and assimilate the operations of acquired businesses;
- The impact of the loss of key technical or management personnel;
- The highly competitive nature of our markets;
- Our inability to protect our proprietary technology;
- Our operations being subject to environmental regulation;
- The impact of recently enacted and proposed changes in securities laws and regulations on our costs; and
- The impact of terrorist attacks and threats, and government responses thereto, and threats of war on our businesses.

- tables to follow -

	Three Months Ended July 31,		Fiscal Year Ended July 31,	
	2003	2002	2003	2002
Net sales	\$51,683,000	28,525,000	174,035,000	119,357,000
Costs of sales	33,676,000	17,770,000	114,317,000	78,780,000
Gross profit	18,007,000	10,755,000	59,718,000	40,577,000
Operating expenses:				
Selling, general and administrative	8,075,000	6,104,000	28,045,000	22,512,000
Research and development	3,502,000	2,884,000	12,828,000	11,041,000
In-process research and development	-	2,192,000	-	2,192,000
Amortization of intangibles	499,000	370,000	2,039,000	1,471,000
Total operating expenses	12,076,000	11,550,000	42,912,000	37,216,000
Operating income (loss)	5,931,000	(795,000)	16,806,000	3,361,000
Other (income) expense:				
Interest expense	744,000	696,000	2,803,000	3,061,000
Interest income	(88,000)	(82,000)	(275,000)	(452,000)
Other, net	-	(11,000)	-	(28,000)
Income (loss) before provision (benefit) for income taxes	5,275,000	(1,398,000)	14,278,000	780,000
Provision (benefit) for income taxes	1,688,000	(1,087,000)	4,569,000	(368,000)
Net income (loss)	\$ 3,587,000	(311,000)	9,709,000	1,148,000
Basic income (loss) per share \$	0.30	(0.03)	0.85	0.10
Diluted income (loss) per share \$	0.27	(0.03)	0.80	0.10
Weighted average number of common shares outstanding- basic computation	11,857,000	11,239,000	11,445,000	11,192,000

Potential dilutive common shares	1,302,000	-	748,000	516,000
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Weighted average number of common and common equivalent shares outstanding assuming dilution-diluted computation	13,159,000	11,239,000	12,193,000	11,708,000
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#### Non-GAAP Financial Measures

EBITDA and the other non-GAAP operating measures presented below are used by management in assessing the Company's operating results and ability to meet debt service requirements. These non-GAAP measures are frequently requested by the Company's investors and analysts. The Company believes that investors and analysts may use these non-GAAP measures, along with other information contained in its SEC filings, in assessing the Company's operating results and ability to generate cash flow and service debt.

Three Months Ended July 31,		Fiscal Year Ended July 31,	
2003	2002	2003	2002
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#### Reconciliation of Non-GAAP Net Income to GAAP Net Income (Loss):

Non-GAAP net income	\$ 3,587,000	532,000	9,709,000	1,991,000
In-process research and development charge, net of income taxes	-	(1,468,000)	-	(1,468,000)
Normalization of taxes	-	625,000	-	625,000
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GAAP net income (loss)	\$ 3,587,000	(311,000)	9,709,000	1,148,000
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#### Reconciliation of Adjusted EBITDA to GAAP Net Income (Loss):

Adjusted EBITDA	\$ 7,572,000	2,702,000	23,064,000	10,783,000
Net interest expense	(656,000)	(603,000)	(2,528,000)	(2,581,000)

Depreciation and amortization	(1,641,000)	(1,305,000)	(6,258,000)	(5,230,000)
Income taxes	(1,688,000)	1,087,000	(4,569,000)	368,000
In-process research and development charge	-	(2,192,000)	-	(2,192,000)
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GAAP net income (loss)	\$ 3,587,000	(311,000)	9,709,000	1,148,000
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COMTECH TELECOMMUNICATIONS CORP.  
Consolidated Balance Sheets

	July 31	
Assets	2003	2002
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Current assets:		
Cash and cash equivalents	\$ 48,617,000	15,510,000
Restricted cash	4,288,000	-
Accounts receivable, less allowance for doubtful accounts of \$912,000 in 2003 and \$795,000 in 2002	26,696,000	27,435,000
Inventories, net	34,048,000	33,996,000
Prepaid expenses and other current assets	1,742,000	1,407,000
Deferred tax asset - current	5,699,000	2,492,000
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Total current assets	121,090,000	80,840,000
Property, plant and equipment, net	12,328,000	11,889,000
Intangible assets, net	29,079,000	30,628,000
Other assets	390,000	661,000
Deferred tax asset - non-current	1,363,000	2,568,000
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Total assets	\$164,250,000	126,586,000
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Liabilities and Stockholders' Equity		
Current liabilities:		
Current installments of capital lease obligations	\$ 899,000	1,062,000
Accounts payable	11,527,000	9,529,000
Accrued expenses and other current liabilities	13,267,000	9,686,000
Customer advances and deposits	2,491,000	2,173,000
Deferred service revenue	11,160,000	4,343,000
Income taxes payable	6,945,000	2,470,000
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Total current liabilities	46,289,000	29,263,000
Long-term debt, less current installments	-	28,683,000
Capital lease obligations, less current installments	393,000	1,294,000
Other long-term liabilities	-	58,000
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Total liabilities	46,682,000	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 14,020,769 shares in 2003 and 11,404,382 shares in 2002	1,402,000	1,140,000
Additional paid-in capital	107,573,000	67,503,000
Retained earnings (accumulated deficit)	8,884,000	(825,000)
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	117,859,000	67,818,000
Less:		
Treasury stock (140,625 shares)	(185,000)	(185,000)
Deferred compensation	(106,000)	(345,000)
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Total stockholders' equity	117,568,000	67,288,000
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 Total liabilities and stockholders' equity	 \$164,250,000	 126,586,000
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ECMTL

SOURCE: Comtech Telecommunications Corp.

Comtech Telecommunications Corp.

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