



March 10, 2004

Comtech Telecommunications Corp. Announces Second Quarter Results for Fiscal 2004

MELVILLE, N.Y., Mar 10, 2004 (BUSINESS WIRE) -- Comtech Telecommunications Corp. (Nasdaq: CMTL) today reported its results for the three months ended January 31, 2004. Net sales for the three months ended January 31, 2004 were \$56.8 million compared to \$42.3 million for the three months ended January 31, 2003.

Net income was \$5.2 million, or 34 cents per diluted share, and \$1.9 million, or 16 cents per diluted share, for the three months ended January 31, 2004 and 2003, respectively. Earnings before interest, income taxes, depreciation and amortization (EBITDA) increased from \$4.9 million for the three months ended January 31, 2003 to \$9.2 million for the three months ended January 31, 2004.

Net sales for the six months ended January 31, 2004 were \$113.1 million compared to \$73.6 million for the six months ended January 31, 2003. Net income was \$11.0 million, or 71 cents per diluted share, and \$2.7 million, or 23 cents per diluted share, for the six months ended January 31, 2004 and 2003, respectively. EBITDA increased from \$8.3 million for the six months ended January 31, 2003 to \$19.1 million for the six months ended January 31, 2004.

Backlog as of January 31, 2004 was \$97.1 million compared to \$87.9 million last year and \$99.0 million as of October 31, 2003.

In commenting on the Company's performance during the second quarter of fiscal 2004, Fred Kornberg, President and Chief Executive Officer of Comtech Telecommunications Corp., observed that, "The second quarter of fiscal 2004 was yet another strong showing for Comtech and fiscal 2004 is shaping up to be another record year for our Company. The second quarter was favorably impacted by the timing of anticipated U.S. Army orders in our mobile data communications segment."

Mr. Kornberg added, "In addition to the strong operating results for the quarter, we are equally excited about our convertible senior notes offering which closed in late January. The notes, which bear interest at 2%, leave us with \$148 million of cash to continue to implement our growth plans, including potential acquisitions."

Comtech Telecommunications Corp. designs, develops, produces and markets innovative products, systems and services for advanced communications solutions addressing commercial and government markets. The Company conducts its business through three complementary segments: telecommunications transmission, mobile data communications and RF microwave amplifiers. The Company offers specialized 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 Wednesday, March 10, 2004. 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. 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) 832-1508 (international) and using the conference I.D. of "Comtech." A replay of the conference call will be available for seven days by dialing (402) 220-4235. In addition, an updated investor presentation, including earnings guidance, will be available on our web site shortly after the 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;
- The impact of terrorist attacks and threats, and government responses thereto, and threats of war on our businesses; and
- Our inability to satisfy our debt obligations, including the recently issued convertible senior notes.

COMTECH TELECOMMUNICATIONS CORP.
Consolidated Statements of Operations
(Unaudited)

	Three months ended January 31,		Six months ended January 31,	
	2004	2003	2004	2003
Net sales	\$56,794,000	42,326,000	113,090,000	73,599,000
Cost of sales	36,181,000	28,783,000	71,497,000	48,379,000
Gross profit	20,613,000	13,543,000	41,593,000	25,220,000

Expenses:				
Selling, general and administrative	8,804,000	6,372,000	17,378,000	12,700,000
Research and development	3,664,000	3,296,000	7,205,000	6,312,000
Amortization of intangibles	499,000	526,000	999,000	1,052,000
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	12,967,000	10,194,000	25,582,000	20,064,000
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Operating income	7,646,000	3,349,000	16,011,000	5,156,000
Other expense (income):				
Interest expense	51,000	686,000	75,000	1,377,000
Interest income	(114,000)	(62,000)	(219,000)	(121,000)
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Income before provision for income taxes	7,709,000	2,725,000	16,155,000	3,900,000
Provision for income taxes	2,466,000	872,000	5,169,000	1,248,000
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Net income	\$ 5,243,000	1,853,000	10,986,000	2,652,000
	=====	=====	=====	=====
Net income per share:				
Basic	\$ 0.37	0.16	0.78	0.24
	=====	=====	=====	=====
Diluted	\$ 0.34	0.16	0.71	0.23
	=====	=====	=====	=====
Weighted average number of common shares				
outstanding-basic	14,080,000	11,304,000	14,017,000	11,285,000
Potential dilutive common shares				
	1,468,000	584,000	1,438,000	489,000
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Weighted average number of common and common equivalent shares outstanding assuming dilution				
- diluted	15,548,000	11,888,000	15,455,000	11,774,000
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EBITDA (1)	\$9,208,000	4,918,000	19,135,000	8,264,000
	=====	=====	=====	=====

Reconciliation of
net income to

EBITDA:

Net income	\$5,243,000	1,853,000	10,986,000	2,652,000
Income taxes	2,466,000	872,000	5,169,000	1,248,000
Net interest expense (income)	(63,000)	624,000	(144,000)	1,256,000
Depreciation and amortization	1,562,000	1,569,000	3,124,000	3,108,000
EBITDA	\$9,208,000	4,918,000	19,135,000	8,264,000

(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 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

	January 31, 2004	July 31, 2003

Assets	(Unaudited)	
Current assets:		
Cash and cash equivalents	\$148,224,000	48,617,000
Restricted cash	4,196,000	4,288,000
Accounts receivable, less allowance for doubtful accounts of \$741,000 at January 31, 2004 and \$912,000 at July 31, 2003	47,726,000	26,696,000
Inventories, net	31,771,000	34,048,000
Prepaid expenses and other current assets	2,858,000	1,742,000
Deferred tax asset - current	5,699,000	5,699,000

Total current assets	240,474,000	121,090,000
Property, plant and equipment, net	12,559,000	12,328,000
Goodwill and other intangibles with indefinite lives	17,726,000	17,726,000
Intangibles with definite lives, net of accumulated amortization of \$5,719,000 at January 31, 2004 and \$4,720,000 at July 31, 2003	10,354,000	11,353,000
Deferred financing costs, net	3,814,000	-
Other assets, net	392,000	390,000
Deferred tax asset - non-current	1,363,000	1,363,000

Total assets	\$286,682,000	164,250,000
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Liabilities and Stockholders'
Equity

Current liabilities:

Current installments of capital lease obligations	\$ 520,000	899,000
Accounts payable	13,972,000	11,527,000
Accrued expenses and other current liabilities	15,302,000	13,267,000
Customer advances and deposits	2,894,000	2,491,000
Deferred service revenue	12,750,000	11,160,000
Interest payable	29,000	-
Income taxes payable	4,779,000	6,945,000
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Total current liabilities	50,246,000	46,289,000
Convertible senior notes	105,000,000	-
Capital lease obligations, less current installments	254,000	393,000
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Total liabilities	155,500,000	46,682,000

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 14,348,809 shares at January 31, 2004 and 14,020,769 shares at July 31, 2003	1,435,000	1,402,000
Additional paid-in capital	110,158,000	107,573,000
Retained earnings	19,870,000	8,884,000
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	131,463,000	117,859,000
Less:		
Treasury stock (140,625 shares)	(185,000)	(185,000)
Deferred compensation	(96,000)	(106,000)
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Total stockholders' equity	131,182,000	117,568,000
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Total liabilities and stockholders' equity	\$286,682,000	164,250,000
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Commitments and contingencies

ECMTL

SOURCE: Comtech Telecommunications Corp.

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