



March 8, 2006

Comtech Telecommunications Corp. Announces Results for the Second Quarter of Fiscal 2006

MELVILLE, N.Y., Mar 08, 2006 (BUSINESS WIRE) -- Comtech Telecommunications Corp. (NASDAQ: CMTL) today reported its operating results for the three months ended January 31, 2006. The results for the quarter were driven by strong performances in all three of the Company's business segments.

Net sales for the second quarter of fiscal 2006 were \$95.7 million, compared to \$78.1 million in the second quarter of fiscal 2005. GAAP net income in the second quarter of fiscal 2006 was \$13.3 million, or \$0.50 per diluted share, a significant increase over the second quarter of fiscal 2005 net income of \$10.2 million, or \$0.39 per diluted share.

Net sales for the six months ended January 31, 2006 were \$202.3 million, compared to \$134.2 million for the six months ended January 31, 2005. GAAP net income for the six months ended January 31, 2006 was \$24.8 million, or \$0.94 per diluted share, a significant increase over the corresponding period of fiscal 2005 net income of \$17.3 million, or \$0.68 per diluted share.

The fiscal 2006 second quarter results were favorably impacted by gross profit adjustments to certain contracts in the mobile data communications and RF microwave amplifiers segments, partially offset by a warranty accrual in the mobile data communications segment. These adjustments are more fully described in our Form 10-Q filed earlier today and contributed sales of \$6.7 million and net after-tax earnings of \$3.1 million. The second quarter results for fiscal 2005 were impacted by favorable adjustments to certain contracts in the telecommunications transmission and mobile data communications segments that contributed sales of \$5.9 million and net after-tax earnings of \$2.2 million.

GAAP net income in the three and six months ended January 31, 2006 included \$1.5 million and \$2.8 million, respectively, of pre-tax compensation expense related to the adoption of Statement of Financial Accounting Standards No. 123(R) which requires the expensing of stock option awards. Excluding stock-based compensation expense, diluted earnings per share for the three and six months ended January 31, 2006 were \$0.54 and \$1.01, respectively.

Earnings before interest, income taxes, depreciation and amortization (including the amortization of stock-based compensation), or EBITDA, were \$22.3 million and \$42.4 million for the three and six months ended January 31, 2006 versus \$16.6 million and \$28.8 million for the three and six months ended January 31, 2005. Cash flow from operating activities for the six months ended January 31, 2006 was \$6.3 million compared to \$40.5 million for the six months ended January 31, 2005, reflecting an increase in accounts receivable on certain large contracts during the fiscal 2006 period and the liquidation of a significant receivable in the fiscal 2005 period.

Backlog as of January 31, 2006 was \$151.0 million compared to \$153.3 million at July 31, 2005. Bookings for the three and six months ended January 31, 2006 were \$89.9 million and \$200.0 million, respectively.

In commenting on the Company's performance during the three months ended January 31, 2006, Fred Kornberg, President and Chief Executive Officer of Comtech Telecommunications Corp., said, "The second quarter of fiscal 2006 was another outstanding showing for Comtech. Our leadership positions in the markets we serve continue to pay big dividends. As can be seen from our segment level results, the strength has been experienced across all of our businesses."

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 8:30 AM (ET) on Thursday, March 9, 2006. Investors and the public are invited to access a live webcast of the conference call from the news section of the Comtech web site at 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 (877) 707-9628 (domestic), or (785) 832-2422 (international) and using the conference I.D. of "Comtech." A replay of the conference call will be available for seven days by dialing (402) 220-4973. 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 domestic or 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 subject to unique risks;
- 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 ongoing internal control provisions of Section 404 of the Sarbanes-Oxley Act of 2002;
- The impact of terrorist attacks and threats, and government responses thereto, and threats of war on our businesses;
- The inability to effectuate a change in control of the Company due to provisions in its certificate of incorporation and by-laws, stockholders' rights plan and Delaware law;
- Our inability to satisfy our debt obligations, including the convertible senior notes;
- The impact on our reported results of recent changes to financial reporting standards related to stock option expensing;
- Our stock price being volatile; and
- Our current intention not to declare or pay any cash dividends.

COMTECH TELECOMMUNICATIONS CORP.

Consolidated Statements of Operations
(Unaudited)

	Three months ended		Six months ended	
	January 31,		January 31,	
	2006	2005	2006	2005
Net sales	\$95,741,000	78,087,000	202,308,000	134,209,000
Cost of sales	54,650,000	45,797,000	121,013,000	74,798,000
Gross profit	41,091,000	32,290,000	81,295,000	59,411,000
Expenses				
Selling, general and administrative	15,809,000	12,033,000	31,857,000	23,257,000
Research and development	6,007,000	4,954,000	12,756,000	9,850,000
Amortization of intangibles	603,000	568,000	1,199,000	1,137,000
	22,419,000	17,555,000	45,812,000	34,244,000
Operating income	18,672,000	14,735,000	35,483,000	25,167,000
Other expense (income):				
Interest expense	672,000	667,000	1,346,000	1,336,000
Interest income	(2,172,000)	(905,000)	(3,947,000)	(1,548,000)
Income before provision for income taxes	20,172,000	14,973,000	38,084,000	25,379,000
Provision for income taxes	6,868,000	4,791,000	13,316,000	8,121,000
Net income	\$13,304,000	10,182,000	24,768,000	17,258,000
Net income per share				
Basic	\$ 0.59	0.47	1.09	0.80
Diluted	\$ 0.50	0.39	0.94	0.68
Weighted average number of common shares outstanding - basic	22,741,000	21,486,000	22,694,000	21,441,000
Weighted average number of common and common equivalent shares outstanding assuming dilution - diluted	27,354,000	27,021,000	27,367,000	26,756,000

Reconciliations of Non-GAAP Financial Measures to GAAP

	2006	2005	2006	2005
Reconciliation of GAAP				
Net Income to EBITDA				
(2):				
GAAP net income	\$13,304,000	10,182,000	24,768,000	17,258,000
Income taxes	6,868,000	4,791,000	13,316,000	8,121,000
Net interest expense (income)	(1,500,000)	(238,000)	(2,601,000)	(212,000)
Stock-based compensation expense	1,538,000	-	2,834,000	-
Depreciation and amortization	2,107,000	1,852,000	4,074,000	3,666,000
EBITDA	\$22,317,000	16,587,000	42,391,000	28,833,000

(1) Non-GAAP net income is used by management in assessing the Company's operating results. The Company believes that investors and analysts may use non-GAAP measures that exclude stock-based compensation, along with other information contained in its SEC filings, in assessing the Company's operating results.

(2) Represents earnings before interest, income taxes, depreciation and amortization (including the amortization of stock-based compensation). EBITDA is a non-GAAP operating metric used by management in assessing the Company's operating results and ability to meet debt service requirements. The Company's definition of EBITDA may differ from the definition of EBITDA used by other companies and may not be comparable to similarly titled measures used by other companies. 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, 2006	July 31, 2005
Assets	(Unaudited)	(Unaudited)
Current assets:		
Cash and cash equivalents	\$218,677,000	214,413,000
Restricted cash	1,003,000	1,034,000
Accounts receivable, net	75,989,000	56,052,000

Inventories, net	53,920,000	45,103,000
Prepaid expenses and other current assets	5,846,000	4,387,000
Deferred tax asset - current	8,047,000	8,092,000
	-----	-----
Total current assets	363,482,000	329,081,000
Property, plant and equipment, net	20,435,000	18,683,000
Goodwill	22,244,000	22,244,000
Intangibles with definite lives, net	8,121,000	9,123,000
Deferred financing costs, net	2,722,000	2,995,000
Other assets, net	315,000	277,000
	-----	-----
Total assets	\$417,319,000	382,403,000
	=====	=====
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 21,951,000	23,577,000
Accrued expenses and other current liabilities	35,990,000	34,497,000
Customer advances and deposits	5,093,000	5,282,000
Deferred service revenue	10,245,000	8,210,000
Current installments of other obligations	210,000	235,000
Interest payable	1,050,000	1,050,000
Income taxes payable	3,696,000	1,540,000
	-----	-----
Total current liabilities	78,235,000	74,391,000
Convertible senior notes	105,000,000	105,000,000
Other obligations, less current installments	306,000	396,000
Deferred tax liability - non-current	6,592,000	5,987,000
	-----	-----
Total liabilities	190,133,000	185,774,000
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, par value \$.10 per share; shares authorized and unissued 2,000,000	-	-
Common stock, par value \$.10 per share; authorized 100,000,000 shares and 30,000,000 shares at January 31, 2006 and July 31, 2005, respectively; issued 22,994,853 shares and 22,781,678 shares at January 31, 2006 and July 31, 2005, respectively	2,299,000	2,278,000
Additional paid-in capital	132,938,000	127,170,000
Retained earnings	92,134,000	67,366,000
	-----	-----
	227,371,000	196,814,000
Less:		
Treasury stock (210,937 shares)	(185,000)	(185,000)
	-----	-----
Total stockholders' equity	227,186,000	196,629,000
	-----	-----
Total liabilities and stockholders' equity	\$417,319,000	382,403,000
	=====	=====

SOURCE: Comtech Telecommunications Corp.

Comtech Telecommunications Corp.
Fred Kornberg or Robert G. Rouse
631/777-8900
Info@comtechtel.com

Copyright Business Wire 2006

News Provided by COMTEX