

COMTECH TELECOMMUNICATIONS CORP /DE/  
Form 10-Q  
March 07, 2013  
Index

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q  
(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended January 31, 2013

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number: 0-7928

(Exact name of registrant as specified in its charter)

Delaware

11-2139466

(State or other jurisdiction of incorporation  
/organization)

(I.R.S. Employer Identification Number)

68 South Service Road, Suite 230,  
Melville, NY

11747

(Address of principal executive offices)

(Zip Code)

(631) 962-7000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes            No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes            No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting  
company

Indicate by check mark whether registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes            No

APPLICABLE ONLY TO CORPORATE ISSUERS:

As of March 4, 2013, the number of outstanding shares of Common Stock, par value \$.10 per share, of the registrant was 16,821,079 shares.

---

Index

COMTECH TELECOMMUNICATIONS CORP.  
INDEX

	Page
PART I. FINANCIAL INFORMATION	
Item 1. <u>Condensed Consolidated Financial Statements</u>	<u>2</u>
<u>Condensed Consolidated Balance Sheets - January 31, 2013 (Unaudited) and July 31, 2012</u>	<u>2</u>
<u>Condensed Consolidated Statements of Operations - Three and Six Months Ended January 31, 2013 and 2012 (Unaudited)</u>	<u>3</u>
<u>Condensed Consolidated Statements of Stockholders' Equity - Six Months Ended January 31, 2013 and 2012 (Unaudited)</u>	<u>4</u>
<u>Condensed Consolidated Statements of Cash Flows - Six Months Ended January 31, 2013 and 2012 (Unaudited)</u>	<u>5</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>7</u>
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>27</u>
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>50</u>
Item 4. <u>Controls and Procedures</u>	<u>51</u>
PART II. OTHER INFORMATION	
Item 1. <u>Legal Proceedings</u>	<u>52</u>
Item 1A. <u>Risk Factors</u>	<u>52</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>52</u>
Item 4. <u>Mine Safety Disclosures</u>	<u>52</u>
Item 6. <u>Exhibits</u>	<u>53</u>
<u>Signature Page</u>	<u>54</u>

Index

## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS

	January 31, 2013 (Unaudited)	July 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 352,927,000	367,894,000
Accounts receivable, net	42,236,000	56,242,000
Inventories, net	70,156,000	72,361,000
Prepaid expenses and other current assets	11,541,000	8,196,000
Deferred tax asset, net	10,877,000	12,183,000
Total current assets	487,737,000	516,876,000
Property, plant and equipment, net	21,238,000	22,832,000
Goodwill	137,354,000	137,354,000
Intangibles with finite lives, net	35,669,000	38,833,000
Deferred tax asset, net, non-current	—	438,000
Deferred financing costs, net	1,806,000	2,487,000
Other assets, net	943,000	958,000
Total assets	\$ 684,747,000	719,778,000
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 14,068,000	20,967,000
Accrued expenses and other current liabilities	30,818,000	40,870,000
Dividends payable	—	4,773,000
Customer advances and deposits	10,530,000	14,516,000
Interest payable	1,529,000	1,529,000
Total current liabilities	56,945,000	82,655,000
Convertible senior notes	200,000,000	200,000,000
Other liabilities	3,811,000	5,098,000
Income taxes payable	3,074,000	2,624,000
Deferred tax liability, net	2,240,000	—
Total liabilities	266,070,000	290,377,000
Commitments and contingencies (See Note 20)		
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; issued 28,978,701 shares and 28,931,679 shares at January 31, 2013 and July 31, 2012, respectively	2,898,000	2,893,000
Additional paid-in capital	360,968,000	361,458,000
Retained earnings	404,465,000	404,227,000
	768,331,000	768,578,000
Less:		
Treasury stock, at cost (11,961,857 shares and 11,564,059 shares at January 31, 2013 and July 31, 2012, respectively)	(349,654,000)	(339,177,000)
Total stockholders' equity	418,677,000	429,401,000

Total liabilities and stockholders' equity	\$684,747,000	719,778,000
--	---------------	-------------

See accompanying notes to condensed consolidated financial statements.

2

---

Index

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)

	Three months ended January 31,		Six months ended January 31,	
	2013	2012	2013	2012
Net sales	\$74,577,000	99,141,000	165,530,000	212,502,000
Cost of sales	42,337,000	57,725,000	&#	