

COMTECH TELECOMMUNICATIONS CORP /DE/
Form 10-Q
June 07, 2011

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 April 30, 2011

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
(State or other jurisdiction of
incorporation /organization)

11-2139466
(I.R.S. Employer Identification Number)

68 South Service Road, Suite 230,
Melville, NY
(Address of principal executive offices)

11747
(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 June 2, 2011, the number of outstanding shares of Common Stock, par value \$.10 per share, of the registrant was 26,039,841 shares.

COMTECH TELECOMMUNICATIONS CORP.
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PART I
FINANCIAL INFORMATION
COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

Item 1.	Assets	April 30, 2011 (Unaudited)	July 31, 2010
Current assets:			
Cash and cash equivalents		\$588,941,000	607,594,000
Accounts receivable, net		70,185,000	135,840,000
Inventories, net		81,428,000	73,562,000
Prepaid expenses and other current assets		7,722,000	8,876,000
Deferred tax asset, net		12,867,000	14,947,000
Total current assets		761,143,000	840,819,000
Property, plant and equipment, net		28,177,000	33,727,000
Goodwill		137,354,000	137,354,000
Intangibles with finite lives, net		47,497,000	48,091,000
Deferred financing costs, net		4,169,000	4,675,000
Other assets, net		1,194,000	1,896,000
Total assets		\$979,534,000	1,066,562,000
Liabilities and Stockholders' Equity			
Current liabilities:			
Accounts payable		\$17,828,000	77,844,000
Accrued expenses and other current liabilities		43,076,000	53,398,000
Dividends payable		6,521,000	-
Customer advances and deposits		16,416,000	12,780,000
Interest payable		3,031,000	1,531,000
Income taxes payable		3,397,000	8,666,000
Total current liabilities		90,269,000	154,219,000
Convertible senior notes		200,000,000	200,000,000
Other liabilities		6,389,000	2,518,000
Income taxes payable		4,914,000	5,220,000
Deferred tax liability		4,047,000	2,973,000
Total liabilities		305,619,000	364,930,000
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 28,662,144 shares and 28,542,535 shares at April 30, 2011 and July 31, 2010, respectively		2,866,000	2,854,000
Additional paid-in capital		351,984,000	347,514,000
Retained earnings		387,321,000	351,449,000
		742,171,000	701,817,000

Less:

Treasury stock, at cost (2,576,807 shares and 210,937 shares at April 30, 2011 and July 31, 2010, respectively)	(68,256,000)	(185,000)
Total stockholders' equity	673,915,000	701,632,000
Total liabilities and stockholders' equity	\$979,534,000	1,066,562,000

See accompanying notes to condensed consolidated financial statements.

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

	Three months ended April 30,		Nine months ended April 30,	
	2011	2010	2011	2010
Net sales	\$ 131,081,000	216,303,000	472,052,000	521,251,000
Cost of sales	74,110,000	141,512,000	289,937,000	333,185,000
Gross profit	56,971,000	74,791,000	182,115,000	188,066,000
Expenses:				
Selling, general and administrative	22,552,000	25,628,000	69,742,000	70,256,000
Research and development	10,328,000	11,383,000	31,546,000	34,138,000
Amortization of intangibles	2,173,000	1,754,000	6,064,000	5,283,000
Merger termination fee, net	-	-	(12,500,000)	-
	35,053,000	38,765,000	94,852,000	109,677,000
Operating income	21,918,000	36,026,000	87,263,000	78,389,000
Other expenses (income):				
Interest expense	2,135,000	1,980,000	6,288,000	5,913,000
Interest income and other	(557,000)	(315,000)	(1,877,000)	(728,000)
Income before provision for income taxes	20,340,000	34,361,000	82,852,000	73,204,000
Provision for income taxes	6,085,000	12,565,000	26,845,000	26,043,000
Net income	\$ 14,255,000	21,796,000	56,007,000	47,161,000
Net income per share (See Note 6):				
Basic	\$0.54	0.77	2.05	1.67
Diluted	\$0.47	0.67	1.79	1.48
Weighted average number of common shares				
outstanding – basic	26,577,000	28,291,000	27,310,000	28,254,000
Weighted average number of common and common				
equivalent shares outstanding – diluted	32,378,000	34,086,000	33,069,000	34,074,000
Dividends declared per issued and outstanding				
common share as of the applicable dividend record	\$0.25	-	0.75	-
date				

See accompanying notes to condensed consolidated financial statements.

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE
INCOME
NINE MONTHS ENDED APRIL 30, 2011 AND 2010
(Unaudited)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock		Stockholders Equity	Comprehensive Income
	Shares	Amount			Shares	Amount		
Balance July 31, 2009	28,390,855	\$2,839,000	\$335,656,000	\$290,819,000	210,937	\$(185,000)	\$629,129,000	
Equity-classified stock award compensation	-	-	5,770,000	-	-	-	5,770,000	
Proceeds from exercise of options	91,697	9,000	1,468,000	-	-	-	1,477,000	
Proceeds from issuance of employee stock purchase plan shares	35,925	4,000	989,000	-	-	-	993,000	
Excess income tax benefit from stock-based award exercises	-	-	259,000	-	-	-	259,000	
Net income	-	-	-	47,161,000	-	-	47,161,000	\$47,161,000
Balance April 30, 2010	28,518,477	\$						