

COMTECH TELECOMMUNICATIONS CORP /DE/
Form 10-Q
March 10, 2016
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, 2016

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 7, 2016, the number of outstanding shares of Common Stock, par value \$.10 per share, of the registrant was 16,162,140 shares.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

	January 31, 2016	July 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 163,466,000	150,953,000
Accounts receivable, net	53,749,000	69,255,000
Inventories, net	58,424,000	62,068,000
Prepaid expenses and other current assets	5,940,000	7,396,000
Deferred tax asset, net (See Note 10)	—	11,084,000
Total current assets	281,579,000	300,756,000
Property, plant and equipment, net	13,839,000	15,370,000
Goodwill	137,354,000	137,354,000
Intangibles with finite lives, net	17,437,000	20,009,000
Deferred tax asset, net, non-current (See Note 10)	10,512,000	—
Deferred financing costs	759,000	—
Other assets, net	690,000	388,000
Total assets	\$462,170,000	473,877,000
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 18,270,000	15,708,000
Accrued expenses and other current liabilities	30,579,000	29,470,000
Dividends payable	4,848,000	4,839,000
Customer advances and deposits	6,268,000	14,320,000
Total current liabilities	59,965,000	64,337,000
Other liabilities	2,864,000	3,633,000
Income taxes payable	1,469,000	1,573,000
Deferred tax liability, net (See Note 10)	—	2,925,000
Total liabilities	64,298,000	72,468,000
Commitments and contingencies (See Note 17)		
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 31,195,457 shares and 31,165,401 shares at January 31, 2016 and July 31, 2015, respectively	3,120,000	3,117,000
Additional paid-in capital	429,361,000	427,083,000
Retained earnings	407,240,000	413,058,000
	839,721,000	843,258,000
Less:		
Treasury stock, at cost (15,033,317 shares at January 31, 2016 and July 31, 2015)	(441,849,000)	(441,849,000)
Total stockholders' equity	397,872,000	401,409,000
Total liabilities and stockholders' equity	\$462,170,000	473,877,000

See accompanying notes to condensed consolidated financial statements.

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

	Three months ended January 31,		Six months ended January 31,	
	2016	2015	2016	2015
Net sales	\$70,323,000	81,802,000	134,440,000	158,193,000
Cost of sales	40,885,000	43,927,000	76,800,000	84,993,000
Gross profit	29,438,000	37,875,000		