

COMTECH TELECOMMUNICATIONS CORP /DE/

Form 10-Q

December 06, 2017

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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 October 31, 2017

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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Emerging growth company

Non-accelerated filer Smaller reporting company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 December 1, 2017, the number of outstanding shares of Common Stock, par value \$.10 per share, of the registrant was 23,607,565 shares.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

COMTECH TELECOMMUNICATIONS CORP. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

	October 31, 2017	July 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$42,507,000	41,844,000
Accounts receivable, net	113,943,000	124,962,000
Inventories, net	70,191,000	60,603,000
Prepaid expenses and other current assets	15,302,000	13,635,000
Total current assets	241,943,000	241,044,000
Property, plant and equipment, net	31,401,000	32,847,000
Goodwill	290,633,000	290,633,000
Intangibles with finite lives, net	256,602,000	261,871,000
Deferred financing costs, net	2,850,000	3,065,000
Other assets, net	2,803,000	2,603,000
Total assets	\$826,232,000	832,063,000
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$30,512,000	29,402,000
Accrued expenses and other current liabilities	63,103,000	68,610,000
Dividends payable	2,351,000	2,343,000
Customer advances and deposits	22,668,000	25,771,000
Current portion of long-term debt	16,135,000	15,494,000
Current portion of capital lease obligations	2,064,000	2,309,000
Interest payable	69,000	282,000
Total current liabilities	136,902,000	144,211,000
Non-current portion of long-term debt, net	175,193,000	176,228,000
Non-current portion of capital lease obligations	1,293,000	1,771,000
Income taxes payable	2,550,000	2,515,000
Deferred tax liability, net	20,024,000	17,306,000
Customer advances and deposits, non-current	8,695,000	7,227,000
Other liabilities	5,556,000	2,655,000
Total liabilities	350,213,000	351,913,000
Commitments and contingencies (See Note 18)		
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 38,640,511 shares and 38,619,467 shares at October 31, 2017 and July 31, 2017, respectively	3,864,000	3,862,000
Additional paid-in capital	532,940,000	533,001,000
Retained earnings	381,064,000	385,136,000
	917,868,000	921,999,000
Less:		

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Treasury stock, at cost (15,033,317 shares at October 31, 2017 and July 31, 2017)	(441,849,000)	(441,849,000)
Total stockholders' equity	476,019,000	480,150,000
Total liabilities and stockholders' equity	\$ 826,232,000	832,063,000

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
October 31,
2017 2016

Net sales \$