



Frequency Electronics Announces Results for 3rd Quarter FY 2001

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MITCHEL FIELD, N.Y.--(BUSINESS WIRE)--March 15, 2001--Frequency Electronics, Inc. (AMEX-FEI) today announced that third quarter revenues increased 113% and operating profits rose 239% compared to the same period last year. Before nonrecurring acquisition-related charges, earnings were \$0.20 per share. General Joseph Franklin, Chairman of the Board, stated: "We are especially pleased with these outstanding results, which include the first full quarter of contributions from Gillam-FEI, our new Belgian subsidiary." Revenues for FEI alone were up 59% for the quarter and operating profits increased by 217% compared to the same period last year.

Revenues for the quarter were \$15.19 million, compared to \$7.12 million in the same quarter of fiscal 2000. Operating profits were \$1.73 million, compared to \$511 thousand. Net income rose to \$1.63 million or \$0.19 per diluted share, compared to \$1.20 million or \$0.15 per diluted share for the same quarter of fiscal 2000. Excluding Gillam, revenues were \$11.34 million and net income was \$1.59 million.

The diversity of FEI's leading edge technology, enhanced by continuing R&D investments, provides broad markets for the Company's proprietary products. These markets include timing, frequency and synchronization applications for wireless, wireline and optical networks, along with a legacy of ongoing space and defense projects. With its strong presence in these important and diversified markets, the Company is looking forward to continued growth in sales and profitability.

The Company expects Gillam to add significant strength to FEI's marketing of telecommunications products including space products, especially in Europe. In response to the large domestic demand and growing need for highly sophisticated wireline synchronization units, FEI is accelerating its development effort to configure Gillam's wireline synchronization units to U.S. standards for introduction into domestic networks. This effort is in addition to the Company's continuing emphasis on the development of other new products.

FEI is also continuing to evaluate and pursue additional opportunities for acquisition and external growth in parallel with the ongoing internal growth reflected in recent financial results.

Note: The Company's recent presentation to financial and securities analysts in New York City may be viewed at www.frequencyelectronics.com. As a reminder, the Company will host a conference call on Monday, March 19 at 12:00 EST to discuss its third quarter results.

Frequency Electronics, Inc. is a world leader in the design, development and manufacture of high-technology frequency, timing and synchronization products for satellite and terrestrial voice, video and data telecommunications. The Company's technologies provide unique solutions that are essential building blocks for the next generation of broadband wireless and fiber optic communications systems, and for the ongoing expansion of existing wireless and wireline networks. Additional information is available on FEI's website: www.frequencyelectronics.com. Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: The Statements in this press release regarding the future constitute "forward-looking" statements pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. Factors that would cause or contribute to such differences include, but are not limited to, inability to integrate operations and personnel, actions by significant customers or competitors, general domestic and international economic conditions, consumer spending trends, reliance on key customers, continued acceptance of the Company's products in the marketplace, competitive factors, new products and technological changes, product prices and raw material costs, dependence upon third-party vendors, competitive developments, changes in manufacturing and transportation costs, the availability of capital, and other risks detailed in the Company's periodic report filings with the Securities and Exchange Commission. By making these forward-

looking statements, the Company undertakes no obligation to update these statements for revisions or changes after the date of this release.

Frequency Electronics, Inc. and Subsidiaries
Consolidated Condensed Summary of Operations

| | Quarter Ended | | Nine Months Ended | |
|------------------------------|--------------------------------------|-----------|-------------------|-----------|
| | January 31, | | January 31, | |
| | 2001 | 2000 | 2001 | 2000 |
| | ---- | ---- | ---- | ---- |
| | (unaudited) | | (unaudited) | |
| | (in thousands except per share data) | | | |
| Net Sales | \$15,193 | \$ 7,117 | \$34,905 | \$18,617 |
| Cost of Sales | 9,361 | 3,973 | 20,470 | 10,400 |
| | ----- | ----- | ----- | ----- |
| Gross Margin | 5,832 | 3,144 | 14,435 | 8,217 |
| Selling and Administrative | 2,967 | 1,498 | 7,145 | 3,822 |
| Research and Development | 1,134 | 1,135 | 3,500 | 3,625 |
| | ----- | ----- | ----- | ----- |
| Operating Profit | 1,731 | 511 | 3,790 | 770 |
| Interest and Other, Net | 825 | 1,292 | 2,138 | 2,465 |
| | ----- | ----- | ----- | ----- |
| Earnings before income taxes | 2,556 | 1,803 | 5,928 | 3,235 |
| Income Tax Provision | 923 | 600 | 2,018 | 1,110 |
| | ----- | ----- | ----- | ----- |
| Net Earnings | \$ 1,633 | \$ 1,203 | \$ 3,910 | \$ 2,125 |
| | ===== | ===== | ===== | ===== |
| Net Earnings per Share: | | | | |
| Basic | \$ 0.20 | \$ 0.16 | \$ 0.48 | \$ 0.28 |
| | ===== | ===== | ===== | ===== |
| Diluted | \$ 0.19 | \$ 0.15 | \$ 0.46 | \$ 0.27 |
| | ===== | ===== | ===== | ===== |
| Average Shares Outstanding | | | | |
| Basic | 8,285,506 | 7,543,659 | 8,167,970 | 7,583,586 |
| | ===== | ===== | ===== | ===== |
| Diluted | 8,554,436 | 7,945,919 | 8,464,346 | 7,950,670 |
| | ===== | ===== | ===== | ===== |

Frequency Electronics, Inc. and Subsidiaries
Consolidated Condensed Balance Sheets

| | January 31, | April 30, |
|--------------------------------------|----------------|-----------|
| | 2001 | 2000 |
| | ---- | ---- |
| | (in thousands) | |
| ASSETS | | |
| Cash & Marketable Securities | \$ 37,826 | \$41,007 |
| Other Current Assets | 39,615 | 26,166 |
| Property, Plant & Equipment | 11,845 | 9,040 |
| Other Assets | 11,321 | 4,634 |
| | ----- | ----- |
| | \$100,607 | \$80,847 |
| | ===== | ===== |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current Liabilities | \$ 12,331 | \$ 5,008 |
| Long-term Obligations | 18,475 | 16,849 |
| Stockholders' Equity | 69,801 | 58,990 |
| | ----- | ----- |
| | \$100,607 | \$80,847 |

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