



Telecom Systems Shares Drop Despite Strong 1Q

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Of DOW JONES NEWSWIRES

NEW YORK (Dow Jones)--Shares of Telecommunications Systems Inc. (TSYS) slid as much as 14% Friday despite the wireless communications technology company reporting first-quarter results that easily topped Wall Street estimates and boosting its year guidance.

"I think it may just be a matter of the stock running up in anticipation of good numbers," Stephens Inc. analyst Timothy Quillin told Dow Jones Newswires, adding that the company's numbers were good, but investors are selling off the stock since it has risen sharply.

In addition, Quillin said the company's guidance for the rest of 2009 implies the first quarter is going to be the best-performing quarter.

"That's not out of the ordinary, but I think that maybe people were hoping for better," Quillin said.

In recent trading, Telecom Systems shares slid 5.5% to \$9.27. They fell as low as \$8.35 earlier Friday, but have still more than doubled in the past 12 months. Shares traded as low as \$3.54 in April 2008 and hit an eight-year high of \$10.50 Thursday.

Late Thursday, Telecom Systems reported earnings of \$4.9 million, or 10 cents a share, up from \$4.6 million, or 11 cents a share, a year ago. The company had more shares outstanding in the recently ended quarter.

Revenue jumped 75% to \$70.5 million, driven by a more-than three-fold increase in government segment revenue and as text-messaging popularity continued to grow.

Backlog at the end of the quarter soared to \$415 million from \$225 million a year ago.

According to a conference call transcript by FactSet Research, Telecom Systems boosted its guidance for 2009 revenue to \$250 million to \$260 million from previous estimates of \$240 million to \$250 million.

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