



Press Release

Gilat Satellite Networks Ltd.
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Gilat Announces Third Quarter 2016 Results

Third Quarter revenues rise 16% over the previous quarter with significantly improved operating profitability

Petah Tikva, Israel – November 15, 2016 – Gilat Satellite Networks Ltd. (NASDAQ, TASE: GILT), a worldwide leader in satellite networking technology, solutions and services, today reported its results for the third quarter ended September 30, 2016.

Key Financial Highlights:

- Revenues for Q3 2016 increased 95% to \$78.6 million from \$40.3 million in the comparable period of 2015. Revenues rose 16% compared with Q2 2016.
- The Company noted that operating profitability significantly improved in Q3 2016:
 - On a GAAP basis, the operating loss decreased to \$0.2 million compared to an operating loss of \$29.1 million in Q3 2015, and an operating loss of \$2.5 million in Q2 2016.
 - Non-GAAP operating profit increased to \$3.3 million in the third quarter of 2016 compared to an operating loss of \$5.5 million in Q3 2015 and a \$0.5 million operating profit in Q2 2016.
- On a GAAP basis, the loss for Q3 2016 decreased to \$2.2 million compared to a loss of \$32.4 million in Q3 2015 and a loss of \$3.7 million in Q2 2016.
- On a non-GAAP basis, net income for Q3 2016 increased to \$1.4 million compared to a loss of \$8.6 million in Q3 2015 and a loss of \$0.6 million in Q2 2016.
- Adjusted EBITDA for Q3 2016 increased to \$5.2 million from an Adjusted EBITDA loss of \$3.1 million in Q3 2015 and Adjusted EBITDA of \$2.4 million in Q2 2016.
- Management objectives for 2016: revenues between \$290 to \$310 million and Adjusted EBITDA of between \$18 to \$24 million. In 2015, revenues totaled \$197.5 million and Adjusted EBITDA was \$6.1 million.



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The Company noted that the significant improvement in profitability during the third quarter was achieved despite an accrual for bad debt of approximately \$4.6 million attributable to the Company's governmental customer in Venezuela arising from the worsening economic situation and the recent credit downgrade in that country.

"Two major growth engines are especially exciting for Gilat this quarter," said Yona Ovadia, CEO of Gilat. "Satellite-based 4G cellular backhaul and mobility, both in In-Flight Connectivity (IFC) and on-the-move connectivity for trains. We have made important progress in both markets. Especially noteworthy are our recent announcements of the LTE cellular backhaul with Sprint and the broadband connectivity for Spain's Renfe high speed trains:

- Sprint is our first such deal in the U.S. and the third with a tier-1 telecom, representing a major endorsement of our technology, which makes satellite connectivity competitive with terrestrial solutions, even in metro edge and other urban areas.
- Gilat's On-the-Move antenna was chosen to enable Internet broadband connectivity to passengers on Renfe's high-speed trains throughout Spain. This represents another major milestone for us in the mobility for trains market, where Gilat is the established leader.

"On the technology side, Gilat is committed to continued innovation in support of our strategy of broadband-for-all. This quarter Gilat announced the first-to-market all-outdoor, easy-to-install VSAT-in-a-Box for high speed consumer broadband, that addresses the consumer broadband market, as well as our ground-breaking small-cell-over-satellite solution that expands 3G and 4G cellular coverage to rural areas.

"We are focused on all five of our strategic growth pillars, as well as our journey to improve profitability, and we are pleased to see progress in both," concluded Yona Ovadia, CEO of Gilat.

Key Recent Announcements:

- Gilat's Satellite On-the-Move Antenna Selected to Deliver Broadband Connectivity for Spain's High-Speed Trains
- Gilat First to Deliver Layer 2 with GTP Acceleration to Provide True LTE Speeds over Satellite for Large-Scale Networks



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- Gilat Satellite Networks Joins Telecom Infra Project, Founded by Facebook, Deutsche Telekom, SK Telecom and Others
- Gilat Unveils Revolutionary Small-Cell-Over-Satellite Solution for 3G and 4G Coverage
- Gilat's Satellite-based Cellular Backhaul Solution Selected by Sprint to Extend LTE Services to Metro Edge and Rural Areas in the US
- Gilat First to Market with a Complete VSAT-in-a-Box for High-Speed Consumer Broadband
- Optus Selects Gilat's Cellular Solution to Extend 3G Coverage to Rural Areas in Australia
- Intelsat General Reports Unprecedented Performance Using Gilat's Small Airborne Flat-Panel Antenna

Conference Call and Webcast Details:

Gilat management will host a conference call today, November 15, at 14:30 GMT / 09:30 AM EST / 16:30 IST to discuss the third quarter results. International participants are invited to access the call at (972) 3-918-0609, and US-based participants are invited to access the call by dialing (1) 888-668-9141.

A simultaneous Webcast of the conference call will be available on the Gilat website at www.gilat.com and through this link: http://www.veidan-stream.com/?con=Gilat_Satellite_Networks_Q3_2016_Results

The webcast will also be archived for a period of 30 days on the Company's website and through the link above.

Conference Call Replay

A replay of the conference call will be available beginning approximately 17:00 GMT/ 12:00 PM EST/ 19:00 IST today, until 17:00 GMT/ 12:00 PM EST/ 19:00 IST on November 17, 2016.

International participants are invited to access the replay of the call at (972)3-925-5904, and US-based participants are invited to access the call by dialing (1)888-782-4291.

A replay of the call may also be accessed as a webcast via Gilat's website at www.gilat.com and will be archived for 30 days.

Non-GAAP Measures

The attached summary unaudited financial statements were prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP). To supplement the consolidated financial statements presented in accordance with GAAP, the Company



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presents Non-GAAP presentations of net income, operating income, Adjusted EBITDA and earnings per share. The adjustments to the company's GAAP results are made with the intent of providing both management and investors a more complete understanding of the company's underlying operational results, trends and performance. Gilat is presenting Adjusted EBITDA (operating income before depreciation, amortization, non-cash stock option expenses and other costs related to acquisition transactions, restructuring cost, goodwill impairment and trade secrets litigation expenses) for the first time due to a significant increase in litigation expense relating to an ongoing trade secrets litigation in the U.S. against former employees, which commenced in 2015. Adjusted EBITDA excludes the abovementioned litigation expense of \$2.0 million in Q3 2016 and \$0.3 million in Q3 2015 and \$1.4 million in Q2 2016.

Adjusted EBITDA is presented to compare the company's performance to that of prior periods and evaluate the company's financial and operating results on a consistent basis from period to period. The company also believes this measure, when viewed in combination with the company's financial results prepared in accordance with GAAP, provides useful information to investors to evaluate ongoing operating results and trends. Adjusted EBITDA, however, should not be considered as an alternative to operating income or net income for the period and may not be indicative of the historic operating results of the Company; nor is it meant to be predictive of potential future results. Adjusted EBITDA is not a measure of financial performance under generally accepted accounting principles and may not be comparable to other similarly titled measures for other companies. Reconciliation between the Company's Operating income and Adjusted EBITDA is presented in the attached summary financial statements.

Non-GAAP presentations of net income, operating income, Adjusted EBITDA and earnings per share should not be considered in isolation or as a substitute for any of the consolidated statements of operations prepared in accordance with GAAP, or as an indication of Gilat's operating performance or liquidity.

About Gilat

Gilat Satellite Networks Ltd (NASDAQ, TASE: GILT) is a leading provider of products and services for satellite-based broadband communications. Gilat develops and markets a wide range of high-performance satellite ground segment equipment and VSATs, with an increasing focus on the consumer and Ka-band market. In addition, Gilat enables mobile SOTM (Satellite-on-the-Move) solutions providing low-profile antennas, next generation solid-state power amplifiers and modems. Gilat also provides managed network and satellite-based services for rural telephony and Internet access via its subsidiaries in Peru and Colombia.



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With over 25 years of experience, and over a million products shipped to more than 90 countries, Gilat has provided enterprises, service providers and operators with efficient and reliable satellite-based connectivity solutions, including cellular backhaul, banking, retail, e-government and rural communication networks. Gilat also enables leading defense, public security and news organizations to implement advanced, on-the-move tactical communications on board their land, air and sea fleets using Gilat's high-performance SOTM solutions. Gilat controlling shareholders are the FIMI Private Equity Funds. For more information, please visit us at www.gilat.com

Certain statements made herein that are not historical are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. The words "estimate", "project", "intend", "expect", "believe" and similar expressions are intended to identify forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties. Many factors could cause the actual results, performance or achievements of Gilat to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, changes in general economic and business conditions, inability to maintain market acceptance to Gilat's products, inability to timely develop and introduce new technologies, products and applications, rapid changes in the market for Gilat's products, loss of market share and pressure on prices resulting from competition, introduction of competing products by other companies, inability to manage growth and expansion, loss of key OEM partners, inability to attract and retain qualified personnel, inability to protect the Company's proprietary technology and risks associated with Gilat's international operations and its location in Israel. We undertake no obligation to update or revise any forward-looking statements for any reason. For additional information regarding these and other risks and uncertainties associated with Gilat's business, reference is made to Gilat's reports filed from time to time with the Securities and Exchange Commission.

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