



Press Release

Gilat Satellite Networks Ltd.
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Gilat Reports Profitable Fourth Quarter 2016 Results; Full Year Revenue Grew to \$279.6 Million, with Significant Increase in Profitability

GAAP Operating Income was \$0.8 million; Adjusted EBITDA reached \$19.2 million

Petah Tikva, Israel – February 14, 2017 – Gilat Satellite Networks Ltd. (NASDAQ, TASE: GILT), a worldwide leader in satellite networking technology, solutions and services, today reported its results for the fourth quarter and full year ended December 31, 2016.

Key Financial Highlights:

- Revenues for Q4 2016 increased 19% to \$80.3 million from \$67.7 million in Q4 2015.
- Full year 2016 revenues totaled \$279.6 million, an increase of 42% from \$197.5 million in 2015.
- Profitability continued to improve:
 - Q4 2016 GAAP operating income reached \$6.5 million and non-GAAP operating income was \$9.0 million.
 - Full year 2016 GAAP operating income was \$0.8 million and non-GAAP operating income was \$11.7 million.
 - GAAP net income for Q4 2016 was \$4.5 million, or \$0.08 per diluted share, non-GAAP net income was \$7.0 million, or \$0.13 per diluted share.
 - GAAP loss for full year 2016 was \$5.3 million, or \$0.10 per diluted share. Full year 2016 non-GAAP net income was \$5.6 million, or \$0.11 per diluted share.
 - Adjusted EBITDA for Q4 2016 was \$10.8 million.
 - Full year 2016 Adjusted EBITDA reached \$19.2 million compared with Adjusted EBITDA of \$6.1 million in 2015.
- Management objectives for 2017: revenues between \$280 to \$300 million, GAAP operating income between \$4 and \$8 million, and Adjusted EBITDA of between \$20 and \$24 million.

"I am pleased to report Gilat's positive results in the fourth quarter and for full year 2016," said Yona Ovadia, CEO of Gilat. "We made progress in our broadband and In-Flight Connectivity (IFC) growth engines and continued to



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invest in our technology leadership, while keeping profitability improvement as a high management priority. As a result, we achieved a profitable fourth quarter along with full-year Adjusted EBITDA within the range of our 2016 management objectives, despite ongoing headwinds in Latin America and a slowdown at the end of the year in our Peru project.

“In Q4, as part of our broadband strategy, we are pleased to have made progress also in affordable broadband to consumers, as we recently won Tricolor TV, the largest DTH (Direct-to-Home) provider in Russia, who plans to include our unique world’s first all outdoor Scorpio VSAT. In mobility, our technology continues to be chosen for In-Flight Connectivity (IFC) as reflected in our strategic partnership with Air Esurfing, an Air Media wholly owned subsidiary in China, to deliver broadband connectivity to airlines throughout China. We were also awarded a joint R&D project with Airbus for the development of a fully integrated Electronically Steerable Antenna (ESA) aero terminal based on our leading phased array technology.

“Our management objectives for 2017 are a continuation and acceleration of our achievements in 2016. Our objectives are for revenues between \$280 to \$300 million, GAAP operating income between \$4 and \$8 million and Adjusted EBITDA of between \$20 and \$24 million, which reflect a high management priority on profitability, in parallel with continued focus on our broadband and mobility growth engines, via maintaining product innovation and leadership.”

Key Recent Announcements:

- Gilat Awarded a Clean Sky 2 Call to Develop Electronically Steerable Antenna (ESA) for In-Flight Connectivity (IFC) for Airbus Technology Demonstrator
- Gilat to Supply Broadband Consumer VSATs for the Joint Service of Tricolor TV and Eutelsat Networks
- Gilat and Air Esurfing Announce a Strategic Collaboration to Provide In-Flight Connectivity (IFC) for China’s Domestic Airline Market

Conference Call and Webcast Details:

Gilat management will host a conference call today, February 14, at 14:30 GMT / 09:30 AM EST / 16:30 IST to discuss the fourth quarter and full year results. International participants are invited to access the call at (972) 3-918-0610, and US-based participants are invited to access the call by dialing 1-888-407-2553.



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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_Q4_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 February 17, 2017.

International participants are invited to access the replay of the call at (972) 3-925-5901, 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 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, impairment of long lived assets and trade secrets litigation expenses) 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 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



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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: GILT, TASE: GILT) is a leading global provider of satellite-based broadband communications. With 30 years of experience, we design and manufacture cutting-edge ground segment equipment, and provide comprehensive solutions and end-to-end services, powered by our innovative technology. Delivering high value competitive solutions, our portfolio comprises of a cloud based VSAT network platform, high-speed modems, high performance on-the-move antennas and high efficiency, high power Solid State Amplifiers (SSPA) and Block Upconverters (BUC).

Gilat's comprehensive solutions support multiple applications with a full portfolio of products to address key applications including broadband access, cellular backhaul, enterprise, in-flight connectivity, maritime, trains, defense and public safety, all while meeting the most stringent service level requirements. Gilat controlling shareholders are the FIMI Private Equity Funds. For more information, please visit: 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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