



## **Press Release**

*Gilat Satellite Networks Ltd.*  
21 Yegia Kapayim St., Kiryat Arye  
Petah Tikva 49130, Israel  
Tel: (972) 3 925-2000  
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## **Gilat Reports Strong Year-over-Year Profitability Improvement in Q1 2017**

**Petah Tikva, Israel – May 16, 2017** – Gilat Satellite Networks Ltd. (NASDAQ, TASE: GILT), a worldwide leader in satellite networking technology, solutions and services, today reported its results for the first quarter ended March 31, 2017.

### **Key Financial Highlights:**

- Revenues for Q1 2017 increased 21% to \$63.9 million from \$52.7 million in Q1 2016.
- Profitability continued to improve year-over-year:
  - GAAP operating profitability improved to \$18 thousand in Q1 2017, compared with an operating loss of \$3.0 million in Q1 2016.
  - Non-GAAP operating income improved to \$2.5 million, compared with a non-GAAP operating loss of \$1.2 million in Q1 2016.
  - GAAP loss was \$0.8 million, or \$0.01 per diluted share, compared with a GAAP loss of \$4.0 million, or \$0.09 per diluted share, in Q1 2016.
  - Non-GAAP net income was \$1.7 million, or \$0.03 per diluted share, compared with a non-GAAP loss of \$2.2 million, or \$0.05 per diluted share, in Q1 2016.
  - Adjusted EBITDA increased to \$4.2 million, or 6.6% of revenues, compared with Adjusted EBITDA of \$0.8 million, or 1.4% of revenues, in Q1 2016.
- Reiterated 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.

Yona Ovadia, CEO of Gilat, commented: “I am pleased to report that Gilat achieved further positive results in the first quarter of 2017 as evidenced by continued year-over-year improvement in profitability, both on a GAAP and non-GAAP basis. It shows the fruit of focusing on our growth engines and on more profitable revenues, along with our continued drive to reduce costs.



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"Our management objectives for 2017 indicate that profitability remains our priority, while we continue to develop our broadband and mobility growth engines based on product innovation and technology leadership.

"In the first quarter, we saw important substantiation of our strategic direction. I am pleased to report that in a high-profile live airborne event held last week by Gogo, the leading IFC player, our IFC modem demonstrated unprecedented performance and received high marks from the analyst and media community.

"In addition, we are seeing industry acknowledgement of cellular backhaul over satellite, now moving into the mainstream and competing with terrestrial solutions. A number of Tier 1 customers are already implementing their LTE networks with our de-facto leading cellular backhaul solution, and we see additional opportunity ahead.

Mr. Ovadia concluded: "We are pleased with the first quarter results that are due to focusing on our strategy. We will continue to execute upon this strategy, and are optimistic regarding the rest of the year."

### **Key Recent Announcements:**

- Gilat's In-Flight Modem Exhibits Unprecedented Performance in Gogo's Live Airborne Media and Investor Event
- Gilat Announces Availability of Mobility-Ready Solution for On-the-Move Applications on Land, Sea and Air
- Gilat and Hughes to Unveil High Performance Dual-Band Aero Antenna for In-Flight Connectivity (IFC) at Satellite 2017
- Gilat Announces Availability of Ultra-Compact, High Throughput SATCOM Terminal for Unmanned Aircraft Systems (UAS)
- SES and Gilat Join Forces to Make Connectivity at Sea More Accessible

### **Conference Call and Webcast Details:**

Gilat management will host a conference call **today, Tuesday, May 16**, to discuss the first quarter results. The details are as follows:



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### **Conference Call and Webcast**

Date: Tuesday, May 16, 2017  
Start: 09:30 AM EDT / 16:30 IDT  
Dial-in: US: 1-888-407-2553  
International: (972) 3-918-0610

A simultaneous Webcast of the conference call will be available on the Gilat website at [www.gilat.com](http://www.gilat.com) and through this link: [http://www.veidan-stream.com/?con=Gilat\\_Satellite\\_Networks\\_Q1\\_2017\\_Results](http://www.veidan-stream.com/?con=Gilat_Satellite_Networks_Q1_2017_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**

Start: May 16, 2017 at 12:00 PM EDT / 19:00 IDT  
End: May 19, 2017 at 12:00 PM EDT / 19:00 IDT  
Dial-in: US: 1-888-782-4291  
International: (972) 3-925-5918

### **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 significant litigation expenses relating to a trade secrets litigation that was recently resolved.

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



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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: 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](http://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-*



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*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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