



Press Release

Gilat Satellite Networks Ltd.
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Gilat Reports Continued Improvement in Profitability in Q2 2017 and Raises 2017 Adjusted EBITDA Objective to \$22 to \$26 Million

Company achieves GAAP net income of \$2.1 million and Adjusted EBITDA of \$5.9 million

Petah Tikva, Israel – August 8, 2017 – Gilat Satellite Networks Ltd. (NASDAQ, TASE: GILT), a worldwide leader in satellite networking technology, solutions and services, today reported its results for the second quarter ended June 30, 2017.

Key Financial Highlights:

- Revenues for Q2 2017 were \$66.2 million compared with \$63.9 million in Q1 2017 and \$67.9 million in Q2 2016.
- Profitability showed significant improvement, both quarter-over-quarter and year-over-year:
 - GAAP operating profit improved substantially to \$1.9 million in Q2 2017 from \$18 thousand in Q1 2017, and compared with an operating loss of \$2.5 million in Q2 2016.
 - Non-GAAP operating income grew to \$4.1 million from \$2.5 million in Q1 2017 and \$0.5 million in Q2 2016.
 - The Company achieved GAAP net income of \$2.1 million, or \$0.04 per diluted share in Q2 2017, compared with a loss of \$0.8 million, or \$0.01 per diluted share, in Q1 2017, and a loss of \$3.7 million, or \$0.07 per diluted share, in Q2 2016.
 - Non-GAAP net income reached \$4.6 million, or \$0.08 per diluted share, compared with \$1.7 million, or \$0.03 per diluted share in Q1 2017, and a non-GAAP loss of \$0.6 million, or \$0.01 per diluted share, in Q2 2016.
 - Adjusted EBITDA increased to \$5.9 million, or 8.9% of revenues, compared with \$4.2 million, or 6.6% of revenues, in Q1 2017, and \$2.4 million, or 3.5% of revenues, in Q2 2016.
- Updated management objectives for 2017: revenue range narrowed to between \$280 to \$290 million, GAAP operating income raised to between \$7 and \$11 million, and Adjusted EBITDA raised to between \$22 and \$26 million.

Yona Ovadia, CEO of Gilat, commented: "I am very pleased to report another quarter of strong progress for Gilat. The Gilat management team has maintained an ongoing focus on improving profitability and optimizing our growth engines. That has resulted



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in significant improvement in our profitability in the second quarter with a substantial step-up in our operating income as well as the achievement of GAAP net income, along with a major increase in our Adjusted EBITDA, which increased 39% from the first quarter of 2017 and 149% from the second quarter last year.

“With our increased profitability and the growing traction of our new strategy, I am pleased to say that we have raised our profitability objectives for 2017, including moving up the range for Adjusted EBITDA to \$22 to \$26 million from the previous range of \$20 to \$24 million.”

“The principal drivers of this profitability improvement in the second quarter were a substantial increase in revenues from our mobility growth engine, mainly our solutions for In-Flight Connectivity (IFC). This demonstrates the earnings power and potential of our strategic growth engines, which also include our cellular backhaul over satellite solutions for the mobile market.

“In the second quarter, we continued to see progress with our growth engines. In Mobility, we are pleased that Gogo is now installing our modems in an accelerated fashion on commercial flights with a plan to reach over 1,800 aircrafts across more than 13 airlines. In addition, we continue to mature other opportunities in this market.

“We are also pleased to see a growing market for consumer broadband in Russia/CIS that is enabled by our innovative technology, the Scorpio VSAT, which was selected by the leading Russian DTH providers, now NTV-Plus in addition to Tricolor.

“Furthermore, in the Mobile growth engine, we continue to develop our telco strategy of providing leading LTE over satellite cellular backhaul solutions to the industry. We are optimistic that opportunities in our pipeline will soon mature.

“Lastly, the win of a significant deal with Telebras in Brazil points to the start of a potential turnaround in our business in LATAM, and we are focused on accelerating this trend.

Mr. Ovadia concluded: “We are pleased to report the continued strong progress of Gilat in the second quarter as we continue to focus on improving profitability while



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developing our Mobile and Mobility growth engines. As our management objectives for full year 2017 indicate, we are optimistic about the rest of the year.”

Key Recent Announcements:

- Gilat Propels the Russian DTH Market into Broadband Services
- Telebras, Brazil Awards Gilat Contract of Over USD 11 Million
- Intelsat and Gilat Unveil Mobile Reach Solar 3G Solution for Mobile Network Operators that Need to Expand in Remote Areas

Conference Call and Webcast Details:

Gilat management will host a conference call **today, Tuesday, August 8**, to discuss the second quarter results. The details are as follows:

Conference Call and Webcast

Date: Tuesday, August 8, 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 and through this link: <http://veidan-stream.com/gilatq2-2017.html>

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: August 8, 2017 at 12:00 PM EDT / 19:00 IDT
End: August 11, 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



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management and investors a more complete understanding of the Company's underlying operational results, trends and performance.

Adjusted EBITDA (operating income before depreciation, amortization, non-cash stock option expenses, costs related to acquisition transactions, restructuring cost, goodwill impairment, impairment of long lived assets, trade secrets litigation expenses and tax expenses under amnesty program) 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 GAAP 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.

This news release also contains a forward-looking estimate of Adjusted EBITDA projected to be generated by Gilat in 2017. A forward-looking estimate of net income and reconciliations of the forward-looking estimates of Adjusted EBITDA to net income are not provided because the items necessary to estimate net income are not estimable at this time. 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



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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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