



Gilat Satellite Networks Ltd.
21 Yegia Kapayim St., Kiryat Arye
Petah Tikva 49130, Israel
Tel: (972) 3 925-2000
Fax: (972) 3 925-2222
www.gilat.com

Press Release

Gilat Reports Continued Growth in Profitability in Q3 2017 with GAAP Net Income of \$2.1 million and Adjusted EBITDA of \$7.1 million

Company adds T-Mobile as fourth end-to-end multi-year deal in satellite cellular backhaul

Petah Tikva, Israel – November 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 third quarter ended September 30, 2017.

Key Financial Highlights:

- Revenues for Q3 2017 were \$69.9 million compared with \$66.2 million in Q2 2017 and \$78.6 million in Q3 2016.
- Profitability improvement continued in Q3 2017:
 - GAAP operating income improved substantially to \$3.3 million in Q3 2017 from \$1.9 million in Q2 2017, and compared with an operating loss of \$0.2 million in Q3 2016.
 - Non-GAAP operating income grew to \$4.9 million from \$4.1 million in Q2 2017 and \$3.3 million in Q3 2016.
 - The Company achieved GAAP net income of \$2.1 million, or \$0.04 per diluted share in Q3 2017, in line with \$2.1 million, or \$0.04 per diluted share, in Q2 2017, and compared with a loss of \$2.2 million, or \$0.04 per diluted share, in Q3 2016.
 - Non-GAAP net income was \$3.6 million, or \$0.07 per diluted share in Q3 2017, compared with \$4.6 million, or \$0.08 per diluted share in Q2 2017, and \$1.4 million, or \$0.02 per diluted share, in Q3 2016.
 - Adjusted EBITDA increased to \$7.1 million, or 10.2% of revenues, compared with \$5.9 million, or 8.9% of revenues, in Q2 2017, and \$5.2 million, or 6.7% of revenues, in Q3 2016.
- Updated management objectives for 2017: revenue range maintained at between \$280 to \$290 million, GAAP operating income narrowed to upper range between \$9 and \$11 million (from \$7 to \$11 million), and Adjusted EBITDA narrowed to upper range between \$24 and \$26 million (from \$22 to \$26 million).

Yona Ovadia, CEO of Gilat, commented: "I am pleased to report that Gilat again achieved very positive results in the third quarter as we see consistent improvement in our operating income and in our Adjusted EBITDA - two major indicators of our



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financial progress. I am in particular pleased to note our GAAP net income of \$2.1 million for the quarter, as we remain committed to our long-term goal of profitability on a GAAP basis.

“Further, based on our progress year-to-date, we have narrowed our profitability objectives for 2017 towards the high end of the previous range, while maintaining our prior objective for revenues.

“One of our growth initiatives has been to develop multi-year cellular backhaul service projects with recurring revenues, particularly with telco service providers. I am gratified that we have closed four significant such deals in the past few months. We believe they were awarded to Gilat due to both our LTE cellular backhaul carrier-grade technology that meets the stringent requirements of throughput and user experience, as well as our expertise in integrating multi-site satellite-based networks into the MNO’s cellular network.

“In the United States, we have just been awarded a major contract with T-Mobile for end-to-end services for LTE cellular backhaul for their network expansion in rural areas, destinations, highways, and elsewhere where fiber delivery is challenging throughout the continental United States. In addition, Sprint has expanded our contract to include a three-year project in addition to the technology provided for their 3G/4G network.

“In the Philippines, we secured a five-year multi-million dollar services contract with Globe for satellite backhaul for 4G cellular services.

“And, we closed a deal with a major telecom service provider in Latin America to provide an end-to-end services project for rapid rollout of high-performance broadband.

“In Mobility, we have reached a noteworthy milestone with our customer, Gogo, with over 150 airplanes now flying with our airborne modem, showing a strong pace of ramp-up, with potential of approximately 2,000 aircraft.

“Equally important, we are making further inroads with our airborne antennas. We are progressing towards completion of development of our dual-band Ku-Ka antenna in early 2018, and have started the development of our next generation antenna. I am optimistic that the interest we see in the market will translate into concrete achievements in the coming quarters.



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Mr. Ovadia concluded: "We are pleased with the momentum we gained in both growth engines, and we will continue to execute according to our strategic priorities, with an ongoing emphasis on improving profitability."

Key Recent Announcements:

- Major Telecom Service Provider in Latin America Selects Gilat for Managed Service Cellular Backhaul Project
- Sprint Expands Gilat Contract to a Three-Year Multi-Million Dollar Managed Service Project
- Globe Awards Gilat Five Year Multi-Million Dollar Contract for Managed Service Satellite Backhaul for Cellular Services

Conference Call and Webcast Details:

Gilat management will host a conference call **today, Tuesday, November 14**, to discuss the third quarter results. The details are as follows:

Conference Call and Webcast

Following the announcement, Yona Ovadia, Chief Executive Officer, and Adi Sfadia, Chief Financial Officer, will discuss Gilat's 2017 third quarter results, participate in a question, and answer session:

Date: Tuesday, November 14, 2017
Start: 09:30 AM EDT / 16:30 IDT
Dial-in: US: 1-888-668-9141
International: (972) 3-918-0609

A simultaneous Webcast of the conference call will be available on the Gilat website at www.gilat.com and through this link: www.veidan-stream.com/gilatq3-2017.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: November 14, 2017 at 12:00 PM EDT / 19:00 IDT
End: November 17, 2017 at 12:00 PM EDT / 19:00 IDT
Dial-in: US: 1-888-326-9310
International: (972) 3-925-5901

Non-GAAP Measures

The attached summary unaudited financial statements were prepared in accordance with



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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.

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



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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.

Contact:

Gilat Satellite Networks

Doreet Oren

DoreetO@gilat.com

Comm-Partners LLC

June Filingeri, President

203-972-0186

junefil@optonline.net