



GILAT PRESS RELEASE

Gilat Reports Continued Strong Growth in Profitability in Q2 2018

Company achieves GAAP operating income of \$4.1 million (up 121.0% year over year) and Adjusted EBITDA of \$8.1 million (up 37.6% year over year)

Petah Tikva, Israel – August 7, 2018 – 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, 2018.

Key Financial Highlights:

- Revenues for Q2 2018 were \$66.5 million, compared with \$66.2 million in Q2 2017.
- Continued strong profitability:
 - Q2 2018 GAAP operating income increased to \$4.1 million, up 121.0% from Q2 2017.
 - Q2 2018 Non-GAAP operating income rose to \$5.7 million, up 37.1% year over year.
 - Q2 2018 GAAP net income was \$2.2 million, or \$0.04 per diluted share, compared with \$2.1 million, or \$0.04 per diluted share, in Q2 2017.
 - Q2 2018 non-GAAP net income was \$3.7 million, or \$0.07 per diluted share, versus \$4.6 million, or \$0.08 per diluted share, in Q2 2017.
 - Q2 2018 Adjusted EBITDA increased 37.6% year over year to \$8.1 million, or 12.2 % of revenues.
- Reiterated management objectives for 2018: revenue range between \$285 million to \$305 million, GAAP operating income between \$17 million and \$21 million, and Adjusted EBITDA between \$30 million and \$34 million.

Yona Ovadia, CEO of Gilat, commented:

“I am pleased to report that the second quarter of 2018 was another strong quarter for Gilat. We continued the trend of improvement in profitability as well as continued growth momentum in our business, as evidenced with the following achievements:

“In our strategic area of LTE cellular backhaul we have secured two additional wins, one with Telstra in Australia and the other with a major MNO in Latin America. In both these areas of the globe, Gilat was selected for its recognized global leadership in large, efficient and reliable LTE networks, which is what the businesses and residents in the remote locations of these countries expect and are willing to pay for.



“The win in LATAM is joined by the announcement on an expansion of our relationships with Hispasat for the delivery of affordable high quality broadband services to consumers and enterprises in the vast areas of Brazil that currently do not have this service, which marks our continued efforts and recovery of the business in this key part of the world.

“Finally, we also announced the win of two new regional telecommunications infrastructure projects for Fitel in Peru, bringing Gilat’s awarded regions to six out of the 13 regions. Gilat’s long term goal in Peru is for multi-year high margin recurring revenues from services, which is the motivation for these projects rather than the construction dollars.”

Mr. Ovadia concluded: “We remain committed to our target of improving the bottom line, and are confident that as capacity prices continue to decrease and demand grows, new opportunities will continue to be generated. This, together with our ongoing significant investment in R&D will drive further momentum in our strategic growth engines.”

Key Recent Announcements:

- Hispasat and Gilat Partner to Commercialize High Throughput Satellite (HTS) Capacity of Amazonas 3 and 5 Satellites over Brazil
- Tier-1 Mobile Network Operator in Latin America Selects Gilat for LTE Satellite Backhaul
- Telstra Selects Gilat’s Satellite-based Cellular Backhaul Solution for 4G Mobile Service Expansion to Remote Locations Across Australia
- Telesat and Gilat Join Forces to Develop Broadband Communication Modem Technology for Low Earth Orbit (LEO) Satellites
- Gilat Awarded \$153.6 Million by Fitel Peru for Regional Telecommunications Projects

Conference Call and Webcast Details:

Gilat management will host a conference call **today, Tuesday, August 7**, to discuss the second quarter results. The details are as follows:

Conference Call and Webcast

Following the release, Yona Ovadia, Chief Executive Officer, and Adi Sfadia, Chief Financial Officer, will discuss Gilat’s second quarter 2018 results and participate in a question and answer session:

Date: Tuesday, August 7, 2018
Start: 09:30 AM EST / 16:30 IST
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: www.veidan-stream.com/qilatq2-2018.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 7, 2018 at 12:00 PM EST / 19:00 IST
End: August 10, 2018 at 12:00 PM EST / 19:00 IST
Dial-in: US: 1-888-295-2634
International: (972) 3-925-5904

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.

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 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 2018. 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

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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