



GILAT PRESS RELEASE

Gilat Reports Strong Profitability in Q3 2018, Raises Objectives for 2018 Operating Profit and EBITDA

GAAP operating income of \$6.0 million is up 79.6% year over year and Adjusted EBITDA of \$9.1 million up 27.8% year over year;

Company raises 2018 objective of GAAP operating income to between \$22 to \$24 million (from \$17 to 21 million), and Adjusted EBITDA to between \$35 to \$37 million (from \$30 to \$34 million)

Petah Tikva, Israel – November 12, 2018 – 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, 2018.

Key Financial Highlights:

- Revenues for Q3 2018 were \$62.8 million, compared with \$69.9 million in Q3 2017.
- Continued strong profitability:
 - Q3 2018 GAAP operating income increased to \$6.0 million, up 79.6% from Q3 2017.
 - Q3 2018 Non-GAAP operating income rose to \$6.5 million, up 32.7% year over year.
 - Q3 2018 GAAP net income was \$8.7 million, or \$0.16 per diluted share (including a one-time tax benefit of \$4.1 million related to the Company's US subsidiary), compared with \$2.1 million, or \$0.04 per diluted share, in Q3 2017.
 - Q3 2018 non-GAAP net income was \$5.1 million, or \$0.09 per diluted share, versus \$3.6 million, or \$0.07 per diluted share, in Q3 2017.
 - Q3 2018 Adjusted EBITDA increased 27.8% from Q3 2017 to \$9.1 million, or 14.5 % of revenues.
- Updated management objectives for 2018: GAAP operating income increased to between \$22 to \$24 million (from \$17 to 21 million), and Adjusted EBITDA increased to between \$35 to \$37 million (from \$30 to \$34 million). Revenue range revised to between \$265 to \$275 million (from \$285 to 305 million) due to continued delays in the Company's projects for FITEL in Peru, as well as exerting caution as it relates to the Company's two additional recently awarded regional telecommunications infrastructure projects in Peru. Recently, the losing party appealed the award and obtained a preliminary injunction against the award. Gilat has been informed by FITEL that it believes the injunction was improperly obtained



and FITELE is opposing it. Gilat is not a party in either action and based on advice of counsel, firmly believes that the chances of success of the losing party's appeal are remote, yet decided to exert caution and reduce its revenue targets for 2018.

Yona Ovadia, CEO of Gilat, commented:

"I am pleased to report that the third quarter of 2018 was another strong quarter for Gilat. We continued to increase profitability, with noteworthy year-over-year growth in GAAP operating income and Adjusted EBITDA. We also continued to benefit from our investment in our growth engines of cellular backhaul and In-Flight Connectivity (IFC) and in our focus on improving profitability.

"From a business perspective, Gilat was awarded multi-million-dollar projects around the globe. New projects were secured in Russia, China and Japan, for broadband and high throughput satellites in which Gilat will provide its multi-service ground segment.

"From a technological perspective, we reached a major milestone with our partners Global Eagle and Telesat for demonstrating the first-ever live in-flight connectivity with a LEO satellite as well as switchover between Telesat's GEO and LEO satellites.

"We also remain optimistic and committed to our opportunities in Peru, although we decided to exercise caution and reduce our revenue target for the full year due to the events in Peru mentioned above. We strongly expect, however, that we will overcome these challenges in the coming few months."

Mr. Ovadia concluded: "We are confident in our strategy and remain focused on our growth engines of cellular backhaul, IFC, and HTS/VHTS, as well as on balancing our investments in R&D to maintain product leadership while continuously improving profitability, as evidenced by the increase in our profit targets for the year."

Key Recent Announcements:

- JSAT Awards Gilat Multi-Million US Dollar Project for Mobility and Fixed Broadband Services in Japan
- Gilat to Provide the Ground Network for China Satcom's ChinaSat-18
- Global Eagle and Gilat Use Telesat's Phase 1 LEO Satellite to Demonstrate First Ever, Live In-flight Broadband Connectivity via LEO
- Hispamar and Gilat Launch a Satellite-Based Broadband Service in Brazil to Promote High-Quality Internet Access
- Gazprom Space Systems and Gilat Sign \$18M Contract to Provide Broadband Connectivity Across Russia over New Yamal 601 Ka Satellite

Conference Call and Webcast Details:

Gilat management will host a conference call **today, Monday, November 12**, to discuss the third 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 third quarter 2018 results and participate in a question and answer session:

Date: Monday, November 12, 2018
Start: 09:30 AM EST / 16:30 IST
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/gilatq3-2018.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: November 12, 2018 at 12:00 PM EST / 19:00 IST
End: November 17, 2018 at 12:00 PM EST / 19:00 IST
Dial-in: US: 1-888-782-4291
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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