



GILAT PRESS RELEASE

Gilat Reports Strong Growth in Profitability in Q4 2018 and Fiscal Year 2018, Targets Continued Strong Growth in 2019

Board expects to declare \$25 million cash dividend

Petah Tikva, Israel – February 12, 2019 – Gilat Satellite Networks Ltd. (NASDAQ, TASE: GILT), a worldwide leader in satellite networking technology, solutions and services, today reported its results for the fourth quarter and full year ended December 31, 2018.

Fourth Quarter and Full Year 2018 Key Financial Highlights:

- Quarterly revenues were \$69.7 million, compared with \$82.7 million in Q4 2017. Full year 2018 revenues were \$266.4 million versus \$282.8 million in 2017.
- Continued strong profitability:
 - Quarterly GAAP operating income increased to \$7.5 million, up 33.1% from Q4 2017. Full year GAAP operating income increased 96.0% to \$21.3 million.
 - Quarterly Non-GAAP operating income rose to \$7.9 million, an increase of 12.2% from Q4 2017. Full year Non-GAAP operating income was up 36.0% to \$25.1 million from 2017.
 - Quarterly GAAP net income was \$5.3 million, or \$0.09 per diluted share compared with \$3.4 million, or \$0.06 per diluted share, in Q4 2017. Full year GAAP net income was \$18.4 million, or \$0.33 per diluted share, compared with \$6.8 million, or \$0.12 per diluted share, in 2017. Full year 2018 net income includes a deferred tax benefit of \$4.1 million recognized in the third quarter of 2018.
 - Quarterly Non-GAAP net income was \$5.7 million, or \$0.10 per diluted share, compared to \$4.7 million, or \$0.09 per diluted share, in Q4 2017. Full year Non-GAAP net income was \$18.2 million, or \$0.32 per diluted share, compared with \$14.6 million, or \$0.27 per diluted share, in 2017.
 - Adjusted EBITDA for Q4 2018 increased 17.6% from Q4 2017 to \$10.5 million. Full year 2018 Adjusted EBITDA rose 34.6% from 2017 to \$35.2 million.
- Management objectives for 2019: revenue range between \$275 million to \$295 million, GAAP operating income of between \$23 million and \$27 million, and Adjusted EBITDA between \$38 million and \$42 million.
- The Gilat Board of Directors expects to declare a cash dividend estimated at \$25 million (or approximately \$0.45 per share), subject to final approval of our audited financial statements to be issued in March 2019. Under the Israeli Companies Law



such a dividend will be based on the Company meeting the criteria set out in the Israeli Companies Law.

Yona Ovadia, CEO of Gilat, commented:

"I am pleased to report that our strong fourth quarter concludes a year of important progress for Gilat as we advanced our business strategy and achieved substantial profitability growth.

"We were successful in achieving our objectives through our continued focus on our growth engines of Broadband, Mobile Cellular Backhaul and Mobility IFC, along with continued efforts to drive costs out of the business.

"We secured significant Broadband business around the globe over the past year including: NBN in Australia, Gazprom in Russia, ChinaSatcom in China, LASCOS in Japan, Hispasat in Latin America and ISRO in India. In the Mobile market, we continued as the front-runner in the LTE/4G satellite backhaul market with expansion of projects with existing customers and additional contract wins such as Telstra in Australia. In the Mobility market, we reached an important milestone with our dual-band aero terminal by passing the standard for the environmental testing of avionics hardware and receiving the DO-160 certification. Lastly, we continued investing in product leadership, as demonstrated by the successful trials for aero and maritime connectivity solutions over Telesat's phase 1 LEO satellite, as well as the announcement of the 5G-ready powerful solution that provides new levels of speeds and capabilities, in support of the growing demand of data consumption.

"Further, we executed our plan to improve profitability, with the result that GAAP operating income for full-year 2018 increased 96.0% from 2017, while Adjusted EBITDA rose 34.6% and GAAP net income reached \$18.4 million or \$0.33 per diluted share."

Mr. Ovadia concluded:

"Looking at 2019, we will continue our focus on improving profitability, by further developing and expanding our existing growth engines, as we see continued reception to our services and solutions. As the market constantly evolves and requires higher throughputs and greater efficiency, we will also continue to invest substantially in R&D and in our product roadmap, to maintain product leadership especially in the era of NGSO and 5G.

"I am pleased to say that we have a substantial pipeline going into 2019, which is reflected in our management objectives that include further revenue and profitability growth for the year, even with a significant investment in R&D.

"I am also pleased to say that with this continued and significant progress and the strength of the Gilat balance sheet, the Board is planning to award a cash dividend to shareholders while maintaining our ample liquidity to fund future growth."

Key Recent Announcements:

- Gilat Demonstrates Exceptional Maritime Connectivity over Telesat's Phase 1 LEO Satellite



- Gilat Awarded Multi-Year Contract for Broadband Solution Over ISRO's GSAT-11 Satellite Covering India
- Gilat Launches 5G-Ready Satellite Backhaul Solution
- Dish Mexico Selects Gilat and Hispasat for Delivery of High-Quality Broadband Services to the People of Mexico
- LASCOM Awards Gilat Multi-Million Dollar Project for Japan's Next Generation Disaster Response Platform
- Gilat's Dual-Band Aero Terminal Receives DO-160 Certification

Conference Call and Webcast Details:

Gilat management will host a conference call **today, Tuesday, February 12**, to discuss fourth quarter and full year 2018 results. The details are as follows:

Date: Tuesday, February 12, 2019
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/qilatq4-2018.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: February 12, 2019 at 12:00 PM EST / 19:00 IST
End: February 17, 2019 at 12:00 PM EST / 19:00 IST
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 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. Non-GAAP financial measures mainly exclude the effect of stock based compensation, amortization of purchased intangibles, litigation expenses, income related to trade secrets claims and expenses for tax contingencies to be paid under an



amnesty program and initial recognition of deferred tax asset with respect to carry-forward losses.

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 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 2019. 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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