



GILAT PRESS RELEASE

Gilat Reports Continued Profitability Growth in Q2 2019

GAAP Operating Income increases 17.9% Year-over-Year; GAAP Net Income Increased 58%; Adjusted EBITDA totals \$8.9 million

Petah Tikva, Israel – August 6, 2019 – 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, 2019.

Key Financial Highlights:

- Revenues for Q2 2019 totaled \$59.7 million compared with \$66.5 million for Q2 2018.
- Continued strong profitability:
 - Q2 2019 GAAP operating income increased 17.9% to \$4.9 million from \$4.1 million in Q2 2018. Q2 2019 Non-GAAP operating income rose to \$6.3 million, or by 10.8% from Q2 2018.
 - Q2 2019 GAAP net income increased 58.3% to \$3.4 million, or \$0.06 per diluted share, compared with \$2.2 million, or \$0.04 per diluted share in Q2 2018. Q2 2019 non-GAAP net income increased 30.7% to \$4.8 million, or \$0.09 per diluted share, compared with \$3.7 million, or \$0.07 per diluted share, in Q2 2018.
 - Q2 2019 Adjusted EBITDA increased 10.0% year over year to \$8.9 million, or 14.9% of revenues.
- Reiterated 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.

Yona Ovadia, CEO of Gilat, commented:

“I am pleased to report that aside from Gilat’s continued positive results and solid profitability in the second quarter, this has been a strong quarter as we executed our strategy to build high quality revenues through our growth engines of Broadband, Mobile Cellular Backhaul and Mobility IFC.

“We achieved two major milestones in the quarter that will be important drivers of our future growth.

“The first is in the area of Inflight Connectivity. We have now entered into the Business Aviation market with a multi-million-dollar award from an Aviation Service Provider for our tail-mount antenna. This milestone not only complements our leading IFC position in Commercial Aviation, it also expands our IFC product portfolio with an airborne tail-mount antenna in addition to our leading airborne modem.



“Second, we have reached a critical milestone in Peru with approval to enter the operational phase of the three-region telecom project awarded in 2015 by Fitel. Entering this phase enables Gilat to unlock access to revenue of approximately \$12 million per annum of operations fees, for a period of ten years, as well as to start selling services over the network which yield higher margins. In fact, we already have efforts underway to sell network services over the infrastructure we have built and recently started to operate. We expect to report progress with these efforts in the coming weeks and months.

“In addition, we were awarded a three-year multi-million-dollar broadband expansion project further to our managed services cellular backhaul project with Globe Telecom, the leading telco in the Philippines. This expansion demonstrates once again our conviction that the declining price of satellite capacity along with strong ground segment equipment, provides Telcos worldwide an additional legitimate cost-effective tool for quality broadband to their customers.”

Mr. Ovadia concluded: “Overall, Gilat achieved important milestones in the second quarter, particularly in our Peru projects and our IFC business, while attaining solid profitability. We plan to press forward with these and our other growth engines for the remainder of 2019, and to focus on further improving profitability.”

Key Recent Announcements:

- Gilat will Provide Aero Antennas with Initial Agreement for Tens of Millions of Dollars to a Tier-1 Business Aviation Service Provider
- Gilat Awarded Over \$7 Million Dollar Contract for US Army’s WIN-T (Warfighter Information Network-Tactical) Program
- Gilat Achieves Critical Milestone in Peru with Approval to Enter Operational Phase, Unlocking Access to Revenue of ~\$12M per Annum from Telecom Project Awarded in 2015
- Globe Awards Gilat a Three-Year Multi-Million US Dollar Contract for Delivering Satellite Based WiFi in Addition to Cellular Backhaul Services

Conference Call and Webcast Details:

Following the issuance of this release, Yona Ovadia, Chief Executive Officer, and Adi Sfadia, Chief Financial Officer, will discuss Gilat’s second quarter 2019 results and participate in a question and answer session:

Date: Tuesday, August 6
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: <http://veidan-stream.com/gilatq2-2019.html>

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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 6, 2019 at 12:00 PM EDT / 19:00 IDT
End: August 9, 2019 at 12:00 PM EDT / 19:00 IDT
Dial-in: US: 1-888-326-9310
International: (972) 3-925-5900

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, lease incentive amortization, litigation expenses, income related to trade secrets claims, re-organization costs, 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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