



GILAT PRESS RELEASE

Gilat Reports Strong Growth in Q3 2019

GAAP Operating Income Increases 43.1% sequentially; Adjusted EBITDA reaches double digits totaling \$10.1 million

Gilat wins coveted deal for SES O3b mPOWER MEO Communications System

Petah Tikva, Israel – November 19, 2019 – 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, 2019.

Key Financial Highlights:

- Revenues for Q3 2019 increased to \$63.4 million compared with \$59.7 million for Q2 2019 and \$62.8 million in Q3 2018.
- Continued strong profitability:
 - Q3 2019 GAAP operating income increased 17.1% to \$7.0 million from \$6.0 million in Q3 2018 and was up 43.1% from \$4.9 million in Q2 2019. Non-GAAP operating income in Q3 2019 rose to \$7.5 million, or by 15.4% from Q3 2018 and rose 19.4% sequentially.
 - Q3 2019 GAAP net income totaled \$6.3 million, or \$0.11 per diluted share a decrease of 27.3% compared with \$8.7 million, or \$0.16 per diluted share, in Q3 2018, which included a one-time tax benefit of \$4.1 million. Q3 2019 net income increased 84.7% from \$3.4 million, or \$0.06 per diluted share, in Q2 2019. On a non-GAAP basis, Q3 2019 net income increased 34.1% to \$6.8 million, or \$0.12 per diluted share, compared with \$5.1 million, or \$0.09 per diluted share, in Q3 2018 and was up 41.6% from \$4.8 million, or \$0.09 per diluted share, in Q2 2019.
 - Q3 2019 Adjusted EBITDA totaled \$10.1 million, an increase of 10.6% year over year and 13.0% quarter over quarter. Q3 2019 Adjusted EBITDA represented 15.9% of revenues versus 14.5% of revenues in Q3 2018 and 14.9% in Q2 2019.
 - Updated management objectives for 2019: Reiterating GAAP operating income of between \$23 million and \$27 million, and Adjusted EBITDA of between \$38 million and \$42 million, while reducing the revenue range to between \$260 million to \$270 million. The adjustment in the revenue objectives is due to delay of several key orders, coupled with delivery constraints that have since been mostly resolved.



Yona Ovadia, CEO of Gilat, commented:

"We achieved significant milestones in the Third Quarter, both on the financial and the business sides, as we continued to execute our strategy to build high quality, profitable revenues through our growth engines of Broadband, Mobile Cellular Backhaul and Mobility IFC.

"On the financial side we attained substantial progress as we continued to improve profitability. We have attained a record achievement of double-digit millions of dollars of Adjusted EBITDA, \$10.1 million to be exact. This has been achieved only once before since we made growth in profitability one of the pillars of our strategy, and we have every intention to repeat it going forward.

"On the business side, I am excited to report that Gilat reached a landmark achievement with the selection of Gilat's platform by SES for the O3b mPOWER Medium Earth Orbit (MEO) Communications System. Gilat was selected due to our innovative ground segment, that significantly reduces cost per bit, best-in-class spectral efficiency, and a step function in modem performance. This win positions Gilat at the forefront of ground networks for Non-Geo Stationary Orbit (NGSO) constellations and as well as a prominent player for the new generation of HTS and VHTS GEO satellites.

"In Peru, our goal has always been the profitable recurring revenues from operations and sales of services, and indeed, further to last quarter's achievement of moving to Operations in three awarded regions, I am pleased to share that this quarter we won a \$10 million five-year project for 3G/4G backhaul services over the network that we built and just started to operate. We are pleased to see our vision materializing, and expect that this contract will significantly expand over time to additional multiple millions of dollars, as well as to selling additional services over our networks.

"In Australia we have reached an important milestone this quarter with NBN Co. with the launch of NBN's business satellite services. The commercial launch of this flagship project initiates our managed service to NBN, delivering revenue of tens of millions of US dollars over a ten-year period.

"In addition, we have seen continued progress in our mobile and mobility growth areas. Particularly in cellular backhaul Gilat continues to be recognized as the global leader with the selection of the leading Japanese MNO, NTT DoCoMo. In Aero Mobility, we are encouraged by the clear direction of airlines to offer free wifi, as we already saw it starting to generate significant demand for Gilat equipment in this quarter. Both mobile and mobility continue to be major growth engines for Gilat.

"Lastly, in Q3, we also continued to strengthen our partnership with China Satcom with an agreement to upgrade to the most up-to-date, efficient, and high-performance communication network for aero and maritime mobility applications as well as fixed applications."

Mr. Ovadia concluded:

"In closing, we are pleased with our momentum in the market-place and in parallel with our continued improvement in our bottom line. We are engaged these days in planning our work plan for 2020. We will base it on the same guidelines as the existing growth



engines, with continued if not increased investment in maintaining our product leadership, and in improvement of both the top line and bottom line."

Key Recent Announcements:

- Gilat Signs Significant Contract with SES to Develop and Deploy O3b mPOWER MEO Communications System
- Global Eagle Places \$5m Order with Gilat's Wavestream for In-Flight Connectivity Transceivers
- Gilat and China Satcom Lay Foundation for Future Chinese Satellite Communication for Aero, Maritime, Land Mobility and Fixed Applications
- NTT DOCOMO Awards Gilat an LTE Satellite Backhaul Project to Expand its LTE Footprint

Conference Call and Webcast Details:

Following the release, Yona Ovadia, Chief Executive Officer, and Adi Sfadia, Chief Financial Officer, will discuss Gilat's third quarter 2019 results and participate in a question and answer session:

Date: Tuesday, November 19, 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/gilatq3-2019.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 19, 2019 at 12:00 PM EST / 19:00 IST
End: November 22, 2019 at 12:00 PM EST / 19:00 IST
Dial-in: US: 1-888-326-9310
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. 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.

Contact:

Gilat Satellite Networks
Doreet Oren, Director Corporate Communications
DoreetO@gilat.com

Comm-Partners LLC
June Filingeri, President
+1-203-972-0186
junefil@optonline.net