

The following is an excerpt from Comtech Telecommunications Corp.'s ("Comtech") fiscal 2020 second quarter earnings release issued on March 4, 2020:

In January 2020, Comtech announced its highly strategic acquisition of Gilat Satellite Networks Ltd. ("Gilat") in a cash and stock transaction, resulting in an enterprise value of approximately \$532.5 million. Each Gilat ordinary share will be converted into the right to receive consideration of \$7.18 in cash, without interest, plus 0.08425 of a share of Comtech common stock, with cash payable in lieu of fractional shares. Gilat is a worldwide leader in satellite networking technology, solutions and services, with market leading positions in the satellite ground station and in-flight connectivity solutions markets and deep expertise in operating large network infrastructures. The transaction is subject to customary closing conditions including, among others, the approval of Gilat's shareholders and the expiration of the applicable waiting period under the Hart-Scott Rodino Antitrust Improvements Act of 1976.

The following investor presentation was posted by Comtech on its website on March 4, 2020:



Cautionary Statement Regarding Forward-Looking Statements

Certain information in this presentation contains forward-looking statements, including, but not limited to, information relating to Comtech's and Gilat's future performance and financial condition, plans and objectives of Comtech's management and Gilat's management and Comtech's and Gilat's assumptions regarding such future performance, financial condition and plans and objectives that involve certain significant known and unknown risks and uncertainties and other factors not under Comtech's or Gilat's control which may cause their actual results, future performance and financial condition, and achievement of plans and objectives of Comtech's management and Gilat's management to be materially different from the results, performance or other expectations implied by these forward-looking statements. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," variations of such words and similar expressions are intended to identify such forward-looking statements, which generally are not historical in nature. Forward-looking statements could be affected by factors including, without limitation: risks associated with the ability to consummate the proposed transaction and the timing of the closing of the proposed transaction or the occurrence of any event, change or circumstance that could give rise to the termination of the merger agreement; the risk that requisite regulatory approvals will not be obtained; the possibility that the expected synergies from the proposed transaction or other recent acquisitions will not be fully realized, or will not be realized within the anticipated time periods; the risk that Comtech's and Gilat's businesses will not be integrated successfully; the possibility of disruption from the proposed transaction or other recent acquisitions making it more difficult to maintain business and operational relationships or retain key personnel; the risk that Comtech will be unsuccessful in implementing a tactical shift in its Government Solutions segment away from bidding on large commodity service contracts and toward pursuing contracts for its niche products with higher margins; the risks associated with Comtech's ongoing evaluation and repositioning of its location technologies solutions offering in its Commercial Solutions segment; the nature and timing of receipt of, and Comtech's performance on, new or existing orders that can cause significant fluctuations in net sales and operating results; the timing and funding of government contracts; adjustments to gross profits on long-term contracts; risks associated with international sales; rapid technological change; evolving industry standards; new product announcements and enhancements, including the risks associated with Comtech's launch of its Heights™ Networking Platform ("Heights"); changing customer demands and or procurement strategies; changes in prevailing economic and political conditions; changes in the price of oil in global markets; changes in foreign currency exchange rates; risks associated with legal proceedings, customer claims for indemnification and other similar matters; risks associated with Comtech's obligations under its Credit Facility; risks associated with large contracts; the impact of H.R. 1, also known as the Tax Cuts and Jobs Act, which was enacted in December 2017 in the U.S.; and other factors described in this and Comtech's and Gilat's other filings with the SEC. Neither Comtech nor Gilat undertakes any duty to update any forward-looking statements contained herein.



Use of Non-GAAP Financial Measures

In order to provide investors with additional information regarding the Company's and Gilat's financial results, this presentation contains "Non-GAAP financial measures" under the rules of the SEC. The Company's and Gilat's Adjusted EBITDA is a Non-GAAP measure that represents earnings (loss) before income taxes, interest (income) and other, write-off of deferred financing costs, interest expense, amortization of stock-based compensation, amortization of intangibles, depreciation expense, estimated contract settlement costs, settlement of intellectual property litigation, acquisition plan expenses, facility exit costs and strategic alternatives analysis expenses and other. The Company's and Gilat's definition of Adjusted EBITDA may differ from the definition of EBITDA or Adjusted EBITDA used by other companies and therefore may not be comparable to similarly titled measures used by other companies. Adjusted EBITDA is also a measure frequently requested by the Company's and Gilat's investors and analysts. The Company and Gilat believe that investors and analysts may use Adjusted EBITDA, along with other information contained in their SEC filings, in assessing the Company's or Gilat's performance and comparability of its results with other companies.

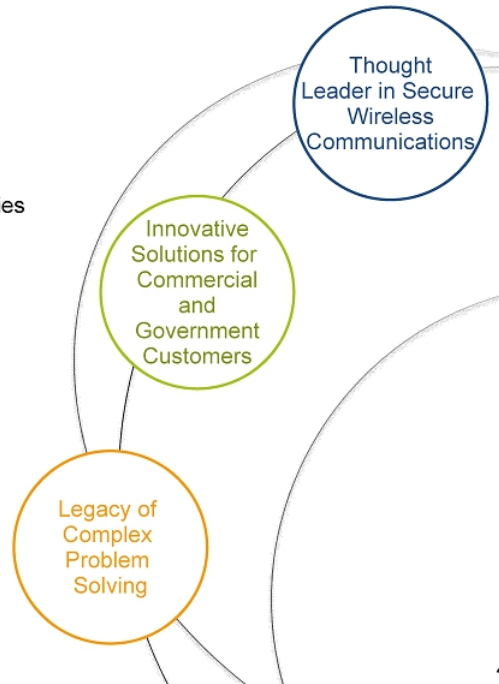
The Company's and Gilat's Non-GAAP measures reflect the GAAP measures as reported, adjusted for certain items as described in Appendix III. These Non-GAAP financial measures have limitations as an analytical tool as they exclude the financial impact of transactions necessary to conduct the Company's and Gilat's business, such as the granting of equity compensation awards, and are not intended to be an alternative to financial measures prepared in accordance with GAAP. These measures are adjusted as described in the reconciliation of GAAP to Non-GAAP in Appendix III, but these adjustments should not be construed as an inference that all of these adjustments or costs are unusual, infrequent or non-recurring. Non-GAAP financial measures should be considered in addition to, and not as a substitute for or superior to, financial measures determined in accordance with GAAP. Investors are advised to carefully review the GAAP financial results that are disclosed in the Company's and Gilat's SEC filings.

The Company has not quantitatively reconciled its fiscal 2020 Adjusted EBITDA target to the most directly comparable GAAP measure because items such as stock-based compensation, adjustments to the provision for income taxes, amortization of intangibles and interest expense, which are specific items that impact these measures, have not yet occurred, are out of the Company's control, or cannot be predicted. For example, quantification of stock-based compensation expense requires inputs such as the number of shares granted and market price that are not currently ascertainable. Accordingly, reconciliations to the Non-GAAP forward-looking metrics are not available without unreasonable effort and such unavailable reconciling items could significantly impact the Company's financial results.



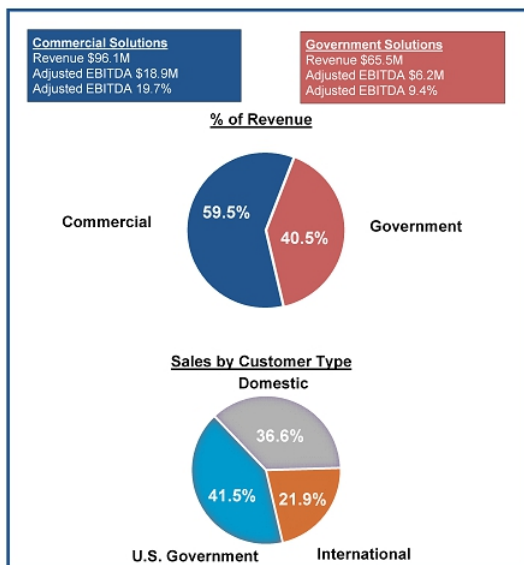
Comtech - Connections that Matter®

- We are a market leader in the growing secure wireless communications market
 - Satellite Ground Station Technologies
 - Public Safety and Location Technologies
 - Mission-Critical Technologies
 - High-Performance Transmission Technologies
- We are known for solving complex problems
- We generate profits and cash flows and have paid dividends 39 quarters in a row
- FY 2019 was our fourth consecutive year of revenue growth and our third consecutive year of Adjusted EBITDA growth
- We have strong visibility into future revenue
- Q2 FY 2020 operating results were solid, with strong performance on the bottom line



Notes
See Appendix III of this presentation for the reconciliation from US GAAP to Adjusted EBITDA, which is a Non-GAAP financial measure.

Overview of Q2 FY20 Performance



- Q2 FY 2020 Revenue was \$161.7 million
- GAAP Operating Income of \$6.2 million includes amortization of \$5.2 million, depreciation of \$2.7 million, stock-based compensation of \$1.2 million, acquisition plan expenses of \$6.0 million and the reversal of certain estimated contract settlement costs of \$0.3 million
- Adjusted EBITDA⁽¹⁾ (non-GAAP) of \$21.2 million or 13.1% of net sales
- GAAP diluted EPS of \$0.14
- Non-GAAP diluted EPS⁽²⁾ of \$0.32

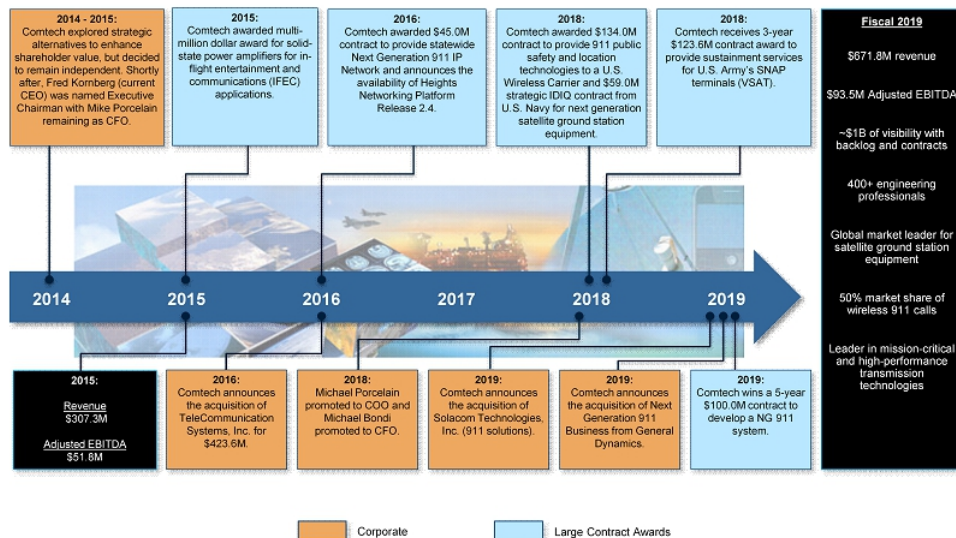
Notes

(1) Adjusted EBITDA represents earnings (loss) before income taxes, interest (income) and other, write-off of deferred financing costs, interest expense, amortization of stock-based compensation, amortization of intangibles, depreciation expense, estimated contract settlement costs, settlement of intellectual property litigation, acquisition plan expenses, facility exit costs and strategic alternatives analysis expenses and other.

(2) See Appendix III of this presentation for the reconciliation of GAAP earnings per diluted share to Non-GAAP earnings per diluted share.

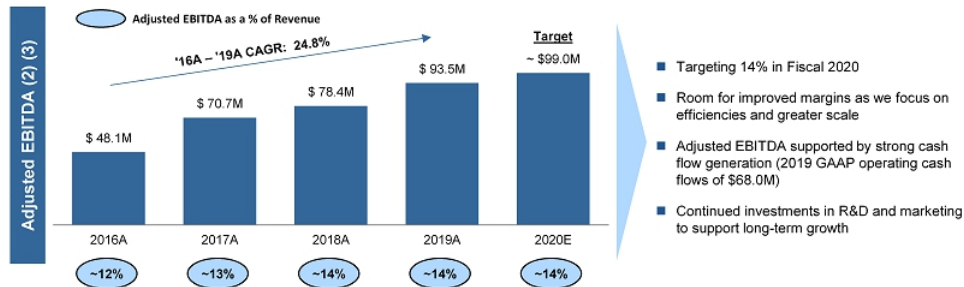
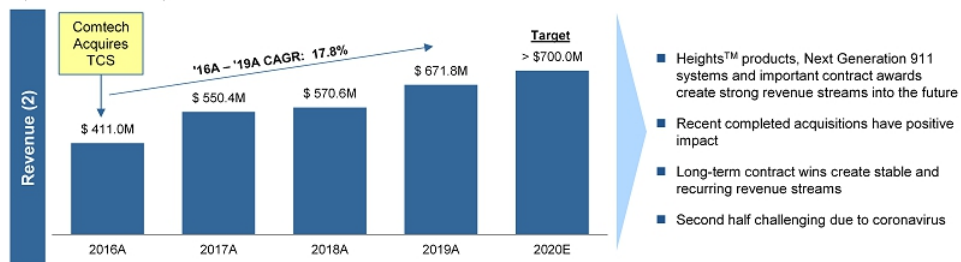
Comtech Has Transformed Itself into a Wireless Leader

Approximately \$404.4M or 60.2% of our FY 2019 revenues did not exist in FY 2015



Fiscal 2020 is Expected to be Another Year of Growth

(USD in Millions)



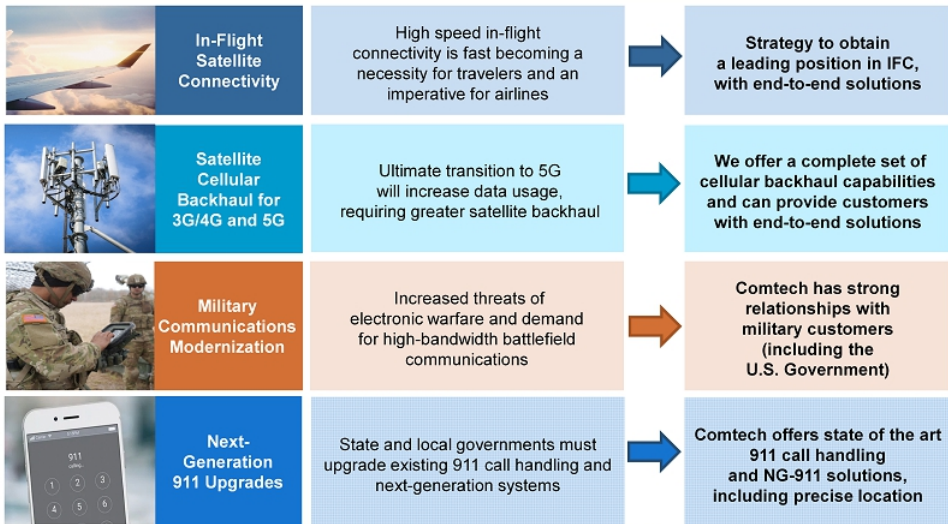
Notes

- (1) Comtech's fiscal year end is July 31.
- (2) Does not include impact of recently announced acquisitions of UHP, Gilat and CGC.
- (3) See Appendix III of this presentation for the reconciliation from US GAAP to Adjusted EBITDA.



Comtech Participates in Growing Markets

Comtech is Well Positioned to Take Advantage of Key Marketplace Trends



Expected Growth in LEO / MEO / HTS & VHTS Satellite Constellations
Will Require Significant Investment In Ground Infrastructure and Comtech Will Be Poised to Benefit



Comtech's Two Segments Have Common Capabilities

We leverage several key competencies, including R&D and engineering, across both segments to deliver superior capabilities to customers

Commercial Solutions

Fiscal 2019 Results:

Revenue
\$357.3M
53.2% of Total

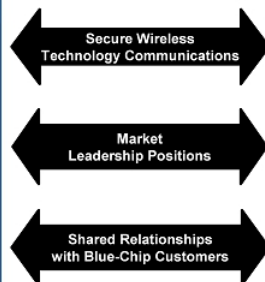
Geography / Customer Type

U.S. Government: 19.2%
Domestic: 53.9%
International: 26.9%

Adjusted EBITDA

\$66.6M
18.6% Adjusted EBITDA Margin

Customer Examples



Government Solutions

Fiscal 2019 Results:

Revenue
\$314.5M
46.8% of Total

Geography / Customer Type

U.S. Government: 63.8%
Domestic: 12.5%
International: 23.7%

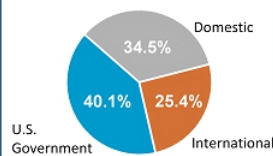
Adjusted EBITDA

\$35.6M
11.3% Adjusted EBITDA Margin

Customer Examples



Fiscal 2019 Customer Type as a % of Consolidated Revenue



Comtech Has A Proven Track Record of Successful Acquisitions

Acquisition Close Date Purch Price	Extensive Acquisition Experience with Successful Integrations	
	Recent Successful Transactions	Rationale and Highlights
Feb 2016 \$423.6M	TCS is a leading provider of 911 public safety services, trusted location and satellite-based mission critical solutions	✓ Entry into the 911 public safety and location markets and significantly strengthened our U.S. Government business, created scale and diversified earnings
Feb 2019 \$31.5M	Solacom is a leading provider of Next Generation 911 solutions for public safety agencies	✓ Further expanded presence in growing 911 public safety market and increased recurring revenues
Apr 2019 \$10.0M	GD NG-911 offers a 9-1-1 emergency communications system to state and local government clients	✓ Helped secure a five-year \$100.0M contract to develop and maintain a cloud-based NG-911 platform for a northeastern state in the U.S.
Jan 2020 \$23.7M	CGC is a leading provider of high precision full motion fixed and mobile X/Y satellite tracking antennas	✓ Addresses customer requirements for expected growth in LEO and MEO satellite constellations
Nov 2019 Pending \$40.0M	UHP is a leading provider of innovative and disruptive satellite ground station technology solutions	✓ Expands our product line in the satellite ground station market, with its growing need for reliable, high capacity satellite equipment, particularly in the VSAT market
Jan 2020 Pending \$532.5M	Gilat is a worldwide leader in satellite networking technology, solutions and services	✓ Provides market leading positions in the satellite ground station and in-flight connectivity solutions markets and deep expertise in operating large network infrastructures



Gilat Satellite Networks – Acquisition Announced in January 2020

The Gilat Business

A True Market Leader With Highly Complementary Products

- Key supplier of VSAT satellite modems & solid-state amplifiers
- Deep experience with TDMA & in-flight connectivity technologies
- Leading network infrastructure provider in Latin America

Strong Global Footprint

- Public company, listed on the TASE & Nasdaq stock exchange
- ~900 talented employees worldwide with wireless R&D expertise
- Sales teams and customer service centers located close to customers

Highly Attractive Financial Profile

- \$254.3 million of TTM sales through June 30, 2019 ⁽¹⁾
- \$36.7 million of TTM Adjusted EBITDA through June 30, 2019 ⁽²⁾
- Profitable with strong cash flow generation

Gilat's Segments

Fixed Networks



TTM Revenue of
\$137.2 million

Mobility Solutions



TTM Revenue of
\$94.9 million

Terrestrial Infrastructure



TTM Revenue of
\$22.2 million

Key Applications



3G/4G/5G cellular
satellite backhaul and
high-speed connectivity
solutions for enterprises



On-the-move satellite
communications systems
including in-flight
communications



Install and maintain large
communication networks
(including fiber) to
thousands of rural
communities

Customer Examples

T-Mobile

SoftBank

Sprint

Telefonica

gogo

Honeywell



AIRBUS
DEFENCE & SPACE






Notes

(1) TTM represents Gilat's financials for the trailing four fiscal quarters ended June 30, 2019.

(2) See further disclosures and reconciliations to GAAP related to the definition and use of Adjusted EBITDA.

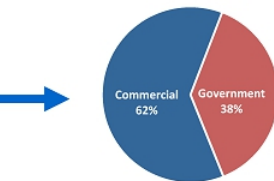
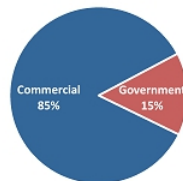
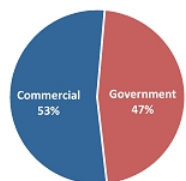
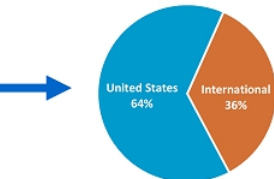
Gilat Acquisition Offers Diversification While Enhancing Margins

			 + 
(\$ in millions)	Fiscal Year July 31, 2019	Trailing Twelve Months (1) June 30, 2019	FY 2019 + TTM June 30, 2019 Pro Forma
Revenue	\$671.8	\$254.3	\$926.1
Adjusted EBITDA (2)	\$93.5	\$36.7	\$130.2
% Margin	13.9%	14.4%	14.1%

Excludes Synergies

Revenue by Geography and Comtech Segment^{(1) (4)}

Pro Forma Combined Revenue



Notes

(1) Represents Gilat's financials for the four fiscal quarters ended June 30, 2019.

(2) See further disclosures and reconciliations to GAAP related to the definition and use of Adjusted EBITDA.

(3) Based on Comtech's fiscal year ended July 31, 2019 and Gilat's four fiscal quarters ended June 30, 2019.

(4) Estimated based on Gilat's fiscal year 2018 revenue by geography with the same percentage applied to TTM June 2019 revenue and then added to Comtech's actual business results.



Exploiting an Inflection Point in Secure Wireless Markets

Gilat Acquisition Drives Global Market Access By Creating a World Leader with Combined Pro-Forma Sales Approaching Nearly \$1.0 Billion Annually

Accelerating Growth of Low-Cost Bandwidth Supply

The Combination Allows Comtech To Maximize Long-Term Market Growth Opportunities

Rapidly Growing Connectivity Demand



Incumbent GEO & MEO Satellite Operators

Complete Solutions Portfolio

Mobility / In-Flight (IFC)

New HTS & VHTS Satellites

Deep, Global Market Access

Wireless Backhaul / 5G

Emerging LEO & MEO Satellite Systems

R&D and Distribution Scale

Government & Defense

Expanding 911 & Location Technologies into Developing Countries

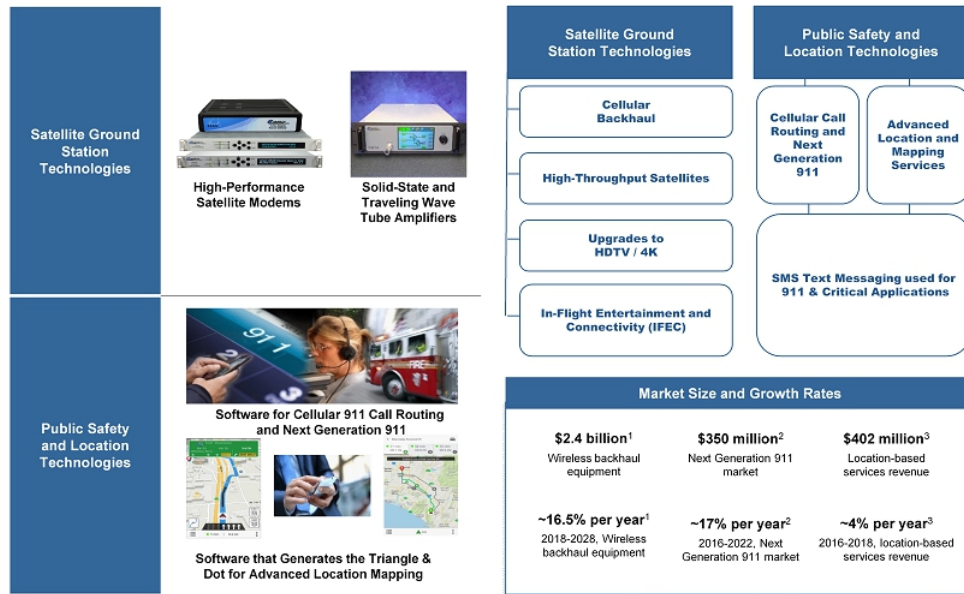
Upgrade Existing 911 and Location Systems

Excellent backdrop for extending Comtech's technology leadership, given market dynamics



13

Commercial Solutions Segment – Growth Drivers

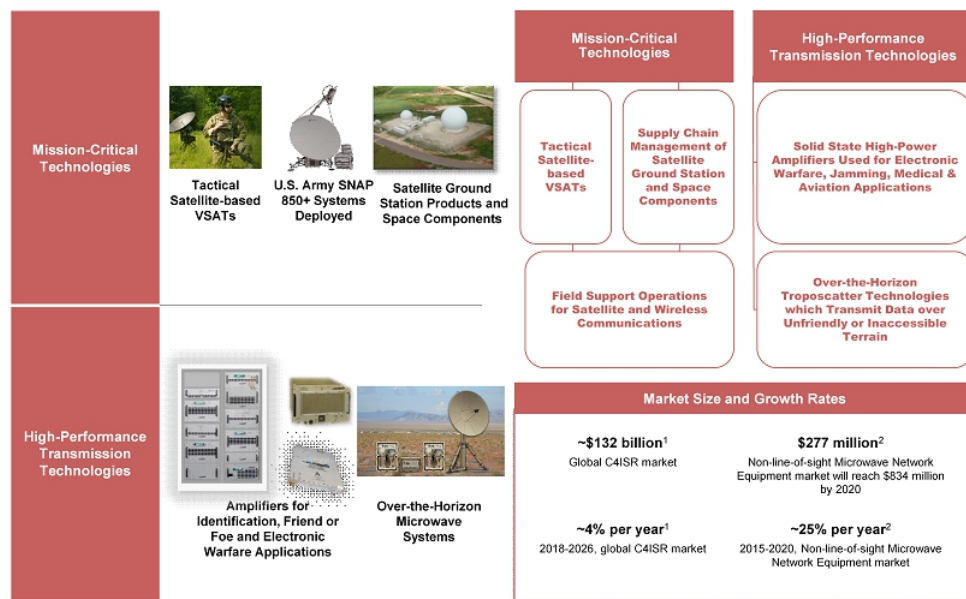


Notes

- (1) Northern Sky Research, Wireless Backhaul & 5G via Satellite, 13th Ed., April 2019. Market size for 2018.
 (2) Frost & Sullivan, Next Generation 911 (NG911) Market Insight, 2017. Market size forecast by year 2022.
 (3) ABI Research, Location Technologies, 2015. World market size forecast by year 2018.



Government Solutions Segment – Growth Drivers



Notes

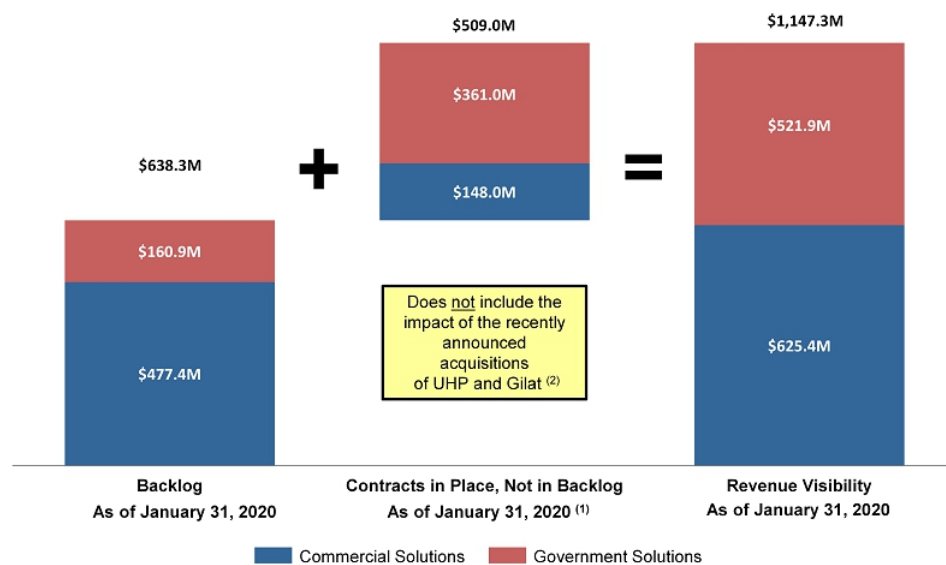
- (1) Research and Markets, The Global C4ISR Market 2018-2026 - Market Size and Drivers: Market Profile, 2018. Market size forecast by 2026.
 (2) IHS Technology "Microwave Network Equipment Quarterly Market Tracker: Regional, Q2 2016". Market size estimated for 2015.



Financials



We Have Visibility into ~ \$1.0 Billion of Future Revenue



Notes

(1) Examples of contracts in place, not in backlog include the unfunded portions of the U.S. Marine Corps troposcatter subcontract, the U.S. Army Global FSR contract and the U.S. Army GTACS contract.

(2) See previous pages for discussion of recently announced acquisitions.



Target Goals For Fiscal 2020 – As of March 4, 2020

FY 2020 Targets			
\$ millions, except per share data	Revenue	\$712.0M	Does not reflect recently announced acquisitions of UHP and Gilat
	Adjusted EBITDA ⁽¹⁾	\$99.0M	
	GAAP EPS	\$1.08	
	Non-GAAP EPS	\$1.42	
Comments on FY 2020 Targets			
<ul style="list-style-type: none">• Net sales are now expected to be approximately \$712.0M, and we are targeting a fiscal 2020 book-to-bill ratio in excess of 1.0.• Total depreciation expense is expected to approximate \$12.0M.• Total amortization of intangible assets is expected to approximate \$22.0M.• Total amortization of stock-based compensation expense is expected to range from approximately \$12.0M to \$14.0M.• GAAP operating income, as a percentage of net sales, is expected to be similar to the 6.2% achieved in fiscal 2019.• Our interest expense rate (including amortization of deferred financing costs) is expected to approximate 4.5%, however our total interest expense is now expected to approximate \$7.0 million in fiscal 2020. Our current and expected fiscal 2020 cash borrowing rate is approximately 3.50% to 3.75%.• Our effective income tax rate (excluding discrete tax items) is expected to approximate 23.0%.• Adjusted EBITDA is now expected to be approximately \$99.0M or 14.0% of target net sales.• Including our estimate of third quarter fiscal 2020 acquisition plan expenses of \$3.6 million, GAAP EPS is now expected to be approximately \$1.08. Excluding actual and expected third quarter fiscal 2020 acquisition plan expenses, estimated contract settlement costs and net discrete tax items, Non-GAAP EPS is now expected to approximate \$1.42. EPS assumes a diluted share count of 25.2 million shares.			

Note

(1) Adjusted EBITDA represents earnings (loss) before income taxes, interest (income) and other, write-off of deferred financing costs, interest expense, amortization of stock-based compensation, amortization of intangibles, depreciation expense, estimated contract settlement costs, settlement of intellectual property litigation, acquisition plan expenses, facility exit costs and strategic alternatives analysis expenses and other.



We Believe the Future is Bright for Many Years to Come

Market Leadership Positions

Commitment to Innovation and Engineering

Strong Visibility with Growing Markets

History of Long-Term Capital Return to Stockholders

Experienced Management Team



Appendix I

Historical Data and Trends



Recent Quarterly Operating Results

\$ in 000s	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Revenue					
Commercial Solutions	\$ 86,735	\$ 89,600	\$ 102,985	\$ 94,314	\$ 96,122
Government Solutions	77,398	80,848	73,387	75,953	65,532
Total Revenue	\$ 164,133	\$ 170,448	\$ 176,372	\$ 170,267	\$ 161,654
Net Income	\$ 7,826	\$ 7,612	\$ 6,135	\$ 6,388	\$ 3,495
Adjusted EBITDA	\$ 23,201	\$ 24,038	\$ 28,251	\$ 20,615	\$ 21,185
% of Revenue					
GAAP Gross Profit	37.3%	37.8%	36.3%	37.3%	37.5%
GAAP R&D Expenses	8.5%	7.9%	8.9%	8.7%	8.5%
GAAP SG&A Expenses	19.5%	19.6%	17.8%	18.7%	18.2%
GAAP Operating Income	7.6%	6.6%	5.9%	5.5%	3.8%
Net Income	4.8%	4.5%	3.5%	3.8%	2.2%
Adjusted EBITDA ⁽¹⁾	14.1%	14.1%	16.0%	12.1%	13.1%

Notes

(1) See Appendix III of this presentation for the reconciliation of reported Net Income to Adjusted EBITDA.

(2) Comtech's fiscal year end is July 31.



Recent Annual Operating Results

\$ in 000s	2016	2017	2018	2019
Revenue				
Commercial Solutions	\$ 248,955	\$ 330,867	\$ 345,076	\$ 357,293
Government Solutions	162,049	219,501	225,513	314,504
Total Revenue	\$ 411,004	\$ 550,368	\$ 570,589	\$ 671,797
Net Income (Loss)	\$ (7,738)	\$ 15,827	\$ 29,769	\$ 25,041
Adjusted EBITDA	\$ 48,062	\$ 70,705	\$ 78,374	\$ 93,472
% of Revenue				
GAAP Gross Profit	41.7%	39.6%	39.2%	36.8%
GAAP R&D Expenses	10.3%	9.9%	9.4%	8.4%
GAAP SG&A Expenses ⁽¹⁾	23.1%	21.1%	20.0%	19.1%
GAAP Operating Income (Loss)	(0.1)%	6.7%	6.2%	6.2%
Net Income (Loss)	(1.9)%	2.9%	5.2%	3.7%
Adjusted EBITDA ⁽²⁾	11.7%	12.8%	13.7%	13.9%
GAAP EPS	\$ (0.46)	\$ 0.67	\$ 1.24	\$ 1.03

2016: Fiscal 2016
impacted by TCS
acquisition

2017: Excluding \$18.8 million
of favorable adjustments
(described in our Form 10-K),
GAAP operating income would
have been 3.3% of net sales

2018: Includes \$11.8 million,
or \$0.49 per diluted share,
discrete tax benefit
("Tax Gain") primarily due to
Tax Reform

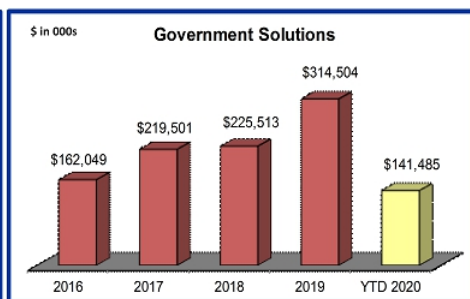
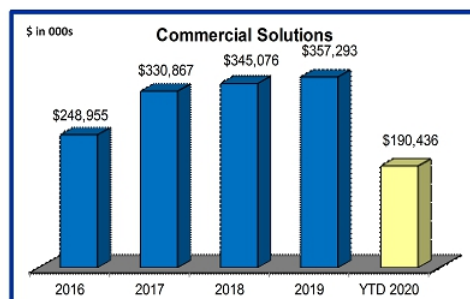
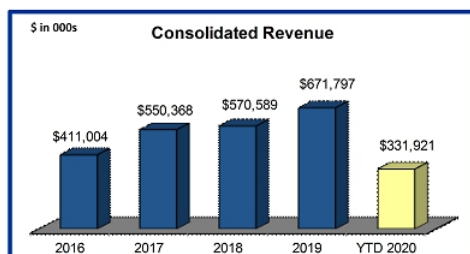
Notes

(1) In FY 2016 and FY 2019, acquisition plan expenses were presented as a separate line item, and therefore they are not included in the SG&A percentage.

(2) See Appendix III of this presentation for the reconciliation of reported Net Income (Loss) to Adjusted EBITDA.

(3) Comtech's fiscal year end is July 31.

Historical Revenue Results

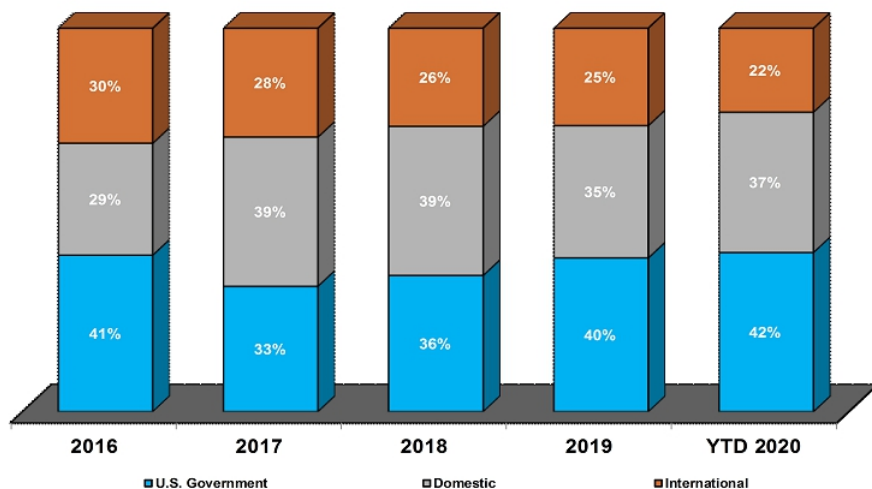


Note

(1) Comtech's fiscal year end is July 31.

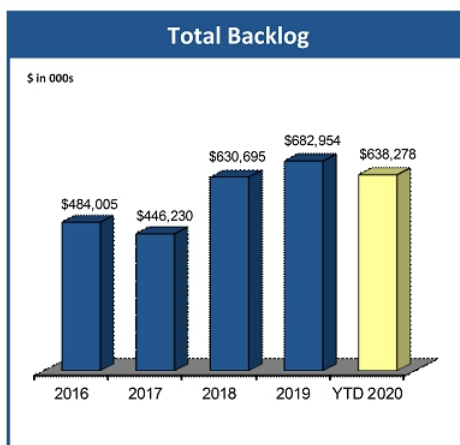
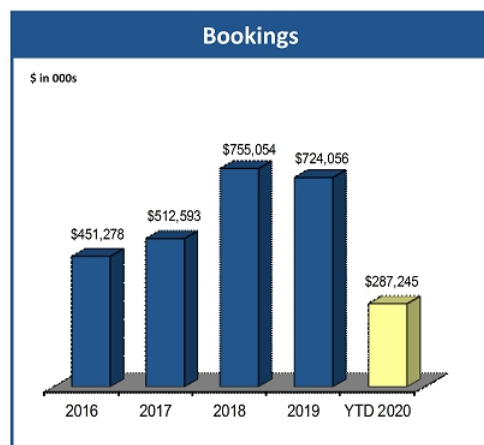


Our Customer Base



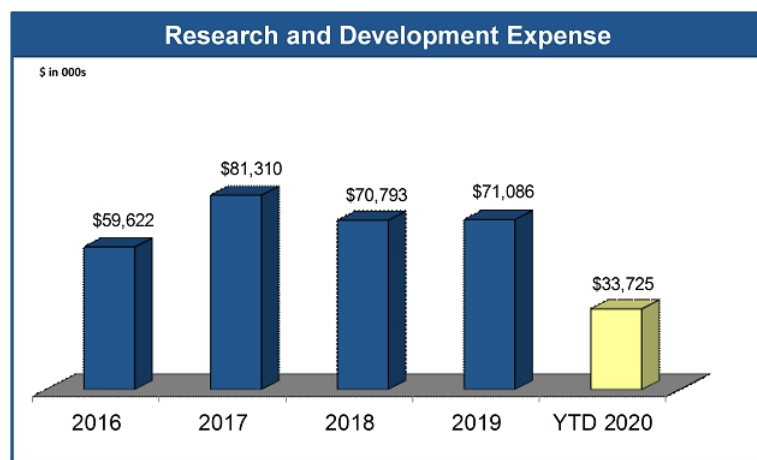
Notes
(1) Comtech's fiscal year end is July 31.
(2) Totals may not foot due to rounding.

Historical Bookings & Backlog



Note
(1) Comtech's fiscal year end is July 31.

Total Research and Development Expense



Notes

- (1) Research and development expense includes company-funded and customer-funded.
(2) Comtech's fiscal year end is July 31.

Recent Balance Sheet Trends

Balance Sheet

\$ in 000s

	Jan. 31, <u>2019</u>	Apr. 30, <u>2019</u>	Jul. 31, <u>2019</u>	Oct. 31, <u>2019</u>	Jan. 31, <u>2020</u>
Cash and Cash Equivalents	\$ 45,997	\$ 45,152	\$ 45,576	\$ 46,873	\$ 46,471
Working Capital	156,072	127,541	134,967	143,856	126,400
Total Assets	843,327	903,487	887,711	931,022	949,942
Current and Long-Term Debt ⁽¹⁾	\$ 176,274	\$ 174,965	\$ 165,757	\$ 169,567	\$ 158,000
Stockholders' Equity	512,877	524,949	535,082	537,644	551,203
Total Capitalization	<u>\$ 689,151</u>	<u>\$ 699,914</u>	<u>\$ 700,839</u>	<u>\$ 707,211</u>	<u>\$ 709,203</u>

Notes

(1) As defined in our Credit Facility, as amended.
(2) Comtech's fiscal year end is July 31.



Market Data

General Market Information

Nasdaq Symbol: CMTL

Institutional Holders⁽²⁾: 238

52-Week Range⁽¹⁾: \$21.15 - \$37.79

Analyst Coverage: 5

Source: Nasdaq

Analysts

Institution	Analyst Name
Citibank N.A.	Asiya Merchant
Jefferies Group LLC	George Notter
Noble Capital Markets	Joe Gomes
Northland Capital Markets	Michael Latimore
Quilty Analytics	Chris Quilty

Notes

(1) 52-week range indicates the high and low closing prices during the period of February 1, 2019 through January 31, 2020.

(2) As of February 27, 2020.



Appendix II

Supplemental Acquisition Information



Gilat Transaction Summary

Overview	<ul style="list-style-type: none"> ■ The Gilat acquisition is highly strategic and significantly expands Comtech's existing capabilities and provides new channels for growth against a very favorable satellite communications industry backdrop ■ Gilat is a leading global provider of satellite-based broadband communications with strong positions in mobile inflight connectivity, cellular backhaul, and broadband access ■ During the period most comparable to Comtech's fiscal year ended July 31, 2019, Gilat reported trailing twelve months sales of \$254.3 million and \$36.7 million of Adjusted EBITDA through June 30, 2019 ⁽¹⁾
Transaction Terms & Shareholder Information	<ul style="list-style-type: none"> ■ Gilat shareholders will receive \$7.18 per share in cash, without interest, plus 0.08425 of a share of Comtech common stock <ul style="list-style-type: none"> — Total consideration of \$10.25 represents a premium, as of the date of announcement, of approximately 14.52% as compared to the 90-day volume weighted average trading price — Total enterprise value of \$532.5 million as of the date of announcement ■ Gilat shareholders will own approximately 16.1% of the combined company. Comtech plans to pursue a dual listing on the Nasdaq and Tel Aviv Stock Exchange to become effective upon closing of the transaction
Financial Impact	<ul style="list-style-type: none"> ■ Comtech balance sheet and financial profile will remain strong and Comtech has obtained committed bank financing with low-cost cash interest rate of approximately 4.0% to 5.0% ■ Net leverage of 3.85x at close with \$45.0 million of unrestricted cash at close and given expected strong cash flows, net leverage of 3.00 within 12 months following close ■ Comtech's current annual dividend target of \$0.40 expected to be maintained ■ Acquisition expected to be cash accretive within 12 months following close with only \$2.0 million of synergies
Timing and Closing	<ul style="list-style-type: none"> ■ Transaction unanimously approved by the Boards of Directors of both companies ■ Closing subject to the satisfaction of customary closing conditions, including the approval of Gilat shareholders and expiration of the applicable waiting period under the Hart-Scott Rodino Act ■ Gilat's directors, executive officers and certain significant shareholders holding approximately 45% of Gilat's shares in the aggregate have entered into voting agreements to vote in favor of the transaction

^{Note}

(1) TTM represents Gilat's financials for the trailing four fiscal quarters ended June 30, 2019. Also, see further disclosures and reconciliations to GAAP related to the definition and use of Adjusted EBITDA.



Key Strategic Benefits of Gilat Acquisition



+



Drives Global Market Access By Creating a World Leader

- **Complements Comtech's global market footprint**, establishing a presence within key international markets with sales approaching nearly \$1.0 billion annually
- **Substantially enhances Gilat's access** to key markets including the U.S. Government / DoD given Comtech's strong established position with these customers
- Enables Comtech to offer customers a **more complete end-to-end technology solution**, and **strengthens Comtech's existing R&D excellence**, adding a team of hundreds of engineers across the world who are experts in the field

Broadens Leadership in High-Growth IFC & Backhaul Markets

- Gilat is a leader in the growing in-flight connectivity ("IFC") market with **complementary IFC amplifiers, modems, and antennas** and strong relationships with IFC customers such as Gogo, Honeywell and Global Eagle, enabling large IFC networks globally
- Significant investments in R&D will pave the way for satellite **integration into the 5G cellular backhaul ecosystem**
- Allows Comtech and Gilat to **integrate complementary technologies** and **strengthens relationships with top-tier MNOs** such as Softbank, T-Mobile, and NTT DoCoMo

Expands Product Portfolio With Highly Complementary Technology

- **Large installed base of complementary technologies** and longstanding favorable customer reputation (~1.5 mil. TDMA VSAT satellite modems, >500 networks globally)
- **Respected portfolio of next-generation Ka-band solid-state amplifiers** for commercial and military customers
- **Deep expertise in installing and operating large sophisticated networks** that can provide rural communities with vital communication capabilities

Enhances Platform To Accelerate Shareholder Value Creation

- Creates **additional business scale** to improve margins
- Deal is partial stock, providing a **strong post-merger balance sheet** with expected **net leverage of only ~3.00x** within 12 months of close
- Anticipated to be **cash accretive during the 1st full year** post-close with conservative synergies of \$2.0 million derived from the elimination of public company costs with additional opportunities for both sales growth and further efficiencies in Year 2
- CMTL expected to be **dual-listed** on TASE (Tel Aviv Stock Exchange) & Nasdaq driving increased liquidity for shareholders & new investors



Clear Path To Driving Future Shareholder Value

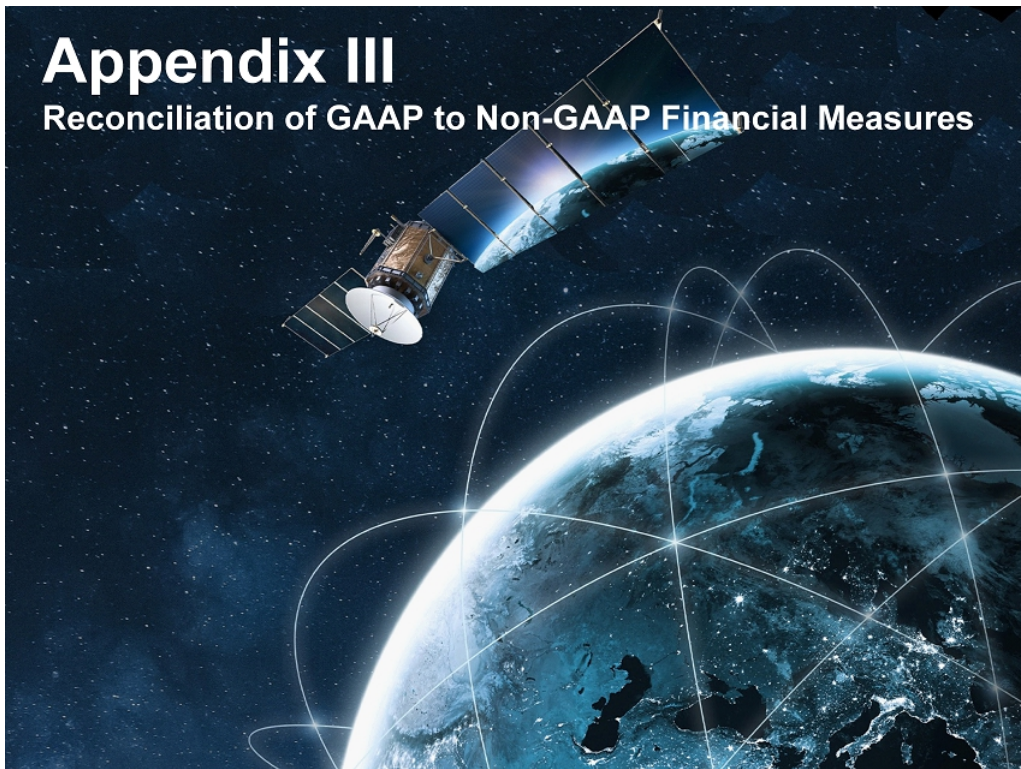
Minimal Integration Risks With a Focus on Driving Long-Term Growth & Expanding Margins

Year 1	<p>Excluding the impact of amortization of intangibles associated with purchase accounting and acquisition plan expenses, the acquisition is expected to:</p> <p>Expected to be cash accretive in the first year after acquisition closes</p>	<p>Assumes conservative synergies of only \$2.0 million from elimination of public company costs</p>	<p>Sharp focus on collaboration between Comtech & Gilat, with a substantial focus on maximizing its positioning for long-term growth and success</p>
<p><u>Year 1 & Beyond</u> Focus on Growth Opportunities</p>	<p>Rapid changes and growth in the satellite industry require business scale and strength</p>	<p>Both Gilat's and Comtech's management and talented global workforce are expected to remain in place, with industry-leading R&D</p>	<p>Drive industry leading innovation by integrating complementary technologies and functionalities to provide best-in-class satellite network solutions</p>
Financial Considerations	<p>Fully committed financing from our lending partners with cash interest costs expected to range from 4.0% to 5.0% and significant flexibility going forward</p>	<p>Strong cash flow generation expected to result in quick pay-down of acquisition debt with Year 2 net leverage targets of approximately 3.00x</p>	<p>Adds a sizable base to Comtech's backlog with more visibility to future revenues and a path to improved combined Adjusted EBITDA margin as revenue and cost synergies are achieved</p>



Appendix III

Reconciliation of GAAP to Non-GAAP Financial Measures



Reconciliation of CMTL GAAP to Non-GAAP Financial Measures

Adjusted EBITDA	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Reported net income	\$ 3,468	\$ 7,826	\$ 7,612	\$ 6,135	\$ 6,388	\$ 3,495
Income tax expense (benefit)	(2,127)	2,371	1,547	2,078	1,145	1,117
Net interest expense & other	2,735	2,216	2,137	2,192	1,727	1,622
Write-off of deferred financing costs	3,217	-	-	-	-	-
Stock-based compensation expense	1,046	1,191	1,119	8,071	879	1,238
Depreciation and amortization	7,140	7,137	7,454	8,516	7,857	7,950
Acquisition plan expenses	1,130	1,778	1,704	1,259	2,389	6,025
Estimated contract settlement costs	-	3,886	2,465	-	230	(262)
Settlement of intellectual property litigation	-	(3,204)	-	-	-	-
Facility exit costs	1,373	-	-	-	-	-
Adjusted EBITDA	\$ 17,982	\$ 23,201	\$ 24,038	\$ 28,251	\$ 20,615	\$ 21,185
Operating Income	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Operating income	\$ 7,293	\$ 12,413	\$ 11,296	\$ 10,405	\$ 9,260	\$ 6,234
Facility exit costs	1,373	-	-	-	-	-
Acquisition plan expenses	1,130	1,778	1,704	1,259	2,389	6,025
Estimated contract settlement costs	-	3,886	2,465	-	230	(262)
Settlement of intellectual property litigation	-	(3,204)	-	-	-	-
Adjusted operating income	\$ 9,796	\$ 14,873	\$ 15,465	\$ 11,664	\$ 11,879	\$ 11,997
Net Income	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Net income	\$ 3,468	\$ 7,826	\$ 7,612	\$ 6,135	\$ 6,388	\$ 3,495
Facility exit costs	1,061	-	-	-	-	-
Acquisition plan expenses	873	1,369	1,295	966	1,840	4,639
Write-off of deferred financing costs	2,485	-	-	-	-	-
Estimated contract settlement costs	-	2,992	1,873	-	177	(202)
Settlement of intellectual property litigation	-	(2,467)	-	-	-	-
Net discrete tax (benefit) expense (including Tax Reform)	(2,432)	-	(600)	116	(588)	57
Adjusted net income	\$ 5,455	\$ 9,720	\$ 10,180	\$ 7,217	\$ 7,817	\$ 7,989

Notes

- (1) See statement regarding the use of Non-GAAP financial measures in the front of this presentation.
(2) Dollar amounts in thousands, except per share information. Comtech's fiscal year end is July 31.



Reconciliation of CMTL GAAP to Non-GAAP Financial Measures (cont'd)

Adjusted EBITDA	2016	2017	2018	2019	YTD 2020
Reported net (loss) income	\$ (7,738)	\$ 15,827	\$ 29,769	\$ 25,041	\$ 9,883
Income tax expense (benefit)	(454)	9,654	(5,143)	3,869	2,262
Write-off of deferred financing costs	-	-	-	3,217	-
Net interest expense & other	7,616	11,561	10,449	9,280	3,349
Stock-based compensation expense	4,117	8,506	8,569	11,427	2,117
Depreciation and amortization	23,245	37,177	34,730	30,247	15,807
Estimated contract settlement costs	-	-	-	6,351	(32)
Settlement of intellectual property litigation	-	(12,020)	-	(3,204)	-
Acquisition plan expenses	21,276	-	-	5,871	8,414
Facility exit costs	-	-	-	1,373	-
Adjusted EBITDA	\$ 48,062	\$ 70,705	\$ 78,374	\$ 93,472	\$ 41,800

Earnings (Loss) per Diluted Share	2016	2017	2018	2019	YTD 2020
GAAP diluted earnings (loss) per share	\$ (0.46)	\$ 0.67	\$ 1.24	\$ 1.03	\$ 0.40
Acquisition plan expenses	1.03	-	-	0.19	0.26
Estimated contract settlement costs	-	-	-	0.20	-
Settlement of intellectual property litigation	-	(0.33)	-	(0.10)	-
Net discrete tax benefit (including Tax Reform)	-	-	(0.49)	(0.12)	(0.02)
Write-off of deferred financing costs	-	-	-	0.10	-
Facility exit costs	-	-	-	0.04	-
Non-GAAP earnings per diluted share	\$ 0.57	\$ 0.34	\$ 0.75	\$ 1.34	\$ 0.63

Notes

- (1) See statement regarding the use of Non-GAAP financial measures in the front of this presentation.
(2) Dollar amounts in thousands, except per share information. Comtech's fiscal year end is July 31.
(3) Totals may not foot due to rounding.



Reconciliation of CMTL GAAP to Non-GAAP Financial Measures (cont'd)

Earnings (Loss) per Diluted Share	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 19	Q1 2020	Q2 2020
GAAP earnings (loss) per diluted share	\$ 0.14	\$ 0.32	\$ 0.31	\$ 0.25	\$ 1.03	\$ 0.26	\$ 0.14
Acquisition plan expenses	0.04	0.06	0.05	0.04	0.19	0.07	0.19
Estimated contract settlement costs	-	0.12	0.08	-	0.20	0.01	(0.01)
Settlement of intellectual property litigation	-	(0.10)	-	-	(0.10)	-	-
Net discrete tax benefit (including Tax Reform)	(0.10)	-	(0.02)	-	(0.12)	(0.02)	-
Write-off of deferred financing costs	0.10	-	-	-	0.10	-	-
Facility exit costs	0.04	-	-	-	0.04	-	-
Non-GAAP earnings per diluted share	\$ 0.22	\$ 0.40	\$ 0.42	\$ 0.29	\$ 1.34	\$ 0.32	\$ 0.32

Notes

- (1) See statement regarding the use of Non-GAAP financial measures in the front of this presentation.
(2) Dollar amounts in thousands, except per share information. Comtech's fiscal year end is July 31.
(3) Totals may not foot due to rounding.



Reconciliation of CMTL and GILT GAAP to Non-GAAP Financial Measures

(\$ in millions)

Reconciliation of GAAP Net Income to

Adjusted EBITDA⁽¹⁾:

	Four Fiscal Quarters Ended:		Excludes Synergies
	July 31, 2019	June 30, 2019	Pro Forma Combined ⁽³⁾
Net income	\$ 25.0	\$ 20.2	\$ 45.2
Provision for (benefit from) income taxes	3.9	(0.9)	3.0
Interest income and other	-	-	-
Write-off of deferred financing costs	3.2	-	3.2
Interest expense	9.2	3.5	12.8
Amortization of stock-based compensation	11.4	1.8	13.2
Amortization of intangibles	18.3	1.1	19.5
Depreciation	11.9	10.5	22.4
Estimated contract settlement costs	6.4	-	6.4
Settlement of intellectual property litigation	(3.2)	-	(3.2)
Acquisition plan expenses	5.9	-	5.9
Facility exit costs	1.4	-	1.4
Trade secret litigation	-	(0.1)	(0.1)
Reorganization costs	-	0.6	0.6
Adjusted EBITDA	\$ 93.5	\$ 36.7	\$ 130.2

Notes

(1) See statement regarding the use of Non-GAAP financial measures in the front of this presentation.

(2) Totals may not foot due to rounding.

(3) Pro forma combined results exclude all expenses resulting from the acquisition (including, for example, changes in interest expense associated with the credit facility commitment received by Comtech, as well as synergies and changes in amortization of acquired intangibles).



Additional Information and Where to Find It

This presentation contains information in respect of a proposed business combination involving Comtech and Gilat. This document does not constitute an offer to sell or the solicitation of an offer to buy or subscribe for any securities or a solicitation of any vote or approval nor shall there be any sale, issuance or transfer of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The proposed transaction will be submitted to the shareholders of Gilat for their consideration. Comtech has filed with the U.S. Securities and Exchange Commission (the "SEC") a Registration Statement on Form S-4 that includes a preliminary prospectus with respect to Comtech's common stock to be issued in the proposed transaction and a proxy statement of Gilat in connection with the proposed merger of an indirect subsidiary of Comtech with and into Gilat, with Gilat surviving. The registration statement has not yet become effective. The information in the preliminary proxy statement/prospectus is not complete and may be changed. Comtech may not sell the common stock referenced in the proxy statement/prospectus until the Registration Statement on Form S-4 becomes effective. The proxy statement/prospectus will be provided to Gilat shareholders. Comtech and Gilat also plan to file other documents with the SEC regarding the proposed transaction.

This document is not a substitute for any prospectus, proxy statement or any other document that Comtech or Gilat may file with the SEC in connection with the proposed transaction. Investors and security holders of Comtech and Gilat are urged to read the definitive proxy statement / final prospectus and any other relevant documents that will be filed with the SEC carefully and in their entirety when they become available because they will contain important information about the proposed transaction.

You may obtain copies of all documents filed with the SEC regarding the proposed transaction, free of charge, at the SEC's website (www.sec.gov). In addition, investors and security holders will be able to obtain a free copy of the proxy statement/prospectus (when they become available) and other documents filed with the SEC by Comtech on Comtech's Investor Relations page on Comtech's web site at www.comtechtel.com or by writing to Comtech, Investor Relations, (for documents filed with the SEC by Comtech), or by Gilat on Gilat's Investor Relations page on Gilat's web site at www.Gilat.com or by writing to Gilat, Investor Relations, (for documents filed with the SEC by Gilat).

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Cautionary Statement Regarding Forward-Looking Statements

Certain information in this document contains forward-looking statements, including, but not limited to, information relating to Comtech’s and Gilat’s future performance and financial condition, plans and objectives of Comtech’s management and Gilat’s management and Comtech’s and Gilat’s assumptions regarding such future performance, financial condition and plans and objectives that involve certain significant known and unknown risks and uncertainties and other factors not under Comtech’s or Gilat’s control which may cause their actual results, future performance and financial condition, and achievement of plans and objectives of Comtech’s management and Gilat’s management to be materially different from the results, performance or other expectations implied by these forward-looking statements. Words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates,” variations of such words and similar expressions are intended to identify such forward-looking statements, which generally are not historical in nature. Forward-looking statements could be affected by factors including, without limitation: risks associated with the ability to consummate the proposed transaction and the timing of the closing of the proposed transaction or the occurrence of any event, change or circumstance that could give rise to the termination of the merger agreement; the risk that requisite regulatory approvals will not be obtained; the possibility that the expected synergies from the proposed transaction or other recent acquisitions will not be fully realized, or will not be realized within the anticipated time periods; the risk that Comtech’s and Gilat’s businesses will not be integrated successfully; the possibility of disruption from the proposed transaction or other recent acquisitions making it more difficult to maintain business and operational relationships or retain key personnel; the risk that Comtech will be unsuccessful in implementing a tactical shift in its Government Solutions segment away from bidding on large commodity service contracts and toward pursuing contracts for its niche products with higher margins; the risks associated with Comtech’s ongoing evaluation and repositioning of its location technologies solutions offering in its Commercial Solutions segment; the nature and timing of receipt of, and Comtech’s performance on, new or existing orders that can cause significant fluctuations in net sales and operating results; the timing and funding of government contracts; adjustments to gross profits on long-term contracts; risks associated with international sales; rapid technological change; evolving industry standards; new product announcements and enhancements, including the risks associated with Comtech’s launch of its Heights™ Networking Platform; changing customer demands and or procurement strategies; changes in prevailing economic and political conditions; changes in the price of oil in global markets; changes in foreign currency exchange rates; risks associated with legal proceedings, customer claims for indemnification and other similar matters; risks associated with Comtech’s obligations under its Credit Facility; risks associated with large contracts; the impact of H.R.1, also known as the Tax Cuts and Jobs Act, which was enacted in December 2017 in the U.S.; and other factors described in this and Comtech’s and Gilat’s other filings with the SEC. Neither Comtech nor Gilat undertakes any duty to update any forward-looking statements contained herein.
