



# GILAT PRESS RELEASE

## Gilat Reports Continued Growth in Profitability in Q1 2019

**Petah Tikva, Israel – May 14, 2019** – Gilat Satellite Networks Ltd. (NASDAQ, TASE: GILT), a worldwide leader in satellite networking technology, solutions and services, today reported its results for the first quarter ended March 31, 2019.

### Key Financial Highlights:

- Revenues for Q1 2019 totaled \$62.1 million compared with \$67.4 million for Q1 2018.
- Continued strong profitability:
  - Q1 2019 GAAP operating income increased 21.7% to \$4.5 million from \$3.7 million in Q1 2018. Q1 2019 Non-GAAP operating income rose to \$5.6 million, or by 9.5% from Q1 2018.
  - Q1 2019 GAAP net income increased 22.2% to \$2.8 million, or \$0.05 per diluted share, compared with \$2.3 million, or \$0.04 per diluted share in Q1 2018. Q1 2019 non-GAAP net income increased 5.4% to \$4.0 million, or \$0.07 per diluted share, compared with \$3.8 million, or \$0.07 per diluted share, in Q1 2018.
  - Q1 2019 Adjusted EBITDA increased 9.0% year over year to \$8.2 million, or 13.2 % 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 Gilat continued to achieve good results in the first quarter, and am proud that Gilat received market recognition for our leadership in 4G/LTE Cellular Backhaul.

“These results come hand in hand with significant business progress in our strategic focus areas of Mobility IFC and Mobile Cellular Backhaul.

We marked a significant milestone in our IFC focus area, with Honeywell’s selection of Gilat’s aero modem for its JetWave Satellite Communication Solution. The Honeywell-Gilat solution is to be deployed first in China for both domestic and cross border flights, and then expected to expand to additional regions around the globe.

“In the cellular backhaul focus area we have secured an important deal with TIM Brasil to enable 4G services for the agriculture IoT business. The initial forecast calls for one thousand Gilat VSATs to complement “4G TIM in the Field” cellular coverage program.



Gilat also continued as the front-runner in the LTE/4G satellite backhaul market, and was recognized by the industry analyst NSR, as the world leader in shipments of cellular backhaul over satellite, achieving a 35% market share in modem shipments.

“We also made progress in the new era of digital communications with NGSO (non-geostationary satellite) constellations and 5G networks. Gilat’s modem was used for a first-ever important successful test that was conducted at the 5G Innovation Centre at the University of Surrey, demonstrating 5G connectivity over Telesat’s LEO test satellite.”

Mr. Ovadia concluded: “As we have announced previously, we have substantially increased R&D investment in 2019, to maintain our current technology advantage as well as to press forward with our product roadmap including our IFC antennas as well as our NGSO baseband, in support of the opportunities in LEO and MEO satellites and 5G. As we proceed through the remainder of 2019, we are encouraged with the opportunities ahead, as we continue to maintain a strategic balance among materializing our product pipeline, investing in our technology leadership, and growing our profitability.”

#### **Key Recent Announcements:**

- Honeywell Selects Gilat’s Aero Modem for its JetWave Satellite Communication Solution
- Gilat Announces First Ever Successful Demonstration of 5G Connectivity over a LEO Satellite, Powered by Gilat using Telesat’s Phase 1 LEO
- Gilat is World Leader in Shipments of Cellular Backhaul over Satellite According to NSR
- TIM Brasil Selects Gilat’s Satellite Backhaul to Enable 4G Services for the Agriculture IoT Business
- Gilat Declares a \$25 Million Cash Dividend

#### **Conference Call and Webcast Details:**

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

Date: Tuesday, May 14, 2019  
Start: 09:30 AM EDT / 16:30 IDT  
Dial-in: US: 1-888-407-2553  
International: (972) 3-918-0610

A simultaneous Webcast of the conference call will be available on the Gilat website at [www.gilat.com](http://www.gilat.com) and through this link: [www.veidan-stream.com/gilatq1-2019.html](http://www.veidan-stream.com/gilatq1-2019.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: May 14, 2019 at 12:00 PM EDT / 19:00 IDT  
End: May 17, 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 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](http://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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