

Communications Infrastructure

Gilat Satellite Networks (GILT)

RATING BUY	PRICE TARGET \$8.50	PREV CLOSE \$6.00	52-WEEK RANGE \$4.51 - \$7.16
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RYAN KOONTZ
 (415)-873-3464
 rkooontz@needhamco.com

Raising '24 Estimates with Close of DataPath

GILT reported solid 4Q23 results, with revenue and Adj. EBITDA both ~ in line with consensus. 4Q revenue increased 4% y/y from strength across IFC, backhaul, and enterprise applications, along with a modest 6-week contribution from the DataPath acquisition. 2024 revenue/EBITDA guidance (+18%/+15% y/y at MP) reflects a ~\$45MM revenue contribution from DataPath. Management commentary suggested F24 guidance is conservative with some room for upside, with excitement around several new deals that could materially impact 2025 results.

We increase our F24 revenue and Adj EBITDA estimates with the inclusion of DataPath. We maintain our Buy rating and \$8.50 PT

- **F4Q23 Results:** GILT delivered GAAP revenue of \$75.6MM (+4% y/y), which was ahead of the \$74.9MM consensus, while EPS Of \$0.06 was slightly below the \$0.08 consensus estimate, driven by growth in VHTS and NGSO, IFC and cellular backhaul verticals in the satellite network segment. GAAP OM of 3.8% (-460bps y/y) was impacted by higher G&A costs related to its acquisition close. Adj. EBITDA of \$9.4MM was slightly ahead of the \$9.1MM consensus estimate.
 - **Satellite Network revenue** increased an impressive 47.1% y/y to \$53.5MM (71% of revenue) primarily due to larger deals with customers in IFC, and cellular backhaul did not have a material impact from DataPath.
 - **Integrated Solutions'** revenue decreased -42% y/y to \$9.5MM (13% of revenue) while **Network Infrastructure** and Services (Peru) revenue decreased -37% to \$12.6MM (17% of revenue).
 - Gross margin in 4Q23 was flat y/y while NG OM decreased 460bps y/y to 3.8% due to higher G&A spend after the close of the DataPath.
- The company closed the Datapath acquisition on 11/16, to further enhance its exposure in the defense market, which is expected to increase revenue by ~\$45MM in 2024. Management highlighted several multi-million dollar defense contracts, further supporting its focus the high growth industry.
- The company noted particularly strong cellular backhaul business including a ~\$20MM contract extension from a US Tier 1 MNO. Meanwhile, GILT continues its strong partnership with Intelsat adding another multimillion dollar deal to boost the global network and modems operating on Skyedge technology.
- **2024 guidance:** GILT issued 2024 revenue guidance in the range of \$305-\$325MM and Adj. EBITDA guidance of \$40-\$44MM. GILT expects 2024 operating income in the range of \$15-\$19MM.
 - GILT is completing construction of the final contracted Peru region and expects to begin the full operational phase of the project in 1H24. We also believe there is potential upside from an arbitration in Peru.
 - Management noted it is taking a conservative approach to F24 outlook and sees potential for upside.

KEY DATA

Market Cap (MM)	\$342.1
Price [02/26/2024]	\$6.00
52-Week Range	\$4.51 - \$7.16
Shares Outstanding	57.02
Avg. Daily Volume	157,458.1

ESTIMATES

FY (Dec)	2023E	2024E	2025E
EPS			
Q1	0.10A	0.06E	0.08E
Previous	—	0.07E	—
Q2	0.08E	0.08E	0.09E
Previous	—	0.09E	—
Q3	0.18E	0.08E	0.10E
Previous	—	0.09E	—
Q4	0.06E	0.10E	0.12E
Previous	0.08E	0.13E	—
Year	0.42E	0.33E	0.39E
Previous	0.44E	0.38E	—
Growth	NM	NM	18.2%
P/E	14.3x	18.2x	15.4x

Rev. (MM)(\$)

Year	266.1E	315.2E	340.5E
Previous	265.4E	289.7E	—
Growth Rev	11.0%	18.5%	8.0%

Op. Margin

Year	10.6%E	5.3%E	7.0%E
Previous	11.6%E	8.1%E	—

EBITDA

Year	36.4E	42.9E	52.8E
Previous	36.2E	41.3E	—

- **Updating estimates:** Our 2024 revenue/Adj. EBITDA estimates go to \$315.2MM/\$42.9MM from \$289.7MM/\$41.3MM. We introduce 2025 revenue/Adj. EBITDA estimates of \$340.5MM/\$52.8MM.

At a Glance

OUR INVESTMENT THESIS

GILT maintains a strong market position stemming from its long history of innovation and a stable competitive environment. Following relatively slow industry growth over the 2010 decade, we see new capital investment surging in the new LEO satellite segment as well as a growth inflection in the traditional GSO segment driven by demand for data connectivity and increasing bandwidth at all points on the globe. GILT has important exposure to the IFC, fixed broadband, mobile backhaul, rail and maritime transportation, and specialty government markets. With its Peru network construction nearing completion and poised to deliver ~\$50M per year in high-EBITDA revenue, we also expect improved financial performance from its two core satellite business segments. We see GILT leveraging a focused strategy to move up-market and provide more turn-key platform and systems-level products, which should usher in improving margins and profitability. The company's strong balance sheet and improving profitability could enable GILT to become a consolidator of specialty satellite technology needed by a satellite market in the midst of a growth inflection.

BULL CASE ASSUMPTIONS

- Satellite connectivity and capacity growth accelerates, becoming a disruptive force across many communications industries.
- IFC market growth accelerates as high-performance WiFi becomes a competitive weapon among airlines, further opening a high GM opportunity with high barriers to entry.
- GILT gains share in the fast growing LEO satellite sector.
- Defense satellite spending among U.S. allies remains robust due to global conflicts.
- Profitability from its Peru terrestrial network improves with expanded contracts.

OUR CASE ASSUMPTIONS

- IFC market growth is steady, driven by major U.S. and European airlines.
- Government satellite spending is flat due to increased spending on commercial solutions.
- Profitability from Peru achieves management expectations.

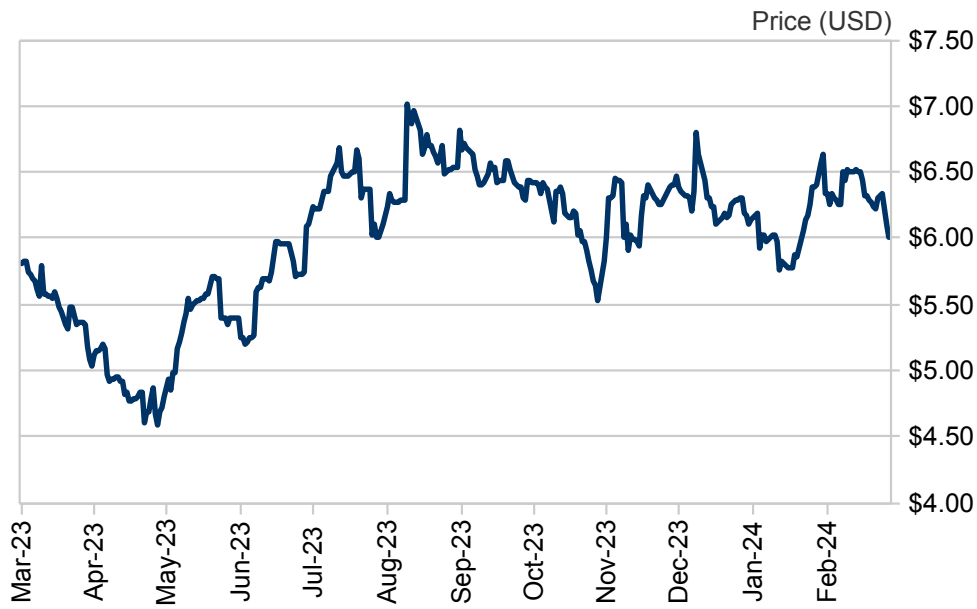
BEAR CASE ASSUMPTIONS

- GILT does not win meaningful share with LEO operators who meaningfully disrupt GEO and MEO operators.
- IFC market growth slows as airlines reduce capital investment due to difficult macro-economic conditions.
- Government spending on satellites declines.

COMPANY DESCRIPTION

Gilat Satellite Networks, Ltd is a leading global provider of satellite-based broadband communications products, designing and manufacturing ground-based satellite communications equipment while providing comprehensive solutions for end-to-end services powered by the company's innovative technology. The GILT portfolio includes a cloud-based satellite network platform, Very Small Aperture Terminals, or VSATs, amplifiers, high-speed modems, high-performance on-the-move antennas, and high efficiency, high power Solid State Power Amplifiers, or SSPAs, Block Upconverters, or BUCs, and Transceivers. The company's comprehensive solutions support multiple applications with a full portfolio of products to address key applications, including broadband internet access, cellular backhaul over satellite, enterprise, social inclusion solutions, In-Flight-Connectivity (IFC), maritime, trains, defense, and public safety, all while meeting the most stringent service level requirements. GILT has a large installed base, currently servicing hundreds of active networks. GILT also provides managed network and services for satellite and terrestrial networks, including its large network in Peru.

PRICE PERFORMANCE



KEY DATA

Market Cap (MM)	\$342.1
Price (02/26/2024)	\$6.00
52-Week Range	\$4.51 - \$7.16
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4Q23 RESULTS AND 1Q24 OUTLOOK

	4Q23 Results					1Q24 Estimates		
	Actual	Needham Estimate	Delta	% Delta	% y/y	Needham New	Needham Old	Consensus
Segment Revenue								
Satellite Networks	53.5	40.8	12.8	31%	47.1%	50.7	38.6	
Integrated Solutions	9.5	16.8	-7.3	-43%	(41.8%)	13.4	13.4	
Network Infrastructure and Services	12.6	17.3	-4.7	-27%	(36.8%)	13.1	13.4	
Total	75.6	74.9	0.7	1.0%	4.1%	77.1	65.4	65.4
Gross Margin (Non-GAAP)	38.2%	35.0%	320BPs			37.0%	36.3%	36.4%
R&D	11.6	9.9	1.7	18%		12.5	9.6	
S&M	7.1	6.3	0.8	13%		7.4	5.6	
G&A	6.3	4.5	1.8	40%		5.6	4.3	
Total Op-Ex	26.0	20.7	5.4	26%		25.5	19.5	
Op Income	2.9	5.5	-2.7	-48%		3.0	4.3	
Operating Margin	3.8%	7.4%	-3.6%			3.9%	6.5%	5.2%
Adjusted EBITDA	9.4	9.1	0.2			9.0	8.6	
GAAP EPS	\$0.06	\$0.08	(\$0.02)	-22%		\$0.06	\$0.07	
Diluted Shares Outstanding	56.8	56.6	0.2	0%		56.8	56.6	

- F4Q23 Results:** GILT delivered GAAP revenue of \$75.6MM (+4.1% y/y) was ahead of the 74.9MM consensus, while EPS Of \$0.06 was slightly below the \$0.08 consensus estimate, driven primarily by growth in VHTS and NGSO, IFC and cellular backhaul verticals in the satellite network segment. GAAP OM of 3.8% (-460bps y/y) due to higher R&D costs. 3Q GM of 38.2% was +320bps above consensus while Adj. EBITDA of \$9.4MM was slightly ahead of the \$9.1MM consensus estimate.

2024 Guidance			2024		2025	
	New	Old	Needham New	Needham Old	Needham New	Needham Old
Revenues	\$305-\$325		315.2	289.7	340.5	
Gross Margin			37.5%	37.2%	37.5%	
Operating Income	\$15-\$19		101.5	84.1	103.6	
Operating Expense			5.3%	8.1%	7.0%	
Operating Margin			\$0.33	\$0.38	\$0.39	
Adj. EBITDA	\$40-\$44					

- 2024 guidance:** GILT issued 2024 revenue guidance in the range of \$305-\$325MM and Adj. EBITDA guidance of \$40-\$44MM. GILT expects 2024 operating income in the range of \$15-\$19MM.
- Updating estimates:** Our 2024 revenue/Adj. EBITDA estimates go to \$315.2MM/\$42.9MM from \$289.7MM/\$41.3MM. We introduce 2025 revenue/Adj. EBITDA estimates of \$340.5MM/\$52.8MM.

FINANCES (AS OF 4Q24)

GILT ended 4Q24 with cash, cash equivalents and restricted cash of \$104MM, up from \$99MM at the end of 3Q23 and up from \$86.6MM one year earlier.

The company generated \$10MM in cash from operating activities, down from \$14MM in the prior Q and \$17MM in 4Q22. GILT finished 3Q23 with \$9.5MM in debt.

DSO, which excludes receivables and revenues for the networks in Peru, were 63 days, a decrease from 75 days in the previous Q due to a decrease in receivables offset by an increase in revenues. The company targets a healthy DSO in the range of 60-90 days,

Income Statement

Income Statement (Dollars in millions except per share amounts. EPS)	Full Year FY 21	Full Year FY 22	Mar 1Q23A	Jun 2Q23A	Sep 3Q23A	Dec 4Q23A	Full Year FY 23	Mar 1Q24e	Jun 2Q24e	Sep 3Q24e	Dec 4Q24e	Full Year FY 24	Full Year FY 25
Total Revenue	215.0	239.8	59.0	67.6	63.9	75.6	266.1	77.1	77.9	79.1	81.1	315.2	340.5
<i>y/y % growth</i>	29.6%	11.6%	14.7%	21.9%	5.9%	4.1%	10.9%	30.8%	15.3%	23.8%	7.2%	18.5%	8.0%
<i>q/q % growth</i>			-18.8%	14.6%	-5.4%	18.3%		2.0%	1.0%	1.6%	2.4%		
COGS	143.7	152.9	34.3	42.1	38.1	46.7	161.1	48.6	48.8	49.5	50.3	197.1	212.9
Gross Profit GAAP	71.3	86.9	24.7	25.5	25.8	28.9	104.9	28.5	29.1	29.7	30.8	118.2	127.5
Gross Margin %	33.2%	36.2%	41.9%	37.8%	40.4%	38.2%	39.4%	37.0%	37.4%	37.5%	38.0%	37.5%	37.5%
R&D	31.3	35.6	9.6	9.4	10.5	11.6	41.2	12.5	12.6	12.9	13.1	51.1	52.8
% of revenue	14.6%	14.9%	16.3%	13.9%	16.5%	15.4%	15.5%	16.2%	16.2%	16.3%	16.2%	16.2%	15.5%
S&M	21.5	21.7	6.0	5.9	6.2	7.1	25.2	7.4	7.5	7.5	7.5	29.9	30.3
% of revenue	10.0%	9.0%	10.2%	8.8%	9.7%	9.4%	9.5%	9.6%	9.6%	9.5%	9.3%	9.5%	8.9%
G&A	15.6	18.9	4.4	4.7	3.7	6.3	19.2	5.6	4.8	4.9	5.0	20.4	20.5
% of revenue	7.3%	7.9%	7.5%	7.0%	5.9%	8.3%	7.2%	7.3%	6.2%	6.2%	6.2%	6.5%	6.0%
Total Operating Expenses GAAP	69.1	77.0	17.7	20.1	13.1	26.0	76.9	25.5	24.9	25.3	25.7	101.5	103.6
<i>Operating Expenses % of Rev. GAAP</i>	32.1%	32.1%	30.0%	29.7%	20.4%	34.4%	28.9%	33.1%	32.0%	32.0%	31.7%	32.2%	30.4%
Operating Income GAAP	2.2	10.0	7.0	5.4	12.7	2.9	28.1	3.0	4.2	4.4	5.1	16.7	24.0
% Operating Margin GAAP	1.0%	4.1%	11.9%	8.1%	19.9%	3.8%	10.6%	3.9%	5.4%	5.5%	6.3%	5.3%	7.0%
Net other income (expense)	(1.7)	(2.8)	0.1	(0.6)	(0.4)	1.2	0.4	1.0	1.0	1.0	1.0	4.0	0.4
Pretax Profit (GAAP)	0.5	7.1	7.2	4.863	12.4	4.1	28.5	4.0	5.2	5.4	6.1	20.7	24.4
Taxes (Benefit)	3.5	13.1	1.3	0.5	2.2	0.6	4.7	0.4	0.5	0.5	0.6	2.1	2.4
Effective Tax Rate	760.8%	183.1%	17.9%	11.1%	18.1%	15.4%	16.5%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Net Income (GAAP)	(3.0)	(5.9)	5.9	4.3	10.2	3.4	23.8	3.6	4.7	4.8	5.5	18.6	21.9
EPS (GAAP)	(\$0.05)	(\$0.10)	\$0.10	\$0.08	\$0.18	\$0.06	\$0.42	\$0.06	\$0.08	\$0.08	\$0.10	\$0.33	\$0.39
Basic shares	56.4	56.6	56.6	56.6	56.6	56.8	56.7	56.8	57.0	57.1	57.2	57.0	56.6
Dilutes shares	56.5	56.6	56.6	56.6	56.6	56.8	56.7	56.8	57.0	57.1	57.2	57.0	56.6
Adjusted EBITDA	15.4	25.2	8.4	9.180	9.5	9.4	36.4	9.0	10.2	11.4	12.3	42.9	52.8
Adjusted EBITDA Margin %	7%	11%	14.2%	13.6%	14.8%	12.4%	14%	11.7%	13.1%	14.3%	15.2%	14%	15%
Year-over-year percent change													
Total Revenue		12%	15%	22%	6%	4%	11%	31%	15%	24%	7%	18%	8%
Gross Profit		22%	51%	29%	12%	4%	21%	16%	14%	15%	7%	13%	8%
SG&A		9%	10%	14%	-2%	17%	10%	25%	16%	25%	-6%	13%	1%
R&D		14%	25%	8%	15%	15%	16%	30%	34%	22%	13%	24%	3%
Total Operating Expenses		11%	1%	10%	-33%	20%	0%	44%	24%	94%	-1%	32%	2%
Operating Income		356%	-785%	265%	273%	-53%	182%	-57%	-23%	-66%	77%	-41%	44%
Pretax Profit		1454%	-423%	375%	424%	-32%	299%	-44%	7%	-57%	50%	-27%	18%
Net Income		NM	-332%	755%	379%	-157%	-502%	-39%	8%	-53%	59%	-22%	18%
EPS (GAAP)		92%	-332%	754%	379%	-157%	-501%	-39%	8%	-53%	58%	-22%	19%
EBITDA		64%	232%	74%	30%	-7%	44%	7%	11%	20%	31%	18%	23%

Balance Sheet

	2021	2022	1Q23	2Q23	3Q23	4Q23	2023
Current Assets							
Cash & Cash equivalents	81.9	86.6	89.1	87.4	99.5	104.0	104.0
Short-term deposits	2.2	0.0					0.0
Restricted Cash	2.6	0.5	0.6	0.4	0.75	0.7	0.7
Trade receivables	39.2	50.6	44.4	41.6	47.0	44.7	44.7
Contract Assets	26.0	25.0	20.5	17.6	20.5	28.3	28.3
Inventories	28.4	33.0	40.0	40.0	37.7	38.5	38.5
Other current assets	14.6	19.3	22.1	22.7	20.4	24.3	24.3
Held for sale asset	4.6	0.0					0.0
Total current assets	199.4	215.1	216.9	209.7	225.8	240.6	240.6
Long-term assets							0.0
Restricted cash	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Long-term contract assets	12.5	11.1	10.5	10.0	9.3	9.3	9.3
Severance pay funds	6.8	5.9	5.8	5.6	5.4	5.7	5.7
Tax assets							0.0
Deferred taxes	17.6	18.3	17.1	16.4	14.5	11.5	11.5
Operating lease right-of-use assets	4.5	3.9	3.6	3.2	3.6	5.1	5.1
Other Long-term assets	10.5	10.7	11.6	9.1	8.9	9.5	9.5
Total long-term assets	51.8	50.0	48.7	44.3	41.7	41.2	41.2
PP&E, net	72.4	76.6	75.3	73.9	73.7	74.3	74.3
Intangible assets	0.6	0.3	0.3	0.2	0.2	16.1	16.1
Goodwill	43.5	43.5	43.5	43.5	43.5	54.7	54.7
Total Assets	367.7	385.4	384.5	371.6	384.9	426.9	426.9
Current Liabilities:							
Current maturities of long-term loans							
Short term loan						7.5	
Trade payables	19.8	20.7	22.7	14.7	13.9	13.9	13.9
Accrued expenses	49.2	50.4	46.2	43.1	45.5	51.9	51.9
Deferred revenues	24.4	30.5	26.8	33.2	33.1	34.5	34.5
Operating lease liabilities	1.8	1.9	2.0	1.9	2.1	2.4	2.4
Dividend payable							0.0
Other current liabilities	13.3	22.3	28.0	14.4	15.7	16.4	16.4
Total Current Liabilities	108.5	125.8	125.7	107.2	110.4	126.6	126.6
Long term loan						2.0	
Accrued severance pay	7.3	6.6	6.8	6.4	6.195	6.5	6.5
Long-term deferred revenues	1.2	1.0	0.3	1.5	1.1	1.1	1.1
Operating lease liabilities	2.3	1.9	1.6	1.3	1.4	3.0	3.0
Other Long-term liabilities	0.1	6.0	0.2	0.2	0.3	12.9	12.9
Total Liabilities	10.9	15.5	8.9	9.3	9.0	25.6	25.6
Total Shareholders' Equity	248.3	244.1	250.0	255.0	265.5	274.7	274.7
Total Liabilities and Shareholders' Equity	367.7	385.4	384.5	371.6	384.9	426.9	426.9
LIQUIDITY							
Current Ratio	1.8	1.7	1.7	2.0	2.0	1.9	1.9
Quick Ratio	1.0	0.9	0.9	1.0	1.1	1.1	1.1
Cash Ratio	0.8	0.7	0.7	0.8	0.9	0.8	0.8
MANAGEMENT							
Days Sales Outstanding	44	38	31	23	29	34	39
Inv. Turnover	5.1x	4.6x	3.5x	4.3x	4.1x	4.9x	4.2x
Days Inventory Outstanding	72	79	105	86	89	74	87
Payables Days Outstanding	50	49	60	31	33	27	31
Cash Conversion Cycle	66	67	77	78	85	81	95
PROFITABILITY							
Return on Assets	-1%	-2%	6%	5%	11%	3%	6%
Return on Equity	-1%	-2%	9%	7%	15%	5%	9%
PER SHARE DATA							
Tangible Book Value	\$3.63	\$3.55	\$3.65	\$3.74	\$3.92	\$3.87	\$3.88
Cash and Marketable Securities	\$1.50	\$1.54	\$1.58	\$1.55	\$1.77	\$1.84	\$1.85

Income Statement (Dollars in millions except per share amounts. EPS)	Full Year FY 21	Full Year FY 22	Mar 1Q23A	Jun 2Q23A	Sep 3Q23A	Dec 4Q23A	Full Year FY 23	Mar 1Q24e	Jun 2Q24e	Sep 3Q24e	Dec 4Q24e	Full Year FY 24	Full Year FY 25
Total Revenue	215.0	239.8	59.0	67.6	63.9	75.6	266.1	77.1	77.9	79.1	81.1	315.2	340.5
<i>y/y % growth</i>	29.6%	11.6%	14.7%	21.9%	5.9%	4.1%	10.9%	30.8%	15.3%	23.8%	7.2%	18.5%	8.0%
<i>q/q % growth</i>			-18.8%	14.6%	-5.4%	18.3%		2.0%	1.0%	1.6%	2.4%		
COGS	143.7	152.9	34.3	42.1	38.1	46.7	161.1	48.6	48.8	49.5	50.3	197.1	212.9
Gross Profit GAAP	71.3	86.9	24.7	25.5	25.8	28.9	104.9	28.5	29.1	29.7	30.8	118.2	127.5
Gross Margin %	33.2%	36.2%	41.9%	37.8%	40.4%	38.2%	39.4%	37.0%	37.4%	37.5%	38.0%	37.5%	37.5%
R&D	31.3	35.6	9.6	9.4	10.5	11.6	41.2	12.5	12.6	12.9	13.1	51.1	52.8
% of revenue	14.6%	14.9%	16.3%	13.9%	16.5%	15.4%	15.5%	16.2%	16.2%	16.3%	16.2%	16.2%	15.5%
S&M	21.5	21.7	6.0	5.9	6.2	7.1	25.2	7.4	7.5	7.5	7.5	29.9	30.3
% of revenue	10.0%	9.0%	10.2%	8.8%	9.7%	9.4%	9.5%	9.6%	9.6%	9.5%	9.3%	9.5%	8.9%
G&A	15.6	18.9	4.4	4.7	3.7	6.3	19.2	5.6	4.8	4.9	5.0	20.4	20.5
% of revenue	7.3%	7.9%	7.5%	7.0%	5.9%	8.3%	7.2%	7.3%	6.2%	6.2%	6.2%	6.5%	6.0%
Total Operating Expenses GAAP	69.1	77.0	17.7	20.1	13.1	26.0	76.9	25.5	24.9	25.3	25.7	101.5	103.6
<i>Operating Expenses % of Rev. GAAP</i>	32.1%	32.1%	30.0%	29.7%	20.4%	34.4%	28.9%	33.1%	32.0%	32.0%	31.7%	32.2%	30.4%
Operating Income GAAP	2.2	10.0	7.0	5.4	12.7	2.9	28.1	3.0	4.2	4.4	5.1	16.7	24.0
% Operating Margin GAAP	1.0%	4.1%	11.9%	8.1%	19.9%	3.8%	10.6%	3.9%	5.4%	5.5%	6.3%	5.3%	7.0%
Net other income (expense)	(1.7)	(2.8)	0.1	(0.6)	(0.4)	1.2	0.4	1.0	1.0	1.0	1.0	4.0	0.4
Pretax Profit (GAAP)	0.5	7.1	7.2	4.863	12.4	4.1	28.5	4.0	5.2	5.4	6.1	20.7	24.4
Taxes (Benefit)	3.5	13.1	1.3	0.5	2.2	0.6	4.7	0.4	0.5	0.5	0.6	2.1	2.4
Effective Tax Rate	760.8%	183.1%	17.9%	11.1%	18.1%	15.4%	16.5%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Net Income (GAAP)	(3.0)	(5.9)	5.9	4.3	10.2	3.4	23.8	3.6	4.7	4.8	5.5	18.6	21.9
EPS (GAAP)	(\$0.05)	(\$0.10)	\$0.10	\$0.08	\$0.18	\$0.06	\$0.42	\$0.06	\$0.08	\$0.08	\$0.10	\$0.33	\$0.39
Basic shares	56.4	56.6	56.6	56.6	56.6	56.8	56.7	56.8	57.0	57.1	57.2	57.0	56.6
Dilutes shares	56.5	56.6	56.6	56.6	56.6	56.8	56.7	56.8	57.0	57.1	57.2	57.0	56.6
Adjusted EBITDA	15.4	25.2	8.4	9.180	9.5	9.4	36.4	9.0	10.2	11.4	12.3	42.9	52.8
Adjusted EBITDA Margin %	7%	11%	14.2%	13.6%	14.8%	12.4%	14%	11.7%	13.1%	14.3%	15.2%	14%	15%
Year-over-year percent change													
<i>Total Revenue</i>		12%	15%	22%	6%	4%	11%	31%	15%	24%	7%	18%	8%
<i>Gross Profit</i>		22%	51%	29%	12%	4%	21%	16%	14%	15%	7%	13%	8%
<i>SG&A</i>		9%	10%	14%	-2%	17%	10%	25%	16%	25%	-6%	13%	1%
<i>R&D</i>		14%	25%	8%	15%	15%	16%	30%	34%	22%	13%	24%	3%
<i>Total Operating Expenses</i>		11%	1%	10%	-33%	20%	0%	44%	24%	94%	-1%	32%	2%
<i>Operating Income</i>		356%	-785%	265%	273%	-53%	182%	-57%	-23%	-66%	77%	-41%	44%
<i>Pretax Profit</i>		1454%	-423%	375%	424%	-32%	299%	-44%	7%	-57%	50%	-27%	18%
<i>Net Income</i>		NM	-332%	755%	379%	-157%	-502%	-39%	8%	-53%	59%	-22%	18%
<i>EPS (GAAP)</i>		92%	-332%	754%	379%	-157%	-501%	-39%	8%	-53%	58%	-22%	19%
<i>EBITDA</i>		64%	232%	74%	30%	-7%	44%	7%	11%	20%	31%	18%	23%

VALUATION (PRICE TARGET: \$8.50)

			2024	2025
Price Target	\$8.50	EPS	\$0.33	\$0.39
Diluted shares	56.6	Cash-Adjusted P/E	20.7x	17.4x
Market cap.	\$481			
		EBITDA	\$43	\$53
Cash	99.5	EV / EBITDA	9.1x	7.4x
Debt	9.5			
Enterprise value	\$391	Revenue	\$315	\$340
		EV / Revenue	1.2x	1.1x

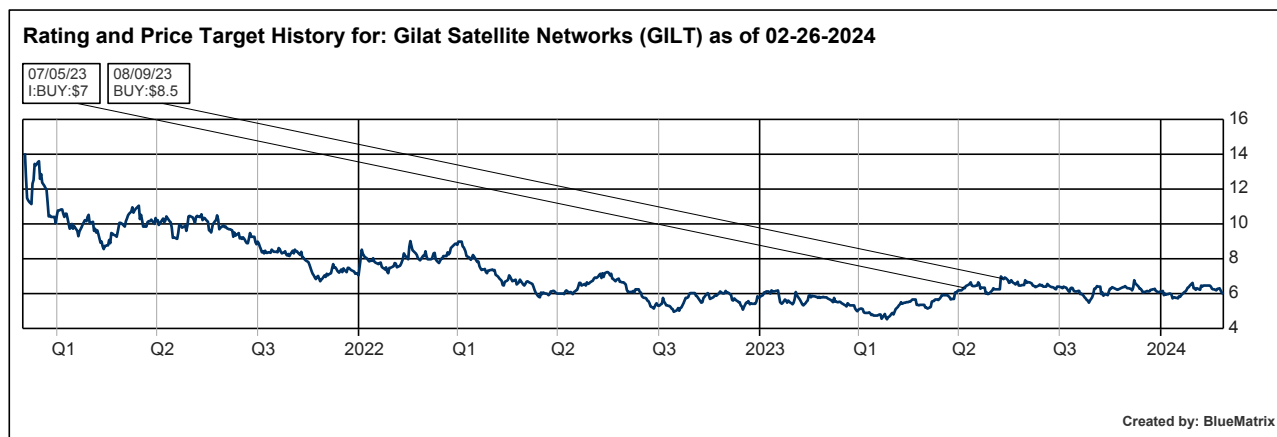
We maintain our PT of \$8.50, equivalent to an EV/Sales multiple of 1.1x our F25 estimate and an EV/EBITDA multiple of 7.4x our F24 estimate.

POTENTIAL UPSIDE DRIVERS

- Satellite connectivity and capacity growth accelerates, becoming a disruptive force across many communications industries.
- IFC market growth accelerates as high-performance WiFi becomes a competitive weapon among airlines.
- GILT gains share in the fast growing LEO satellite sector.
- Defense satellite spending among U.S. allies remains robust due to global conflicts.
- Profitability from its Peru terrestrial network continues to improve with expanded contracts.

RISKS TO TARGET
GILT

- GILT does not win meaningful share with LEO operators who meaningfully disrupt GEO and MEO operators.
- IFC market growth slows as airlines reduce capital investment due to difficult macro-economic conditions.
- Government spending on satellites declines.



ANALYST CERTIFICATION

I, Ryan Koontz hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company (ies) and its (their) securities. I, also certify that I, have not been, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

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Hold	26	2
Underperform	< 1	0
Rating Suspended	< 1	100
Restricted	< 1	0

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