

GILAT SATELLITE NETWORKS LTD
Form 6-K
May 08, 2013

FORM 6 – K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report on Foreign Issuer

Pursuant to Rule 13a – 16 or 15d – 16
of the Securities Exchange Act of 1934

For the Month of May 2013

Gilat Satellite Networks Ltd.
(Translation of Registrant’s Name into English)

Gilat House, Yegia Kapayim Street
Daniv Park, Kiryat Arye, Petah Tikva, Israel
(Address of Principal Corporate Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If “Yes” is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

Attached hereto is Registrant's press release dated May 8, 2013, announcing Registrant's financial results for the first quarter 2013.

We consent to the incorporation by reference in the Registration Statements on Form F-3 (Registration Nos. 333-160683 and No. 333-174142) and the Registration Statements on Form S-8 (Registration Nos. 333-96630, 333-113932, 333-123410, 333-132649, 333-158476, 333-180552 and 333-187021).

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Gilat Satellite Networks Ltd.
(Registrant)

Dated May 8, 2013

By: /s/ Alon Levy
Alon Levy
General Counsel

Gilat Announces First Quarter 2013 Results

First Quarter Highlights: Year-over-Year Growth in Revenue up 8% to \$82.8 million
and EBITDA up 74% to \$5.1 million

Petah Tikva, Israel – May 8, 2013 – 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, 2013.

Key Financial Highlights:

- Quarterly revenues of \$82.8 million, up 8% compared to \$76.6 million in the first quarter of 2012
- EBITDA increased to \$5.1 million, up 74% compared to \$3.0 million in the first quarter of 2012
 - Total Cash increased by \$3.3 million

Revenues for the first quarter of 2013 were \$82.8 million, compared to \$76.6 million for the same period in 2012.

On a non-GAAP basis, operating income for the first quarter of 2013 was \$1.0 million compared to an operating loss of \$0.3 million in the first quarter of 2012. Net loss for the period on a non-GAAP basis was \$0.3 million, or \$0.01 per diluted share, compared to net loss of \$0.8 million, or \$0.02 per diluted share, in the comparable period in 2012.

EBITDA for the first quarter of 2013 reached \$5.1 million compared with \$3.0 million in the comparable period in 2012, representing a margin of 6.2%.

“We are pleased with our results for the first quarter of 2013 as we achieved year-over-year improvement in revenue and EBITDA,” said Erez Antebi, Chief Executive Officer of Gilat. “Our Commercial division continues to be a significant source of revenue as we executed well on existing projects while closing new deals.

In addition to securing various enterprise deals, in the area of broadband internet access we have continued our progress with implementation ahead of schedule at NBN Co. with over 30,000 CPEs installed, over 6,000 CPEs delivered in support of the SBBS service and a major win in our Services division with the Peruvian Ministry of Education to connect thousands of schools nationwide.”

“In our Defense division, although Sequestration has limited our overall visibility,” continued Antebi, “we continue to deliver on new and existing projects with defense and aviation system integrators. We are confident in our ability to increase service to international defense markets and believe this will offset to some degree, the uncertainty in the U.S.”

Key Recent Announcements:

- NordNet Deploys Gilat's SkyEdge II-c VSATs for High-end Broadband-Over-Satellite Service in France;

- Gilat to Equip IDF with SatTrooper-1000 Military Manpack for Advanced Tactical Communications;
- HISPASAT Expands Broadband Satellite-based Network With Additional SkyEdge II System from Gilat;
- Gilat Peru Wins \$12.8 Million Contract with Peruvian Ministry of Education to Connect Thousands of Schools Nationwide;
- Gilat Launches the New Scalable SkyEdge II-c Platform For Ka and Ku-band Internet Access.

Conference Call and Webcast Details:

Gilat management will host a conference call today at 13:30 GMT/ 09:30 EDT/ 16:30 IDT (Israel Daylight Time) to discuss the results. International participants are invited to access the call at (972) 3-918-0610, and US-based participants are invited to access the call by dialing (888) 407-2553. A replay of the conference call will be available beginning at approximately 16:00 GMT/ 12:00 EDT/ 19:00 IDT today, until 16:00 GMT/ 12:00 EDT/ 19:00 IDT May 10, 2013. International participants are invited to access the replay at (972) 3-925-5900 and US-based participants are invited to access the replay by dialing (888) 782-4291. A replay of the call may also be accessed as a webcast via Gilat's website at www.gilat.com and will be archived for 30 days.

Notes:

(1) The attached summary financial statements were prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP). The attached summary financial statements are unaudited. To supplement the consolidated financial information and statements presented in accordance with GAAP, the Company presents its EBITDA before the impact of non-cash stock based compensation, depreciation and amortization, other income and other costs related to acquisition transactions. Non-GAAP presentations of net income, EBITDA and earnings per share are provided to enhance the understanding of the Company's historical financial performance and comparability between periods.

(2) Operating income before depreciation, amortization, non-cash stock based compensation as per ASC 718 and other costs related to acquisition transactions ('EBITDA') is presented because it is a measure commonly used and is presented solely in order to improve the understanding of the Company's operating results and to provide further perspective on these results. EBITDA, however, should not be considered as an alternative to operating income or net income for the period as an indicator of the operating performance of the Company.

Similarly, EBITDA should not be considered as an alternative to cash flows from operating activities as a measure of liquidity. EBITDA is not a measure of financial performance under generally accepted accounting principles and may not be comparable to other similarly titled measures for other companies. EBITDA may not be indicative of the historic operating results of the Company; nor is it meant to be predictive of potential future results. Reconciliation between the Company's Operating income and EBITDA is presented in the attached summary financial statements.

About Gilat Satellite Networks Ltd.

Gilat Satellite Networks Ltd (NASDAQ, TASE: GILT) is a leading provider of products and services for satellite-based broadband communications. Gilat develops and markets a wide range of high-performance satellite ground segment equipment and VSATs, with an increasing focus on the consumer and Ka-band market. In addition, Gilat enables mobile SOTM (Satellite-on-the-Move) solutions providing low-profile antennas, next generation solid-state power amplifiers and modems. Gilat also provides managed network and satellite-based services for rural telephony and Internet access via its subsidiaries in the United States, Peru and Colombia.

With over 25 years of experience, and over a million products shipped to more than 85 countries, Gilat has provided enterprises, service providers and operators with efficient and reliable satellite-based connectivity solutions, including cellular backhaul, banking, retail, e-government and rural communication networks. Gilat also enables leading defense, public security and news organizations to implement advanced, on-the-move tactical communications on board their land, air and sea fleets using Gilat's high-performance SOTM solutions. For more information, please visit us at 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. 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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GILAT SATELLITE NETWORKS LTD.
 CONDENSED CONSOLIDATED BALANCE SHEET
 US dollars in thousands

| | March 31, 2013 Unaudited | December 31, 2012 |
|--|--------------------------------|-------------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | 71,517 | 66,968 |
| Short-term restricted cash | 4,369 | 3,794 |
| Restricted cash held by trustees | 12 | 1,664 |
| Trade receivables, net | 55,086 | 60,991 |
| Inventories | 28,432 | 24,973 |
| Other current assets | 29,209 | 29,140 |
| Total current assets | 188,625 | 187,530 |
| LONG-TERM INVESTMENTS AND RECEIVABLES: | | |
| Long-term restricted cash | 1,457 | 1,151 |
| Severance pay fund | 9,671 | 9,703 |
| Long-term trade receivables, receivables in respect of capital leases and other receivables | 19,422 | 19,781 |
| Total long-term investments and receivables | 30,550 | 30,635 |
| PROPERTY AND EQUIPMENT, NET | 93,311 | 94,727 |
| INTANGIBLE ASSETS, NET | 34,343 | 35,991 |
| GOODWILL | 65,760 | 65,760 |
| TOTAL ASSETS | 412,589 | 414,643 |

GILAT SATELLITE NETWORKS LTD.
 CONDENSED CONSOLIDATED BALANCE SHEET
 US dollars in thousands

| | March 31, 2013 Unaudited | December 31, 2012 |
|--|--------------------------------|-------------------------|
| LIABILITIES AND EQUITY | | |
| CURRENT LIABILITIES: | | |
| Short-term bank credit | 4,034 | 3,517 |
| Current maturities of long-term loans | 7,945 | 7,963 |
| Trade payables | 24,049 | 23,240 |
| Accrued expenses | 23,739 | 24,353 |
| Short-term advances from customer, held by trustees | 219 | 4,448 |
| Other current liabilities | 37,024 | 40,336 |
| Total current liabilities | 97,010 | 103,857 |
| LONG-TERM LIABILITIES: | | |
| Accrued severance pay | 9,495 | 9,513 |
| Long-term loans, net | 35,646 | 40,747 |
| Other long-term liabilities | 30,270 | 18,569 |
| Total long-term liabilities | 75,411 | 68,829 |
| COMMITMENTS AND CONTINGENCIES | | |
| EQUITY: | | |
| Share capital - ordinary shares of NIS 0.2 par value | 1,917 | 1,909 |
| Additional paid in capital | 870,929 | 869,822 |
| Accumulated other comprehensive income | 2,316 | 2,864 |
| Accumulated deficit | (634,994) | (632,638) |
| Total equity | 240,168 | 241,957 |
| TOTAL LIABILITIES AND EQUITY | 412,589 | 414,643 |

GILAT SATELLITE NETWORKS LTD.
RECONCILIATION BETWEEN GAAP AND NON-GAAP
STATEMENTS OF OPERATIONS
FOR COMPARATIVE PURPOSES
U.S. dollars in thousands (except per share data)

| | Three months ended March 31, 2013 | | Three months ended March 31, 2012 | | | |
|---|-----------------------------------|---------------------------|-----------------------------------|----------------|---------------------------|--------------------|
| | GAAP Unaudited | Adjustments (1) Unaudited | Non-GAAP Unaudited | GAAP Unaudited | Adjustments (1) Unaudited | Non-GAAP Unaudited |
| Revenues | 82,827 | - | 82,827 | 76,607 | - | 76,607 |
| Cost of revenues | 57,286 | (1,288) | 55,998 | 52,318 | (1,638) | 50,680 |
| Gross profit | 25,541 | 1,288 | 26,829 | 24,289 | 1,638 | 25,927 |
| | 31 % | | 32 % | 32 % | | 34 % |
| Research and development expenses: | | | | | | |
| Expenses incurred | 7,631 | (99) | 7,532 | 8,220 | (54) | 8,166 |
| Less - grants | 332 | - | 332 | 457 | - | 457 |
| | 7,299 | (99) | 7,200 | 7,763 | (54) | 7,709 |
| Selling and marketing expenses | 11,195 | (320) | 10,875 | 11,154 | (314) | 10,840 |
| General and administrative expenses | 8,043 | (333) | 7,710 | 7,952 | (292) | 7,660 |
| Operating income (loss) | (996) | 2,040 | 1,044 | (2,580) | 2,298 | (282) |
| Financial expenses, net | (934) | - | (934) | (458) | - | (458) |
| Income (loss) before taxes on income | (1,930) | 2,040 | 110 | (3,038) | 2,298 | (740) |
| Taxes on income | 426 | - | 426 | 23 | - | 23 |
| Net loss | (2,356) | 2,040 | (316) | (3,061) | 2,298 | (763) |
| Basic net loss per share | (0.06) | | (0.01) | (0.07) | | (0.02) |
| Diluted net loss per share | (0.06) | | (0.01) | (0.07) | | (0.02) |
| Weighted average number of shares used in computing net loss per share: | | | | | | |
| Basic | 41,766 | | 41,766 | 41,230 | | 41,230 |
| Diluted | 41,766 | | 41,766 | 41,230 | | 41,230 |

(1) Adjustments reflect the effect of non-cash stock based compensation as per ASC 718 and amortization of intangible assets related to acquisition transactions.

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| | Three months ended March 31, 2013 Unaudited | Three months ended March 31, 2012 Unaudited |
|--|---|---|
| Non-cash stock-based compensation expenses: | | |
| Cost of Revenues | 40 | 66 |
| Research and development | 99 | 54 |
| Selling and marketing | 91 | 85 |
| General and administrative | 333 | 292 |
| | 563 | 497 |
| Amortization of intangible assets related to acquisition transactions: | | |
| Cost of Revenues | 1,248 | 1,572 |
| Selling and marketing | 229 | 229 |
| | 1,477 | 1,801 |

GILAT SATELLITE NETWORKS LTD.
 CONDENSED CONSOLIDATED STATEMENTS OF
 OPERATIONS

U.S. dollars in thousands (except per share data)

| | Three months ended | |
|--|--------------------|-----------|
| | March 31, | |
| | 2013 | 2012 |
| | Unaudited | Unaudited |
| Revenues | 82,827 | 76,607 |
| Cost of revenues | 57,286 | 52,318 |
| Gross profit | 25,541 | 24,289 |
| Research and development expenses: | | |
| Expenses incurred | 7,631 | 8,220 |
| Less - grants | 332 | 457 |
| | 7,299 | 7,763 |
| Selling and marketing expenses | 11,195 | 11,154 |
| General and administrative expenses | 8,043 | 7,952 |
| Operating loss | (996) | (2,580) |
| Financial expenses, net | (934) | (458) |
| Loss before taxes on income | (1,930) | (3,038) |
| Taxes on income | 426 | 23 |
| Net loss | (2,356) | (3,061) |
| | | |
| Basic net loss per share | (0.06) | (0.07) |
| Diluted net loss per share | (0.06) | (0.07) |
| | | |
| Weighted average number of shares used in computing net loss per share: | | |
| Basic | 41,766 | 41,230 |
| Diluted | 41,766 | 41,230 |

GILAT SATELLITE NETWORKS LTD.
 CONDENSED CONSOLIDATED STATEMENTS OF
 CASH FLOWS
 US dollars in thousands

| | Three months ended March 31, | |
|---|---------------------------------|-----------|
| | 2013 | 2012 |
| | Unaudited | Unaudited |
| Cash flows from operating activities: | | |
| Net loss | (2,356) | (3,061) |
| Adjustments required to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 5,560 | 5,038 |
| Stock-based compensation | 563 | 497 |
| Accrued severance pay, net | 14 | (99) |
| Accrued interest and exchange rate differences on short and long-term restricted cash, net | 39 | (247) |
| Exchange rate differences on long-term loans | (132) | 160 |
| Capital loss (gain) from disposal of property and equipment | 12 | (6) |
| Deferred income taxes | (16) | (178) |
| Decrease (increase) in trade receivables, net | 5,999 | (7,925) |
| Decrease (increase) in other assets (including short-term, long-term and deferred charges) | (1,207) | 270 |
| Increase in inventories | (3,824) | (3,264) |
| Increase (decrease) in trade payables | 797 | (2,186) |
| Decrease in accrued expenses | (613) | (3,906) |
| Increase (decrease) in advances from customer, held by trustees, net | (4,229) | 5,655 |
| Increase (decrease) in other accounts payable and other long term liabilities | (5,952) | 962 |
| Net cash used in operating activities | (5,345) | (8,290) |

GILAT SATELLITE NETWORKS LTD.
 CONDENSED CONSOLIDATED STATEMENTS OF CASH
 FLOWS

US dollars in thousands

| | Three months ended March 31, | |
|--|---------------------------------|-----------|
| | 2013 | 2012 |
| | Unaudited | Unaudited |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (1,131) | (1,035) |
| Investment in restricted cash held by trustees | (1,782) | (13,238) |
| Proceeds from restricted cash held by trustees | 3,407 | 4,059 |
| Investment in restricted cash (including long-term) | (8,703) | (5,749) |
| Proceeds from restricted cash (including long-term) | 7,813 | 8,128 |
| Purchase of intangible asset | (16) | (9) |
| Net cash used in investing activities | (412) | (7,844) |
| Cash flows from financing activities: | | |
| Issuance of restricted stock units and exercise of stock options | 553 | 6 |
| Proceeds from financing contract | 14,472 | - |
| Short-term bank credit, net | 517 | (417) |
| Repayment according to financing contract | (212) | - |
| Repayment of long-term loans | (4,987) | (4,248) |
| Net cash generated from (used in) financing activities | 10,343 | (4,659) |
| Effect of exchange rate changes on cash and cash equivalents | (37) | 131 |
| Increase (decrease) in cash and cash equivalents | 4,549 | (20,662) |
| Cash and cash equivalents at the beginning of the period | 66,968 | 56,231 |
| Cash and cash equivalents at the end of the period | 71,517 | 35,569 |

GILAT SATELLITE NETWORKS LTD.
 CONDENSED EBITDA
 US dollars in thousands

| | Three months ended March 31, | |
|--|---------------------------------|-----------|
| | 2013 | 2012 |
| | Unaudited | Unaudited |
| Operating loss | (996) | (2,580) |
| Add: | | |
| Non-cash stock-based compensation expenses | 563 | 497 |
| Depreciation and amortization | 5,560 | 5,038 |
| EBITDA | 5,127 | 2,955 |
