

GILAT SATELLITE NETWORKS LTD

Form 6-K

August 10, 2016

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 August, 2016

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 August 10, 2016, announcing Second Quarter Results for 2016.

We consent to the incorporation by reference of the GAAP financial information included herein, in the Registration Statements on Form F-3 (registration nos. 333-195680, 333-160683 and no. 333-174142) and 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 August 10, 2016 By: /s/ Yael Shofar
Yael Shofar
General Counsel

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Gilat Announces Second Quarter 2016 Results

Second-quarter revenues grew 53% from comparable 2015 quarter

Petah Tikva, Israel – August 10, 2016 – Gilat Satellite Networks Ltd. (NASDAQ, TASE: GILT), a worldwide leader in satellite networking technology, solutions and services, today reported its results for the second quarter ended June 30, 2016.

Key Financial Updates:

Revenues for Q2 2016 increased 53% to \$67.9 million from \$44.3 million in the comparable period of 2015.

Revenues rose 29% compared with Q1 2016.

Loss on a GAAP basis for Q2 2016 decreased to \$3.7 million compared to a loss of \$9.1 million in the second quarter of 2015.

EBITDA for Q2 2016 increased to \$1.0 million compared to a loss of \$2.5 million in the comparable period of 2015.

Reiterated management objectives for 2016: revenues between \$290 to \$310 million, and EBITDA of between \$18 to \$24 million. In 2015, revenues totaled \$197.5 million and EBITDA was \$5.3 million.

On a GAAP basis, operating loss was \$2.5 million in the second quarter of 2016 as compared to an operating loss of \$7.2 million in the comparable quarter of 2015.

On a non-GAAP basis, operating loss was \$0.8 million in the second quarter of 2016 as compared to an operating loss of \$5.2 million in the comparable quarter of 2015.

On a GAAP basis, the loss for the second quarter of 2016 was \$3.7 million or \$0.07 per diluted share compared to a loss of \$9.1 million or \$0.21 per diluted share in the same quarter of 2015.

On a non-GAAP basis, the loss for the second quarter of 2016 was \$2.0 million or \$0.04 per diluted share compared to a loss of \$7.1 million or \$0.16 per diluted share in the same quarter of 2015.

EBITDA for the second quarter of 2016 improved to \$1.0 million, compared to a loss of \$2.5 million in the comparable period in 2015.

“We are pleased with our second quarter results,” said Yona Ovadia, CEO of Gilat. “We continue to make progress with our strategy across all segments, especially in In-Flight Connectivity (IFC) and broadband networks.”

Mr. Ovadia continued: “Gilat’s five-pillar strategy is focused on winning the markets unlocked by the global demand for broadband and the increasingly-abundant HTS capacity, based on our advanced solutions and our ongoing investment in technological innovation.

“Indeed, this quarter we are pleased to announce a significant win in broadband networks, one of our growth pillars. The recent choice of our X-Architecture for UK-based EE’s (Everything Everywhere) LTE network testifies to our leadership in this area. This win adds to our momentum in cellular backhaul that began with our success with SoftBank earlier in the year. With these achievements, Gilat is solidifying its leadership in the markets of satellite backhauling for LTE cellular networks and broadband access services.”

“Looking forward, we are reiterating our management objectives for full year 2016: revenues of \$290 to \$310 million and EBITDA of between \$18 to \$24 million. These objectives represent a sizeable stepping up of revenues and a target of positive operating income in the second half of 2016, based on our strong backlog in Peru and China as well as additional revenues from projects won as part of our strategy, and despite a challenging business environment in Latin America.”

Key Recent Announcements:

- Avanti Selects Gilat’s X-Architecture to Enhance Reach and Resilience of EE’s LTE Network in the UK
- Brazilian ISP Ruralweb Deploys Gilat’s Solution for its Rural Broadband VSAT Network
- Dizengoff Ghana Selects Gilat for Turnkey Delivery of Broadband for Rural Schools and Cellular Services
- Gilat Satellite Networks Shares Included in the TA-100 Index of the Tel Aviv Stock Exchange
- Sky Net Selects Gilat’s Network for Cellular Backhaul in Myanmar
- SES and Gilat to Launch Hybrid Broadband Solution in Asia
- Gilat’s Market-Leading SkyEdge II-c Platform is DVB-S2X Ready

Conference Call and Webcast Details:

Gilat management will host a conference call today, August 10, at 13:30 GMT / 09:30 EDT / 16:30 IDT to discuss the second quarter results. International participants are invited to access the call at (972)3-918-0644, and US-based participants are invited to access the call by dialing (1)888-407-2553.

A simultaneous Webcast of the conference call will be available on the Gilat website at www.gilat.com and through this link:

http://www.veidan-stream.com/?con=Gilat_Satellite_Networks_Q2_2016_Results

Conference Call and Webcast Replay

A replay of the conference call will be available beginning approximately 16:00 GMT/ 12:00 EDT/ 19:00 IDT today, until 17:00 GMT/ 12:00 EST/ 19:00 IST August 13, 2016.

International participants are invited to access the replay of the call at (972)3-925-5921, and US-based participants are invited to access the call by dialing (1)888-295-2634.

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 statements presented in accordance with GAAP, the Company presents Gilat's EBITDA before the impact of non-cash share-based payment charges, depreciation and amortization, other income and other costs related to acquisition transactions. Non-GAAP presentations of net income, operating 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 option expenses as per ASC 718 (formerly SFAS 123(R)) 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

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 Peru and Colombia.

With over 25 years of experience, and over a million products shipped to more than 90 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. Gilat controlling shareholders are the FIMI Private Equity Funds. 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. 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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GILAT SATELLITE NETWORKS LTD.
CONDENSED CONSOLIDATED
STATEMENTS OF OPERATIONS
U.S. dollars in thousands (except share and
per share data)

	Six months ended		Three months ended	
	June 30, 2016 Unaudited	2015 Unaudited	June 30, 2016 Unaudited	2015 Unaudited
Revenues	\$ 120,563	\$ 89,514	\$ 67,898	\$ 44,324
Cost of revenues	92,984	65,272	52,717	33,274
Gross profit	27,579	24,242	15,181	11,050
Research and development expenses	12,593	13,128	6,705	6,594
Less - grants	638	412	552	222
Research and development, net	11,955	12,716	6,153	6,372
Selling and marketing expenses	10,976	12,675	5,853	6,412
General and administrative expenses	10,152	10,062	5,714	5,471
Total operating expenses	33,083	35,453	17,720	18,255
Operating loss	(5,504)	(11,211)	(2,539)	(7,205)
Financial expenses, net	(1,603)	(2,910)	(860)	(1,559)
Loss before taxes	(7,107)	(14,121)	(3,399)	(8,764)
Taxes on income	569	567	251	318
Loss	\$(7,676)	\$(14,688)	\$(3,650)	\$(9,082)
Loss per share (basic and diluted)	\$(0.16)	\$(0.34)	\$(0.07)	\$(0.21)
Weighted average number of shares used in computing loss per share (basic and diluted)	49,383,450	43,139,303	54,384,521	42,883,469

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

	Three months ended June 30, 2016			Three months ended June 30, 2015			
	GAAP Unaudited	Adjustments		GAAP Unaudited	Adjustments		Non-GAAP Unaudited
		(1) Unaudited			(1) Unaudited		
Gross profit	\$15,181	1,225	\$ 16,406	\$11,050	1,230	\$ 12,280	
Operating expenses	17,720	(465)	17,255	18,255	(794)	17,461	
Operating loss							