

GILAT SATELLITE NETWORKS LTD

Form 6-K

May 18, 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 May, 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 May 18, 2016, announcing First 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 No. 333-195680) and the Registration Statements on Form S-8 (Registration Nos. 333-113932, 333-123410, 333-132649, 333-158476, 333-180552, 333-187021 and 333-204867).

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)

Date: May 18, 2016

By: /s/ Ran Tal
Ran Tal
VP General Counsel

Press Release

Gilat Satellite Networks
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Gilat Announces First Quarter Results for 2016

First quarter revenues grew 17% over the comparable period last year.
Based on our backlog and promising market prospects, management
reiterates financial objectives for FY2016

Petah Tikva, Israel – May 18, 2016 – 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, 2016.

Key Financial Updates:

- Revenue for Q1 2016 was \$52.7 million compared to \$45.2 million in comparable period of 2015, an increase of 17%.
 - EBITDA for Q1 2016 increased to \$0.5 million compared to \$0.2 million in comparable period of 2015.
- Reiterated management objectives for 2016: continued growth with revenues between \$290 and \$310 million and EBITDA between \$18 and \$24 million.

On a GAAP basis, operating loss was \$3.0 million in the first quarter of 2016 as compared to an operating loss of \$4.0 million in the comparable quarter of 2015.

On a non-GAAP basis, operating loss was \$1.4 million in the first quarter of 2016 as compared to an operating loss of \$2.1 million in the comparable quarter of 2015.

On a GAAP basis, loss for the quarter was \$4.0 million or \$0.09 per diluted share compared to a loss of \$5.6 million or \$0.13 per diluted share in the same quarter of 2015.

On a non-GAAP basis, the loss for the quarter was \$2.4 million or \$0.05 per diluted share compared to a loss of \$3.7 million or \$0.09 per diluted share in the same quarter of 2015.

EBITDA for the first quarter of 2016 reached \$0.5 million, compared to \$0.2 million in the comparable period in 2015.

"I am pleased to report a good first quarter, which was in-line with our plans," said Yona Ovadia, CEO of Gilat. "Our first quarter results are a strong testament to the validity of our strategy. Our one-platform/multi-application X-Architecture continued to gain wide acceptance as the most advanced HTS ground equipment technology. In the first quarter, Eutelsat chose our X-Architecture platform to connect to RSCC's Express AMU1/EUTELSAT 36C satellite for the delivery of broadband services to users throughout western Russia. SES and Facebook also selected the platform for Facebook's initiative to deliver broadband Internet access throughout Africa.

“In the Mobility market, our In-Flight Connectivity strategy gained momentum when Gogo, the global leader in providing broadband connectivity solutions and wireless entertainment to the aviation industry, selected our next-generation airborne IP network modem system.

“Our positive first quarter results were achieved despite the economic slowdown witnessed in the Latin American and CIS markets. We have more than compensated for these difficult market conditions with significant achievements in our strategic focus areas,” added Mr. Ovadia.

“Based on our solid first quarter business progress and results, our backlog and the prospects we continue to see, we reiterate our management objectives for FY2016 of a revenue target of \$290 to \$310 million and an EBITDA target of \$18 to \$24 million.” concluded Mr. Ovadia.

Key Recent Announcements:

- Telefonica del Peru Selects Gilat to Extend Cellular and Broadband Coverage to Rural Areas Nationwide
 - Eutelsat Selects Gilat Technology to Power Satellite Broadband Services in Western Russia
- Gilat Partners with Austria’s Diamond Aircraft to Deliver Airborne Broadband Connectivity via Satellite
 - Gogo Selects Gilat to Provide its Next-Generation Airborne IP Network Modem System
- SoftBank to Provide High-Speed LTE Services Using Gilat’s Satellite-Based Cellular Backhaul Technology

Conference Call and Webcast Details:

Gilat management will host a conference call today at 14:30 GMT / 09:30 EST / 16:30 IST to discuss the 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)888-281-1167.

Webcast Replay

A replay of the conference call will be available beginning approximately 17:00 GMT/ 12:00 EST/ 19:00 IST today, until 17:00 GMT/ 12:00 EST/ 19:00 IST May 21, 2016.

International participants are invited to access the replay of the call at (972)3-925-5901, and US-based participants are invited to access the call by dialing (1)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 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)

| | Three months ended | |
|--|--------------------|------------|
| | March 31, | |
| | 2016 | 2015 |
| | Unaudited | Unaudited |
| Revenues | 52,665 | 45,190 |
| Cost of revenues | 40,267 | 31,998 |
| Gross profit | 12,398 | 13,192 |
| Research and development expenses | 5,888 | 6,534 |
| Less - grants | 86 | 190 |
| Research and development expenses, net | 5,802 | 6,344 |
| Selling and marketing expenses | 5,123 | 6,263 |
| General and administrative expenses | 4,438 | 4,591 |
| Total operating expenses | 15,363 | 17,198 |
| Operating loss | (2,965) | (4,006) |
| Financial expenses, net | (743) | (1,351) |
| Loss before taxes on income | (3,708) | (5,357) |
| Taxes on income | 318 | 249 |
| Loss | (4,026) | (5,606) |
| Loss per share (basic and diluted) | (0.09) | (0.13) |
| Weighted average number of shares used in computing loss per share (basic and diluted) | 44,382,379 | 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 March 31, 2016 | | | Three months ended March 31, 2015 | | |
|---|--------------------------------------|----------------------------|-----------------------|--------------------------------------|----------------------------|-----------------------|
| | GAAP Unaudited | Adjustments 1 Unaudited | Non-GAAP Unaudited | GAAP Unaudited | Adjustments 1 Unaudited | Non-GAAP Unaudited |
| Gross profit | 12,398 | 1,184 | 13,582 | 13,192 | 1,251 | 14,443 |
| Operating expenses | 15,363 | (405) | 14,958 | 17,198 | (688) | 16,510 |
| Operating loss | (2,965) | 1,589 | (1,376) | (4,006) | 1,939 | (2,067) |
| Loss before taxes on income | (3,708) | 1,589 | (2,119) | (5,357) | 1,939 | (3,418) |
| Loss | (4,026) | 1,589 | (2,437) | (5,606) | 1,939 | (3,667) |
| Loss per share (basic and diluted) | (0.09) | 0.04 | (0.05) | (0.13) | 0.04 | (0.09) |
| Weighted average number of shares used in computing loss per share (basic and diluted) | 44,382,379 | | 44,382,379 | 42,883,469 | | 42,883,469 |

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

Shares acquisition
transactions.

| | Three months ended March 31, 2016 Unaudited | Three months ended March 31, 2015 Unaudited |
|--|---|--|
| GAAP loss | (4,026) | (5,606) |
| Gross profit: | | |
| Non-cash stock-based compensation expenses (income) | (11) | 52 |
| Amortization of intangible assets related to acquisition transactions | 1,195 | 1,199 |
| | 1,184 | 1,251 |
| Operating expenses: | | |
| Non-cash stock-based compensation expenses | 212 | 476 |

| | | |
|---|----------|----------|
| Amortization of intangible assets related to acquisition transactions | 193 | 212 |
| | 405 | 688 |
| Non GAAP loss | (2,437) | (3,667) |

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GILAT SATELLITE NETWORKS LTD.
CONDENSED EBITDA
US dollars in thousands

| | Three months ended | |
|--|--------------------|-----------|
| | March 31, | |
| | 2016 | 2015 |
| | Unaudited | Unaudited |
| GAAP operating loss | (2,965) | (4,006) |
| Add: | | |
| Non-cash stock-based compensation expenses | 201 | 528 |
| Depreciation and amortization | 3,301 | 3,658 |
| EBITDA | 537 | 180 |

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

| | March 31, 2016 Unaudited | December 31, 2015 Audited |
|--|--------------------------------|------------------------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | 33,160 | 18,435 |
| Restricted cash | 87,707 | 100,779 |
| Restricted cash held by trustees | 5,279 | 8,524 |
| Trade receivables, net | 52,806 | 50,984 |
| Inventories | 28,072 | 25,358 |
| Other current assets | 18,432 | 16,223 |
| Total current assets | 225,456 | 220,303 |
| LONG-TERM INVESTMENTS AND RECEIVABLES: | | |
| Long-term restricted cash | 188 | 179 |
| Severance pay funds | 7,904 | 7,545 |
| Other long term receivables and deferred charges | 223 | 221 |
| Total long-term investments and receivables | 8,315 | 7,945 |
| PROPERTY AND EQUIPMENT, NET | 81,220 | 81,963 |
| INTANGIBLE ASSETS, NET | 15,711 | 17,154 |
| GOODWILL | 43,468 | 43,468 |
| TOTAL ASSETS | 374,170 | 370,833 |

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

| | March 31, 2016 Unaudited | December 31, 2015 Audited |
|--|--------------------------------|------------------------------------|
| LIABILITIES AND EQUITY | | |
| CURRENT LIABILITIES: | | |
| Short-term bank credit and loans | 4,250 | 7,000 |
| Current maturities of long-term loans | 4,568 | 4,542 |
| Trade payables | 21,176 | 17,210 |
| Accrued expenses | 31,022 | 23,481 |
| Advances from customers | 71,008 | 82,813 |
| Advances from customers, held by trustees | 4,578 | 8,515 |
| Other current liabilities | 17,631 | 16,213 |
| Total current liabilities | 154,233 | 159,774 |
| LONG-TERM LIABILITIES: | | |
| Accrued severance pay | 7,742 | 7,506 |
| Long-term loans, net of current maturities | 17,418 | 21,493 |
| Other long-term liabilities | 3,744 | 3,978 |
| Total long-term liabilities | 28,904 | 32,977 |
| EQUITY: | | |
| Share capital - ordinary shares of NIS 0.2 par value | 2,578 | 2,048 |
| Additional paid-in capital | 899,376 | 884,126 |
| Accumulated other comprehensive loss | (2,530) | (3,727) |
| Accumulated deficit | (708,391) | (704,365) |
| Total equity | 191,033 | 178,082 |
| TOTAL LIABILITIES AND EQUITY | 374,170 | 370,833 |

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

| | Three months ended March 31, | |
|---|---------------------------------|-----------|
| | 2016 | 2015 |
| | Unaudited | Unaudited |
| Cash flows from operating activities: | | |
| Loss from continuing operations | (4,026) | (5,606) |
| Adjustments required to reconcile loss to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 3,301 | 3,658 |
| Stock-based compensation | 201 | 528 |
| Accrued severance pay, net | (123) | (101) |
| Accrued interest and exchange rate differences on short and long-term restricted cash, net | (409) | 43 |
| Exchange rate differences on long-term loans | 90 | (329) |
| Deferred income taxes, net | - | (41) |
| Decrease (increase) in trade receivables, net | (1,394) | 721 |
| Decrease (increase) in other assets (including short-term, long-term and deferred charges) | (2,154) | 2,934 |
| Increase in inventories | (2,685) | (4,182) |
| Decrease in restricted cash directly related to operating activities, net | 6,304 | - |
| Increase (decrease) in trade payables | 4,089 | (195) |
| Increase (decrease) in accrued expenses | 7,408 | (2,173) |
| Decrease in advance from customers | (11,823) | (767) |
| Decrease in advances from customers, held by trustees | (4,063) | (5,178) |
| Increase in other current liabilities and other long term liabilities | 1,221 | 5,017 |
| Net cash used in operating activities | (4,063) | (5,671) |

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

| | Three months ended March 31, | |
|--|---------------------------------|-----------|
| | 2016 | 2015 |
| | Unaudited | Unaudited |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (1,104) | (741) |
| Proceeds from restricted cash held by trustees | 3,675 | 10,922 |
| Investment in restricted cash (including long-term) | (179) | (10,052) |
| Proceeds from restricted cash (including long-term) | 7,347 | 22,117 |
| Net cash provided by investing activities | 9,739 | 22,246 |
| Cash flows from financing activities: | | |
| Capital lease payments | (51) | (102) |
| Issuance of shares in a rights offering | 15,243 | - |
| Issuance of restricted stock units and exercise of stock options | 336 | 793 |
| Short term bank credit, net | (2,750) | (10,007) |
| Repayment of long-term loans | (4,139) | (4,135) |
| Net cash provided by (used in) financing activities | 8,639 | (13,451) |
| Effect of exchange rate changes on cash and cash equivalents | 410 | (485) |
| Increase in cash and cash equivalents | 14,725 | 2,639 |
| Cash and cash equivalents at the beginning of the period | 18,435 | 27,726 |
| Cash and cash equivalents at the end of the period | 33,160 | 30,365 |