

GILAT SATELLITE NETWORKS LTD

Form 6-K

May 23, 2012

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 2012

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 23, 2012, announcing Registrant's financial results for the first quarter 2012.

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 and 333-180552).

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 23, 2012

By: /s/ Alon Levy
Alon Levy
Corporate Secretary

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Press Release

Gilat Announces First Quarter 2012 Results

Petah Tikva, Israel – May 23, 2012 – 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, 2012.

Revenues for the first quarter of 2012 were \$76.6 million, compared to \$80.0 million for the same period in 2011. On a GAAP basis, operating loss for the first quarter of 2012 was \$2.6 million compared to an operating income of \$0.8 million in the first quarter of 2011. Net loss for the first quarter of 2012 was \$3.1 million, or \$0.07 per diluted share, compared to net income of \$0.4 million, or \$0.01 per diluted share, in the first quarter of 2011.

Gross margin for the first quarter of 2012 was approximately 32% compared to approximately 36% in the comparable period in 2011.

On a non-GAAP basis, operating loss for the first quarter of 2012 was \$0.3 million compared to an operating income of \$3.9 million in the first quarter of 2011. On a non-GAAP basis, net loss for the period was \$0.8 million, or \$0.02 per diluted share, compared to net income of \$2.6 million, or \$0.06 per diluted share, in the comparable period in 2011.

EBITDA for the first quarter of 2012 reached \$3.0 million compared with \$8.0 million in the comparable period in 2011.

“Our Commercial division continued to perform well with several important contract wins in the first quarter,” said Erez Antebi, Gilat’s Chief Executive Officer. “While our financial performance was impacted by the implementation timing of specific contracts in our Services division, as well as lower than expected revenues in our Defense division, we remain confident in our strategic direction and positioning in the growing Ka-band market, and as a provider of on-the-move solutions for the defense industry.”

Key Recent Announcements:

- Introduction by Spacenet of the Connect Series of network services, a tiered set of managed services that helps clarify and simplify network operations outsourcing for large multi-site networks;
- Selection by a Tier-1 Mobile Network Operator (MNO) in South East Asia to provide a SkyEdge II network for GSM and 3G cellular backhaul;
- Successful completion of a dedicated project for satellite-based web connectivity to support Russia's national presidential elections held March 4, 2012;
- Selection of SkyEdge II VSAT network by Mexico's largest commercial television broadcaster Grupo Televisa, S.A.B., for Televisa’s private communication network across Mexico;

- Introduction by Gilat subsidiary Wavestream of a new 80W X-band Matchbox solid state power amplifier to address the needs of military and government applications;
 - Launch of SkyEdge II Accent Dual Waveform VSAT, featuring a dual SCPC/TDMA return channel;
 - Selection by JSC NURSAT, one of Kazakhstan's national satellite service providers, to deploy a broadband satellite IP network based on Gilat's advanced Sky Edge II System;
 - Supply and development agreement signed with O3b Networks Limited for Ka-band infrastructure for VSAT services;
 - Extension of services agreement for the Colombian Ministry of Information Technology and Communications for an additional nine-month period valued at approximately \$16 million.
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Conference Call and Webcast Details:

Gilat management will host a conference call today at 13:30 GMT/09:30 EST/16:30 IDT to discuss the results. International participants are invited to access the call at (972) 3-918-0650, and US-based participants are invited to access the call by dialing (888) 281-1167. The results presentation may be accessed prior to the conference call via Webcast through the Company's website at www.gilat.com.

A replay of the conference call will be available beginning at approximately 16:00 GMT/12:00 EST/19:00 IDT today, until 16:00 GMT/12:00 EST/19:00 IDT May 25, 2012. International participants are invited to access the replay at (972) 3-925-5921, and US-based participants are invited to access the replay by dialing (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, 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 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 SHEETS
 US dollars in thousands

| | March 31, 2012 Unaudited | December 31, 2011 |
|--|--------------------------------|-------------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | 35,569 | 56,231 |
| Short-term restricted cash | 4,743 | 7,034 |
| Restricted cash held by trustees | 10,962 | 1,549 |
| Trade receivables, net | 59,730 | 51,654 |
| Inventories | 34,031 | 31,933 |
| Other current assets | 27,659 | 25,767 |
| Total current assets | 172,694 | 174,168 |
| LONG-TERM INVESTMENTS AND RECEIVABLES: | | |
| Long-term restricted cash | 1,955 | 2,025 |
| Severance pay fund | 9,897 | 9,722 |
| Long-term trade receivables, receivables in respect of capital leases and other receivables | 18,722 | 20,219 |
| Total long-term investments and receivables | 30,574 | 31,966 |
| PROPERTY AND EQUIPMENT, NET | 99,536 | 100,926 |
| INTANGIBLE ASSETS AND DEFERRED CHARGES, NET | 47,946 | 49,927 |
| GOODWILL | 89,691 | 89,691 |
| TOTAL ASSETS | 440,441 | 446,678 |

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

| | March 31, 2012 Unaudited | December 31, 2011 |
|---|--------------------------------|-------------------------|
| LIABILITIES AND EQUITY | | |
| CURRENT LIABILITIES: | | |
| Short-term bank credit | 2,555 | 2,971 |
| Current maturities of long-term loans and convertible notes | 19,088 | 19,092 |
| Trade payables | 23,305 | 25,477 |
| Accrued expenses | 21,704 | 25,609 |
| Short-term advances from customer, held by trustees | 7,206 | 1,551 |
| Other current liabilities | 37,920 | 36,764 |
| Total current liabilities | 111,778 | 111,464 |
| LONG-TERM LIABILITIES: | | |
| Accrued severance pay | 9,521 | 9,445 |
| Long-term loans, net | 36,268 | 40,353 |
| Other long-term liabilities | 24,445 | 25,341 |
| Total long-term liabilities | 70,234 | 75,139 |
| COMMITMENTS AND CONTINGENCIES | | |
| EQUITY: | | |
| Share capital - ordinary shares of NIS 0.2 par value | 1,888 | 1,882 |
| Additional paid in capital | 867,597 | 867,100 |
| Accumulated other comprehensive income | 1,451 | 539 |
| Accumulated deficit | (612,507) | (609,446) |
| Total equity | 258,429 | 260,075 |
| TOTAL LIABILITIES AND EQUITY | 440,441 | 446,678 |

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 31 March 2012 | | | Three months ended 31 March 2011 | | |
|---|----------------------------------|---------------------------|--------------------|----------------------------------|---------------------------|--------------------|
| | GAAP Unaudited | Adjustments (1) Unaudited | Non-GAAP Unaudited | GAAP Unaudited | Adjustments (1) Unaudited | Non-GAAP Unaudited |
| Revenues | 76,607 | - | 76,607 | 80,027 | - | 80,027 |
| Cost of revenues | 52,318 | (1,638) | 50,680 | 50,967 | (2,260) | 48,707 |
| Gross profit | 24,289 | 1,638 | 25,927 | 29,060 | 2,260 | 31,320 |
| | 32 % | | 34 % | 36 % | | 39 % |
| Research and development expenses: | | | | | | |
| Expenses incurred | 8,220 | (54) | 8,166 | 8,867 | (55) | 8,812 |
| Less - grants | 457 | - | 457 | 471 | - | 471 |
| | 7,763 | (54) | 7,709 | 8,396 | (55) | 8,341 |
| Selling and marketing expenses | 11,154 | (314) | 10,840 | 11,073 | (328) | 10,745 |
| General and administrative expenses | 7,952 | (292) | 7,660 | 8,656 | (282) | 8,374 |
| Costs related to acquisition transactions | - | - | - | 156 | (156) | - |
| Operating income (loss) | (2,580) | 2,298 | (282) | 779 | 3,081 | 3,860 |
| Financial expenses, net | (458) | - | (458) | (676) | - | (676) |
| Other income | - | - | - | 949 | (949) | - |
| Income (loss) before taxes on income | (3,038) | 2,298 | (740) | 1,052 | 2,132 | 3,184 |
| Taxes on income | 23 | - | 23 | 612 | - | 612 |
| Net income (loss) | (3,061) | 2,298 | (763) | 440 | 2,132 | 2,572 |
| Basic net earnings (loss) per share | (0.07) | | (0.02) | 0.01 | | 0.06 |
| Diluted net earnings (loss) per share | (0.07) | | (0.02) | 0.01 | | 0.06 |

Weighted average number
of shares used in

computing net earnings
(loss) per share:

| | | | | |
|---------|--------|--------|--------|--------|
| Basic | 41,230 | 41,230 | 40,746 | 40,746 |
| Diluted | 41,230 | 41,230 | 42,136 | 43,012 |

- (1) Adjustments reflect the effect of non-cash stock options expenses as per SFAS123R, costs related to acquisition transactions, amortization of intangible assets related to acquisition transactions and other income.

| | Three months ended 31 March 2012 | Three months ended 31 March 2011 |
|---|---|---|
| Non-cash stock-based compensation expenses: | | |
| Cost of Revenues | 66 | 80 |
| Research and development | 54 | 55 |
| Selling and marketing | 85 | 94 |
| General and administrative | 292 | 282 |
| | 497 | 511 |
| Amortization of intangible assets related to acquisition transactions: | | |
| Cost of Revenues | 1,572 | 2,180 |
| Selling and marketing | 229 | 234 |
| | 1,801 | 2,414 |

GILAT SATELLITE NETWORKS LTD.
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 U.S. dollars in thousands (except per share data)

| | Three months ended | |
|---|--------------------|-----------|
| | March 31, | |
| | 2012 | 2011 |
| | Unaudited | Unaudited |
| Revenues | 76,607 | 80,027 |
| Cost of revenues | 52,318 | 50,967 |
| Gross profit | 24,289 | 29,060 |
| Research and development expenses: | | |
| Expenses incurred | 8,220 | 8,867 |
| Less - grants | 457 | 471 |
| | 7,763 | 8,396 |
| Selling and marketing expenses | 11,154 | 11,073 |
| General and administrative expenses | 7,952 | 8,656 |
| Costs related to acquisition transactions | - | 156 |
| Operating income (loss) | (2,580) | 779 |
| Financial expenses, net | (458) | (676) |
| Other income | - | 949 |
| Income (loss) before taxes on income | (3,038) | 1,052 |
| Taxes on income | 23 | 612 |
| Net income (loss) | (3,061) | 440 |
| Basic net earnings (loss) per share | (0.07) | 0.01 |
| Diluted net earnings (loss) per share | (0.07) | 0.01 |
| Weighted average number of shares used in computing net earnings (loss) per share | | |
| Basic | 41,230 | 40,746 |
| Diluted | 41,230 | 42,136 |

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

| | Three months ended March 31, | |
|---|---------------------------------|-----------|
| | 2012 | 2011 |
| | Unaudited | Unaudited |
| Cash flows from operating activities: | | |
| Net income (loss) | (3,061) | 440 |
| Adjustments required to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 5,038 | 6,572 |
| Stock-based compensation related to employees | 497 | 511 |
| Accrued severance pay, net | (99) | (63) |
| Accrued interest and exchange rate differences on short and long-term restricted cash, net | (247) | (20) |
| Exchange rate differences on long-term loans | 160 | 402 |
| Capital loss from disposal of property and equipment | (6) | 25 |
| Deferred income taxes | (178) | 455 |
| Decrease (increase) in trade receivables, net | (7,925) | 825 |
| Decrease (increase) in other assets (including short-term, long-term and deferred charges) | 270 | (12,227) |
| Increase in inventories | (3,264) | (1,169) |
| Increase (decrease) in trade payables | (2,186) | 870 |
| Increase (decrease) in accrued expenses | (3,906) | 312 |
| Increase (decrease) in advances from customer, held by trustees, net | 5,655 | (1,004) |
| Increase in other accounts payable and other long term liabilities | 962 | 2,341 |
| Net cash used in operating activities | (8,290) | (1,730) |

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

| | Three months ended March 31, | |
|--|---------------------------------|-----------|
| | 2012 | 2011 |
| | Unaudited | Unaudited |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (1,035) | (1,876) |
| Investment in restricted cash held by trustees | (13,238) | - |
| Proceeds from restricted cash held by trustees | 4,059 | 1,016 |
| Investment in restricted cash (including long-term) | (5,749) | (11,076) |
| Proceeds from restricted cash (including long-term) | 8,128 | 6,868 |
| Purchase of intangible asset | (9) | (13) |
| Net cash used in investing activities | (7,844) | (5,081) |
| Cash flows from financing activities: | | |
| Issuance of restricted stock units and exercise of stock options | 6 | 6 |
| Short-term bank credit, net | (417) | (942) |
| Repayment of long-term loans | (4,248) | (274) |
| Net cash used in financing activities | (4,659) | (1,210) |
| Effect of exchange rate changes on cash and cash equivalents | 131 | 32 |
| Decrease in cash and cash equivalents | (20,662) | (7,989) |
| Cash and cash equivalents at the beginning of the period | 56,231 | 57,238 |
| Cash and cash equivalents at the end of the period | 35,569 | 49,249 |

GILAT SATELLITE NETWORKS LTD.
CONDENSED EBITDA
US dollars in thousands

| | Three months ended March 31, | |
|--|---------------------------------|-----------|
| | 2012 | 2011 |
| | Unaudited | Unaudited |
| Operating income (loss) | (2,580) | 779 |
| Add: | | |
| Non-cash stock-based compensation expenses | 497 | 511 |
| Costs related to acquisition transactions | - | 156 |
| Depreciation and amortization | 5,038 | 6,572 |
| EBITDA | 2,955 | 8,018 |
