

GILAT SATELLITE NETWORKS LTD

Form 6-K

February 22, 2010

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 February 2010

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

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Attached hereto is Registrant's press release dated February 16, 2010, announcing Registrant's financial results for the quarter ending December 31, 2010.

This report on Form 6-K is being incorporated by reference into the Registration Statement on Form F-3 (Registration No. 333-160683) and the Registration Statements on Form S-8 (Registration Nos. 333- 158476, 333-96630, 333-132649, 333-123410, 333-113932, 333-08826, 333-10092, 333-12466 and 333-12988).

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 February 22, 2010

By: /s/ Rachel Prishkolnik
Rachel Prishkolnik
Corporate Secretary

Gilat Announces Results for the Fourth Quarter and Year Ended December 31, 2009

Petah Tikva, Israel, February 16, 2010 –Gilat Satellite Networks Ltd. (Nasdaq: GILT), a worldwide leader in satellite networking technology, solutions and services, today reported its results for the fourth quarter and year ended December 31, 2009.

Revenues for the fourth quarter of 2009 were \$56.6million, compared to \$66.1 million for the same period in 2008. Net income for the fourth quarter of 2009 was \$0.3 million or \$0.01 per diluted share, compared to a net loss of \$6.5 million or \$0.16 per diluted share in the fourth quarter of 2008.

Revenues for the twelve month period ended December 31, 2009 were \$228.1 million, compared to \$267.5 million in the comparable period of 2008. Net income for the twelve month period ended December 31, 2009 was \$1.9 million or \$0.04 per diluted share, compared to a net loss of \$1.1 million or \$0.03 per diluted share, in the same period of 2008.

Gilat's Chief Executive Officer and Chairman of the Board Amiram Levinberg, said,

"While 2009 was characterized by a lower level of revenues, we were able to offset the reduction by implementing expense cuts which helped us improve profitability. Strong bookings in the fourth quarter enabled us to finish the year with a healthy backlog. We look at 2010 with cautious optimism: Our strong product line will support us in strengthening our market position. In addition, we are making inroads in important new markets and in 2010 we have budget expenditures for our entry into the government defense market which we believe will allow us to achieve growth in future years."

Recent Announcements:

-- Costa Rica's national telecommunications operator, Instituto Costarricense de Electricidad (ICE) will provide broadband services to approximately 1,000 new sites through Gilat's VSAT platforms. This includes an expansion of ICE's SkyEdge network as part of its Universal Service Obligation, in addition to a new SkyEdge II network to serve the country's corporate sector.

-- The Ministry of Communications in Colombia extended and amended the agreements for the provision of services under the Rural Communitarian Telephony (Compartel II) and Telecentros projects for an additional one-year term, through December 2010.

-- Gilat's SkyEdge II DVB-RCS VSAT has received the SatLabs Group Certificate of Compliance. Gilat is the first vendor to receive the latest version 1.3 certification, which comprises an enhanced feature set, including DVB-S2 at the forward channel, as well as advanced Quality of Service for interactive prioritization of voice, video and data.

-- Gilat's Spacenet Inc. subsidiary has been selected to provide its Prysm Pro network appliance, which enables a fully PCI compliant managed network services solution, to over 7,000 Regis Corporation North American locations.

-- Gilat was chosen by STL Ghana to provide a SkyEdge II broadband satellite network that will serve its customers throughout West Africa. The network, comprising two SkyEdge II hub stations and close to 1,000 VSATs, will be used to serve the complex networking requirements of West African enterprises, health care organizations and financial services firms.

-- Gilat is providing a SkyEdge II broadband satellite communications network covering more than 3,500 rural sites nationwide to Telefónica del Peru. The new network is part of a Universal Service Obligation to deliver broadband Internet services to remote areas of Peru.

Conference Call & Webcast

Gilat will host a conference call today at 9:30 AM Eastern Time. In order to ensure audio access, participants from the U.S. should dial in at (888) 668-9141 and international participants should dial in at (972) 3-918-0609. The presentation may also be accessed via Webcast through the Company's website at www.gilat.com prior to the call. A replay of the call will be available beginning at approximately 12:00 PM Eastern Time, February 16, 2010 until February 18, 2010 at 12:00 PM.

To listen to the replay, U.S. participants should call (888) 269-0005 and international participants should call (972) 3-925-5921. The call will also be available for replay as a Webcast on the Company's website at www.gilat.com and will be archived for 30 days.

About Gilat Satellite Networks Ltd.

Gilat Satellite Networks Ltd. is a leading provider of products and services for satellite-based communications networks. The Company operates under three business units: (i) Gilat Network Systems, a provider of network systems and associated professional services to service providers and operators worldwide; (ii) Spacenet Inc., a provider of managed services in North America to the business and government segments; and (iii) Spacenet Rural Communications, a provider of rural telephony and Internet access solutions to remote areas primarily in Latin America.

Gilat was founded in 1987 and has shipped over 750,000 Very Small Aperture Terminals (VSATs) to more than 85 countries across six continents. Gilat's headquarters is located in Petah Tikva, Israel. The Company has 16 sales and service offices worldwide. Gilat markets a full line of high-performance VSATs under the SkyEdge™ and SkyEdge II Product Family.

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.

Notes:

(1) The attached summary financial statements were prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP). The attached summary financial statements for the three and twelve months ending December 31, 2009 are unaudited. To supplement the consolidated financial statements presented in accordance with GAAP, the Company presents Gilat's net income, EBITDA and earnings per diluted share, before the impact of a non-cash share-based payment charge, which is the non-cash stock option expense as per SFAS 123 (R). 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 and non cash stock option expenses as per SFAS 123(R) ('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.

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

| | December 31, 2009 Unaudited | December 31, 2008 |
|---|--------------------------------------|-------------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | 122,672 | 73,916 |
| Short-term bank deposits and held-to-maturity marketable securities | 31,729 | 63,033 |
| Short-term restricted cash | 1,782 | 8,581 |
| Restricted cash held by trustees | 2,137 | 24,169 |
| Trade receivables, net | 45,597 | 59,038 |
| Inventories | 13,711 | 20,719 |
| Other current assets | 19,068 | 22,036 |
| Total current assets | 236,696 | 271,492 |
| LONG-TERM INVESTMENTS AND RECEIVABLES: | | |
| Long-term restricted cash | 4,896 | 5,692 |
| Severance pay fund | 9,912 | 11,085 |
| Long-term trade receivables, receivables in respect of capital leases and other receivables | 2,204 | 8,937 |
| Total long-term investments and receivables | 17,012 | 25,714 |
| PROPERTY AND EQUIPMENT, NET | 100,532 | 109,369 |
| INTANGIBLE ASSETS AND DEFERRED CHARGES, NET | 2,988 | 4,064 |
| TOTAL ASSETS | 357,228 | 410,639 |

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

| | December 31, 2009 | December 31, 2008 |
|---|-------------------------|-------------------------|
| | Unaudited | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Short-term bank credit | - | 6,500 |
| Current maturities of long-term loans and convertible notes | 5,220 | 4,346 |
| Trade payables | 16,838 | 23,317 |
| Accrued expenses | 20,067 | 25,761 |
| Short-term advances from customer, held by trustees | 2,137 | 24,169 |
| Other current liabilities | 28,154 | 34,593 |
| Total current liabilities | 72,416 | 118,686 |
| LONG-TERM LIABILITIES: | | |
| Accrued severance pay | 10,011 | 12,297 |
| Long-term loans, net | 9,830 | 14,003 |
| Accrued interest related to restructured debt | 1,176 | 1,838 |
| Convertible subordinated notes | 15,220 | 16,315 |
| Other long-term liabilities | 16,280 | 17,276 |
| Total long-term liabilities | 52,517 | 61,729 |
| COMMITMENTS AND CONTINGENCIES | | |
| SHAREHOLDERS' EQUITY: | | |
| Share capital - ordinary shares of NIS 0.2 par value | 1,832 | 1,821 |
| Additional paid in capital | 863,337 | 862,390 |
| Accumulated other comprehensive income | 1,341 | 2,106 |
| Accumulated deficit | (634,215) | (636,093) |
| Total shareholders' equity | 232,295 | 230,224 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 357,228 | 410,639 |

GILAT SATELLITE NETWORKS LTD.
 CONDENSED CONSOLIDATED STATEMENTS OF
 OPERATIONS

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

| | Year ended December 31, | | Three months ended December 31, | |
|--|----------------------------|----------|------------------------------------|-------------------|
| | 2009 Unaudited | 2008 | 2009 Unaudited | 2008 Unaudited |
| Revenues | 228,059 | 267,526 | 56,590 | 66,101 |
| Cost of revenues | 157,628 | 181,574 | 37,788 | 45,817 |
| Gross profit | 70,431 | 85,952 | 18,802 | 20,284 |
| Research and development expenses: | | | | |
| Expenses incurred | 16,281 | 18,702 | 4,016 | 5,409 |
| Less - grants | 2,311 | 1,760 | 591 | 380 |
| | 13,970 | 16,942 | 3,425 | 5,029 |
| Selling, marketing, general and administrative expenses | 57,125 | 65,602 | 15,216 | 17,032 |
| Impairment of long lived assets and other charges | - | 5,020 | - | 5,020 |
| Operating income (loss) | (664) | (1,612) | 161 | (6,797) |
| Financial income (expenses), net | 1,050 | 1,300 | 391 | (961) |
| Expenses related to aborted merger transaction | - | (2,350) | - | (378) |
| Other income | 2,396 | 2,983 | - | 1,801 |
| Income (loss) before taxes on income | 2,782 | 321 | 552 | (6,335) |
| Taxes on income | 904 | 1,445 | 203 | 123 |
| Net income (loss) | 1,878 | (1,124) | 349 | (6,458) |
| Basic net earnings (loss) per share | 0.05 | (0.03) | 0.01 | (0.16) |
| Diluted net earnings (loss) per share | 0.04 | (0.03) | 0.01 | (0.16) |
| Weighted average number of shares used in computing net earnings (loss) per share | | | | |
| Basic | 40,159 | 39,901 | 40,245 | 40,049 |
| Diluted | 41,474 | 39,901 | 41,664 | 40,049 |

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)

| | Year ended December 31, | | Three months ended December 31, | |
|---|----------------------------|-------------------|------------------------------------|-------------------|
| | 2009 Unaudited | 2008 Unaudited | 2009 Unaudited | 2008 Unaudited |
| GAAP operating income (loss) | (664) | (1,612) | 161 | (6,797) |
| Impairment of long lived assets and other charges | - | 5,020 | - | 5,020 |
| Non-cash stock-based compensation expenses (1) | 937 | 692 | 263 | 174 |
| Non-GAAP operating income (loss) | 273 | 4,100 | 424 | (1,603) |
| GAAP net income (loss) | 1,878 | (1,124) | 349 | (6,458) |
| Impairment of long lived assets and other charges | - | 5,020 | - | 5,020 |
| Non-cash stock-based compensation expenses (1) | 937 | 692 | 263 | 174 |
| Non-GAAP net income (loss) | 2,815 | 4,588 | 612 | (1,264) |
| GAAP Earnings (loss) per share (diluted) | 0.04 | (0.03) | 0.01 | (0.16) |
| Impairment of long lived assets and other charges | - | 0.12 | - | 0.13 |
| Non-cash stock-based compensation expenses (1) | 0.02 | 0.02 | 0.00 | 0.00 |
| Non-GAAP Earnings (loss) per share (diluted) | 0.06 | 0.11 | 0.01 | (0.03) |
| (1) | | | | |
| Non-cash stock-based compensation expenses: | | | | |
| Cost of Revenues | 173 | 51 | 53 | 30 |
| Research and development | 80 | 9 | 24 | 8 |
| Selling, general, marketing and administrative | 684 | 632 | 186 | 136 |
| | 937 | 692 | 263 | 174 |

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

| | Year ended | | Three months ended | |
|--|--------------|-----------|--------------------|-----------|
| | December 31, | | December 31, | |
| | 2009 | 2008 | 2009 | 2008 |
| | Unaudited | | Unaudited | Unaudited |
| Cash flows from operating activities: | | | | |
| Net income (loss) | 1,878 | (1,124) | 349 | (6,458) |
| Adjustments required to reconcile net income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation and amortization | 14,509 | 13,132 | 3,645 | 3,507 |
| Impairment of long lived asstes and other charges | - | 5,020 | - | 5,020 |
| Gain from redemption of convertible notes | (78) | - | (56) | - |
| Gain from the sale of an investment accounted for at cost | (2,597) | - | - | - |
| Stock-based compensation related to employees | 937 | 692 | 263 | 174 |
| Accrued severance pay, net | (1,113) | 1,324 | (298) | 936 |
| Accrued interest and exchange rate differences on short and long-term restricted cash, net | 256 | (189) | 103 | 15 |
| Accrued interest and exchange rate differences on held-to-maturity marketable securities and short term bank deposits, net | (349) | (1,778) | (17) | (1) |
| Exchange rate differences on long-term loans | 212 | (348) | (108) | (314) |
| Exchange rate differences on loans to employees | (5) | 28 | (1) | 7 |
| Capital loss from disposal of property and equipment | 163 | 89 | 26 | 38 |
| Deferred income taxes | 992 | (265) | 669 | (45) |
| Decrease (increase) in trade receivables, net | 14,294 | (15,979) | 1,206 | (4,351) |
| Decrease (increase) in other assets (including short-term, long-term and deferred charges) | 6,530 | (4,336) | (860) | (2,196) |
| Decrease in inventories | 8,995 | 36 | 1,676 | 1,128 |
| Increase (decrease) in trade payables | (6,855) | (3,185) | 4,542 | 4,478 |
| Increase (decrease) in accrued expenses | (6,034) | 3,640 | (3,549) | (364) |
| Increase (decrease) in advances from customer, held by trustees, net | (22,032) | 176 | (3,274) | (28) |
| Increase (decrease) in other accounts payable and other long term liabilities | (9,909) | (16,553) | 1,530 | (1,558) |
| Net cash provided by (used in) operating activities | (206) | (19,620) | 5,846 | (12) |

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

| | Year ended December 31, | | Three months ended December 31, | |
|---|----------------------------|------------|------------------------------------|-------------------|
| | 2009 Unaudited | 2008 | 2009 Unaudited | 2008 Unaudited |
| Cash flows from investing activities: | | | | |
| Purchase of property and equipment | (4,485) | (13,799) | (1,544) | (5,071) |
| Proceeds from sale of an investment accounted for at cost | 2,597 | 1,801 | - | 1,801 |
| Other investments | - | (195) | - | - |
| Purchase of held-to-maturity marketable securities and deposits | (130,961) | (143,572) | (31,691) | (43,197) |
| Proceeds from held-to-maturity marketable securities and deposits | 162,615 | 127,895 | 25,193 | 9,767 |
| Proceeds from sale of property and equipment | - | 426 | - | - |
| Loans to employees, net | 39 | 2,798 | 4 | 6 |
| Investment in restricted cash held by trustees | (3,056) | - | (3,056) | - |
| Proceeds from restricted cash held by trustees | 24,834 | - | 6,225 | - |
| Investment in restricted cash (including long-term) | (90) | (1,630) | (3) | (1,028) |
| Proceeds from restricted cash (including long-term) | 7,696 | 769 | 6,667 | 598 |
| Net cash provided by (used in) investing activities | 59,189 | (25,507) | 1,795 | (37,124) |
| Cash flows from financing activities: | | | | |
| Early redemption of convertible notes | (170) | - | (125) | - |
| Exercise of stock options and restricted stock units | 11 | 2,516 | 2 | - |
| Short-term bank credit, net | (6,500) | 678 | (6,500) | 1,000 |
| Repayment of long-term loans | (4,350) | (5,362) | (91) | (1,084) |
| Net cash used in financing activities | (11,009) | (2,168) | (6,714) | (84) |
| Effect of exchange rate changes on cash and cash equivalents | 782 | (1,596) | 50 | (1,162) |
| Increas (decrease) in cash and cash equivalents | 48,756 | (48,891) | 977 | (38,382) |
| Cash and cash equivalents at the beginning of the period | 73,916 | 122,807 | 121,695 | 112,298 |
| Cash and cash equivalents at the end of the period | 122,672 | 73,916 | 122,672 | 73,916 |

GILAT SATELLITE NETWORKS LTD.

CONDENSED EBITDA

US dollars in thousands

| | Year ended | | Three months ended | |
|---|--------------|-----------|--------------------|-----------|
| | December 31, | | December 31, | |
| | 2009 | 2008 | 2009 | 2008 |
| | Unaudited | Unaudited | Unaudited | Unaudited |
| Operating income (loss) | (664) | (1,612) | 161 | (6,797) |
| Add: | | | | |
| Non-cash stock-based compensation exepnses | 937 | 692 | 263 | 174 |
| Deprecation and amortization | 14,509 | 13,132 | 3,645 | 3,507 |
| Impairment of long lived assets and other charges | - | 5,020 | - | 5,020 |
| EBITDA | 14,782 | 17,232 | 4,069 | 1,904 |