

GILAT SATELLITE NETWORKS LTD
Form 6-K
March 05, 2007

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 March 2007

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 13, 2007, filed on form 6-K on the same date, announcing its results for the quarter ending December 31, 2006. This filing includes the financial results which were inadvertently omitted in the Company's original filing of February 13, 2007.

This report on Form 6-K is being incorporated by reference into the Registration Statements on Form S-8 (Registration Nos. 333-132649, 333-123410, 333-113932, 333-08826, 333-10092, 333-12466 and 333-12988) and Form F-3 (Registration No. 333-138856).

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)

By: /s/ Rachel Prishkolnik

Rachel Prishkolnik
Corporate Secretary

Dated: March 4, 2007

**Gilat Reports Fifth Consecutive Quarter
of Improved Financial Results in Q4 2006**

Petah Tikva, Israel, February 13, 2007 Gilat Satellite Networks Ltd. (Nasdaq: GILT), a worldwide leader in satellite networking technology, solutions and services, today reported its results for the quarter ending December 31, 2006.

Highlights for the Quarter:

Revenues increased to \$65.4 million, representing a 17% year-over-year growth
Net income increased to \$4.5 million, from \$1.0 million in 4Q 2005
Shareholders' equity increased by \$45.3 million to \$212.1 million

Revenues for the fourth quarter of 2006 were \$65.4 million, up from \$56.0 million in the same period of 2005. Net income for the fourth quarter of 2006 was \$4.5 million or \$0.12 per diluted share, compared to a net income of \$1.0 million or \$0.04 per diluted share in the fourth quarter of 2005. Non-GAAP net income (1) for the fourth quarter of 2006 was \$5.1 million, or \$0.14 per diluted share, versus a net income of \$1.0 million or \$0.04 per diluted share in the same quarter of 2005. EBITDA (2) for the fourth quarter of 2006 was \$10.0 million, increased from \$6.6 million in the comparable period of 2005.

Revenues for the twelve month period ended December 31, 2006 were \$248.7 million, up from \$209.4 million in the comparable period of 2005. Net income for the twelve month period ended December 31, 2006 was \$10.5 million or \$0.38 per diluted share, compared to a net loss of \$3.7 million or \$0.17 per diluted share in the same period of 2005. Non-GAAP net income for the twelve month period ended December 31, 2006 was \$14.2 million, or \$0.51 per diluted share, versus a net loss of \$3.7 million or \$0.17 per diluted share in the comparable period of 2005. EBITDA for the twelve month period ended December 31, 2006 was \$37.9 million, increased from \$20.5 million in the comparable period of 2005.

Non-GAAP net income, earnings per share and EBITDA for the three and twelve month periods ended December 31, 2006 exclude non cash stock option expenses in an amount of \$0.6 million and \$3.8 million respectively, which are not included in the comparable periods of 2005.

Gilat's Chief Executive Officer and Chairman of the Board Amiram Levinberg said, We concluded a strong year on both the financial and business fronts. This is our fifth consecutive quarter of improved financial results. We've successfully entered the business continuity market in the US. Internationally, we expanded across the communication value chain by winning significant turnkey projects such as: Telefonica Brazil, Russia Post, and Angola Telecom. We also enhanced our offering to include cellular backhaul solutions.

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We see growth opportunities in our existing markets driven mainly by universal service projects in emerging markets and business continuity in developed countries. In 2007, we plan to enter into new government segments and add broadband wireless access solutions to our product portfolio.

Recent Announcements

Gilat's SkyAbis CDMA2000 will provide the satellite backhaul for the network of a leading African telecommunications operator. The operator plans to install more than 150,000 fixed phone lines overall, based on a variety of backhaul technologies.

Telekom Serbia, the incumbent telecom carrier in Serbia, will deploy Gilat's SkyEdge broadband satellite hub and several hundred VSATs to serve its residential and corporate customers. To meet its Universal Service Obligation (USO) requirements, Telekom Serbia will deploy SkyEdge VSATs at remote community centers throughout Serbia to provide citizens with reliable telephony, fax and broadband Internet access.

Gilat completes public offering of its shares at a share price of \$8.50. 5,016,667 shares were sold by Gilat and 3,033,333 shares were sold by a selling shareholder, including an over-allotment which was exercised in full. Gross proceeds from the offering totaled approximately \$68 million, and net proceeds to Gilat from the offering were approximately \$40 million.

Gilat has been selected to provide a network of 8,800 SkyEdge VSATs to support the middle-school phase of the Mexican Ministry of Education's (SEP) Enciclomedia program.

Gilat's Spacenet Inc. subsidiary, signed a five-year enterprise networking services contract extension with Sunoco, a leading manufacturer and marketer of petroleum and petrochemical products. As part of the agreement, Spacenet is providing upgraded satellite networking and managed services at approximately 900 company-owned retail stores across the United States.

About Gilat Satellite Networks Ltd.

Gilat Satellite Networks Ltd. (Nasdaq: GILT) is a leading provider of products and services for satellite-based communications networks. The Company operates under three business units: (i) Gilat Network Systems (GNS), which is a provider of network systems and associated professional services to service providers and operators worldwide; (ii) Spacenet Inc., which provides managed services in North America for businesses and governments through its Connexstar service brand and for consumers through its StarBand service brand; (iii) Spacenet Rural Communications, which offers rural telephony and Internet access solutions to remote areas primarily in Latin America.

Gilat was founded in 1987 and has shipped over 600,000 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 14 local offices and three service facilities worldwide. Gilat markets the SkyEdge Product Family which includes the SkyEdge Pro, SkyEdge IP, SkyEdge Call, SkyEdge DVB-RCS and SkyEdge Gateway. In addition, the Company markets numerous other legacy products. Visit Gilat at www.gilat.com.

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Safe Harbor:

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. GAAP. The attached summary financial statements for Q4 2006 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 share-based payment charge, which is the non-cash stock option expense as per SFAS 123 (R). This non-GAAP presentation of net income, EBITDA and earnings per share is provided to enhance the understanding of the Company's historical financial performance and comparability between periods.

(2) Operating income (loss) before depreciation, amortization, non cash stock option expenses as per SFAS 123(R) and exceptional items, (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 (loss) or net income (loss) 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 (loss) and EBITDA is presented in the attached summary financial statements.

Gilat IR

Ayelet Shaked

Director of IR, Gilat Satellite Networks Ltd.

Tel: +972 2 925 2598

avelets@gilat.com

Investor Contact: USA

Andrea Priest

The Global Consulting Group (GCG)

Tel: +1 (646) 284 9425

apriest@hfcg.com

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

| | <u>December 31,</u> <u>2006</u> | <u>December 31,</u> <u>2005</u> |
|---------------------------|------------------------------------|------------------------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | 149,545 | 74,929 |
| Short-term bank deposits | - | 3,301 |

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| | <u>December 31,</u> | <u>December 31,</u> |
|------------------------------------------------------------------------------------------------|---------------------|---------------------|
| Short-term restricted cash | 5,137 | 15,844 |
| Restricted cash held by trustees | 7,113 | 6,638 |
| Trade receivables (net of allowance for doubtful accounts) | 29,612 | 33,683 |
| Inventories | 26,368 | 23,253 |
| Other current assets | 40,428 | 27,215 |
| | <u> </u> | <u> </u> |
| <u>Total current assets</u> | 258,203 | 184,863 |
| | <u> </u> | <u> </u> |
| LONG-TERM INVESTMENTS AND RECEIVABLES: | | |
| Long-term restricted cash | 6,337 | 6,699 |
| Long-term restricted cash held by trustees | 15,646 | 13,692 |
| Severance pay fund | 10,534 | 8,467 |
| Long-term trade receivables, receivables in respect of capital leases and other receivables | 19,241 | 22,757 |
| | <u> </u> | <u> </u> |
| | 51,758 | 51,615 |
| | <u> </u> | <u> </u> |
| PROPERTY AND EQUIPMENT, NET | 121,366 | 124,245 |
| | <u> </u> | <u> </u> |
| INTANGIBLE ASSETS AND DEFERRED CHARGES, NET | 8,887 | 12,254 |
| | <u> </u> | <u> </u> |
| <u>TOTAL ASSETS</u> | 440,214 | 372,977 |
| | <u> </u> | <u> </u> |

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

| | <u>December 31,</u> | <u>December 31,</u> |
|----------------------------------------------------------|---------------------|---------------------|
| | <u>2006</u> | <u>2005</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Short-term bank credit | 1,200 | 8,172 |
| Current maturities of long-term loans | 6,537 | 7,712 |
| Trade payables | 21,258 | 24,180 |
| Accrued expenses | 21,400 | 22,418 |
| Short-term advances from customer held by trustees | 15,045 | 15,502 |
| Other accounts payable | 72,129 | 36,672 |
| | <u> </u> | <u> </u> |
| <u>Total current liabilities</u> | 137,569 | 114,656 |
| | <u> </u> | <u> </u> |
| LONG-TERM LIABILITIES: | | |
| Accrued severance pay | 10,640 | 8,396 |
| Long-term advances from customer held by trustees | 16,863 | 27,835 |
| Long-term loans, net | 22,318 | 29,143 |
| Long-term convertible loan from a related party, net | - | 66,602 |
| Accrued interest related to restructured debt | 3,147 | 3,850 |
| Other long-term liabilities | 21,285 | 20,664 |
| Convertible subordinated notes | 16,333 | 16,333 |
| | <u> </u> | <u> </u> |
| <u>Total long-term liabilities</u> | 90,586 | 172,823 |
| | <u> </u> | <u> </u> |
| COMMITMENTS AND CONTINGENCIES | | |
| SHAREHOLDERS' EQUITY: | | |
| Share capital - Ordinary shares of NIS 0.2 par value | 1,757 | 995 |
| Additional paid in capital | 853,350 | 738,724 |
| Accumulated other comprehensive income | 702 | 16 |
| Accumulated deficit | (643,750) | (654,237) |
| | <u> </u> | <u> </u> |
| <u>Total shareholders' equity</u> | 212,059 | 85,498 |
| | <u> </u> | <u> </u> |
| <u>Total liabilities and shareholders' equity</u> | 440,214 | 372,977 |
| | <u> </u> | <u> </u> |

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, | |
|------------------------------------------------------------------------------------------|----------------------------|----------------|------------------------------------|---------------|
| | 2006 | 2005 | 2006 | 2005 |
| | | | Unaudited | Unaudited |
| Revenues | 248,710 | 209,395 | 65,356 | 55,958 |
| Cost of Revenues | 158,345 | 133,219 | 41,227 | 34,665 |
| Gross profit | 90,365 | 76,176 | 24,129 | 21,293 |
| Research and development expenses: | | | | |
| Expenses incurred | 15,687 | 16,944 | 4,405 | 3,905 |
| Less - grants | 2,045 | 2,950 | 718 | 364 |
| | 13,642 | 13,994 | 3,687 | 3,541 |
| Selling and marketing, general and administrative expenses | 63,275 | 60,794 | 16,117 | 15,601 |
| Operating income | 13,448 | 1,388 | 4,325 | 2,151 |
| Financial income (expenses) - net | (742) | (2,677) | 812 | (821) |
| Other income | 138 | 299 | 78 | 159 |
| Income (loss) before taxes on income | 12,844 | (990) | 5,215 | 1,489 |
| Taxes on income | 2,357 | 3,126 | 735 | 473 |
| Income (loss) after taxes on income | 10,487 | (4,116) | 4,480 | 1,016 |
| Equity in earnings of affiliated companies | - | 400 | - | - |
| Net income (loss) | 10,487 | (3,716) | 4,480 | 1,016 |
| Basic net earnings (loss) per share | 0.41 | (0.17) | 0.13 | 0.05 |
| Diluted net earnings (loss) per share | 0.38 | (0.17) | 0.12 | 0.04 |
| Weighted average number of shares used in computing net earnings (loss) per share | | | | |
| Basic | 25,799 | 22,440 | 34,376 | 22,555 |
| Diluted | 27,520 | 22,440 | 36,756 | 23,645 |

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

| | Year ended 31-Dec-06 | | | Three months ended 31-Dec-06 | | |
|-----------------------------------------------------------------------------------|-------------------------|----------------------------|---------------|------------------------------------|----------------------------|---------------|
| | GAAP | Adjustments ⁽¹⁾ | Non-GAAP | GAAP | Adjustments ⁽¹⁾ | Non-GAAP |
| | | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited |
| Revenues | 248,710 | - | 248,710 | 65,356 | - | 65,356 |
| Cost of Revenues | 158,345 | (148) | 158,197 | 41,227 | (13) | 41,214 |
| Gross profit | 90,365 | 148 | 90,513 | 24,129 | 13 | 24,142 |
| Research and development expenses: | | | | | | |
| Expenses incurred | 15,687 | (131) | 15,556 | 4,405 | (13) | 4,392 |
| Less - grants | 2,045 | - | 2,045 | 718 | - | 718 |
| | 13,642 | (131) | 13,511 | 3,687 | (13) | 3,674 |
| Selling and marketing, general and administrative expenses | 63,275 | (3,474) | 59,801 | 16,117 | (544) | 15,573 |
| Operating income | 13,448 | 3,753 | 17,201 | 4,325 | 570 | 4,895 |
| Financial income (expenses) - net | (742) | - | (742) | 812 | - | 812 |
| Other income | 138 | - | 138 | 78 | - | 78 |
| Income before taxes on income | 12,844 | 3,753 | 16,597 | 5,215 | 570 | 5,785 |
| Taxes on income | 2,357 | - | 2,357 | 735 | - | 735 |
| Net income | 10,487 | 3,753 | 14,240 | 4,480 | 570 | 5,050 |
| Basic net earnings per share | 0.41 | | 0.55 | 0.13 | | 0.15 |
| Diluted net earnings per share | 0.38 | | 0.51 | 0.12 | | 0.14 |
| Weighted average number of shares used in computing net earnings per share | | | | | | |
| Basic | 25,799 | | 25,799 | 34,376 | | 34,376 |
| Diluted | 27,520 | | 27,803 | 36,756 | | 36,954 |

(1) Adjustments reflect the effect of non-cash stock options expenses as per SFAS123(R).

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

| | Year ended December 31, | | Three months ended December 31, | |
|--------------------------------------------------------------------------------------------------------------|----------------------------|--------------|------------------------------------|--------------|
| | 2006 | 2005 | 2006 | 2005 |
| | | | Unaudited | Unaudited |
| Cash flows from operating activities: | | | | |
| Net income (loss) | 10,487 | (3,716) | 4,480 | 1,016 |
| Adjustments required to reconcile net income (loss) to net cash provided by operating activities: | | | | |
| Depreciation and amortization | 20,728 | 19,116 | 5,119 | 4,464 |
| Loss from deconsolidation of subsidiaries | - | 171 | - | - |
| Gain from disposal of a subsidiary | (137) | (397) | (77) | (200) |
| Share-based compensation related expenses | 3,753 | 137 | 570 | (201) |
| Accrued severance pay, net | 177 | (309) | (290) | (99) |
| Accretion of discount | 504 | - | - | - |
| Equity in earnings of an affiliated company | - | (400) | - | - |
| Interest accrued on short and long-term restricted cash | (896) | (490) | (310) | (106) |
| Exchange rate differences on long-term loans | 705 | (973) | 198 | (127) |
| Exchange rate differences on loans to employees | (223) | 213 | 17 | (11) |
| Capital loss from disposal of property and equipment | 57 | 315 | 5 | 15 |
| Deferred income taxes, net | (1,131) | (473) | (596) | (224) |
| Decrease (increase) in trade receivables, net | 4,120 | (2,440) | 5,248 | (2,424) |
| Decrease (increase) in other assets (including short-term, long-term and deferred charges) | (6,258) | 6,711 | (4,461) | 2,519 |
| Decrease (increase) in inventories | (11,846) | (5,188) | 3,382 | (5,602) |
| Increase (decrease) in trade payables | (3,000) | 2,941 | (5,080) | 5,099 |
| Increase (decrease) in accrued expenses | (1,049) | (4,652) | 599 | 1,794 |
| Increase (decrease) in other accounts payable (including long-term) | 33,400 | 3,509 | (1,148) | 6,589 |
| Decrease in advances from customer held by trustees, net (including long-term) | (11,430) | (10,388) | (3,761) | (2,556) |
| Net cash provided by operating activities | 37,961 | 3,687 | 3,895 | 9,946 |

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

| | Year ended December 31, | | Three months ended December 31, | |
|------------------------------------------------------------------|----------------------------|----------------|------------------------------------|----------------|
| | 2006 | 2005 | 2006 | 2005 |
| | | | Unaudited | Unaudited |
| Cash flows from investing activities: | | | | |
| Proceeds from short-term bank deposits | 3,300 | - | - | - |
| Investment in short-term bank deposits | - | (3,301) | - | (3,301) |
| Investment in restricted cash held by trustees | (3,520) | (3,305) | - | (1,060) |
| Proceeds from restricted cash held by trustees | 1,987 | 13,078 | 508 | 5,157 |
| Investment in restricted cash (including long-term) | (5,191) | (13,759) | (1,900) | (1,120) |
| Proceeds from restricted cash (including long-term) | 16,263 | 13,007 | 1,667 | 5,583 |
| Return of investment | - | 388 | - | - |
| Investment in other assets | (6) | (40) | - | 53 |
| Loans to employees, net | 284 | (3,606) | 12 | 75 |
| Disposal of subsidiary consolidated in previous period | - | (181) | - | - |
| Purchase of property and equipment | (6,519) | (3,605) | (2,028) | (679) |
| Proceeds from sale of property and equipment | 1,577 | 34 | - | 26 |
| | | | | |
| Net cash provided by (used in) investing activities | 8,175 | (1,290) | (1,741) | 4,734 |
| Cash flows from financing activities: | | | | |
| Exercise of options, net | 3,634 | 1,218 | 286 | 8 |
| Issuance of shares, net of issuance expenses | 40,210 | - | 40,210 | - |
| Short-term bank credit, net | (6,972) | 4,013 | 1,200 | (3,264) |
| Repayment of long-term loans | (8,703) | (7,823) | (767) | (1,007) |
| Repayment of long-term convertible loan | - | (1,000) | - | - |
| | | | | |
| Net cash provided by (used in) financing activities | 28,169 | (3,592) | 40,929 | (4,263) |
| | | | | |
| Effect of exchange rate differences on cash and cash equivalents | 311 | 353 | 59 | (166) |
| | | | | |
| Increase (decrease) in cash and cash equivalents | 74,616 | (842) | 43,142 | 10,251 |
| | | | | |
| Cash and cash equivalents at the beginning of the period | 74,929 | 75,771 | 106,403 | 64,678 |
| | | | | |
| Cash and cash equivalents at the end of the period | 149,545 | 74,929 | 149,545 | 74,929 |

GILAT SATELLITE NETWORKS LTD.
CONDENSED EBITDA
US dollars in thousands

| | Year ended December 31, | | Three months ended December 31, | |
|--------------------------------|----------------------------|---------------|------------------------------------|--------------|
| | 2006 | 2005 | 2006 | 2005 |
| | Unaudited | Unaudited | Unaudited | Unaudited |
| Operating income | 13,448 | 1,388 | 4,325 | 2,151 |
| Add: | | | | |
| Non-cash stock option expenses | 3,753 | | 570 | |
| Deprecation and amortization | 20,728 | 19,116 | 5,119 | 4,464 |
| EBITDA | 37,929 | 20,504 | 10,014 | 6,615 |