

GILAT SATELLITE NETWORKS LTD
Form 6-K
February 18, 2009

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 2009
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 February 17, 2009, announcing Registrant's financial results for the fourth quarter and full year ending December 31, 2008.

This report on Form 6-K is being incorporated by reference into the Registration Statements on Form S-8 (Registration Nos. 333-96630, 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)

by: /s/ Rachel Prishkolnik
Rachel Prishkolnik
Corporate Secretary

Dated: February 17, 2009

Gilat Announces Results for the Fourth Quarter and Full Year, 2008

PETAH TIKVA, Israel, Feb. 17, 2009 (GLOBE NEWSWIRE) -- Gilat Satellite Networks Ltd. (Nasdaq:GILT), a worldwide leader in satellite networking technology, solutions and services, today reported its results for the fourth quarter ending December 31, 2008.

Revenues for the fourth quarter of 2008 were \$66.1 million, compared to \$72.7 million for the same period in 2007. Net loss for the fourth quarter of 2008 was \$6.5 million or \$0.16 per diluted share, compared to a net loss of \$6.2 million or \$0.16 per diluted share in the fourth quarter of 2007. Non-GAAP net loss for the fourth quarter of 2008 was \$1.8 million, or \$0.04 per diluted share, compared to Non-GAAP net income of \$6.2 million, or \$0.15 per diluted share, in the fourth quarter of 2007.

Revenues for the twelve month period ended December 31, 2008 were \$267.5 million, compared to \$282.6 million in the comparable period of 2007. Net loss for the twelve month period ended December 31, 2008 was \$1.1 million or \$0.03 per diluted share, compared to net income of \$10.1 million or \$0.24 per diluted share in the same period of 2007. Non-GAAP net income for the twelve month period ended December 31, 2008 was \$5.2 million, or \$0.12 per diluted share, versus Non-GAAP net income of \$23.6 million, or \$0.57 per diluted share, in the comparable period of 2007.

At the end of 2008, the Company announced the successful execution of new agreements with the Ministry of Colombia, putting an end to long negotiations and clearing the way for the Company to be able to release \$24 million from its restricted cash during 2009 and 2010. The net loss in the 2008 GAAP results includes an impairment of the Company's long lived assets and other charges in an amount of \$5 million relating to these new agreements (compared to \$12.2 million recorded in 2007 relating to operations in Colombia).

For a detailed reconciliation of GAAP to non-GAAP financial information and for more information regarding Gilat's use of non-GAAP financial measures, please see the table titled "Reconciliation between GAAP and non-GAAP statements of operations" as well as the notes contained in this press release.

Gilat's Chief Executive Officer and Chairman of the Board Amiram Levinberg said, "Entering 2009, our business remains steady and the Company is in a strong financial position, situating us well for both potential acquisition opportunities and ongoing business. Our fourth quarter ended relatively on par with the previous quarter in terms of revenues and down from last year's revenues which was not unexpected in the context of the current economic environment. Our management targets for 2009 are to increase revenues while improving profitability and generating free cash flow."

Recent Announcements:

- Telecom Fiji Ltd., ("TFL") added Gilat's SkyAbis cellular backhaul solution to its satellite communications network to enhance Fiji's mobile service. The expansion followed TFL's successful deployment and operation of a Gilat SkyEdge network which provides a number of diverse services and applications in the remote Fiji islands.
- Spacenet Inc., announced that its high-performance Connexstar satellite communications services have been deployed to support Command Center Trailers for Michael Waltrip Racing, a NASCAR Sprint Cup Series and Nationwide Series racing organization.

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- DCC Satellite & Networks Ltd., is deploying a SkyEdge II network to serve hundreds of Nigerian financial institutions. DCC chose Gilat's SkyEdge II network to provide enhanced voice and data networking services to the banking sector.
- Telecommunications Consultants India Ltd (TCIL), a leading telecommunications consultancy and engineering company, chose Gilat to provide Nepal Telecom with a SkyEdge broadband satellite communications network covering hundreds of sites. Gilat is also providing its SkyAbis cellular backhaul solution for this project.
- H-E-B, one of the nation's largest independently owned food retailers, deployed Spacenet's high-performance Connexstar satellite services to provide an emergency communication network for recent hurricane disaster-relief efforts.
- JSC Kazakhtelecom (KT) has expanded its existing SkyEdge network to serve several hundred additional sites in remote locations nationwide. In addition to providing network connectivity for businesses and consumers, the new expansion will be used to provide telephony and broadband Internet services as part of a Universal Service Obligation (USO).
- Gilat announced the signing of new agreements with the Colombian Ministry of Communications for the provision of services under the Compartel I, Compartel II and Telecentros projects which were awarded to Gilat's Colombian subsidiaries in 1999 and 2002.

Gilat will host a conference call today with an accompanying slide presentation at 9:30 AM EST. In order to ensure audio access, participants from the U.S. should dial in at (888) 723-3164 and international participants should dial in at (972) 3-918-0650. The presentation may be accessed through the Company's website at www.gilat.com prior to the call. The call will also be available as a Webcast on the Company's website at: www.gilat.com and will be archived for 30 days.

(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 fourth quarter of 2008 are unaudited. To supplement the consolidated financial statements presented in accordance with GAAP, the Company presents Gilat's net income (loss), EBITDA and earnings (loss) per diluted share, before the impact of impairment of long lived assets and other charges, before expenses related to the merger transaction, before expenses related to cost reduction initiatives, before other income net of tax and before stock based compensation expenses, which is the non-cash stock based compensation expenses as per SFAS 123 (R). Non-GAAP presentations of net income (loss), EBITDA and earnings (loss) per share are 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 based compensation expenses as per SFAS 123(R) and exceptional items such as the impact of an impairment of long lived assets and other charges ('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

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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.

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, 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(tm) and SkyEdge II Product Family.

The Gilat Satellite Networks Ltd. logo is available at <http://www.globenewswire.com/newsroom/prs/?pkgid=5848>

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.

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

	December 31, ----- 2008 ----- Unaudited -----	December 31, ----- 2007 -----
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	73,916	122,807
Short-term bank deposits and held to maturity marketable securities	63,033	45,578
Short-term restricted cash	8,581	7,091
Restricted cash held by trustees	24,169	7,450

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Trade receivables, (net of allowance for doubtful accounts)	59,038	43,746
Inventories	20,719	24,794
Other current assets	22,036	24,748
	-----	-----
Total current assets	271,492	276,214
	-----	-----

LONG-TERM INVESTMENTS AND RECEIVABLES:

Long-term restricted cash	5,692	6,321
Long-term restricted cash held by trustees	--	16,544
Severance pay fund	11,085	11,835
Long-term trade receivables, receivables in respect of capital leases and other receivables	8,937	9,170
	-----	-----
Total long-term investments and receivables	25,714	43,870
	-----	-----

PROPERTY AND EQUIPMENT, NET	109,369	105,247
	-----	-----

INTANGIBLE ASSETS AND DEFERRED CHARGES, NET	4,064	4,771
	-----	-----

TOTAL ASSETS	410,639	430,102
	=====	=====

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

December 31,	December 31,
-----	-----
2008	2007
-----	-----
Unaudited	
-----	-----

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:

Short-term bank credit	6,500	5,823
Current maturities of long-term loans	4,346	5,354
Trade payables	23,317	25,954
Accrued expenses	25,761	20,275
Short-term advances from customer held by trustees	24,169	15,005
Other current liabilities	34,593	52,436
	-----	-----
Total current liabilities	118,686	124,847
	-----	-----

LONG-TERM LIABILITIES:

Accrued severance pay	12,297	11,723
Long-term advances from customer held by trustees	--	8,989
Long-term loans, net	14,003	18,704
Accrued interest related to		

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restructured debt	1,838	2,493
Convertible subordinated notes	16,315	16,315
Other long-term liabilities	17,276	19,221
	-----	-----
 Total long-term liabilities	 61,729	 77,445
	-----	-----

COMMITMENTS AND CONTINGENCIES

SHAREHOLDERS' EQUITY:

Share capital - ordinary		
shares of NIS 0.2 par value	1,821	1,796
Additional paid in capital	862,390	859,207
Accumulated other comprehensive income	2,106	1,776
Accumulated deficit	(636,093)	(634,969)
	-----	-----
 Total shareholders' equity	 230,224	 227,810
	-----	-----
 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	 410,639	 430,102
	=====	=====

GILAT SATELLITE NETWORKS LTD.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Year ended		Three months ended	
	December 31,		December 31,	
	2008	2007	2008	2007
	-----	-----	-----	-----
	Unaudited		Unaudited	Unaudited
	-----	-----	-----	-----
Revenues	267,526	282,619	66,101	72,704
Cost of revenues	181,574	180,774	45,817	46,495
	-----	-----	-----	-----
Gross profit	85,952	101,845	20,284	26,209
	-----	-----	-----	-----
Research and development expenses:				
Expenses incurred	18,702	17,270	5,409	4,424
Less - grants	1,760	2,240	380	484
	-----	-----	-----	-----
	16,942	15,030	5,029	3,940
	-----	-----	-----	-----
Selling and marketing, general and administrative expenses	65,602	69,426	17,032	17,872
Impairment of long lived assets and other charges	5,020	12,218	5,020	12,218
	-----	-----	-----	-----
Operating income (loss)	(1,612)	5,171	(6,797)	(7,821)
	-----	-----	-----	-----
Financial income (expenses), net	1,300	5,882	(961)	2,024
Expenses related to merger transaction	(2,350)	--	(378)	--
Other income	2,983	--	1,801	--
	-----	-----	-----	-----

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Income (loss) before taxes on income	321	11,053	(6,335)	(5,797)
Taxes on income	1,445	963	123	418
Net income (loss)	(1,124)	10,090	(6,458)	(6,215)
Basic net earnings (loss) per share	(0.03)	0.26	(0.16)	(0.16)
Diluted net earnings (loss) per share	(0.03)	0.24	(0.16)	(0.16)
Weighted average number of shares used in computing net earnings (loss) per share				
Basic	39,901	39,141	40,049	39,484
Diluted	39,901	41,576	40,049	39,484

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,	
	2008	2007	2008	2007
	Unaudited	Unaudited	Unaudited	Unaudited
GAAP operating income (loss)	(1,612)	5,171	(6,797)	(7,821)
Impairment of long lived assets and other charges	5,020	12,218	5,020	12,218
Non-cash stock based compensation(1)	692	1,303	174	238
Employees retirement benefits(2)	911	--	911	--
Non-GAAP operating income (loss)	5,011	18,692	(692)	4,635
GAAP net income (loss)	(1,124)	10,090	(6,458)	(6,215)
Impairment of long lived assets and other charges	5,020	12,218	5,020	12,218
Non-cash stock based compensation(1)	692	1,303	174	238
Employees retirement benefits(2)	911	--	911	--
Expenses related to merger transaction	2,350	--	378	--
Other income net of tax	(2,687)	--	(1,801)	--
Non-GAAP net income (loss)	5,162	23,611	(1,776)	6,241

GAAP earnings (loss) per

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share (diluted)	(0.03)	0.24	(0.16)	(0.16)
Impairment of long lived assets and other charges	0.12	0.30	0.12	0.30
Non-cash stock based compensation(1)	0.02	0.03	0.00	0.01
Employees retirement benefits(2)	0.02	--	0.02	--
Expenses related to merger transaction	0.05	--	0.01	--
Other income net of tax	(0.06)	--	(0.03)	--
-----	-----	-----	-----	-----
Non-GAAP earnings (loss) per share (diluted)	0.12	0.57	(0.04)	0.15
=====	=====	=====	=====	=====

(1)

Non-cash stock based compensation:				
Cost of revenues	51	12	30	4
Research and development	9	6	8	--
Selling marketing, general and administrative	632	1,285	136	234
-----	-----	-----	-----	-----
	692	1,303	174	238
=====	=====	=====	=====	=====

(2)

Employees retirement benefits:				
Cost of revenues	234	--	234	--
Research and development	403	--	403	--
Selling marketing, general and administrative	274	--	274	--
-----	-----	-----	-----	-----
	911	--	911	--
=====	=====	=====	=====	=====

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

	Year ended December 31,		Three months ended December 31,	
	2008	2007	2008	2007
	-----	-----	-----	-----
	Unaudited		Unaudited	Unaudited
	-----		-----	-----
Cash flows from operating activities:				

Net income (loss)	(1,124)	10,090	(6,458)	(6,215)
Adjustments required to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	13,132	17,715	3,507	2,752
Impairment of long lived assets and other charges	5,020	12,218	5,020	12,218

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Stock based compensation	692	1,303	174	238
Accrued severance pay, net	1,324	(218)	936	(198)
Accrued interest on short and long-term restricted cash	(189)	(1,326)	15	(227)
Accrued interest on held-to-maturity marketable securities	(1,778)	(2,102)	(1)	(494)
Exchange rate differences on long-term loans	(348)	766	(314)	263
Exchange rate differences on loans to employees	28	(250)	7	(122)
Capital loss from disposal of property and equipment	89	167	38	14
Deferred income taxes	(265)	(891)	(45)	(296)
Increase in trade receivables, net	(15,979)	(14,037)	(4,351)	(242)
Decrease (increase) in other assets (including short-term, long-term and deferred charges)	(4,336)	28,529	(2,196)	13,378
Decrease (increase) in inventories	36	(207)	1,128	(4,710)
Increase (decrease) in trade payables	(3,185)	4,619	4,478	7,260
Increase (decrease) in accrued expenses	3,640	(1,455)	(364)	633
Increase (decrease) in advances from customer held by trustees, net	176	(7,914)	(28)	227
Increase (decrease) in other accounts payable and other long term liabilities, mainly deferred revenue	(16,553)	(24,232)	(1,558)	(11,730)
	-----	-----	-----	-----
Net cash provided by (used in) operating activities	(19,620)	22,775	(12)	12,749
	-----	-----	-----	-----

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

Year ended December 31,		Three months ended December 31,	
2008	2007	2008	2007
-----	-----	-----	-----
Unaudited		Unaudited	Unaudited
-----		-----	-----

Cash flows from investing activities:

 Purchase of property and

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equipment	(13,799)	(9,269)	(5,071)	(3,557)
Proceeds from sale of investment	1,801	--	1,801	--
Other investments	(195)	(223)	--	(223)
Purchase of held to maturity marketable securities	(143,572)	(73,791)	(43,197)	(6,146)
Proceeds from held to maturity marketable securities	127,895	30,315	9,767	10,381
Proceeds from sale of property and equipment	426	33	--	33
Loans to employees, net	2,798	946	6	101
Proceeds from restricted cash held by trustees	--	90	--	--
Investment in restricted cash (including long-term)	(1,630)	(6,196)	(1,028)	(244)
Proceeds from restricted cash (including long-term)	769	4,259	598	435
	-----	-----	-----	-----
Net cash provided by (used in) investing activities	(25,507)	(53,836)	(37,124)	780
	-----	-----	-----	-----
Cash flows from financing activities:				

Exercise of stock options	2,516	4,571	--	1,478
Issuance expenses	--	(324)	--	(62)
Short-term bank credit, net	678	4,623	1,000	--
Proceeds from long-term loans	--	1,000	--	--
Repayment of long-term loans	(5,362)	(6,563)	(1,084)	(614)
	-----	-----	-----	-----
Net cash provided by (used in) financing activities	(2,168)	3,307	(84)	802
	-----	-----	-----	-----
Effect of exchange rate changes on cash and cash equivalents	(1,596)	1,016	(1,162)	219
	-----	-----	-----	-----
Increase (decrease) in cash and cash equivalents	(48,891)	(26,738)	(38,382)	14,550
Cash and cash equivalents at the beginning of the period	122,807	149,545	112,298	108,257
	-----	-----	-----	-----
Cash and cash equivalents at the end of the period	73,916	122,807	73,916	122,807
	=====	=====	=====	=====

GILAT SATELLITE NETWORKS LTD.
CONDENSED EBITDA
US dollars in thousands

Year ended

Three months ended

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	December 31,		December 31,	
	2008	2007	2008	2007
	Unaudited	Unaudited	Unaudited	Unaudited
Operating income (loss)	(1,612)	5,171	(6,797)	(7,821)
Add:				
Non-cash stock option expenses	692	1,303	174	238
Depreciation and amortization	13,132	17,715	3,507	2,752
Impairment of long lived assets and other charges	5,020	12,218	5,020	12,218
EBITDA	17,232	36,407	1,904	7,387

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