



For Immediate Release

RRSAT ANNOUNCES FINANCIAL RESULTS FOR THE THIRD QUARTER OF 2011

EMEK HAELA TELEPORT FULLY OPERATIONAL

Third Quarter 2011 Highlights

- Revenues totaled \$28.6 million, a 16.1% increase year on year.
- Backlog as of September 30, 2011 at \$195 million.
- Increase in 2011 annual revenue guidance to \$111-113 million.

Airport City Business Park, Israel – November 10th, 2011 – RRsat Global Communications Network Ltd. (NASDAQ: RRST), a leading provider of comprehensive content management and global distribution services to the television and radio broadcasting industries, today announced its financial results for the third quarter ended September 30, 2011.

Third Quarter 2011 Results:

Revenues in the third quarter of 2011 totaled \$28.6 million, an increase of 0.4% compared with \$28.5 million in the previous quarter and a 16.1% increase compared with \$24.7 million in the third quarter of 2010.

Gross Profit in the third quarter of 2011 totaled \$6.4 million, representing a gross margin of 22.3%, compared with gross profit of \$6.6 million in the previous quarter, representing a gross margin of 23.0%. Gross profit in the third quarter of 2010 totaled \$5.8 million, representing a gross margin of 23.7%.

Operating income for the third quarter of 2011 totaled \$1.8 million, representing an operating margin of 6.4%, compared with operating income of \$2.5 million in the previous quarter, representing an operating margin of 8.8%. Operating income in the third quarter of 2010 totaled \$1.8 million, representing an operating margin of 7.4%. The decline in operating income is partially attributed to a decline in gross profit as well as higher operating costs.

Backlog of signed agreements, as of September 30, 2011, totaled \$195 million, including \$25 million of revenues expected to be recognized during the remainder of 2011, compared to a backlog of \$204 million at the end of the previous quarter.

Net loss on a GAAP basis for the third quarter of 2011 was \$0.2 million compared with income of \$2.1 million in the previous quarter and income of \$0.6 million in the third quarter of 2010. **Net loss per share** on a fully diluted basis under GAAP for the third quarter of 2011 was \$0.01, compared with net income per share of \$0.12 in the previous quarter and net income per share of \$0.04 in the third quarter of 2010.

Adjusted net income totaled \$0.8 million for the third quarter of 2011, compared with \$2.2 million in the previous quarter and \$2.3 million in the third quarter of 2010. **Adjusted net income per share** on

a fully diluted basis totaled \$0.04 in the third quarter of 2011, compared with \$0.13 in the previous quarter and \$0.13 in the third quarter of 2010.

Adjusted EBITDA for the third quarter of 2011 totaled \$4.0 million, compared with \$4.5 million in the previous quarter and \$3.6 million in the third quarter of 2010.

Cash, cash equivalents and marketable securities as of September 30, 2011 totaled \$28.7 million, compared with \$30.6 million as of June 30, 2011. The net decrease in the cash balance is mainly attributed to capital expenditures of \$2.1 million and a dividend payment of \$1.6 million, offset by a positive cash flow from operating activities of \$2.1 million.

Guidance for revenue in the fourth quarter of 2011 is in the range of \$27 - \$29 million and for full year 2011 the Company is increasing its guidance to the range of \$111 - \$113 million from \$108 - \$112 million. Guidance for gross margin in the fourth quarter of 2011 is set at 22-24%.

David Rivel, CEO of RRsat commented, "The global-economic environment impacted our results. In addition, our top line did not grow as much as we would have liked while our operating expenses increased due to our infrastructure expansion, which we completed this quarter.

Mr. Rivel continued, "Our teleport in Emek HaEla, Israel, is now fully operational. It is the biggest infrastructure upgrade in our Company's history and allows us to greatly expand our range of services offered as well as enhance our uplink and downlink capabilities. This teleport also houses RRsat's advanced Network Operations Center, which enables us to connect and manage our customer services across the entire RRsat Global Network. This is a key development as it enables us to offer superior services to a larger group of customers, including major television networks."

Conference Call Information

Conference call scheduled later today, November 10, 2011 at 10:00 am ET (5:00 pm Israel time). On the call, Mr. David Rivel, Founder & CEO, Mr. David Aber, CFO, and Mr. Lior Rival, VP Sales and Marketing, will review and discuss the results and will be available to answer investor questions.

To participate, please call one of the following teleconferencing numbers. Please begin placing your calls at least 10 minutes before the conference call commences. If you are unable to connect using the toll-free numbers, please try the international dial-in number.

US Dial-in Number: 1-888-407-2553

UK Dial-in Number: 0-800-917-5108

Israel Dial-in Number: 03-918-0644

International Dial-in Number: +972-3-918-0644

at:

10:00 am Eastern Time; 7:00 am Pacific Time; 3:00 pm UK Time; 5:00 pm Israel Time

Replay

A **replay** of the call will be available from the day after the call. A **link** to the replay will be accessible from RRsat's website at: www.rrsat.com. In addition, a **telephone replay** will be available for two days following the call. To access the telephone replay dial one of the following numbers:

1 888 782 4291 (US) and +972 3 925 5918 (International).

Use of Non- GAAP Financial Measures

RRsat uses two financial measures, adjusted net income and adjusted EBITDA, which are non-GAAP financial measures. RRsat believes that both non-GAAP financial measures are principal indicators of the operating and financial performance of its business. Adjusted net income is calculated based on the net income in our financial statements excluding non-cash equity-based compensation charges recorded in accordance with FASB ASC Topic 718, the non-cash income (loss) reflecting changes in the fair value of embedded currency conversion derivatives resulting from the application of FASB ASC Topic 815 and the resulting income tax (increase) decrease. Adjusted EBITDA is calculated by deducting from net income interest and marketable securities income, currency fluctuation and other financial income (expenses), net, changes in fair value of embedded currency conversion derivatives, other income (expenses), net, and adding non-cash equity-based compensation charge, depreciation and amortization. Management uses these non-GAAP financial measures to assess its operational performance, for financial and operational decision-making, and as a means to evaluate period-to-period comparisons on a consistent basis. Management believes that these non-GAAP financial measures provide meaningful supplemental information regarding the Company's performance by excluding certain non-cash expenses that are not directly attributable to its core operating results. However, such measures should not be considered in isolation or as substitutes for results prepared in accordance with GAAP.

Non-GAAP financial measures have limitations as an analytical tool and should not be considered in isolation from or as a substitute for the Company's GAAP results. The Company expects to continue reporting non-GAAP financial measures, adjusting for the items described above, and the Company expects to continue to incur expenses similar to the non-cash, non-GAAP adjustments described above. Accordingly, the exclusion of these and other similar items in the presentation of non-GAAP financial measures should not be construed as an inference that these costs are unusual, infrequent or non-recurring. Moreover, because not all companies use identical measures and calculations, the presentation of adjusted net income and adjusted EBITDA may not be comparable to other similarly titled measures of other companies. These limitations are compensated for by using adjusted net income and adjusted EBITDA in conjunction with traditional GAAP financial measures.

Reconciliations of the non-GAAP measures (adjusted net income and adjusted EBITDA) to net income, the most comparable GAAP measure, are provided in the schedules attached to this release.

About RRsat Global Communications Network Ltd.

RRsat Global Communications Network Ltd. (NASDAQ: RRSAT) provides global, end-to-end, content management and distribution services to the rapidly expanding television and radio broadcasting industries, covering more than 150 countries. Through its RRsat Global Network, composed of satellite and terrestrial fiber optic capacity and the public Internet, RRsat provides high-quality and flexible global distribution services 24/7 to more than 630 channels reaching multiplatform operators, Internet TV and direct-to-home viewers worldwide and also offers occasional use services for sports, news and events with a fleet of flyaways and over 10 transportable satellite news gathering services (SNG) units. More than 130 television and radio channels use RRsat's advanced production and playout centers comprising comprehensive media asset management services. Visit the company's website www.rrsat.com

Safe Harbor Statement

This press release contains forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding (i) the growth of our business and the television and radio broadcasting industries, (ii) our expectation to expand our client base and sell additional services to our existing client base, (iii) our ability to successfully integrate the teleports we acquired, (iv) our ability to develop and commercialize the RRinternetTV service, (v) our expectation to extend the average length of

our contracts in the future, (vi) our ability to develop, expand and commercialize our HD Platform, (vii) our ability to report future successes, (viii) our ability to expand our activity in the American market, and (ix) our intention to distribute dividends in the future and the size of any dividends declared. These forward-looking statements involve known and unknown risks and uncertainties and are based on current expectations, assumptions, estimates and projections about the companies and the industry as of the date of this press release. The company undertakes no obligation to update forward-looking statements to reflect subsequent occurring events or circumstances, or to changes in its expectations, except as may be required by law. Forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those contemplated by the forward-looking statements, including the risks indicated in our filings with the Securities and Exchange Commission (SEC). For more details, please refer to our SEC filings and the amendments thereto, including our Annual Report on Form 20-F for the year ended December 31, 2010 and our Current Reports on Form 6-K.

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FINANCIAL TABLES FOLLOW

RRsat Global Communications Network Ltd. and its Subsidiaries
Consolidated Statements of Operations

In thousands, except share data

| | Nine months ended | | Three months ended | |
|-------------------------------------------------------------------|----------------------|-------------------------|----------------------|----------------------|
| | September 30 2011 | September 30 2010 | September 30 2011 | September 30 2010 |
| Revenues | \$ 84,094 | \$ 76,187 | \$ 28,646 | \$ 24,673 |
| Cost of revenues | 64,964 | 55,593 | 22,272 | 18,827 |
| Gross profit | 19,130 | 20,594 | 6,374 | 5,846 |
| Operating expenses | | | | |
| Sales and marketing | 5,332 | 4,760 | 1,878 | 1,631 |
| General and administrative | 7,463 | 6,480 | 2,658 | 2,380 |
| Total operating expenses | 12,795 | 11,240 | 4,536 | 4,011 |
| Operating income | 6,335 | 9,354 | 1,838 | 1,835 |
| Interest and marketable securities income | 319 | 434 | 97 | 180 |
| Currency fluctuation and other financing income (expenses), net | (367) | (941) | (649) | 404 |
| Changes in fair value of embedded currency conversion derivatives | (2,359) | 802 | (1,168) | (2,025) |
| Other expenses, net | (6) | - | (6) | - |
| Income before taxes on income | 3,922 | 9,649 | 112 | 394 |
| Income taxes | (1,153) | (2,296) | (292) | 255 |
| Net income (loss) | \$ 2,769 | \$ 7,353 | \$ (180) | \$ 649 |

RRsat Global Communications Network Ltd. and its Subsidiaries
Consolidated Statements of Operations (cont'd)

In thousands, except share data

| | Nine months ended | | Three months ended | |
|----------------------------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | September 30 2011 | September 30 2010 | September 30 2011 | September 30 2010 |
| Income (loss) per ordinary share | | | | |
| Basic income (loss) per ordinary share | \$0.16 | \$0.42 | \$(0.01) | \$0.04 |
| Diluted income (loss) per ordinary share | \$0.16 | \$0.42 | \$(0.01) | \$0.04 |
| Weighted average number of ordinary shares used to compute basic income per ordinary share | 17,346,561 | 17,326,716 | 17,346,561 | 17,326,716 |
| Weighted average number of ordinary shares used to compute diluted income per ordinary share | 17,346,561 | 17,400,793 | 17,346,561 | 17,370,905 |

RRsat Global Communications Network Ltd. and its subsidiaries
Reconciliation of Adjusted Net Income and Adjusted EBITDA

in thousands except share data

| | Nine months ended | | Three months ended | |
|-------------------------------------------------------------------|-------------------|-----------------|--------------------|-----------------|
| | September 30 | September 30 | September 30 | September 30 |
| | 2011 | 2010 | 2011 | 2010 |
| Reconciliation of Net Income to Adjusted Net Income: | | | | |
| Net income (loss) - as reported | \$ 2,769 | \$ 7,353 | \$ (180) | \$ 649 |
| Non-cash equity-based compensation charge | 73 | 321 | 45 | 107 |
| Changes in fair value of embedded currency conversion derivatives | 2,359 | (802) | 1,168 | 2,025 |
| Change in deferred tax on embedded derivatives | (566) | 200 | (280) | (506) |
| Adjusted net income | \$ 4,635 | \$ 7,072 | \$ 753 | \$ 2,275 |
| Adjusted net income per diluted ordinary share | \$ 0.27 | \$ 0.41 | \$ 0.04 | \$ 0.13 |
| Reconciliation of Net Income to Adjusted EBITDA: | | | | |
| Net income (loss) - as reported | \$ 2,769 | \$ 7,353 | \$ (180) | \$ 649 |
| Interest and marketable securities income | (319) | (434) | (97) | (180) |
| Currency fluctuation and other financial income (expenses), net | 367 | 941 | 649 | (404) |
| Changes in fair value of embedded currency conversion derivatives | 2,359 | (802) | 1,168 | 2,025 |
| Income tax expense | 1,153 | 2,296 | 292 | (255) |
| Non-cash equity-based compensation charge | 73 | 321 | 45 | 107 |
| Depreciation and amortization | 6,089 | 4,713 | 2,102 | 1,650 |
| Other expenses, net | 6 | - | 6 | - |
| Adjusted EBITDA | \$12,497 | \$14,388 | \$3,985 | \$3,592 |

RRsat Global Communications Network Ltd. and its Subsidiaries
Consolidated Balance Sheets

In thousands except share data

| | September 30 2011 | December 31 2010 |
|-----------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| Current assets | | |
| Cash and cash equivalents | \$ 9,259 | \$ 13,091 |
| Marketable securities | 19,438 | 22,516 |
| Accounts receivable: | | |
| Trade (net of provision for doubtful accounts of \$6,793 and \$5,641 as of September 30, 2011 and December 31, 2010 respectively) | 20,751 | 19,860 |
| Other | 412 | 1,312 |
| Fair value of embedded currency conversion derivatives | 323 | 893 |
| Deferred taxes | 2,320 | 1,657 |
| Prepaid expenses | 2,328 | 2,145 |
| | <u> </u> | <u> </u> |
| Total current assets | 54,831 | 61,474 |
| Fair value of embedded currency conversion derivatives | 715 | 1,185 |
| Deposits and long-term receivables | 2,020 | 2,201 |
| Long- term and prepaid expenses | 7,660 | 7,709 |
| Deferred taxes | 23 | 501 |
| Assets held for employee severance payments | 1,790 | 2,015 |
| Fixed assets, at cost, less accumulated depreciation and amortization | 45,415 | 40,779 |
| Goodwill | 3,734 | 3,734 |
| Intangible Assets, at cost, less accumulated depreciation and amortization | 658 | 897 |
| | <u> </u> | <u> </u> |
| Total assets | \$ 116,846 | \$ 120,495 |
| | <u> </u> | <u> </u> |

RRsat Global Communications Network Ltd. and its Subsidiaries
Consolidated Balance Sheets (cont'd)

In thousands except share data

| | September 30 2011 | December 31 2010 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|---------------------|
| Liabilities and shareholders' equity | | |
| Current liabilities | | |
| Accounts payable: | | |
| Trade | \$ 11,143 | \$ 13,194 |
| Other | 2,685 | 2,455 |
| Fair value of embedded currency conversion derivatives | 1,094 | 349 |
| Related parties | 26 | 55 |
| Deferred income | 6,369 | 8,456 |
| Total current liabilities | 21,317 | 24,509 |
| Long - term liabilities | | |
| Deferred income | 8,131 | 7,619 |
| Fair value of embedded currency conversion derivatives | 1,346 | 772 |
| Liability in respect of employee severance payments | 1,842 | 2,058 |
| Deferred taxes | 1,224 | 1,125 |
| Total long - term liabilities | 12,543 | 11,574 |
| Total liabilities | 33,860 | 36,083 |
| Commitments, contingent liabilities and liens | | |
| Shareholders' equity | | |
| Share capital: | | |
| Ordinary share NIS 0.01 par value each (20,000,000 shares authorized as of September 30, 2011 and December 31, 2010; 17,346,561 shares issued and fully paid as of September 30, 2011 and December 31, 2010) | 40 | 40 |
| Additional paid in capital | 52,966 | 52,893 |
| Retained earnings | 30,161 | 31,555 |
| Accumulated other comprehensive loss | (181) | (76) |
| Total shareholders' equity | \$ 82,986 | \$ 84,412 |
| Total liabilities and shareholders' equity | \$ 116,846 | \$ 120,495 |

RRsat Global Communications Network Ltd. and its Subsidiaries
Consolidated Statements of Cash Flows

In thousands

| | Nine months ended | | Three months ended | |
|-------------------------------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | September 30 2011 | September 30 2010 | September 30 2011 | September 30 2010 |
| Cash flows from operating activities | | | | |
| Net income (loss) | \$ 2,769 | \$ 7,353 | \$ (180) | \$ 649 |
| Adjustments required to reconcile net income to net cash provided by operating activities | | | | |
| Depreciation and amortization | 6,089 | 4,713 | 2,102 | 1,650 |
| Provision for losses in account receivable | 1,152 | 1,125 | 51 | 884 |
| Deferred taxes | (55) | (177) | (176) | (664) |
| Discount accretion and premium amortization of held- to- maturity securities, net | - | (15) | - | 3 |
| Discount accretion and premium amortization of available- for- sale securities, net | (338) | (310) | (115) | (130) |
| Changes in liability for employee severance payments, net | 9 | 98 | 48 | (6) |
| Stock- based compensation | 73 | 321 | 45 | 107 |
| Changes in fair value of embedded currency conversion derivatives | 2,359 | (802) | 1,168 | 2,025 |
| Loss (Profit) from trading securities, net | 138 | (91) | 157 | (130) |
| Capital loss on sale of fixed assets, net | 6 | - | 6 | - |
| Changes in assets and liabilities: | | | | |
| Decrease (increase) in account receivable - trade | (2,043) | (4,997) | (787) | (3,451) |
| Increase in related parties, net | (29) | (5) | (59) | (12) |
| Decrease (increase) in account receivable - other | 900 | (68) | 171 | 76 |
| Decrease (increase) in prepaid expenses | (183) | 549 | 91 | (138) |
| Decrease (increase) in deposits and long-term receivables | 181 | (654) | (37) | (141) |
| Increase (decrease) in accounts payable | 587 | (1,354) | (1,069) | (1,124) |
| Increase (decrease) in deferred income | (1,575) | (509) | 685 | 1,417 |
| Net cash provided by operating activities | \$ 10,040 | \$ 5,177 | \$ 2,101 | \$ 1,015 |

RRsat Global Communications Network Ltd. and its Subsidiaries
Consolidated Statements of Cash Flows (cont'd)

In thousands

| | Nine months ended | | Three months ended | |
|--------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | September 30 2011 | September 30 2010 | September 30 2011 | September 30 2010 |
| Cash flows from investing activities | | | | |
| Investment in fixed assets | \$(12,853) | \$ (10,426) | \$ (2,083) | \$ (3,261) |
| Investment in long term prepaid expenses | (22) | - | (9) | - |
| Proceeds (Investment) in short term deposits | - | 5,900 | - | 3,980 |
| Investments in securities available- for- sale | (4,781) | (4,126) | (641) | (3,603) |
| Increase in trading securities, net | (21) | (21) | (20) | 4 |
| Proceeds from securities available- for- sale | 7,944 | 5,120 | 2,105 | 2,317 |
| Proceeds from securities held to maturity | - | 780 | - | 752 |
| Proceeds from sale of fixed assets | 24 | - | 24 | - |
| Net cash provided by (used in) investing activities | \$ (9,709) | \$ (2,773) | \$ (624) | \$ 189 |
| Cash flows from financing activities | | | | |
| Dividend paid | \$ (4,163) | \$ (6,562) | \$ (1,561) | \$ (2,599) |
| Net cash used in financing activities | \$ (4,163) | \$ (6,562) | \$ (1,561) | \$ (2,599) |
| Decrease in cash and cash equivalents | \$ (3,832) | \$ (4,158) | \$ (84) | \$(1,395) |
| Balance of cash and cash equivalents at beginning of period | 13,091 | 14,941 | 9,343 | 12,178 |
| Balance of cash and cash equivalents at end of period | \$ 9,259 | \$ 10,783 | \$ 9,259 | \$ 10,783 |
| A. Non-cash transactions | | | | |
| Investment in fixed assets | \$ 724 | \$ 1,932 | \$ 724 | \$ 1,770 |
| B. Supplementary cash flow information | | | | |
| Income taxes paid | \$ 1,104 | \$ 2,636 | \$ 402 | \$ 941 |