



KVH Announces 1st Quarter 2000 Results Communications Sales Up 71 Percent

April 20, 2000

MIDDLETOWN, R.I.--(BUSINESS WIRE)--April 20, 2000--KVH Industries, Inc. (NASDAQ:KVHI) today announced that it ended the company's first quarter of 2000 with yet another dramatic growth in communications sales. In addition to increasing 71 percent over the 1999 first quarter, combined revenues from the company's satellite television and telephony sales in 2000 were up more than 44 percent over the preceding 1999 fourth quarter.

"We continue to see sales of our TracVision(R) land and marine systems exceeding our expectations as new products are introduced," said Martin Kits van Heyningen, president and CEO. "Our land vehicle product line expanded during the quarter when we added a system for stationary use to the highly popular mobile system introduced last year. Our marine product line also advanced during the quarter, leapfrogging our competitors with two new systems that automatically deliver signals from both Digital Video Broadcasting and Digital Satellite System satellites. Consumer response to our products is providing clear evidence that the demand for mobile communications is increasing exponentially."

Total revenues for the first quarter were \$5.7 million compared to \$6.0 million in the 1999 period. The decline in overall revenues was due primarily to a \$1.7 million decline in military orders, which resulted in lower overall navigation sales than expected. Cost of sales was flat at \$3.8 million in both the 2000 and 1999 first quarters. Gross profits declined during the quarter to \$1.9 million from \$2.2 million and gross margin as a percentage of net sales decreased to 33 percent from 37 percent in 1999. Total operating expenses increased to \$3.0 million from \$2.6 million and the operating loss increased to \$1.1 million from a \$0.4 million loss in 1999. The net loss for the 2000 quarter was \$0.9 million or \$.12 a share compared to a net loss of \$0.2 million or \$.02 per share in 1999.

"We are beginning to see signs of recovery in our military and fiber optic sales," said Kits van Heyningen. "In the first quarter, we received a \$1.4 million repeat order for our TACNAV(TM) TLS systems, and yesterday we announced that two major defense companies have ordered \$1.2 million in fiber optic gyros. We anticipate that momentum in both these markets will increase as the military begins spending to upgrade its forces and as we increase the visibility of our fiber optic products in multiple OEM markets."

According to Richard Forsyth, chief financial officer, "We improved direct costs as a percentage of net sales during the quarter by four percent for communications systems and two percent for navigation products. Our increase in operations expense during the quarter is attributable in part to research and development efforts that we are supporting primarily with company funds. In addition, the number of new products we introduced during the first quarter required greater sales and marketing expenditures. The decrease in gross profit is related to increased manufacturing overheads and the shift in our product revenue mix, where communication sales are dominating higher-margin military sales."

KVH is webcasting its first quarter 2000 conference call live at 11:30 a.m. Eastern time today through the company's web site at <http://www.kvh.com/company>. The audio also will be archived at the company web site within three hours after the call is completed.

KVH Industries utilizes its proprietary fiber optic, autocalibration and sensor technologies to produce navigation and mobile satellite communications systems for commercial, military and marine applications. The company has headquarters in Middletown, RI, (USA) with offices in Illinois, Florida and Denmark.

This press release may contain certain forward-looking statements that involve risks and uncertainties. The actual results realized by the Company could differ materially from the statements made herein. Factors that might cause such differences include, but are not limited to: failure to develop and market fiber optic products; lack of reliable vendors, service providers and outside products; continued poor military sales cycles; unforeseen changes in competing technologies and products; worldwide economic variances; and poor or delayed research and development results. Additional factors are discussed in the company's Annual Report on Form 10K filed with the Securities and Exchange Commission on March 27, 2000. Copies are available through the company's Investor Relations Department or web site. -0-

	Three months ending	
	March 31,	
	2000	1999
Net sales	\$5,696,515	5,973,170
Cost of sales	3,818,276	3,769,758
Gross profit	1,878,239	2,203,412
Operating expenses:		
Research and development	1,074,442	869,541
Sales and marketing	1,418,388	1,152,731
Administration	527,734	569,183
Total operating expense	3,020,564	2,591,455
Loss from operations	(1,142,325)	(388,043)
Other expense (income)	207,541	(15,616)
Loss before income taxes	(1,349,866)	(372,427)
Income tax benefit	483,619	226,810
Net loss	\$(866,247)	(145,617)
Per share information:		
Loss per share - basic	\$ (0.12)	(0.02)
Weighted average number of shares outstanding, basic	7,435,915	7,205,928

KVH Industries, Inc. and Subsidiary
Consolidated Balance Sheets

	March 31, 2000	Dec. 31, 1999
	Unaudited)	(Audited)
Assets: □		
Current assets:		
Cash and cash equivalents	\$1,524,315	2,047,838
Accounts receivable, net	4,066,031	3,362,390
Costs and estimated earnings in excess of billings on uncompleted contracts	472,665	444,492
Inventories	3,257,743	3,672,269
Prepaid expenses and other deposits	386,978	292,793
Deferred income taxes	376,628	376,628
Total current assets	10,084,360	10,196,410
Property and equipment, net	7,063,955	7,227,778
Other assets, less accumulated amortization	805,945	839,113
Deferred income taxes	2,055,101	1,571,409
Total assets	\$20,009,361	19,834,710
Liabilities and stockholders' equity:		
Current liabilities:		
Current portion long term debt	\$77,378	75,643
Accounts payable	1,800,423	1,599,770
Accrued expenses	1,152,963	792,086
Total current liabilities	3,030,764	2,467,499
Long term debt	2,851,769	2,865,232
Total liabilities	5,882,533	5,332,731
Stockholders' equity:		
Common stock	75,981	72,969
Additional paid-in capital	16,055,964	15,567,880
Accumulated deficit	(2,005,117)	(1,138,870)
Total stockholders' equity	14,126,828	14,501,979
Total liabilities and stockholders' equity	\$20,009,361	19,834,710

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