



KVH Announces 2Q 2000 Financial Results

July 20, 2000

MIDDLETOWN, R.I.--(BUSINESS WIRE)--July 20, 2000--KVH Industries, Inc. (NASDAQ:KVHI) today announced financial results for the second quarter ending June 30, 2000. Revenues for the second quarter of 2000 increased 22 percent to \$8.0 million from \$6.5 million in the comparable 1999 quarter. The increase was due to growth in mobile satellite communications and fiber optic sales.

A net loss of \$170,000 or \$0.02 a share for the second quarter compares to a loss of \$310,000 or \$0.04 a share in the 1999 quarter. An increase in the six-month loss to \$1.0 million or \$0.14 a share in 2000 from \$0.45 million or \$0.06 a share in 1999 was due to declines of military sales during the 2000 first quarter.

"Second-quarter increases of 47 percent in communications sales and 300 percent in fiber optic sales more than offset a decline in military revenues from the 1999 period," said Martin Kits van Heyningen, president and chief executive officer. "These growth trends are very encouraging and are expected to continue."

KVH Industries utilizes its proprietary fiber optic and sensor technologies to produce navigation and mobile satellite communications systems for commercial, military, marine and land mobile 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: volatility and uncertainties in communications, defense and fiber optics, the primary three industries targeted by the Company; failure to develop and market fiber optic products; lack of reliable vendors, service providers and outside products; continued slow military sales cycles; unforeseen changes in competing technologies and products; worldwide economic variances; poor or delayed research and development results; and disparities between forecast and realized sales. 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 from the company's Corporate Communications Department.

KVH Industries, Inc. and Subsidiary
Consolidated Statements of Operations
(Unaudited) □

	Three months ended		Six months ended	
	June 30,		June 30,	
	2000	1999	2000	1999
Net sales	\$7,951,254	6,525,644	13,647,769	12,498,814
Cost of sales	5,051,034	4,283,824	8,869,310	8,053,582
Gross profit	2,900,220	2,241,820	4,778,459	4,445,232
Operating expenses:				
Research & development	1,015,841	1,040,299	2,090,283	1,909,840
Sales & marketing	1,622,368	1,241,469	3,040,756	2,394,200
Administration	564,327	482,776	1,092,061	1,051,959
Total operating expense	3,202,536	2,764,544	6,223,100	5,355,999
Loss from operations	(302,316)	(522,724)	(1,444,641)	(910,767)
Other (income) loss	(12,982)	(32,039)	194,559	(47,655)
Loss before income taxes	(289,334)	(490,685)	(1,639,200)	(863,112)
Income tax benefit	119,692	183,565	603,311	410,375
Net loss	\$ (169,642)	(307,120)	(1,035,889)	(452,737)

Per share information:

Loss per share-basic	\$ (0.02)	(0.04)	(0.14)	(0.06)
Loss per share-diluted	\$ (0.02)	(0.04)	(0.14)	(0.06)
Shares - basic	7,621,919	7,207,007	7,528,917	7,206,474
Shares - diluted	7,621,919	7,207,007	7,528,917	7,206,474

KVH Industries, Inc. and Subsidiary
Consolidated Balance Sheets

	June 30, 2000 (Unaudited)	December 31, 1999 (Audited)
Assets:		
Current assets:		
Cash and cash equivalents	\$765,403	2,047,838
Accounts receivable, net	4,799,288	3,362,390
Costs and estimated earnings in excess of billings on uncompleted contracts	699,180	444,492
Inventories	3,766,870	3,672,269
Prepaid expenses and other deposits	382,165	292,793
Deferred income taxes	376,628	376,628
Total current assets	10,789,534	10,196,410
Property and equipment, net	6,886,101	7,227,778
Other assets, less accumulated amortization	772,785	839,113
Deferred income taxes	2,169,690	1,571,409
Total assets	\$20,618,110	19,834,710
Liabilities and stockholders' equity:		
Current liabilities:		
Current portion long term debt	\$75,961	75,643
Line of credit	508,547	--
Accounts payable	2,047,819	1,599,770
Accrued expenses	1,074,711	792,086
Total current liabilities	3,707,038	2,467,499
Long term debt	2,834,032	2,865,232
Total liabilities	6,541,070	5,332,731
Stockholders' equity:		
Common stock	76,674	72,969
Additional paid-in capital	16,175,125	15,567,880
Accumulated deficit	(2,174,759)	(1,138,870)
Total stockholders' equity	14,077,040	14,501,979
Total liabilities and stockholders' equity	\$20,618,110	19,834,710

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