



KVH Reports 43 Percent First Quarter Revenue Growth; Company Reiterates Expected Strong 2001 Revenue Growth

April 19, 2001

MIDDLETOWN, R.I.--(BUSINESS WIRE)--April 19, 2001--KVH Industries, Inc. (Nasdaq: KVHI), a leading provider of innovative high-bandwidth communications products, today reported that revenue for the first quarter ended March 31, 2001, grew 43 percent to \$8.1 million from \$5.7 million in the first quarter of 2000. In addition, KVH reported a net loss per share for the first quarter of \$.18 versus \$.12 in the prior year. The net loss reflects an expansion of research investments in photonic fiber and mobile broadband technologies, and changes in the company's tax rate. The operating loss for the period was \$1.5 million compared to a loss of \$1.1 million in 2000, while the net loss for the first quarter 2001 was \$1.5 million compared to \$0.9 million in 2000. The company's net loss for the first quarter of 2000 was positively impacted by the use of \$0.5 million in income tax benefits.

"Our three-fold increase in fiber optic sales and a four-fold increase in tactical navigation sales resulted in an extremely strong start to our year," said Martin Kits van Heyningen, president and CEO. "The 43 percent increase in first quarter revenues demonstrates that our business fundamentals are continuing to improve. We also raised a total of \$15 million through private equity placements since December 2000. Our board has also authorized the sale of up to \$5 million of additional shares and the company is continuing discussions with institutional investors. With our financing efforts essentially completed, we are able to accelerate our photonic fiber and mobile broadband research initiatives. Both projects are on schedule, and we are pleased with our progress to date. The progress we've made with our photonic fiber modulator development was recently acknowledged at the Optical Fiber Conference in Anaheim, California where Light Reading magazine named our technology one of its "10 Hot Products" out of thousands of products presented by 975 exhibitors attending the conference."

Richard Forsyth, chief financial officer, commented, "The margin improvements we experienced during 2000 in our core business have continued in 2001. Our success in sustaining manufacturing efficiencies while driving down product costs resulted in gross margin improvement of 500 basis points from last year's first quarter. Our net loss for the quarter increased by \$0.6 million or \$.07 per share as a result of fully reserving our quarterly income tax benefit. Last year's first quarter tax benefit reduced our loss by \$0.5 million or approximately \$.07 per share."

Mr. Kits van Heyningen concluded, "Looking ahead, we are facing a changing economic environment, and we expect our satellite communications sales to continue to grow, though perhaps at a slower pace than in prior years. Nevertheless, we remain optimistic about our markets and reaffirm the guidance we provided in February that we believe this year's revenue growth will be in the 30% to 35% range. Our goal is to set KVH on a long-term course of significant growth and our photonic fiber and mobile broadband initiatives are the vehicles to achieve this objective."

First-quarter Highlights:

- On April 18, 2001 KVH Industries announced the completion of a private placement of 1,538,461 common shares priced at \$6.50, bringing our total funds raised since December to \$15 million. In addition, our board has authorized the sale of up to \$5 million of additional shares, and the company is continuing discussions with institutional investors.
- On March 19, 2001, KVH Industries unveiled its new ActiveFiber technology, with which the company is creating next-generation optical networking components directly within individual strands of optical fiber. KVH Industries also introduced its E-Core(R) polarization-maintaining fiber. E-Core fiber offers numerous advantages, including high polarization-maintaining ability (greater than 40 dB-m) and low sensitivity to stress and temperature. In addition, the company revealed the preliminary specifications for its new 40-gigabit-per-second photonic fiber optical modulator.
- On March 6, 2001, KVH Industries announced that a contract manufacturer had placed a \$1.75 million order for C80 compass sensors, to be integrated into the ProLink System, a golf cart-mounted, Global Positioning System (GPS)-based navigational and tracking system being assembled on behalf of ProLink.
- On January 8, 2001, KVH Industries announced that it received a \$3.2 million contract to supply KVH's TACNAV(TM) tactical navigation system to General Motors (GM) Defense for use aboard the Australian Army's Light Armored Vehicle (ASLAV) fleet. TACNAV will be incorporated as a retrofit into the existing fleet of Australian ASLAVs, as well as be integrated into new production vehicles.
- On January 2, 2001, KVH Industries announced the completion of a private placement of 800,000 common shares priced at \$6.25 per share. The State of Wisconsin Investment Board, a current KVH shareholder, purchased the entire placement. The proceeds from this placement will be used to fund the current Photonic Fiber and Mobile Broadband R&D projects.

KVH is webcasting its first quarter 2001 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's web site within three hours after the call's completion.

KVH Industries, Inc. is a leading provider of innovative high-bandwidth communications products. Using proprietary fiber-optic and satellite antenna technology, the company is developing next-generation systems with greater precision, durability, and versatility for communications, navigation, and industrial applications. An ISO 9001-registered company, KVH has headquarters in Middletown, Rhode Island, with a fiber optic manufacturing facility in Illinois, and a European sales, marketing and support office in Hoersholm, Denmark.

	March 31, 2001 (Unaudited)	December 31, 2000 (Audited)
Assets:		
Current assets:		
Cash and cash equivalents	\$ 5,982,024	5,411,460
Accounts receivable, net	4,751,712	6,553,976
Costs and estimated earnings In excess of billings on uncompleted contracts	318,685	419,145
Inventories	4,091,628	3,600,660
Prepaid expenses and other deposits	544,626	346,518
Deferred income taxes	637,799	637,799
Total current assets	16,326,474	16,969,558
Property and equipment, net	6,682,950	6,580,375
Other assets, less accumulated amortization	673,317	706,473
Deferred income taxes	2,238,430	2,238,430
Total assets	\$25,921,171	26,494,836
Liabilities and stockholders' equity:		
Current liabilities:		
Bank line of credit	\$ --	598,865
Current portion long term debt	81,111	81,111
Accounts payable	2,456,844	1,478,198
Accrued expenses	1,792,371	1,164,790
Customer deposits	1,187,379	1,195,091
Total current liabilities	5,517,705	4,518,055
Long term debt	2,766,384	2,784,121
Total liabilities	8,284,089	7,302,176
Stockholders' equity:		
Common stock	86,442	86,191
Additional paid-in capital	21,167,996	21,186,459
Accumulated deficit	(3,617,355)	(2,079,990)
Total stockholders' equity	17,637,083	19,192,660
Total liabilities and stockholders' equity	\$25,921,171	26,494,836

KVH INDUSTRIES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three months ended March 31,	
	2001	2000
Net sales	\$ 8,132,671	5,696,515
Cost of sales	5,009,173	3,818,276
Gross profit	3,123,498	1,878,239
Operating expenses:		
Research and development	1,744,205	1,074,442

Sales and marketing	2,248,332	1,418,388
General and administrative	638,252	527,734
Loss from operations	(1,507,291)	(1,142,325)
Other expense (income):		
Other expense	22,335	127,787
Interest expense, net	7,741	2,763
Foreign currency loss	--	76,991
Loss before income tax benefit	(1,537,365)	(1,349,866)
Income tax benefit	--	483,619
Net loss	(1,537,365)	(866,247)
Per share information:		
Loss per share:		
Basic	\$ (0.18)	(0.12)
Diluted	\$ (0.18)	(0.12)
Number of shares used in per-share calculation:		
Basic	8,626,470	7,435,915
Diluted	8,626,470	7,435,915

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 February 8, 2001. Copies are available through the company's Investor Relations Department or web site.

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