



KVH Takes Steps to Accelerate Sales of the TracVision A5 Automotive Satellite TV System

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New Agreement with DIRECTV and \$1 Million National Ad Campaign Expected to Boost Consumer Awareness

MIDDLETOWN, R.I.--(BUSINESS WIRE)--June 22, 2004-- KVH Industries, Inc., (Nasdaq: KVHI) announced today that it is launching a national advertising campaign to raise consumer awareness of KVH's TracVision A5 satellite TV system for automobiles. The new "Get the Shows on the Road(TM)" ad campaign, together with several new sales and marketing initiatives and the company's recently announced agreement with DIRECTV, are intended to help accelerate sales of the TracVision A5, which were slower than expected in the first six months of 2004.

"While new bookings, sales, and customer activations of the TracVision A5 have increased on a weekly basis since January 2004, the overall sales ramp has not been as fast as we had anticipated," explained Martin Kits van Heyningen, KVH's president and chief executive officer. "We believe this is primarily the result of limited market awareness, as well as production issues in late 2003 that dampened initial dealer enthusiasm. If the pace of orders we have been seeing in the first half were to continue, we would fall well short of analysts' projections for TracVision A5 unit sales in 2004. In an effort to accelerate the sales ramp, we are working closely with our dealers as well as taking a number of steps to increase consumer awareness and the overall demand for the product."

Commenting on the company's progress to date, Mr. Kits van Heyningen remarked, "We are making progress in meeting each of the key milestones that we identified as being necessary for the TracVision A5 to be successful and meet our sales expectations for the year. These milestones, which we described earlier this year, included supporting our existing dealers and ensuring the successful sell-through of their initial product inventory, developing a marketing relationship with a satellite service provider, establishing initial accounts with key conversion vehicle manufacturers, and expanding our distribution network during the second half of the year. Because some of these steps took longer than anticipated to accomplish, we have not yet seen the related benefits."

"Our recent news does illustrate the headway we have made," he continued. "For example, earlier today, we announced our new agreement with DIRECTV to promote and sell DIRECTV's live satellite TV service in the passenger car and SUV market and broaden the audience for TracVision A5. Last week, Regency Conversions, the country's leading conversion vehicle manufacturer, selected the TracVision A5 as an option on all new vehicles. In addition, we recently announced the hiring of a new business development director who is dedicated to establishing long-term relationships with vehicle manufacturers and Tier 1 suppliers to those manufacturers. We are also launching a new national advertising campaign to boost the awareness of TracVision A5 among consumers. We still have much we want to accomplish but achieving these critical milestones equips us with additional resources to create new sales opportunities and successfully leverage our TracVision A5 sales and marketing efforts."

Among these efforts is the new "Get the Shows on the Road" national advertising campaign, which includes advertisements in national publications such as Newsweek, Fortune, and Forbes, as well as billboard and radio placements in target regions. The ad campaign is expected to roll out in mid-summer 2004.

"We are extremely excited by this new campaign as it communicates the excitement and entertainment value of live DIRECTV programming in the car, both to consumers in target geographic regions as well as to those in the national market," explained Jim Dodez, KVH's vice president of marketing. "While we have been running TracVision A5 advertising in dealer, trade, automotive, and targeted lifestyle magazines, this national expansion is a major new step for us and one that we believe is necessary to help raise consumer awareness of the TracVision A5 and strengthen sales."

In addition to other business magazines including Inc., Fast Company, and Business 2.0, KVH will be running TracVision A5 ads in lifestyle magazines like Golf Magazine, Cigar Aficionado, and SeaRay Living along with airline in-flight publications such as Celebrated Living, Southwest Spirit, and Stratos that cater to business and executive travelers. The company will also test the ability of local media programs to direct sales to dealers through the use of billboard and radio ads in and around Tampa Bay, Florida, and Dallas, Texas. These vitality tests are expected to help KVH gauge the effectiveness of its ad campaigns in regions that are home to a number of active TracVision A5 dealerships and that have also shown good support for TracVision A5 sales overall.

KVH's six new radio advertisements are available for preview at <http://www.kvh.com/radio>.

For complete information regarding the TracVision A5 and live satellite TV in the car, visit <http://www.tracvision.com>.

KVH Industries, Inc., is the leader in designing and manufacturing satellite television antennas for mobile applications on land or sea. An ISO 9001-certified company, KVH has headquarters in Middletown, Rhode Island, with a fiber optic and military navigation

product manufacturing facility in Tinley Park, Illinois, and a European sales, marketing, and support office in Kokkedal, Denmark.

Please contact Chris Watson, KVH's corporate communications manager, via e-mail at cwatson@kvh.com or by phone at (401) 847-3327 for additional information regarding this or any other KVH release.

This release may contain certain forward-looking statements that involve risks and uncertainties. Forward-looking statements address, for example, expected product sales; the effectiveness of any advertising campaign; the functionality, characteristics, quality and performance of KVH's products and technology; anticipated innovation and product development; and customer preferences, requirements and expectations. The actual results could differ. Factors that may cause such differences include, among others, those discussed in KVH's most recent Form 10-Q filed with the SEC. KVH assumes no obligation to update its forward-looking statements to reflect new information or developments.

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