



## **KVH Industries Acquires Headland Media**

May 13, 2013

### **Enhances KVH's Initiatives to Offer Value-Added Media & Entertainment Services for Maritime Satcom Customers Worldwide**

MIDDLETOWN, R.I., May 13, 2013 (GLOBE NEWSWIRE) -- KVH Industries, Inc. (Nasdaq:KVHI) today announced that it has acquired Headland Media Limited, a media and entertainment services company. Headland Media is a leading provider of commercially licensed news, sports, movies, and music content that they sell in the maritime, hotel, and retail markets.

"The acquisition of Headland Media supports our strategic vision of extending our maritime broadband service to also include delivering premium content to vessels," said Martin Kits van Heyningen, KVH's chief executive officer. "We've captured a leading market share in the maritime VSAT market for one-to-one connectivity, and are now rolling out a new, highly efficient, low-cost multicasting capability that we believe will create significant growth opportunities for Headland Media's content by eliminating the time and cost of physically delivering DVDs to vessels. For KVH's mini-VSAT Broadband service, Headland Media's premium content offers us a great opportunity to create exciting new services that will help our customers keep their crews happy, and in the process help us differentiate our service and increase our ARPUs."

With extensive experience in the licensed content business, UK-based Headland Media has 115 employees, and offices in the UK, Europe, the United States, India and the Philippines. Headland Media has established relationships with content providers and a customer base of 9,600 vessels, 1,700 hotels, and 1,700 retail outlets receiving their various services. In 2012, Headland Media generated revenue of \$12.2 million, of which approximately 85% was derived from annual subscription-based services. During that same period, the gross profit margin was almost 78%. Speaking of the acquisition and the opportunities ahead, Mark Woodhead, CEO of Headland Media, remarked, "We're excited to be part of the KVH family and to work with our new colleagues in developing the next generation of onboard entertainment services for ships at sea. The trend towards digital delivery of movies, news, and sports clips has been apparent to us for several years. When we discussed KVH's capabilities, there just seemed to be a natural fit between their maritime VSAT service and our news, sports, and entertainment content."

Headland Media provides television shows, premium movies, sports, news channels, and music for exhibition in commercial locations, which include ships at sea. KVH's capabilities to multicast data in the background during network idle times, and cache, manage, and distribute data onboard vessels using its Integrated CommBox Modem (ICM) will serve as key enabling technology for Headland Media's services. Headland Media's broad content range, which KVH intends to deliver over the mini-VSAT Broadband network, will also enable KVH to bring Internet Protocol television (IPTV) technology to the maritime market.

Mr. Kits van Heyningen concluded, "We see this acquisition as a great start to KVH's new initiative to bring our customers the same high-quality multimedia content they enjoy onshore, but have usually been unable to receive over their maritime satellite service because of either prohibitively high costs or protocol blocking associated with service providers' fair use policies. We believe that KVH's capabilities will help Headland Media grow sales of its services, and that having news, sports, and premium movies available on our mini-VSAT Broadband network will help our sales efforts as well."

The \$24.0 million transaction is anticipated to be accretive to KVH earnings per share in 2013. The company financed the transaction from its cash on hand and proceeds from its existing credit facility.

Visit [www.minivsat.com](http://www.minivsat.com) for more information about KVH's mini-VSAT Broadband satellite communications solution and [www.headlandmedia.com](http://www.headlandmedia.com) for more details regarding Headland Media.

KVH is holding a conference call live at 10:30 a.m. EDT today to discuss this announcement. To listen, call phone number +1 719-325-2494 (passcode 3965100) or you may access the call through the company's website at [investors.kvh.com](http://investors.kvh.com). Listeners are welcome to submit questions pertaining to this announcement to [ir@kvh.com](mailto:ir@kvh.com). The audio archive and an MP3 podcast will also be available on the company website within three hours of the completion of the call.

#### **About KVH Industries, Inc.**

KVH Industries is a leading manufacturer of solutions that provide global high-speed Internet, television and voice services via satellite to mobile users at sea, on land, and in the air. KVH is also a premier manufacturer of high performance sensors and integrated inertial systems for defense and commercial guidance and stabilization applications. The company is based in Middletown, RI, with facilities in Illinois, Denmark, Norway, Singapore, and Japan.

This press release contains forward-looking statements that involve risks and uncertainties. For example, forward-looking statements include statements regarding the anticipated accretive impact of the acquisition, plans for Headland Media's existing services, the introduction of new services, including delivering Headland Media's content and IPTV via KVH's mini-VSAT

Broadband network, and the anticipated cost of, and ability to offer, such services. The actual results we achieve could differ materially from the statements made in this press release. Factors that might cause these differences include, but are not limited to: the risk that customers will not promptly transition to digital content delivery, the potential loss of key customers or suppliers, competitive risks arising from entry into a new market, costs and risks associated with the integration of the operations of Headland Media, including expansion of internal control over financial reporting to numerous acquired entities in various jurisdictions, costs and risks associated with managing operations in jurisdictions that are new to KVH, execution risks associated with the content distribution business, which is a new business model for KVH, potential diversion of management attention, the ongoing need to renew and extend content licenses with a substantial number of content providers, the challenges of offering digital content in multiple legal jurisdictions, the potential need for additional content licenses for new services, potential cost increases impacting anticipated accretiveness, including borrowing costs, potential unknown acquired liabilities, unanticipated legal or contractual impediments, the potential loss of key hired personnel, and restrictions on the repatriation of earnings. Other risk factors are discussed in detail in our most recent Form 10-Q filed with the Securities and Exchange Commission on May 9, 2013. Copies are available through our Investor Relations department and website, <http://investors.kvh.com>. We do not assume any obligation to update our forward-looking statements to reflect new information and developments.

KVH Industries, Inc., has used, registered, or applied to register its trademarks in the USA and other countries around the world, including the following marks: KVH, KVH logo, Azimuth, TracVision, TracPhone, Tri-Americas, CommBox, TACNAV, Sailcomp, mini-VSAT Broadband and the mini-VSAT Broadband logo, E•Core, and the banded, dome-shaped housing of its satellite antennas. Other trademarks are the property of their respective companies.

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