



KVH Industries, Inc.
Presentation to Investors

**Significant growth opportunities in mobile
broadband, guidance & stabilization**

Forward-looking Statements



This presentation may include forward-looking statements. Forward-looking statements include our current expectations and predictions of future results or events. These statements are inherently uncertain, and actual results and events could differ materially from our expectations or predictions. Important factors that could cause actual results or events to vary from our expectations and predictions include the risk factors described in our annual and quarterly reports filed with the SEC. We assume no obligation to update our forward-looking statements to reflect new information or developments.

KVH Overview



- **Manufacturing solutions that provide global high-speed Internet, television, and voice services via satellite**
 - Serving mobile users at sea, on land, and in the air
- **Manufacturing high-performance sensors and integrated inertial systems**
 - Defense and commercial guidance & stabilization applications
- **Strategic milestones achieved to date in 2009**
 - ☑ Expanding mobile broadband network
 - ☑ Winning new FOG orders for diverse applications
 - ☑ Entered commercial aviation market
- **KVH has the market and financial strengths to succeed**
 - Strong balance sheet
 - Well diversified in products, services, and markets



Mobile Satellite TV



- **Leading market share in Marine and Land satellite TV**
 - Leisure, commercial, and government maritime
 - Recreational vehicles and automobiles
- **Choice of premier manufacturers**
 - Marine market: SeaRay, Viking, Ferretti, etc.
 - RV market: Marathon, etc.
- **Retail and OEM channels**
 - Economic challenges in leisure land and marine satellite TV markets
- **Strong market position for small products even in challenging economy**
 - TracVision M1



Entering the Aviation Market



- **\$20M, multi-year contract from LiveTV**
- **Next-generation in-flight DIRECTV antenna**
 - Building on KVH's existing low-profile antenna technology
- **LiveTV is the world-leading provider of live in-flight entertainment**
 - First to bring live satellite TV to airline passengers
 - Supporting JetBlue, Frontier, and other airlines
 - Continental Airlines selected LiveTV to equip 225 new domestic airliners starting in 2009
- **First delivery of KVH-designed in-flight antennas completed in Q2 2009**
- **Expect additional major airline customers**



Demand for Broadband at Sea



- **Commercial & government vessels need cost effective connectivity**
 - Vessel and fleet management
 - Cost savings and increased efficiency
 - Crew communications for morale and retention
 - Mandatory chart, weather, and software updates
- **Recreational vessels demand faster connections**
 - Yacht owners and crews expect to stay in touch with home and office
 - Internet, telephony, e-mail, VPN, VoIP
- **Those needs driving demand for new solutions**
 - Same capabilities as at home or office
 - Demanding faster connections
 - Need fixed-rate costs for broadband connectivity



TracPhone V7 & mini-VSAT



- **KVH integrated broadband solution**
 - An end-to-end maritime satcom system and service for leisure, commercial, and government vessels
- **Technology breakthrough**
 - Smaller, more affordable hardware that is easier to install
- **Broadband service over Ku-band satellites**
- **Faster, lower-cost airtime**
- **Shipped 500th TracPhone V7 in Q2 2009**
 - Represents almost 10% of installed maritime VSAT market and places KVH among top 4 providers in this market*
 - Airtime activations lag roughly 1-2 quarter due to movement through sales chain and installation schedules



* COMSYS Maritime VSAT Report, 1st Edition

Smaller Size Opens up New Market

- **Utilizing spread spectrum technology**
 - Military technology enables highest data rates and spectrum efficiency
 - Able to work with smaller antennas
- **Easier to install and service**
 - 85% smaller by volume
 - 75% lighter than standard 1-meter diameter VSAT antennas
- **Proven on leisure and commercial vessels**



Improving the User Experience



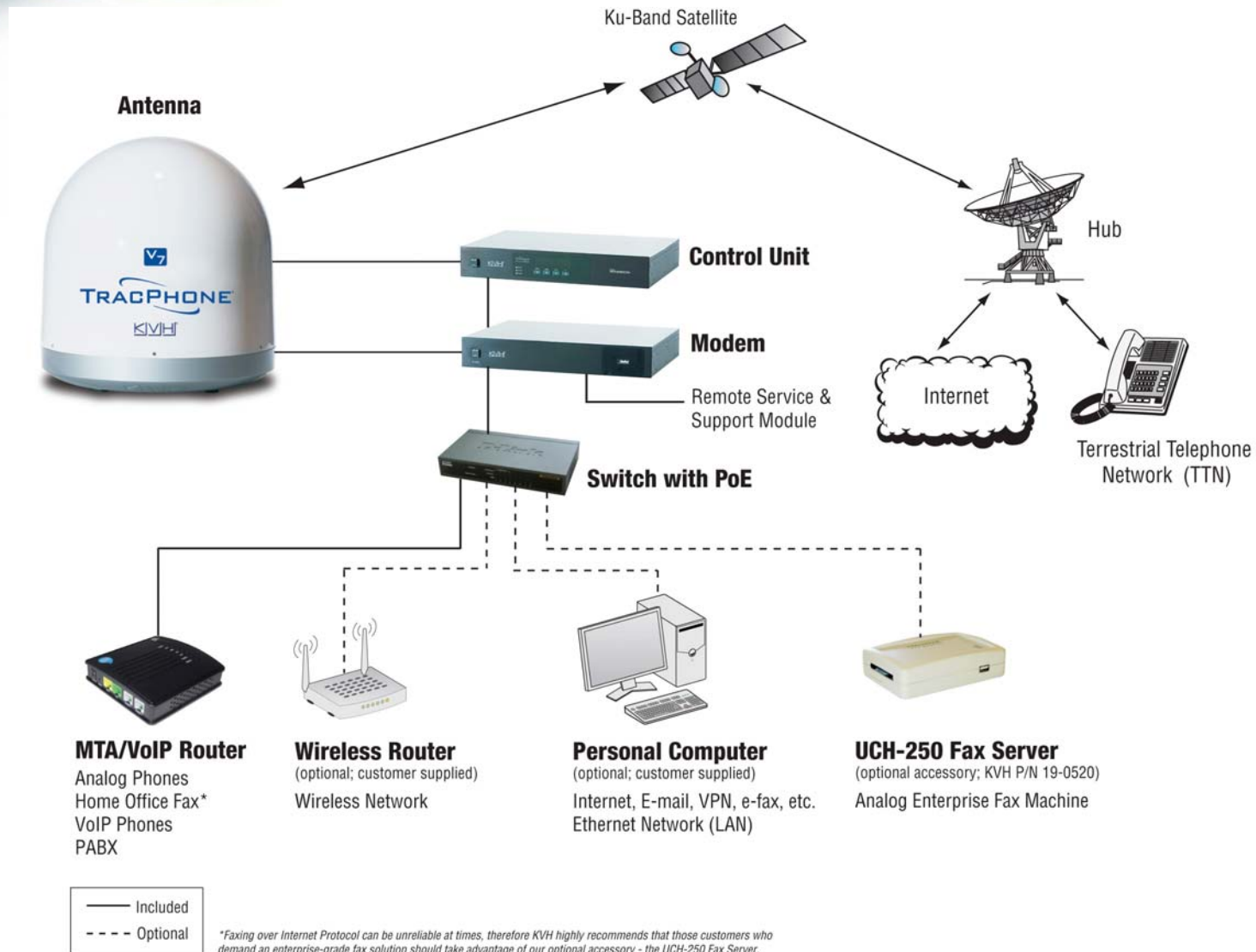
- **Customer surveys show 80% of maritime broadband subscribers not satisfied with legacy solutions**
 - Quality of service, level of support, or pricing
- **TracPhone V7 and mini-VSAT Broadband are designed for maritime use**
- **KVH is sole supplier for hardware and airtime**
- **KVH is single point of contact for sales, installation, activation, and ongoing support**
 - Thrane & Thrane now serving as OEM distributor to sell private-label TracPhone V7 and mini-VSAT Broadband airtime
- **Unlike airtime-only providers, KVH has channel for reaching and supporting customers in the field**



Mobile Broadband Growth Strategy

- **Our approach is to combine the best features of Inmarsat and legacy VSAT to deliver:**
 - Small antenna size
 - High data rates
 - Low cost, flat-rate pricing
- **Focus on Ku-band mini-VSAT Broadband**
 - Large untapped market for VSAT in leisure maritime
 - Disruptive opportunity in the commercial maritime market
- **High barriers to entry**
 - Business model is an end-to-end solution
 - Exclusive technology and partnerships

An End-to-End Solution



mini-VSAT Broadband Service

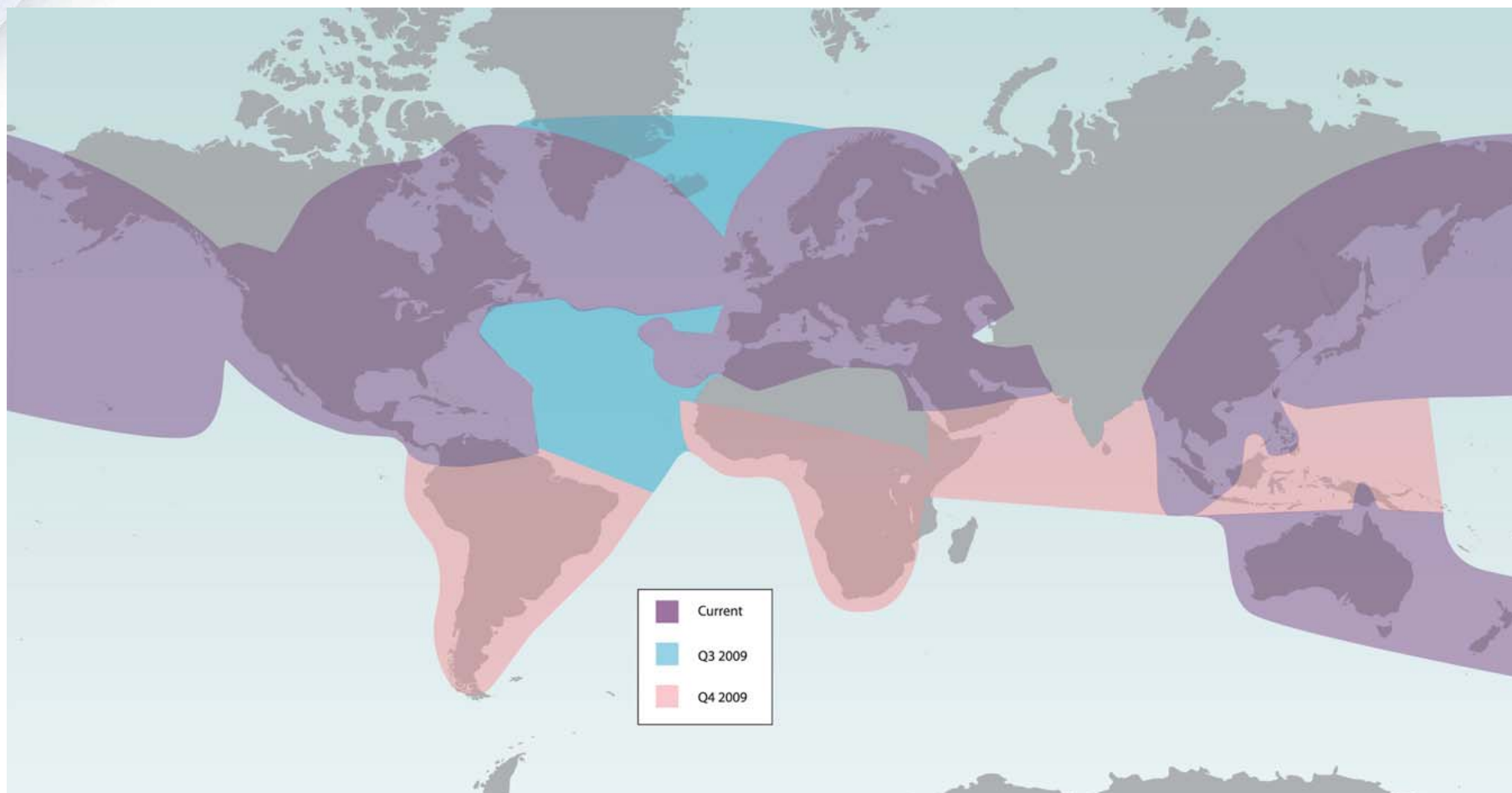


- **Fastest data rates available**
 - up to 2 Mbps download
 - up to 512 Kbps upload
- **Fixed-rate monthly pricing and flexible per-megabyte airtime rate plans**
- **Average monthly revenues averaging \$1,600 to \$2,000 per subscriber**
- **Supports on-board GSM voice, data and text messaging**



- **Global rollout process is underway, expanding mini-VSAT Broadband's geographic coverage**
 - Seamless roaming from region to region
- **Recent expansion activities**
 - Asian waters and Indian Ocean
 - Australia and New Zealand
- **10-year agreement with ViaSat**
 - Purchase, installation, and operation of regional satellite hubs
 - Acquisition of satellite capacity from Ku-band satellite operators
- **Expanding airtime revenue stream**
 - Revenue from aeronautical users roaming through our network
 - Business jets and commercial airlines

Current & Planned Coverage

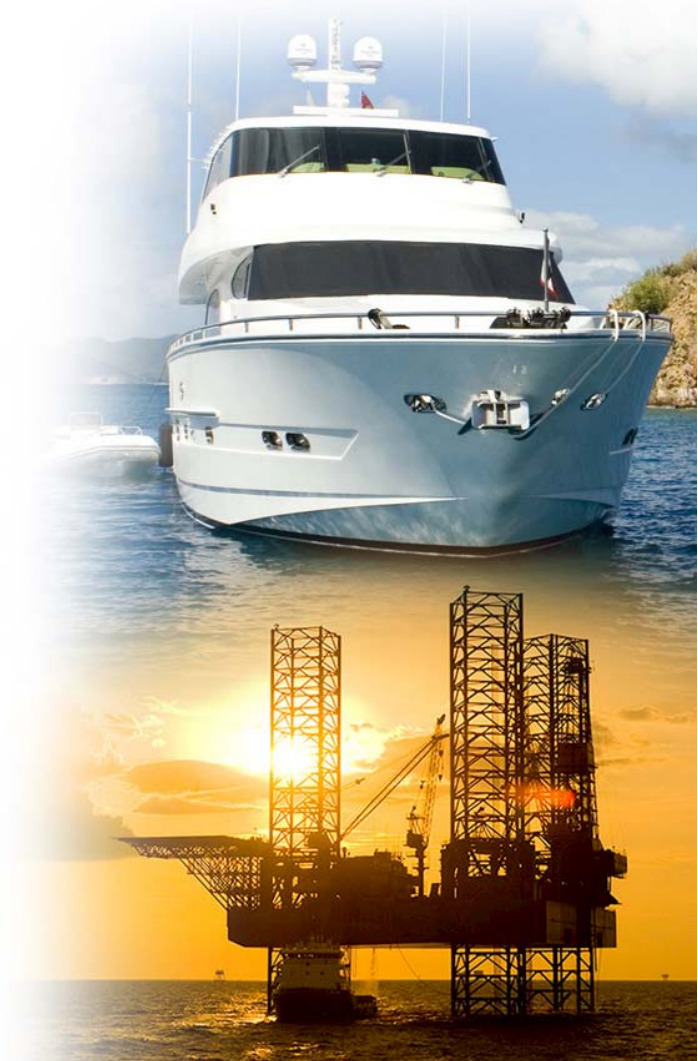


This map depicts KVH's expectations for mini-VSAT Broadband's future coverage; actual coverage and availability may vary. For current, available coverage, visit www.minivsat.com.

Large Addressable Markets



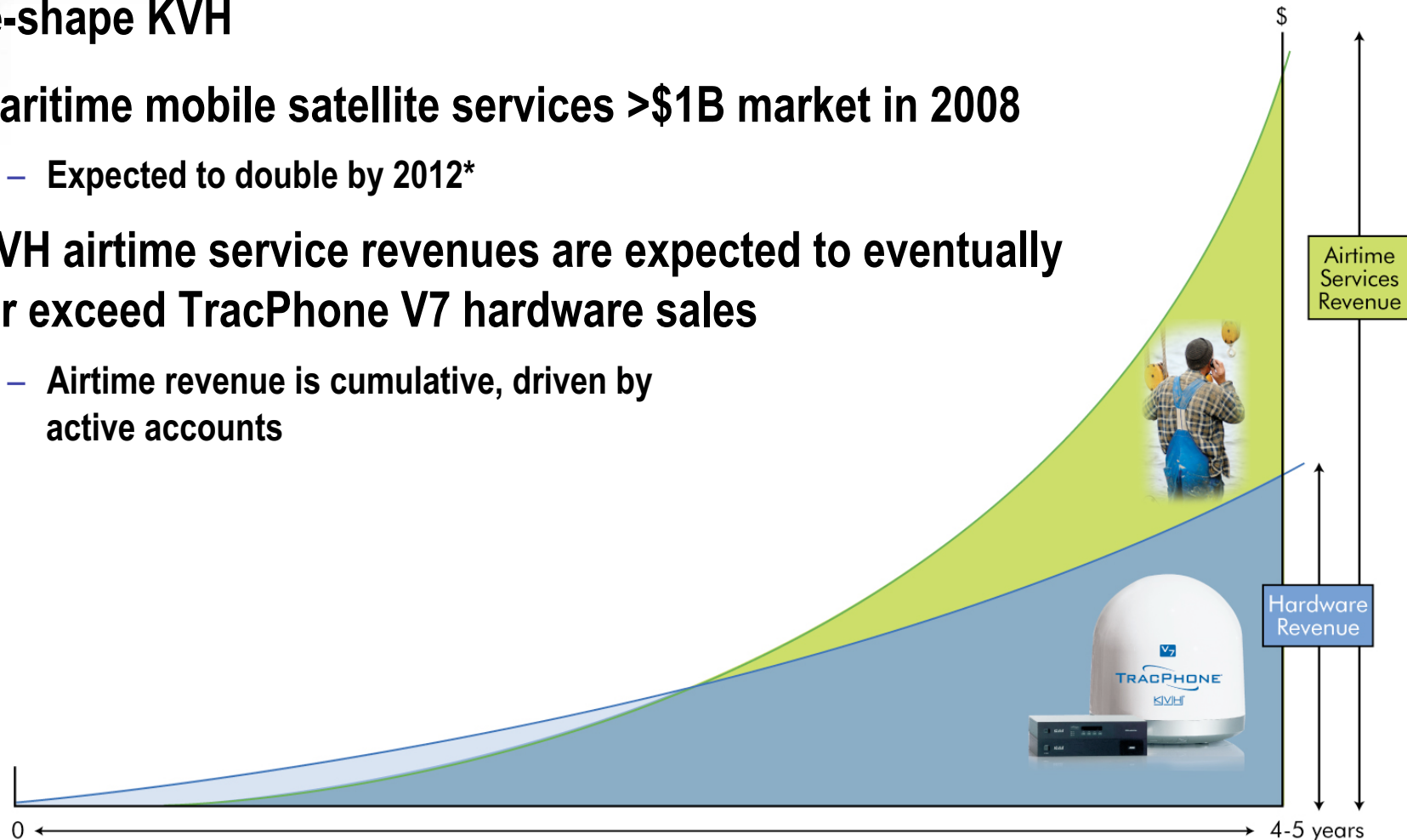
- **TracPhone V7 suitable for broad market use**
- **Commercial and government vessels**
 - 42,000 vessels in world merchant fleet
 - Less than 10% of these vessels have VSAT today
 - 40,000 other commercial vessels including work boats, fishing, and ferries
 - Getting traction in commercial fleets
- **Smaller yachts 60-80'**
 - 120,000 vessels worldwide
 - Previously unable to fit a VSAT solution
- **Large yachts >80'**
 - 5,000 vessels worldwide with significant number of new vessels still on order



Evolving Revenue Model



- The mini-VSAT airtime business has the potential to dramatically re-shape KVH
- Maritime mobile satellite services >\$1B market in 2008
 - Expected to double by 2012*
- KVH airtime service revenues are expected to eventually far exceed TracPhone V7 hardware sales
 - Airtime revenue is cumulative, driven by active accounts



Graph is representative only; not intended as an actual projection of future results. * Northern Sky Research

Defense Satellite Technology



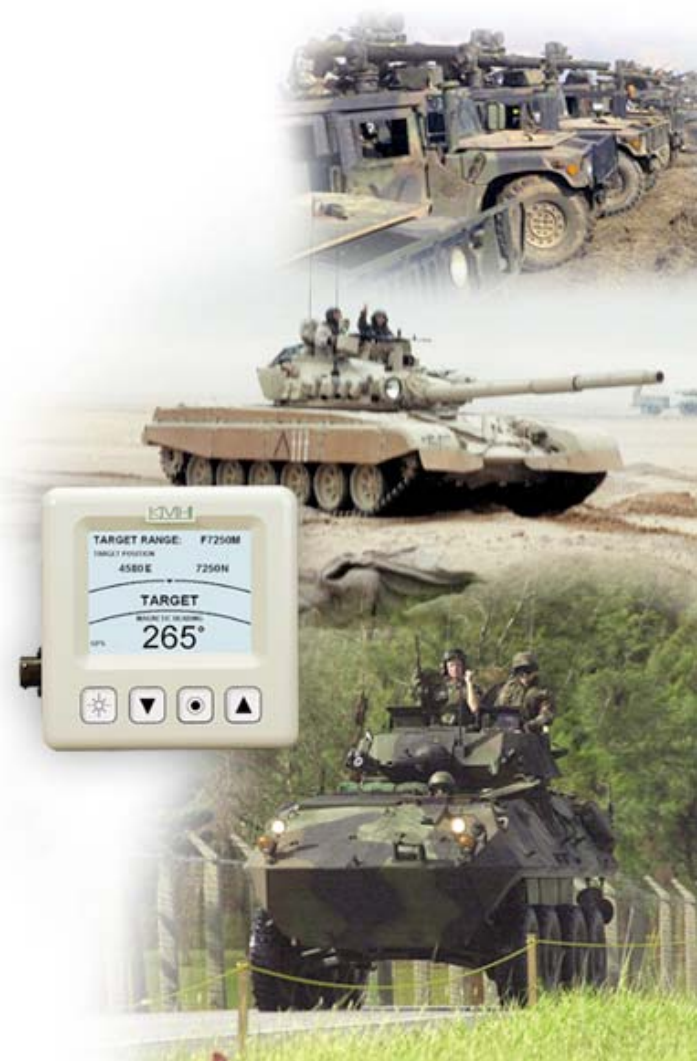
- **KVH's smaller, higher data rate antenna systems also ideal for:**
 - Military
 - Homeland defense
 - Emergency services at state and federal level
- **Military SATCOM on the move (SOTM) is a growing requirement**
- **Higher precision pointing requirements likely to require KVH fiber optic gyros**



Guidance & Stabilization



- **Defense business provides balance**
- **TACNAV tactical navigation**
 - A 20-year record of success in the field, including Iraq and Afghanistan
 - Selling to prime contractors
- **Fiber optic gyro and digital compass technology**
 - Stabilization
 - Guidance
 - Precision navigation



Gyros Driving Our Defense Growth



- **KVH fiber optic gyros are a growing revenue stream**
 - Five year CAGR 20% through December 2008
 - Up 215% YTD 2009
 - Has passed a significant growth inflection point
 - Current quarterly revenue run rate = \$7M to \$8M
 - More than 25,000 FOGs manufactured to date
 - Typical ASPs around \$3,000-\$3,500 per axis
- **Ultra high-precision technology**
 - Unaffected by shock and vibration
 - New DSP-1500 is world's smallest precision FOG
- **New CNS-5000 continuous navigation system**
 - Precision inertial nav unit developed with NovAtel
 - Designed for commercial applications
 - \$1.9M in new orders year to date
 - Global IMU market: \$1.6B



Stabilized Weapons Opportunity



- **Growing market demand for stabilized remote weapon stations to increase crew safety and improve accuracy**
 - 2007 CROWS II program for 6,500 weapon stations
- **RWS a key driver of growth**
 - >\$17M in RWS orders over last several quarters
 - 3 KVH FOGs in each remote weapon station
- **Many firms worldwide developing stabilized weapons**
 - Opportunities likely for other weapon systems
- **Significant expansion of production capacity**
 - Doubled capacity in 2008
 - May need to expand further in 2009





KVH Industries, Inc.
Operational & Financial Overview

Q2 2009 Results



- **Q2 2009**

- Revenue \$21.9M; down 2% YOY
 - Mobile communications revenue down 31% YOY
 - Defense revenue up 130% YOY
- Net profit \$0.2M or \$0.01 per share

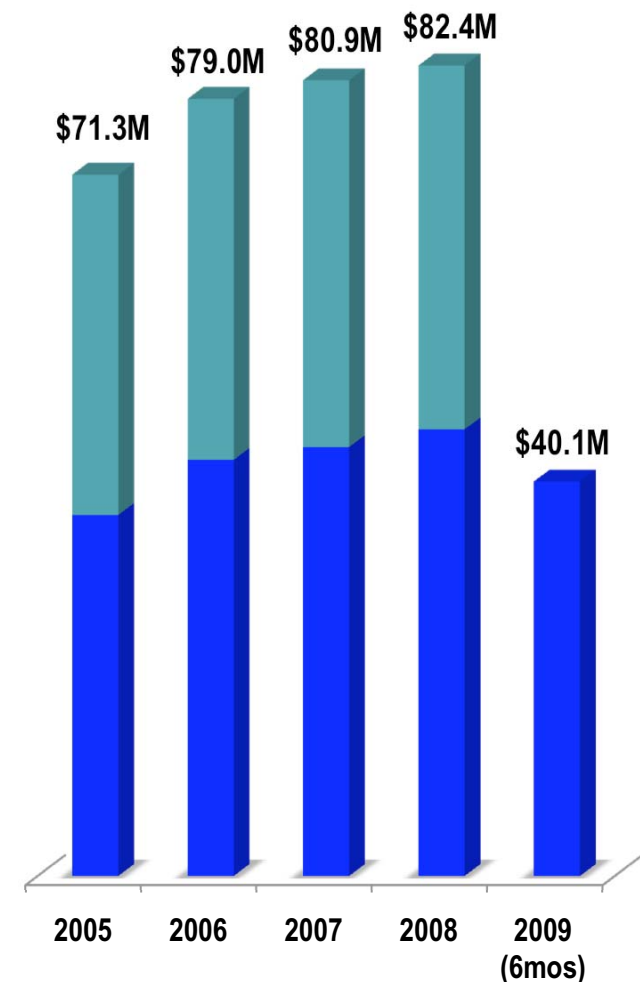
- **Maintaining tight operating expense controls**

- **Assets – strong balance sheet**

- Cash balance: \$42.2M
 - Up \$5M sequentially
- Minimal debt

- **Observations**

- Record quarterly FOG revenue
- Solid VSAT TracPhone sales & airtime service revenue
- Economic conditions putting pressure on leisure and commercial markets



KVH Overall Revenues

Operating Model



	FY 2008 % of Revenue	6 mos YTD 2009 % of Revenue	Target Run Rate* % of Revenue
Revenue	100	100	100
Cost of Goods	59	67	62
Gross Margin	41	33	38
R&D	9	10	8
SG&A	28	30	20
Operating Margin	4	(7)	≥10

* ~2 year time horizon & evolving as airtime services business develops

KVH Summary



- **Diversified business profile to weather economic challenges**
 - Commercial marine satcom and guidance/stabilization revenues growing
- **Seeing benefits from new initiatives**
 - TracPhone V7 and airtime driving marine growth
 - FOG production for remote weapon stations and continuous navigation ramping up
 - New aviation system in production
- **Strategic relationships in place (e.g., ViaSat)**
- **Committed to investing to make global service network a reality**
- **KVH has the products, services, and financial strength to succeed**



KVH Industries, Inc.



Leader in Mobile Broadband, Guidance & Stabilization

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