



KVH Industries Investor Presentation

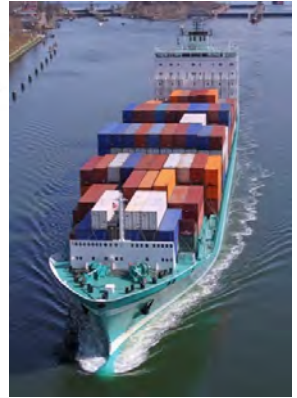
Innovation that Enables a Mobile World.™

Forward-looking Statements

This presentation contains forward-looking statements that involve risks and uncertainties. For example, forward-looking statements include statements regarding anticipated industry growth, anticipated market opportunities, market trends, our financial goals for future periods, our anticipated revenue sales pipeline, competitive positioning, product orders and product development goals. The actual results we achieve could differ materially from the statements made in this presentation. Factors that might cause these differences include, but are not limited to: the uncertain impact of our AgilePlans pricing model on revenue and expenses; increased costs arising from the new HTS network; the impact of recent changes in revenue recognition and lease accounting standards; the uncertain impact of tax reform and federal budget deficits; the need to increase sales of the TracPhone HTS and V-IP series products and related services to improve airtime gross margins; the need for, or delays in, qualification of products to customer or regulatory standards; unanticipated declines or changes in customer demand, due to competitive, economic, seasonal, and other factors, including new pricing models, particularly with respect to the TracPhone HTS and V-IP series products; continued substantial fluctuations in military and dual-use product sales, including to foreign customers; the unpredictability of defense budget priorities as well as the order timing, purchasing schedules, and priorities for our defense products, including possible order cancellations; the uncertain impact of potential budget cuts by government customers; continued adverse impacts of currency fluctuations; the impact of extended economic weakness on the sale and use of motor vehicles and marine vessels; unanticipated obstacles in our photonic chip and other product development efforts; recent increases in airtime termination rates and lower unit sales in our mobile business; increased price and service competition in the mobile communications market; potential reduced sales to companies in or dependent upon the oil industry as a result of prevailing oil prices; exposure for potential intellectual property infringement; potential litigation expenses; fluctuations in interest rates; potential changes in tax and accounting requirements or assessments, including management's assessment of the probability and effect of future events; stock price volatility; and export restrictions, delays in procuring export licenses, and other international risks. These and other risk factors are discussed in more detail in our most recent annual and/or quarterly report filed with the SEC. We assume no obligation to update our forward-looking statements to reflect new information or developments.

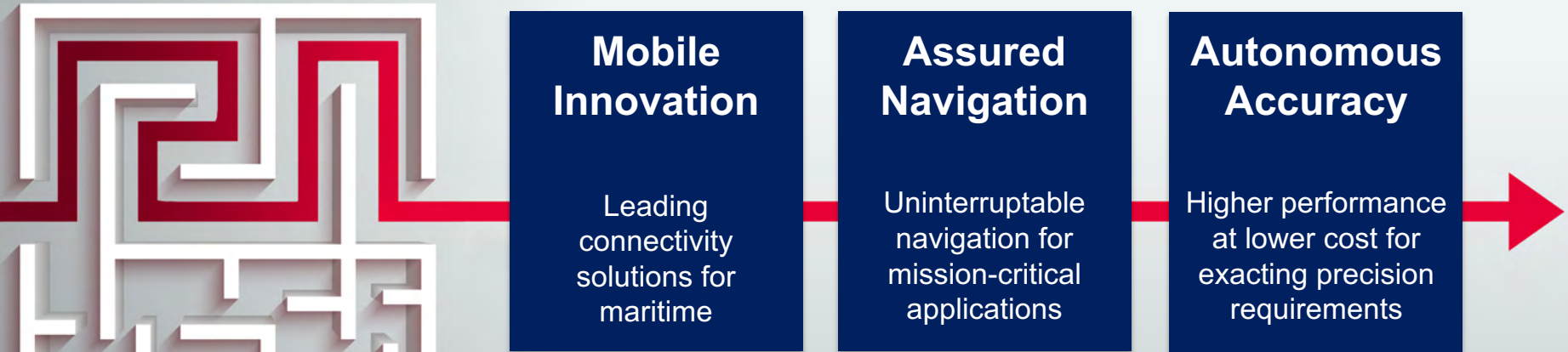
KVH Overview

- **Focused on two large and growing markets**
 - **Mobile Connectivity**
 - **Inertial Navigation**
- **Innovative technology**
 - High barriers to entry
- **Transitioned to recurring revenue model**
 - ~ 65% of revenue now comes from services
 - Airtime, content, and eLearning for maritime industry



KVH's Differentiators

Making The Complex Simple

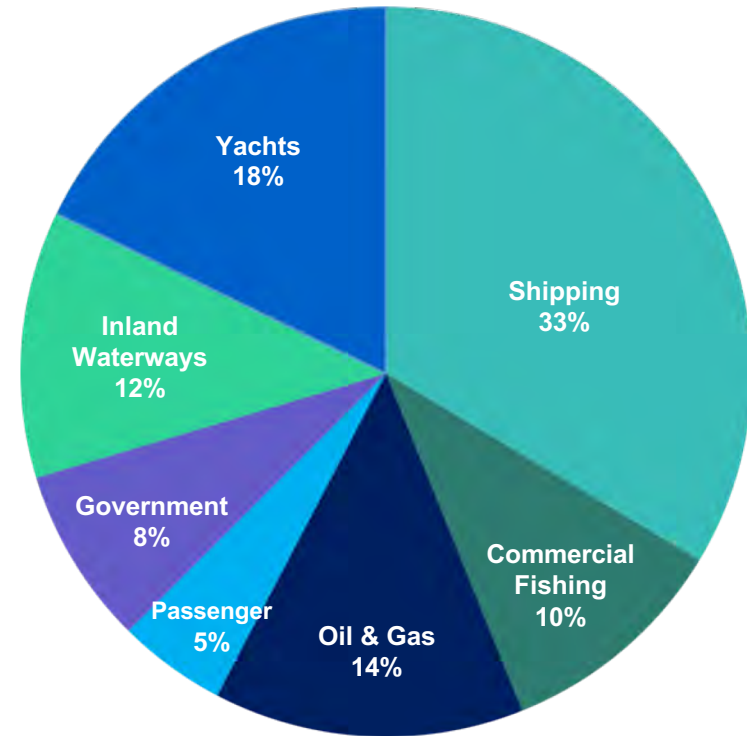


Seamless Integration

End-to-end product and service offerings that delight the customer

Maritime Connectivity Market

- **250,000 vessels in addressable market**
- **Marine broadband market expected to grow to \$3.3B in five years**
- **Industry needs to modernize**
 - Less than 10% have VSAT today
- **Shipping industry confidence at a 3-year high**



Market Drivers for Maritime Connectivity

Operational Efficiency

- Optimize performance
- Reduce fuel consumption & emissions

Regulatory Mandates

- Digital charts (ECDIS)
- Position reports (ECAs)
- Training & labor regulations

Crew Welfare

- Connectivity improves morale
- Enhance recruiting & retention
- Reduce accidents

Cost Savings

- Remote repair & diagnostics
- Reduce insurance costs
- Reduce port charges



Growing Demand for Connectivity

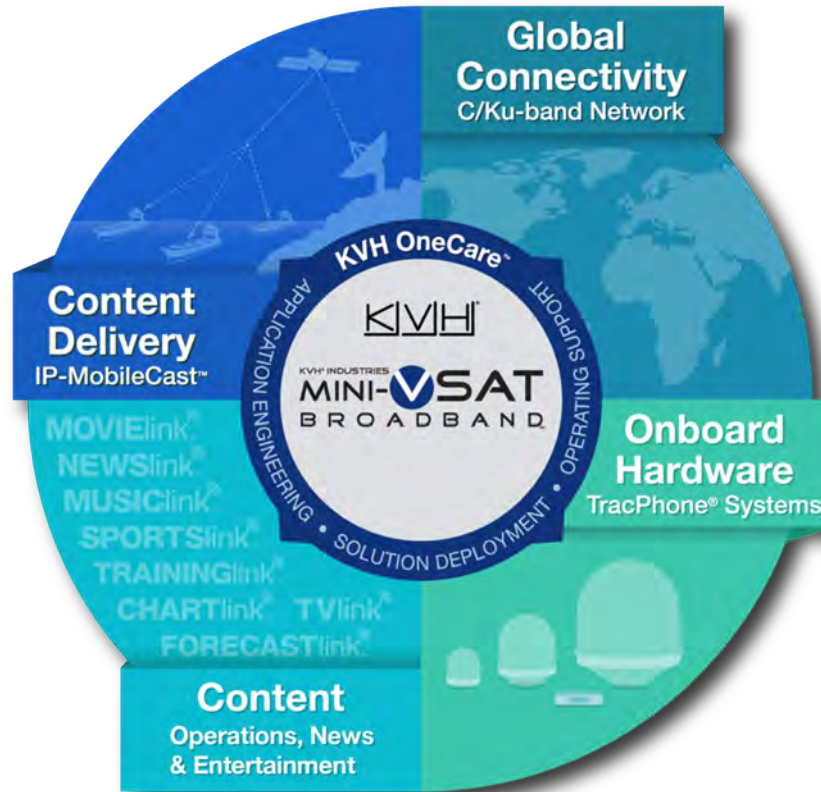
- **Low penetration rate for VSAT set to change**
 - Major upgrade cycle underway
- **40,000+ vessels still have L-band**
 - 10-year old tech with speeds in Kbps not Mbps
 - Inadequate for modern needs

90%
of maritime
professionals believe
real-time data access is
important to increasing
maritime industry
efficiency



Source: "Competitive Gain in the Ocean Supply Chain: Innovation That's Driving Maritime Operational Transformation," by Business Performance Innovation Network, 2017 – survey of 200 maritime executives and professionals

KVH Delivers True End-to-End Solutions



Integrated Onboard Hardware and Software

- **Smaller, simpler, and more reliable**
 - Integration ensures everything works together
- **Stabilized tracking antennas**
 - Above deck equipment suitable for any size vessel
- **Common belowdecks unit**
 - Modem
 - Network appliance
 - 500 GB content server



High Margin Value-added Services

- **20,000 vessel subscribers**
- **For Entertainment & Operations**
 - News & entertainment content
 - Videotel eLearning and maritime training
- **500 GB of content**
 - Per month to each vessel
- **Delivered through IP-MobileCast**
 - Patented global delivery system



Just Launched New HTS Satellite Network

- **High Throughput Satellites (HTS)**
 - High-capacity Ku-band satellite network
- **Partnership with Intelsat and SKY Perfect JSAT**
- **New Intelsat Epic^{NG} satellites**
 - Next-generation technology up to 60 Gbps per satellite
- **25 million square miles of new Ku-band coverage**
- **Higher speeds and lower costs to KVH**




KVH Global HTS
Delivering Connectivity with
Blazing Speeds *and* Unlimited Data

TracPhone HTS Platform

- **New TracPhone V7HTS**
 - State-of-the-art antenna
- **Speeds up to 6x faster**
 - mini-VSAT Broadband service
- **Unique dual-channel configuration**
 - High-speed channel
 - Unlimited use data channel
 - Hybrid airtime plans with speeds as fast as 10/3 Mbps





How to accelerate adoption of maritime broadband?

Software as a Service (SaaS) Changed IT

- **Subscription now dominates the digital world**
 - Legacy model of hardware & service is dead
 - Outsource elements that aren't core to your company
- **Flexible to add or reduce as business changes**
 - Results in significant stickiness



KVH Pioneers Connectivity as a Service (CaaS)

Changing the Business Model for Maritime

**End-to-end
solution**

**All-inclusive with
no commitments**

**Removes barriers
to VSAT adoption**

**Reflects maritime
business realities**



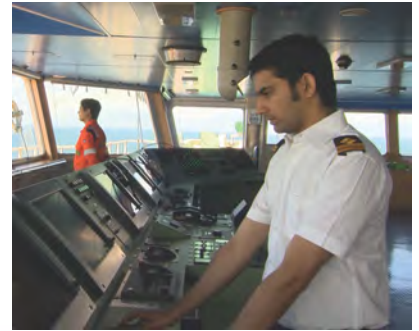
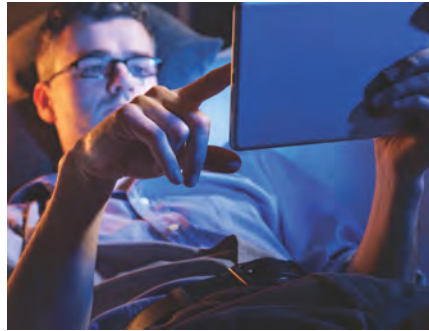
The CaaS Solution: AgilePlans by KVH

- **Subscription model – monthly fee that covers everything**
 - Innovative business model for rapid fleet deployment
- **Includes all onboard hardware**
 - Satellite antenna/modem/server
 - Includes installation
 - Maintenance, repairs, hardware & software updates
- **Includes all airtime & content**
 - HTS airtime service
 - Chart and weather updates plus real-time vessel tracking
 - Crew welfare content
 - Maritime training videos

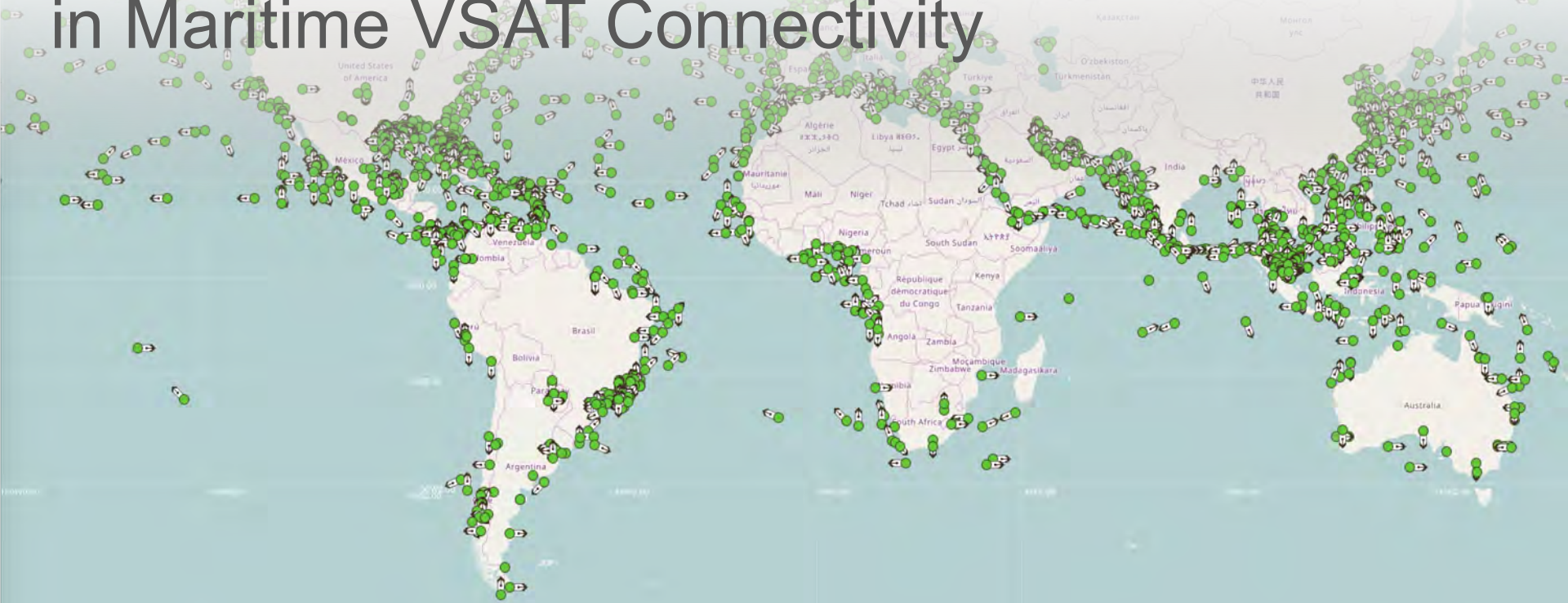


Rapid Uptake of New Business Model

- Leverages KVH's unique strengths as an end to end solution
- Launched mid Q2 2017
- By Q1 2018 67% of KVH's commercial activations were AgilePlans
- Increased ARPU with AgilePlans versus historical average



Innovation is why KVH is the Market Leader in Maritime VSAT Connectivity



Sources: NSR's Maritime SATCOM Markets, 4th Edition, June 2016, and Euroconsult's "Prospects for Maritime Satellite Communications, 6th Edition"

The Future – Autonomous Shipping

- **KVH poised to deliver two critical elements:**
 - Reliable, affordable, high-capacity broadband communications
 - Precision inertial navigation technology

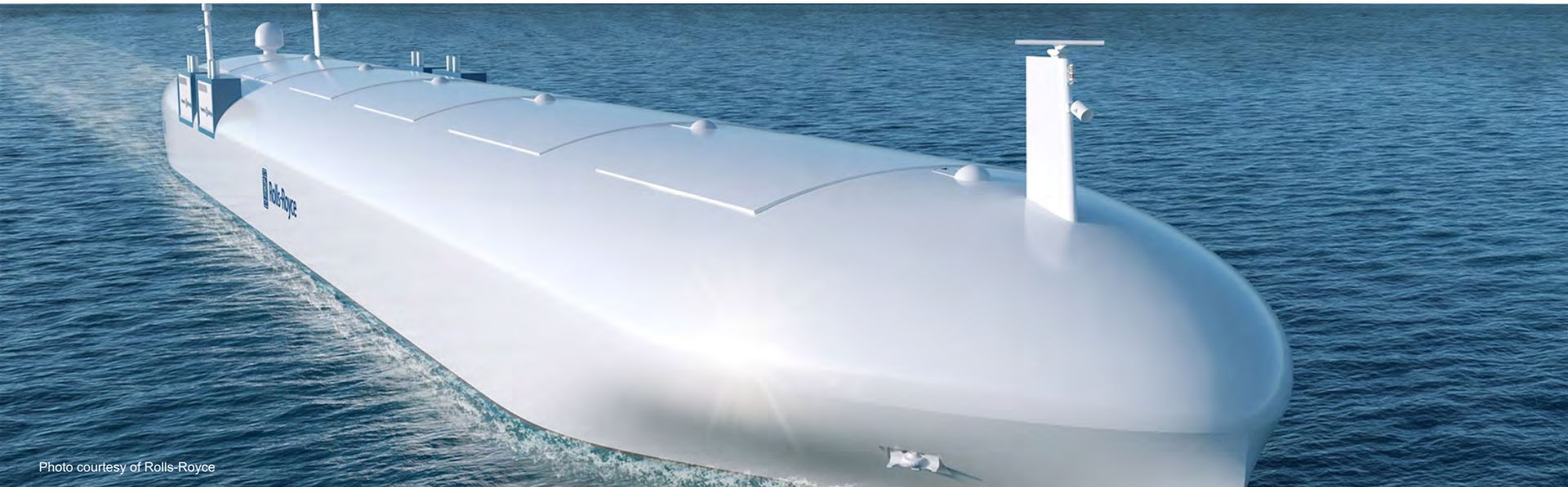
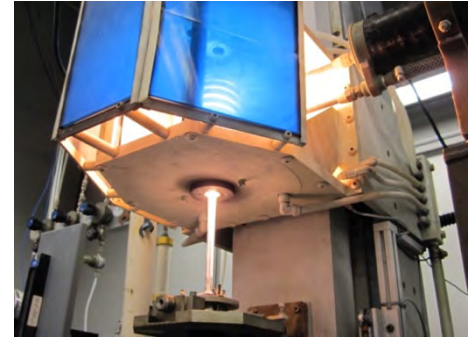


Photo courtesy of Rolls-Royce

Inertial Navigation Solutions

- **Market leader in precision fiber optic gyros**
 - Strong intellectual property position
 - 100,000+ fiber optic gyros (FOGs) produced
- **Industry leading price/performance**
 - Higher performance vs. MEMs
 - Lower cost vs. closed loop technology
- **Vertically integrated manufacturer**
 - Inertial sensors and navigation systems
 - Polarization maintaining fiber draw towers
 - Optical components



Diverse Product Line for High Value Systems

- **Fiber Optic Gyros (FOGs)**
 - Compact, rugged, solid-state, with ultra-high bandwidth
- **Inertial Measurement Units (IMUs)**
 - Combines three axes of FOGs and three accelerometers
- **Inertial Navigation Systems (INS)**
 - Combines an IMU with a GPS receiver



Renewed Market for Military Navigation

- **Defense spending expanding globally**
- **Significant export markets**
 - \$90M+ in sales to middle east allies in last eight years
- **Large pipeline of opportunities in 2018**
 - Including some which moved out from 2017



The Challenge for Tactical Military Navigation

- **Militaries are totally dependent on GPS today**
- **GPS signals and satellites are vulnerable**
- **Need the precision of GPS but must have reliable backup**
- **Jamming and spoofing already employed on battlefield**



Leader in Assured Navigation

- **KVH tactical navigation systems are unjammable**
 - Inertial and digital compass-based navigation not dependent on GPS
- **Fielded over 20,000 TACNAV systems internationally**
- **U.S. Army now focusing on assured navigation solution**
- **Positioning KVH TACNAV 3D for broad deployment**



Growing Market of “Autonomous Everything” Needs Accuracy

- **Commercial Applications**

- Drones
- Camera and LIDAR stabilization
- 3D mapping
- Robotics
- Vehicles



Component Sales of \$42B for Driverless Cars Expected by 2025

- **SAE Level 4 and 5 autonomy approaching reality**
- **Driverless cars expected to be 15% of global auto sales by 2030**
- **Broad market opportunity**
 - Traditional car manufacturers
 - Traditional Tier 1 suppliers
 - New entrant car companies



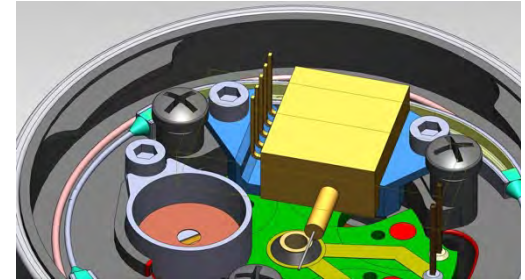
Precision Inertial Sensors Integral to Self-driving Vehicle Success

- **Autonomous platforms rely on sensor fusion**
 - Multiple sensors on board – cameras, LIDAR, GPS, and inertial
- **Fiber Optic Gyros enable 1 cm positioning**
 - Precision navigation even when GPS is unavailable
- **KVH FOGs already deployed in hundreds of driverless vehicle prototypes**
- **Need to get designed into production vehicles**



Developing a Low-cost, Mass-producible FOG

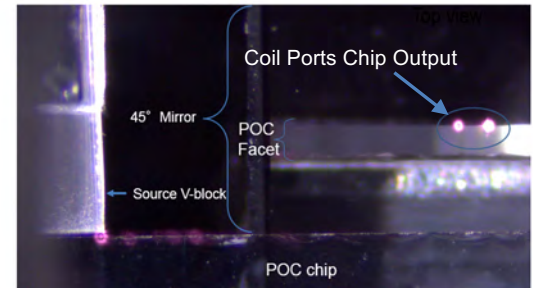
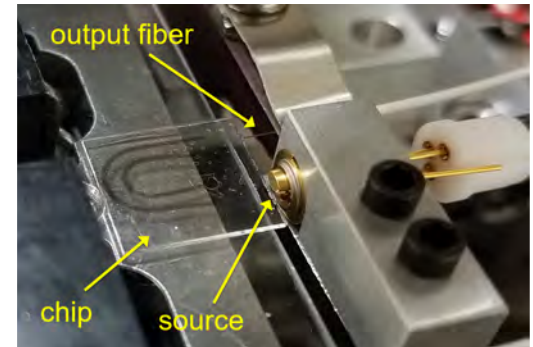
- **Long-term opportunity 10M–15M vehicles per year**
 - Each with one to three precision gyros/vehicle
- **Need to scale FOG production capacity now**
 - Grow from tens of thousands to hundreds of thousands per year
 - Maintain current levels of accuracy and bandwidth
- **KVH photonic chip gyro technology**
 - Replaces individual fiber optic components with planar optical chip



Photonic chip samples

Photonic Chip Development

- **Significant progress in last nine months**
- **Major advancements in our photonic chip**
 - Achieved very low insertion loss
 - Designed to support mass production with high reliability
- **Patents pending**
 - Potential performance boost and cost reduction for existing systems
- **Transitioning from research to product development**
 - Working toward delivering samples to key customers in 2018

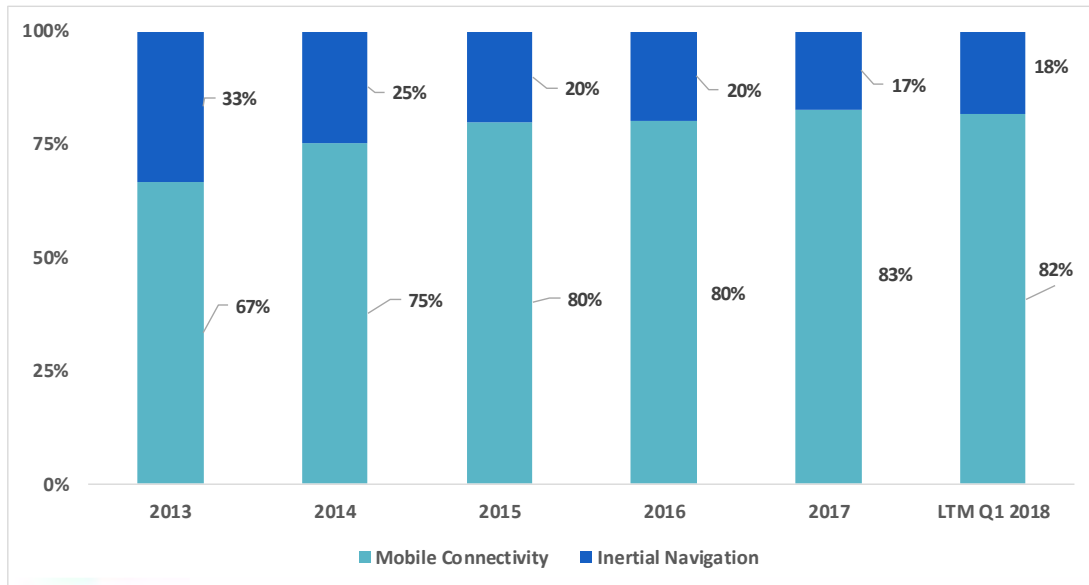




Operational & Financial Overview

Overall Revenue Split

- Revenue by segment fairly consistent in recent past
- Inertial Navigation revenues can be lumpy over the short term, but tend to even out over time



Key products:

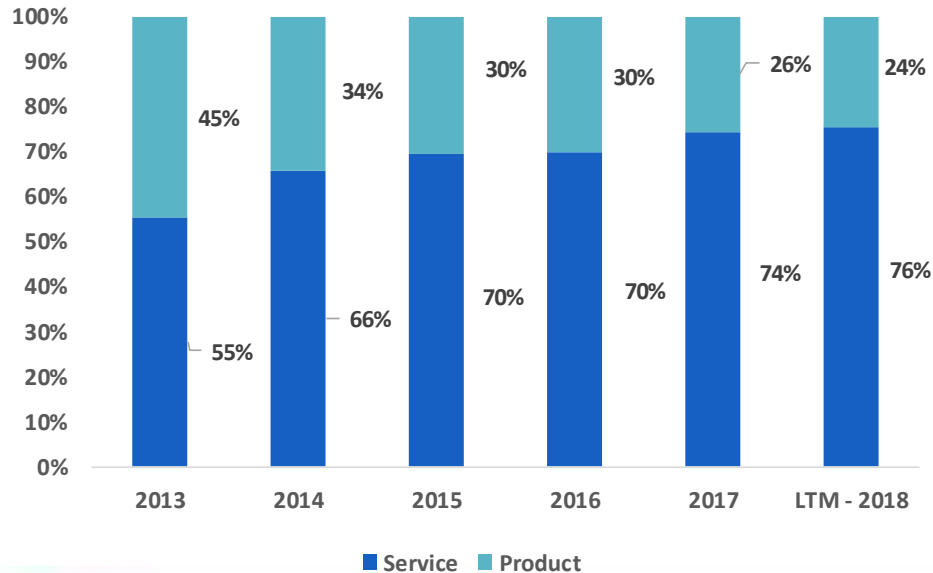
- FOG
- TACNAV
- Engineered services

Key products:

- VSAT airtime
- VSAT hardware
- TV products
- Content and training

Mobile Connectivity – Expanding Service Revenue Model

- Focused on increasing recurring service revenue as a percentage of total



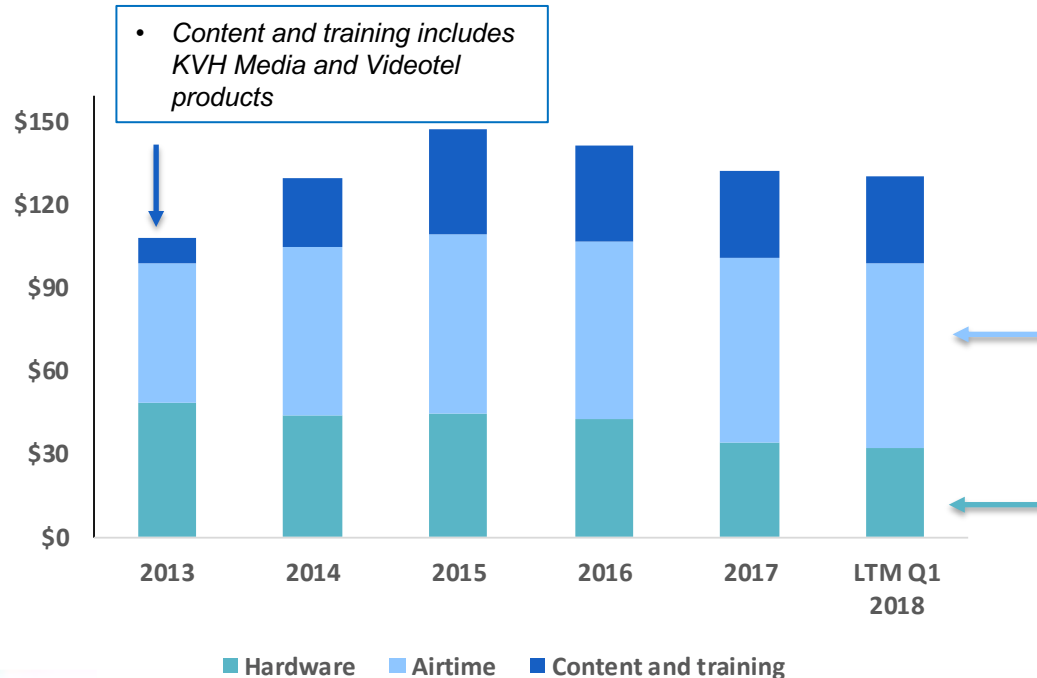
Service revenues approximately 76% of total MC revenues, and growing

Future growth drivers:

- *AgilePlans*
- *HTS network*
- *IP-MobileCast – expanding content*
- *Enhanced training tools (Videotel Performance Manager)*

Mobile Connectivity – Revenue by Group

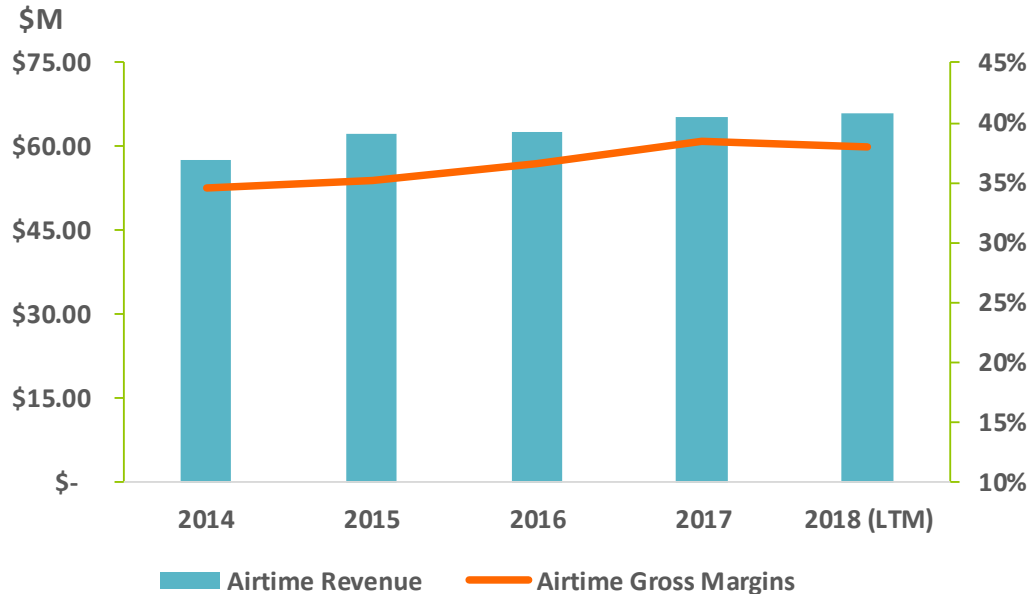
- AgilePlans, content and training acquisitions helping to drive overall service revenue growth



- Record number of VSAT shipments in Q1 2018
- Impact of AgilePlans is increasing each quarter since launch
 - Over 67% of total commercial shipments in Q1, and growing
 - 62% increase vs Q1 2017
 - 50% increase vs Q4 2017
- Creative bundles (airtime and content) helping to drive Airtime growth
- Launch of HTS expected to also drive future growth

- Hardware sales include TracVision and TracPhone products

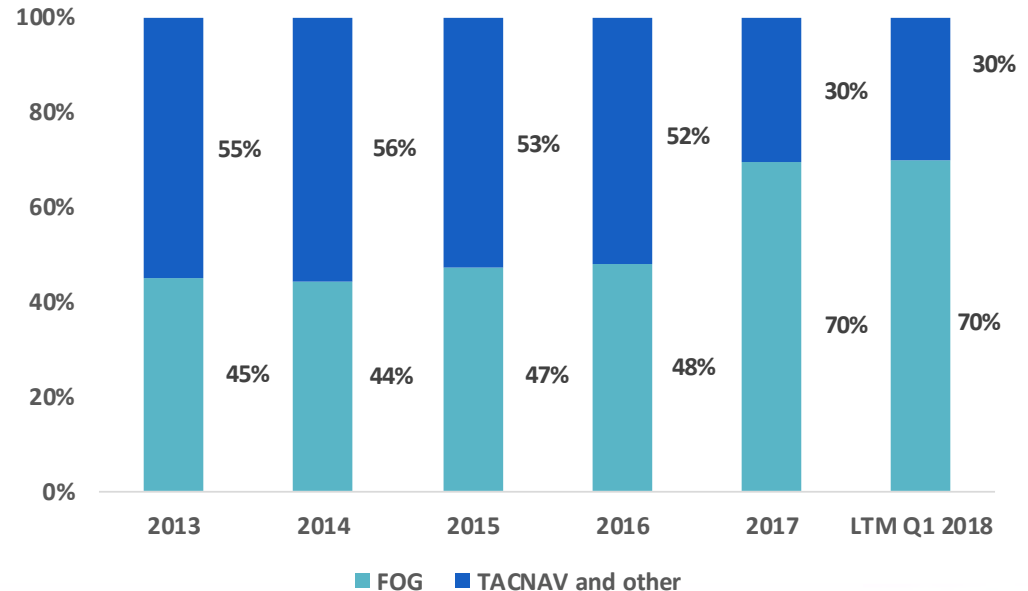
Mobile Connectivity – Growing Airtime Revenue and Margins



- *Service revenue continuing to grow*
- *Service gross margins remain strong*
- *New initiatives – AgilePlans, HTS launch – expected to accelerate growth trends*

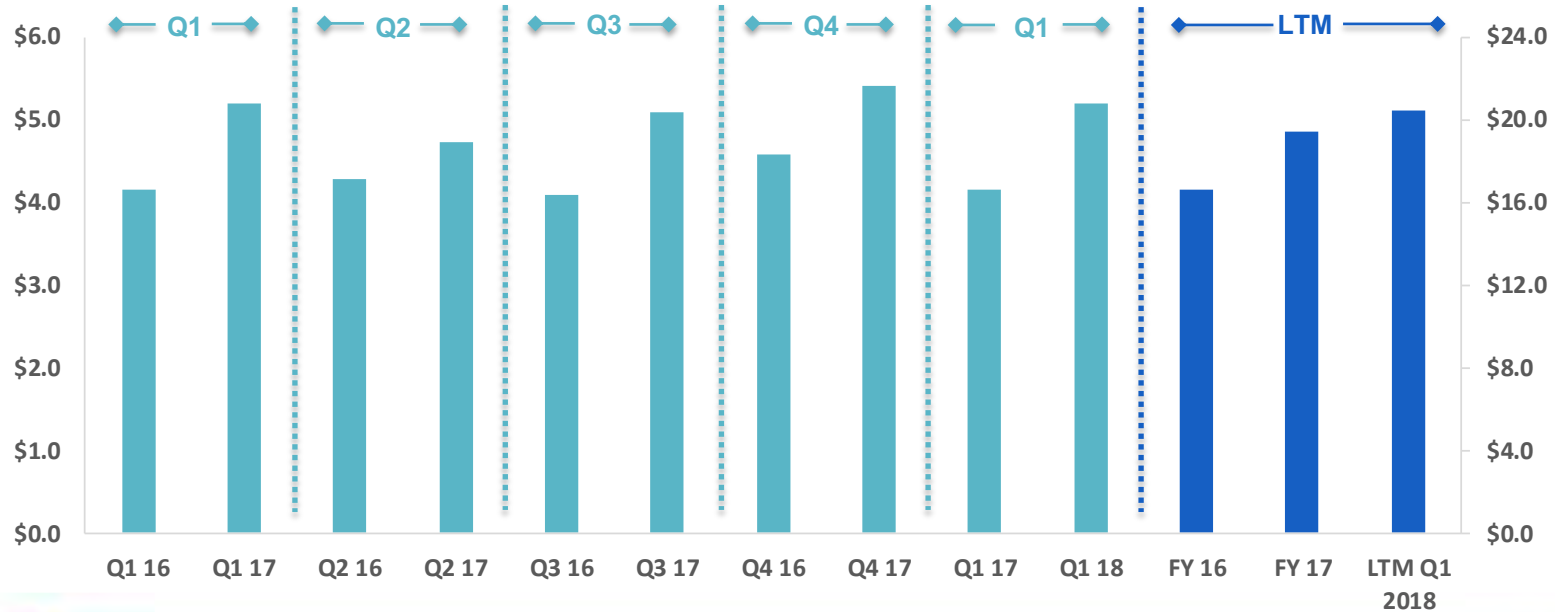
Inertial Navigation – Revenue Composition

- FOG revenue growing as a percentage of total
- More predictable and recurring
- TACNAV revenue lumpy and hard to predict, but very profitable



Inertial Navigation – Revenue Composition

- Five (5) consecutive quarters of Double Digit FOG growth
- Potential for photonic chip initiative to accelerate revenues



Q1 2018 Financial Summary

	Q1 2018	Q1 2017
Revenue	\$40.1M	\$40.2M
Service Revenue (% of Total Revenue)	65%	63%
Gross Profit Margin	43%	41%
GAAP Net Income	(\$3.9M)	(\$4.9M)
<i>Non-GAAP Net Income</i>	<i>(\$1.0M)</i>	<i>(\$1.3M)</i>
GAAP EPS	(\$0.23)	(\$0.30)
<i>Non-GAAP EPS</i>	<i>(\$0.06)</i>	<i>(\$0.08)</i>
Adjusted EBITDA	\$0.9M	(\$0.7M)
Cash and Cash Equivalents	\$41.1M	\$46.1M
Net Debt	\$6.0M	\$2.8M

Note: Refer to the company's Q1 2018 earnings release and Annual Report on Form 10-K or Quarterly Report on Form 10-Q for additional financial disclosure.

FY 2017 Financial Summary

	2017	2016
Revenue	\$160.1M	\$176.1M
Service Revenue (% of Total Revenue)	64%	59%
Gross Profit Margin	44%	44%
GAAP Net Income	(\$11.0M)	(\$7.5M)
<i>Non-GAAP Net Income</i>	<i>\$1.4M</i>	<i>\$7.0M</i>
GAAP EPS	(\$0.67)	(\$0.47)
<i>Non-GAAP EPS</i>	<i>\$0.09</i>	<i>\$0.44</i>
Adjusted EBITDA	\$6.7M	\$15.5M
Cash, Cash Equivalents and Marketable Securities	\$42.9M	\$52.1M
Net Debt	\$4.1M	\$5.9M

Note: Refer to the company's Q1 2018 earnings release and Annual Report on Form 10-K or Quarterly Report on Form 10-Q for additional financial disclosure.

Path for Growth 2018 and Beyond

- **Pace toward autonomous everything increasing**
 - Established provider for critical inertial technology
 - Development underway on volume production FOG technology for automotive market
- **U.S. and allied military roadmap in place for new Assured Position, Navigation and Timing (A-PNT) implementation**
 - Conducted initial product demonstrations, meeting or exceeding specification requirements
- **Maritime connectivity demands are increasing**
 - Improving speed and economics in mobile broadband network
 - Industry entering major upgrade cycle away from obsolete services
 - Expanding subscription-based offerings (including launch of AgilePlans) and IoT applications
- **Innovation for a world in motion**
 - Technology creating new opportunities

A background image showing a view of Earth from space, with the planet's curvature visible on the left side. The rest of the background is a dark, star-filled sky with a faint Milky Way galaxy visible.

www.kvh.com

Mobile Connectivity • Inertial Navigation