



**FOR IMMEDIATE RELEASE**

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## **KVH Industries Updates Guidance and will Host Conference Call on May 16, 2019 to Discuss Sale of Videotel**

**MIDDLETOWN, RI, May 16, 2019** — KVH Industries, Inc., (Nasdaq: KVHI) will host a call at 9:00 a.m. ET on Thursday, May 16, 2019 to discuss the sale of its Videotel Training Business. In addition, the call will include a discussion of the impact on the previously published revenue and earnings guidance for the Company's second quarter and full year of 2019. The call will be hosted by Mr. Martin Kits van Heyningen, chief executive officer, Mr. Donald Reilly, chief financial officer, and Mr. Brent Bruun, chief operating officer.

### **Updated Second Quarter and Full Year 2019 Outlook**

The guidance in the following tables has been updated to reflect the sale of Videotel on May 13, 2019. Apart from this sale, this guidance is unchanged from the guidance published earlier in May. The updated guidance includes a preliminary estimate of the gain, including an estimate of the tax expense associated with the gain, that will be recorded on the sale of Videotel. The actual gain that will be recorded, including the tax impact, may be significantly different than this estimate once actual costs associated with the sale are known and the analysis of the tax impact is complete. This updated guidance does not take into account our anticipated use of proceeds, including the anticipated repayment of all of our term loans and all or a substantial portion of our revolving loans, or the resulting impact on our anticipated net interest expense.

(in millions, except per share data)

	<b>Second Quarter</b>		<b>Full Year</b>	
	<b>From</b>	<b>To</b>	<b>From</b>	<b>To</b>
Revenue	\$ 40.0	\$ 41.5	\$ 169.0	\$ 182.0
GAAP EPS	\$ 2.08	\$ 2.11	\$ 1.66	\$ 1.94
Non-GAAP EPS	\$ (0.05)	\$ (0.04)	\$ (0.23)	\$ (0.05)
Non-GAAP Adjusted EBITDA	\$ 1.0	\$ 1.8	\$ 5.0	\$ 10.0

### **Conference Call Details**

A live broadcast of the call will be available online at [investors.kvh.com](http://investors.kvh.com). In addition, an audio replay of the conference call will be available on the website for two weeks. To listen to the replay, visit [investors.kvh.com](http://investors.kvh.com) starting two hours following the conclusion of the call. Investors who wish to submit questions during or following the call may do so to [IR@kvh.com](mailto:IR@kvh.com).



## Non-GAAP Financial Measures

This release provides non-GAAP financial information, which may include constant-currency revenue, non-GAAP net income (loss), non-GAAP diluted EPS, and non-GAAP adjusted EBITDA, as a supplement to our condensed consolidated financial statements, which are prepared in accordance with generally accepted accounting principles (“GAAP”). Management uses these non-GAAP financial measures internally in analyzing financial results to assess operational performance. Constant-currency revenue is calculated on the basis of local currency results, using foreign currency exchange rates applicable to the earlier comparative period, and management believes that presenting information on a constant-currency basis helps management and investors to isolate the impact of changes in those rates from other factors. The presentation of this financial information is not intended to be considered in isolation or as a substitute for the financial information prepared in accordance with GAAP. The non-GAAP financial measures used in this press release adjust for specified items that can be highly variable or difficult to predict. Management generally uses these non-GAAP financial measures to facilitate financial and operational decision-making, including evaluation of our historical operating results, comparison to competitors’ operating results, and determination of management incentive compensation. These non-GAAP financial measures reflect an additional way of viewing aspects of our operations that, when viewed with GAAP results and the reconciliations to corresponding GAAP financial measures, may provide a more complete understanding of factors and trends affecting our business.

Some limitations of non-GAAP net income (loss), non-GAAP diluted EPS, and non-GAAP adjusted EBITDA, include the following:

- Non-GAAP net income (loss) and diluted EPS exclude amortization of intangibles, stock-based compensation expense, employee termination and other non-recurring costs, transaction-related legal fees, foreign exchange transaction gains and losses, the tax effect of the foregoing and certain discrete tax charges, including changes in our valuation allowance and other tax adjustments.
- Non-GAAP adjusted EBITDA represents net income (loss) before interest income, interest expense, income taxes, depreciation, amortization, stock-based compensation, employee termination and other non-recurring costs, transaction-related legal fees, and foreign exchange transaction gains and losses.

Other companies, including companies in KVH’s industry, may calculate these non-GAAP financial measures differently or not at all, which will reduce their usefulness as a comparative measure.

## Future Non-GAAP Adjustments

Future GAAP diluted EPS may be affected by changes in ongoing assumptions and judgments, and may also be affected by non-recurring, unusual or unanticipated charges, expenses or gains, which are excluded in the calculation of our non-GAAP diluted EPS guidance as described in this press release.

Because non-GAAP financial measures exclude the effect of items that will increase or decrease our reported results of operations, management strongly encourages investors to review our consolidated financial statements and publicly filed reports in their entirety. Reconciliations of the non-GAAP financial measures to the most directly comparable GAAP financial measures are included in the tables accompanying this release.

## About KVH Industries, Inc.

KVH Industries, Inc. (Nasdaq: KVHI), is a global leader in mobile connectivity and inertial navigation systems, innovating to enable a mobile world. The market leader in maritime VSAT, KVH designs, manufactures, and provides connectivity and content services globally. KVH is also a premier manufacturer of high-performance sensors and integrated inertial systems for defense and commercial applications. Founded in 1982, the company is based in Middletown, RI, with research, development, and manufacturing operations in Middletown, RI, and Tinley Park, IL, and more than a dozen offices around the globe.



This press release contains forward-looking statements that involve risks and uncertainties. For example, forward-looking statements include statements regarding our financial goals for future periods, the success of our new initiatives, our investment plans, our development goals, our anticipated revenue and earnings, and the impact of our future initiatives on revenue, competitive positioning, profitability, and product orders. Actual results could differ materially from the forward-looking statements made in this press release. Factors that might cause these differences include, but are not limited to: the uncertain duration of the initial adverse impact on our overall revenues of our new AgilePlans, under which we recognize no revenue for product sales, either at the time of shipment or over the contract term; increased costs arising from the new HTS network; the impact of recent changes in revenue recognition and lease accounting standards, including potential changes in the interpretation of those standards; the uncertain impact of tax reform, and federal budget deficits, government shutdowns and Congressional deadlock; the uncertain impact of changes in trade policy, including actual and potential new or higher tariffs and trade barriers, as well as trade wars with other countries; unanticipated obstacles in our photonic chip and other product development efforts; delays in the receipt of anticipated orders for our products and services, including significant orders for TACNAV products, or the potential failure of such orders to occur at all; continued adverse impacts of currency fluctuations, particularly the British Pound; risks associated with the impact of Brexit on sales and operations in the U.K. and Europe and on the overall global economy; our ability to successfully implement our new initiatives without unanticipated additional expenses; potential reduced sales to companies in or dependent upon the turbulent oil and gas industry; continued substantial fluctuations in military sales, including to foreign customers; the unpredictability of defense budget priorities as well as the order timing, purchasing schedules, and priorities for defense products, including possible order cancellations; the uncertain impact of potential budget cuts by government customers; the impact of extended economic weakness on the sale and use of marine vessels and recreational vehicles; the potential inability to increase or maintain our market share in the market for airtime services; the need to increase sales of the TracPhone V-IP and V-HTS series products and related services to maintain and improve airtime gross margins; the need for, or delays in, qualification of products to customer or regulatory standards; potential declines or changes in customer demand, due to economic, weather-related, seasonal, and other factors, particularly with respect to the TracPhone V-IP and V-HTS series, including with respect to new pricing models; increased price and service competition in the mobile connectivity market; potential increased expenses associated with investments in new technology and new initiatives; exposure for potential intellectual property infringement; potential additional 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 factors are discussed in more detail in our Quarterly Report on Form 10-K filed with the Securities and Exchange Commission on March 1, 2019. 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 but not limited to the following marks: KVH, TracVision, TracPhone, CommBox, TACNAV, IP-MobileCast, Videotel, mini-VSAT Broadband, NEWSlink, KVH OneCare, and AgilePlans by KVH. Other trademarks are the property of their respective companies.



**KVH INDUSTRIES, INC. AND SUBSIDIARIES**  
**NON-GAAP EPS GUIDANCE**  
*(unaudited)*

	<b>Second Quarter</b> <b>Fiscal 2019 (Projected)</b>	<b>Full Year</b> <b>Fiscal 2019 (Projected)</b>
Net income per common share	\$2.08 - \$2.11	\$1.66 - \$1.94
Estimated gain on sale of Videotel and impact of proceeds	(\$2.27)	(\$2.33)
Estimated amortization of intangibles <sup>(a)</sup>	\$0.03	\$0.11
Estimated stock-based compensation expense	\$0.06	\$0.20
Estimated tax effect	\$(0.02)	\$(0.07)
Change in valuation allowance <sup>(b)</sup>	\$0.07 - \$0.05	\$0.20 - \$0.10
Non-GAAP net loss per common share <sup>(c)</sup>	<u><u>\$(0.05) - \$(0.04)</u></u>	<u><u>\$(0.23) - \$(0.05)</u></u>

(a) Includes amortization of intangible assets resulting from acquisitions.

(b) Represents incremental forecasted valuation allowance that we expect to record against additional deferred tax assets expected to be generated in 2019.

(c) Assumes no significant change in realized and unrealized foreign exchange transaction gains and losses.



**KVH INDUSTRIES, INC. AND SUBSIDIARIES**  
**NON-GAAP ADJUSTED EBITDA GUIDANCE**  
*(in millions, unaudited)*

	<b>Second Quarter Fiscal 2019 (Projected)</b>	<b>Full Year Fiscal 2019 (Projected)</b>
GAAP net income	\$36.0- \$36.8	\$28.8 - \$33.8
Estimated gain on sale of Videotel and impact of proceeds	(\$39.6)	(\$40.7)
Estimated income tax provision	\$0.2	\$0.0
Estimated interest expense, net	\$0.2	\$0.7
Estimated depreciation and amortization <sup>(a)</sup>	\$3.1	\$12.6
Estimated stock-based compensation expense	\$1.1	\$3.6
Non-GAAP adjusted EBITDA <sup>(b)</sup>	<u>\$1.0 - \$1.8</u>	<u>\$5.0 - \$10.0</u>

(a) Reflects amortization of intangible assets resulting from acquisitions and depreciation of fixed assets.

(b) Assumes no significant change in realized and unrealized foreign exchange transaction gains and losses.