KVH Industries Acquires Headland Media

Enhances KVH’s Initiatives to Offer Value-Added Media & Entertainment Services for Maritime SATCOM Customers Worldwide

MIDDLETOWN, RI – May 13, 2013 – 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 ARPs.”

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.

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.