



GOGO SELLS COMMERCIAL AVIATION BUSINESS TO INTELSAT FOR \$400 MILLION IN CASH

News / Finance



Gogo Inc. announced it has entered into a definitive agreement to sell its Commercial Aviation business to Intelsat S.A. for \$400 million in cash, subject to customary adjustments. The Gogo Board of Directors has approved the transaction. Intelsat expects to finance the transaction utilizing cash on hand and borrowings under its \$1 billion debtor-in-possession credit facility and has obtained support from key economic stakeholders, as well as approval from the U.S. Bankruptcy Court for the Eastern District of Virginia, Richmond Division, to complete the acquisition. The transaction, which is expected to close before the end of the first quarter 2021, remains subject to customary closing conditions and certain regulatory approvals.

"Following a competitive strategic review process, we're confident this transaction unlocks the full value of the CA business for shareholders," said Oakleigh Thorne, Gogo's President and CEO. "Combining CA, the leading inflight connectivity provider, with Intelsat, the world's largest global satellite operator, will create the leading vertically-integrated IFC business in the world, with the additional resources and scale to support continued growth and innovation as demand for commercial air travel recovers."



"With shared values and a clear commitment to working with the CA team to grow the business, we are confident Intelsat is the right partner. I am extremely grateful for the CA team's efforts – particularly over the past few months. Today's announcement is a testament to the strength of the business they have built," Thorne said.

Gogo, which will remain a public company, will use the proceeds from the transaction to improve its net debt position and continue to invest in growth opportunities such as Gogo 5G. With greater financial flexibility, including a lower cost of capital over time, the new Gogo will be better positioned to enhance the scale and profitability of its Business Aviation (BA) segment, which is uniquely well-positioned in an attractive and underpenetrated market.

"This transaction creates a stronger and more focused Gogo, with the singular strategic imperative of serving the business aviation market with the best inflight connectivity and entertainment products in the world," Thorne said. "The BA market continues its sharp recovery and strong demand growth trajectory, and our BA segment is exceptionally well-positioned to drive long-term value creation in that industry."

As part of the transaction, Gogo will enter into a 10-year network services agreement under which Intelsat will have exclusive access to Gogo ATG services for the CA market in North America, subject to minimum revenue guarantees of \$177.5 million.

Intelsat intends to operate the CA business as an independent business unit, led by current CA President John Wade. The CA business will remain based in Chicago.

BDT & Company served as primary financial advisor to Gogo, J.P. Morgan and Morgan Stanley & Co. LLC served as financial co-advisors, and Debevoise & Plimpton LLP served as legal advisor.

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