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GOGO.OQ - Q3 2025 Gogo Inc Earnings Call

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PRESENTATION

Operator

Hello and thank you for standing by. Welcome to Gogo third quarter 2025 earnings conference call.

(Operator Instructions)

I would now like to hand the conference over to William Davis. You may begin.

William Davis - Gogo Inc - Investor Relations

Thank you and good morning, everyone. Welcome to Gogo's third quarter 2025 earnings conference call. Joining me today to discuss our results are Christopher Moore, CEO, and Zachary Cotner, our CFO.

Before we get started, I would like to take this opportunity to remind you that during the course of this call, we may make forward-looking statements regarding future events and the future performance of the company.

We caution you to consider the risk factors that could cause actual results to differ materially from those in the forward-looking statements on this call.

Those risk factors are described in our earnings release filed this morning.

And in a more fully detailed note under risk factors filed in our annual report on 10K and 10Q and other documents that we have filed with the SEC.

In addition, please note that the date of this conference call is November 6th, 2025. Any forward-looking statements that we make today are based on assumptions as of this date.

And we undertake no obligation to update these statements as a result of more information or future events.

During this call we'll present both GAAP and non-GAAP financial measures.

We've included a reconciliation and explanation of adjustments and other considerations of our non-GAAP measures to the most comparable GAAP measures in our Third quarter earnings release.

Our calls being webcasted and available at lir.gogoair.com.

The earnings release is also available on the website.

After management comments, we'll host a Q&A session with the financial community. Online

It is now my great pleasure to turn the call over to Christopher Moore.

Christopher Moore - *Gogo Inc - Executive Chairman of the Board, Chief Executive Officer*

Thank you, William, and good morning. I will let Zachary handle the numbers, but I am pleased with our financial discipline, integration, and synergy execution and free cash flow generation as we prepare for growth as a result of our new product ramps and global contract wins.

My remarks will focus on the significant progress made across our key new products in the third quarter, including 5G, HDX, and FDX, all of which are expected to provide a step function increase in speed, consistency, and performance.

I will also discuss our progress in the Mill Gov end market, including several recent contract wins that validate our unique multi-orbit, multi-band strategy for this important customer base.

We believe Gogo is well positioned to execute on our new product launches, and this bolsters my confidence in achieving long-term sustained revenue and free cash flow growth.

Before we jump into our product rollouts, let's review the positive demand trends within our under penetrated market. Global business jet flights are about 30% above pre-covid levels.

And at an all-time high, fractional demand is robust. Overall demand for business jets remains healthy, with major OEMs reporting strong backlogs and estimating 2025 final book to bill ratios one time or higher.

Last month, Honeywell estimated business jet deliveries globally of 8,500 over the next 10 years, representing an annual growth rate of approximately 3%.

Given that our global addressable market of 41,000 business aircraft is less than 25% penetrated.

With broadband connectivity, these factors create a robust end market.

In summary, our value creation is to grow our current strong position in the under penetrated market with long-term, high margin customer relationships by delivering a set of new products and services which deliver order of magnitude improvements in performance with purpose-built equipment that is easier to install, maintain, and upgrade than competitors' products.

Let's start our new product update with Galileo, our global Leo-based service that comes in two Flavors HDX for smaller aircraft and FDX for larger aircraft.

The recent announcement by VistaJet, a leading global business jet operator, of its plans to deploy both HDX and FDX across its fleet of 270 aircraft, is a powerful endorsement for Galileo.

HGX installations begin this month in Europe and start in the US and Asia in January.

Vista expects one aircraft upgrade with the Gogo Galileo terminal every nine days, reaching at least 60 aircraft with the Galileo terminal within the first 18 months. VistaJet was comfortable with both the robust performance of our Galileo service and our commitment to long-term global customer support, as well as the ability to manage capacity and route traffic across a global fleet with multiple aircraft types.

The VistaJet contract continues our momentum across multiple global fleet operators. In addition to VistaJet, Gogo has announced wins with the following fleets, all with plans to upgrade their fleet to Galileo and or 5G.

NetJets, Lux Aviation, Wheels Up, and Avconjet all in, we believe that there is a path for Gogo to reach well over 1,000 fleet aircraft with either, Galileo, or 5G representing a true slingshot to propel our Leo and 80G business on a global scale.

Further, our combined Galileo pipeline for both HDX and FDX is now approximately 1,000, up from 500 at the end of Q2, and we continue to see a favourable pipeline mix between US and global markets of about 60/40.

Note, as we win new contracts like the VistaJet deal, this pipeline rolls off into new business one. So, a pipeline is just one piece of the puzzle in tracking our progress.

Next, let's drill down on HDX. HDX is ideal for the 12,000 mid-size and smaller aircraft outside North America without broadband and the 11,000 mid-size and smaller aircraft in North America that fly outside CONUS or want faster speeds than 5G.

Our execution on HDX bore significant fruit during the quarter as we increased our completed FTCs from 8 to 19 out of 40 under contract. We are very close to reaching critical mass with our HDX STC count. Additionally, we have now shipped over 200 HDX units year-to-date, nearly 3 times the 77 shipments we announced on our Q2 call in August, with 93% earmarked for specific customers.

Our HDX installations are now 50, including outstanding FTCs, which we expect to ramp significantly as we begin to install on our major fleet accounts and execute online installations with Textron beginning in early 2026.

Accelerating AOL in a new product is truly where the magic happens and will be the key to future service revenue acceleration.

HDX is performing ahead of speed expectations and was purpose built to fit on 41,000 global aircraft, and we expect a very significant ramp in shipments and AOL growth in 2026 and beyond.

Now let's shift to FDX, our larger LEO antenna for the large global business market of 10,000 aircraft.

A successful flight test with OEM's dealers and fleet customers is a fantastic endorsement for the status of a new product.

At the recent NBAA show, we flew multiple flight demos with speeds reaching 200 megabits at the high end of our predicted speed range. As we see, this is screaming. We operated 27 streaming devices simultaneously and consumed an outstanding 36 gigs of data in 36 minutes.

I've been launching and testing aviation Wi Fi systems for a couple of decades and have never seen such flawless execution on a flight demo within a week of aircraft installation and delivery.

It was truly an awesome performance. Hats off to the Gogo team and our partners Hughes, Standard Aero, and OneWeb.

We were thrilled to announce in our earnings release this morning that FDX will be a Leo live fit option for all new Bombardier, Challenger, and global business aircraft types. In our view, this validates our technology, our team, and shows great trust from a major global business aircraft OAM. We expect revenue generation from this important win in early 2027.

We have now announced strong Galileo relationships with the following major global OEMs Bombardier, Textron, Dassault, and Embraer.

Let's now move on to 5G, our multi-year investment to substantially improve the performance of our 80G network.

I am thrilled to say that we are at the goal line on 5G. Our 5G flight testing began on October 28th, and the results have exceeded our expectations. As a result, we reiterate a Q4 launch timing for 5G, and we plan to begin shipping boxes to our 400 pre-provisioned 5G customers in early Q1. They already have the 5G antenna installed and the wiring is completed.

We expect our 5G service revenue to begin in the latter part of the first quarter once installations have begun.

Beyond our focus on pre-provisioned aircraft, 28 out of the 33 FTCs under contract are now completed, and we expect the remaining 5 will be completed by the end of the year.

Further, Gogo has 5G line fit commitments with 5 OEMs, with 1 already installing the Advanced L5 box on the production line today.

These boxes will be swapped with the LX55G box when service is turned on.

We continue to believe the significant pent-up demand exists for 5G among customers who predominantly fly domestically, particularly those with light and medium sized aircraft. 5G offers a tenfold increase in speeds versus the existing L580G solution and is a cost-effective solution versus a more premium price HDX or FDX.

Keeping the focus on ATG, let's move to our LTE upgrade. The upgrade of our ATG network to LTE, which will be largely subsidized by FCC funding, is expected to bring multiple benefits. one, accelerating the upgrade of classic aircraft to advance. two, increasing ATG network capacity and increasing speeds. And third, accelerating our US government business on the ATG network, given the enhanced security of the network.

We shipped a record 437 ATG equipment units in the quarter, up 8%, sequentially split between 208 advanced units and 229 C1 units.

Equipment shipments are typically a leading indicator of future installs.

We recorded a record 145 classic to advanced upgrades in Q3 as advanced AOL grew 12% year over year to 4,890. Advance now represents 75% of our ATG fleet, and that figure is quickly heading to 100%.

Correspondingly, our classic count of roughly 1,500 aircraft is only 25% of the ATG fleet, and over 400 are part of fractional or managed accounts with a defined upgrade path. This leaves approximately 1,100 classic aircraft not associated with a fleet account.

We expect that our count of 101 C-1 aircraft will ramp significantly over the coming quarters. The C-1 box is identical in size to the classic box and allows the system to operate after the LT system is turned on. This box swap takes only a few hours and benefits from FCC subsidies.

Bottom line, we're accelerating our progress towards the anticipated LTE cutover in May of 2026.

And our entire dealer network is pushing all out to upgrade our classic fleet as they have a strong vested interest in a smooth transition of our air to ground network.

While we are encouraged with our efforts to improve the performance of the ATG network across multiple levels, including the 5G and LTE rollout and the C1 upgrade process, we continue to believe that industry trends will pressure our ATG online account for the next several quarters.

Our ability to return to sustained service revenue growth will be dependent on two things. First, the pace of the ramp of our new products, including HDX, FDX, 5G, and second, progress in the Milgov end market.

Let's jump into the discussion of performance of our geo business.

We ended Q3 with 1,343 geo AOL, up 161 units, or 14% from the prior year powered by our line fit positioning. We expect that our investment in geotechnology will continue to improve speed and performance over time for business jets.

Which we believe can be leveraged across our Milgov customers as well. Our SD router called SDR is on about 2,400 geo aircraft and is synchronized with the advanced routers on other 4,900 aircraft. That is a total of approximately 7,300 systems that should be upgradable to new products without box swaps or expensive interior rewiring.

Now moving to our military, government and market.

Given that our Milgov service revenue is relatively new to most of you, let me provide context about how we view it. First, the global Milgov aircraft number has an even lower broadband penetration than the business jet market, and this presents a compelling long-term growth path. The 25 by 25 initiative from the US Air Force is a great example of this. The US Air Force set a goal that 25% of its 1,100 non-fighter aircraft would have broadband speeds of 25 megabits.

Or greater by the end of 2025 and that the goal will come up short.

Of note, the architect of the 25 by 25 initiative, retired General Mike Menahan, joined our board this year. Second, we believe governments globally will seek diversity amongst their aero bandwidth suppliers and will place a premium on multi-orbit, multi-band service for redundancy and performance.

These capabilities are military prerequisites for pace, standing for primary, alternate, contingent, and Emergency.

And Gogo is the only company that can fit that bill.

This is a major contributing factor in our recently announced five year federal contract to deliver 5G, Leo, and Geo services to a US government agency. This is the first service win for 5G in a multi-orbit government contract.

Third, we can re-use business aviation terminal offering for Milgov use without incremental R&D spend.

This advantage was highlighted with our recent 5-year contract with SES Space and Defence. For a blanket purchase agreement through US Space Force Space Command, we will plan to deliver managed global KU-band Geo flexor air services utilizing our plain, simple KU-band antenna to provide scalable, secure, and high-speed satellite connectivity across government operations worldwide.

This contract ceiling value is \$33 million, of which aviation is a major component and a total revenue split 80% service and 20% equipment.

Finally, given that Milgov contracts are typically multi-year, we believe that increased predictability, revenue streams under contract in this segment have the potential to add a new layer of strategic value for Gogo.

Given that context, we expect that Milgov, which is 13% of our total revenue, is likely to move towards 20% over the longer-term.

Thank you for your attention and our electricity that you share our enthusiasm for the significant progress we have made over the last few quarters in transitioning this global business. I will now turn the call over to Zachary for the numbers.

Zachary Cotner - Gogo Inc - Chief Financial Officer

Thanks, Christopher, and good morning, everyone. third quarter revenue was in line with expectations highlighted by strong equipment shipments. Also, adjusted EBITDA free cash flow are ahead of plan as our integration synergies and financial discipline continue to materialize.

As a result, we are reiterating the high end of our 2025 financial guidance ranges for revenue, adjusted EBITDA, and free cash flow.

As Christopher mentioned, global demand for our new products continues to expand, and we believe this will ultimately lead to service revenue growth.

As implied in our 2025 financial guidance, we expect a return to modest year to year revenue growth in Q4, while increases in Galileo and 5G investments, as well as elevated inventory levels driven by our new product launches, should decrease adjust the EBITDA free cash flow sequentially.

We're still completing our 2026 annual plan and we'll be providing guidance on our Q4 call in February. However, in the meantime, we would like to provide a bit of context around next year.

We see the potential for some incremental working capital need in 2026 to support our new product ramps as well as continued ATG AOL volatility, particularly amongst our classic fleet.

Despite these considerations, we believe that new product growth, the roll off of 5G and Galileo investments, as well as further OpEx and CapEx rationalization will benefit us next year.

I'll now provide an overview of our third quarter results. Then I will turn to our capital allocation priorities and outlook for the balance sheet transactions to reduce interest expense and further deliver. And finally, I will provide some additional colour on the guidance.

On a combined proforma basis, Gogo's total revenue in the third quarter was \$224 million, down 1% on a pro forma basis year over year, as well as sequentially.

On a standalone basis, SATCOM Direct's G3 revenue declined about 4% year over year.

Total service revenue of \$190 million increased 132% over the prior year and declined 2% sequentially.

Total ATG aircraft online at the end of Q3 was 6,529.

Decline of approximately 7% versus the prior year period and down 3% sequentially.

Consistent with our strategic goals, total advanced AOL increased 12% from the prior year period and now comprises 75% of the total ATG fleet, up from 62% a year ago.

Since the end of 2022, our total advanced AOL has grown by over 1,600.

Total ATG (inaudible) of \$3,407 declined about 3% year over year and approximately 1% sequentially.

Total broadband GEO AOL, excluding networks that are end of life, reached 1,343, up 14% from the prior year and 2% sequentially.

This strength highlights our only in line fit positions.

In addition, most Geo broadband aircraft are under fixed term contracts, enhancing revenue stability, and our GEO ARPU continues to hold up better than expected.

This performance was the primary driver in the increase in the fair value of the earnout liability that affected our net income in the quarter.

Now turning to equipment revenue. Total equipment revenue in the third quarter was \$33.6 million, up 80% year over year and 5% sequentially.

Total ATG equipment shipments of 437 were an all-time high and up 8% sequentially from 405 in Q2, which was a prior record.

Advanced shipments remained robust at 208 while C1 shipments ramped substantially to 229 and up from 129 in the prior quarter.

Given that equipment shipments are generally a leading indicator of future installation activity, we believe our strong Q3 shipments bode well for the future conversion of classic customers ahead of our expected LTE network cutover in May of 2026.

Now moving on to our margins, Gogo delivered combined service margins inclusive of SATCOM Direct at 52%, which was in line with our budget.

Service gross profit accounted for 97% of total Q3 gross profit.

We continue to focus on driving this recurring high margin service revenue.

Equipment margins are about 8% in Q3 as Galileo equipment pricing remains close to cost.

Now turning to operating expenses, total Q3 operating expense for G&A, sales and marketing, as well as engineering design and development for \$57 million, up slightly sequentially, largely due to Smart Sky litigation spend.

Now let's turn to our major strategic initiatives, 5G, Galileo, and the FCC reimbursement program.

Total 5G spend in Q3 was \$6 million with approximately \$5.5 million tied to CapEx.

We continue to expect total 5G spend to decline in 2026 as we launch our 5G network in Q4.

Turning to Galileo, we recorded \$1.2 million in Q3 OpEx and about \$2.2 million in CapEx.

We continue to expect total external development costs for both the HDX and FDX to be less than \$50 million.

Of which \$34 million was incurred from 2022 through the first nine months of 2025, with approximately \$11 million expected this year.

We anticipate approximately 80% of Galileo's external development costs will be in OpEx.

And finally, our FCC reimbursement program.

In the third quarter we received \$6.6 million in FCC grant funding, bringing our program to date total to \$59.9 million.

As of September 30th, we recorded a \$26 million receivable from the FCC and incurred \$22.8 million in reimbursable spend during the quarter.

The timing of reimbursement payments has not been affected by the government shutdown, but we are monitoring the situation closely.

The receivables included in prepaid expenses and other current assets on the balance sheet with corresponding reductions to property and equipment, inventory and contract assets with a pickup in the income statement.

Moving to our bottom line, Gogo generated \$56.2 million of adjusted EBITDA in the quarter, and our adjusted EBITDA margin of 25% was consistent with the initial long-term view of the mid-20s we described when the SATCOM deal was announced.

Net income for the quarter was \$1.9 million and EPS was Negative.

Net income includes a \$15 million pre-tax fair value adjustment related to the SATCOM acquisition I described a moment ago.

As of Q3, we have achieved over \$30 million of annualized synergies and expect run rate synergies to modestly exceed our previous range of 30 to \$35 million within approximately 2 years of closing the SATCOM deal.

This is a significant improvement from our original guidance of 25 to \$30 million.

We continue to anticipate total cost to achieve synergies \$15 million to \$20 million.

While we have achieved the vast majority of our headcount reductions, we feel confident that we can further reduce costs as we head into 26 in multiple areas including real estate, back office software solutions, and CapEx rationalization.

Now moving to free cash flow, Gogo generated \$31 million of free cash flow in Q3, above expectations and totalling \$94 million year-to-date.

Based on our current 2025 guidance, we expect Q4 free cash flow to be the lowest of the year, mostly due to the timing of strategic investments and inventory purchase related to the launch of our new products.

Now I'll turn to the discussion of our balance sheets.

Gogo ended the third quarter with \$133.6 million in cash in short-term investments.

And \$849 million in outstanding principal and on two term loans.

With our \$122 million revolver remaining undropped.

This equates to a net leverage ratio of 3.1 times for Q3, down from 3.2 times in the prior quarter.

Our cash interest paid net of hedge cash flow was \$16.3 million.

Our hedge agreement is now \$250 million with a strike of 225 BPS resulting in approximately 30% of the loans being hedged.

In 2025, we continue to expect cash interest paid net of hedge cash flow to be approximately \$70 million.

Consistent with our Q2 call, our immediate focus remains exploring ways to streamline our balance sheet, reduce interest expense, and continue our deleveraging process.

Between our cash on hand and our revolver, we have more than \$250 million in liquidity.

This is significantly more than we need to operate the business, and we believe this provides plenty of financial flexibility to find the right balance sheet solution in 2026.

Bottom line, we continue to believe our expected free cash flow growth over the next few years will provide ample excess cash to pay down debt, reduce our interest expense, and ultimately return capital to shareholders.

In our earnings release this morning, we are largely reiterating key elements of our 2025 financial guidance.

For the year we expect total revenue at the high end of the range of \$870 to \$910 million.

Adjusted EBITDA at the high end of the range of \$200 to \$220 million.

Reflecting operating expenses of approximately \$15 million for strategic initiatives including 5G in Galileo versus our prior expectations of \$20 million.

Given our guidance, we expect Q4 EBITDA will decline sequentially, largely due to the timing of planned investments and an expected decrease in ATG service revenue.

Free cash flow at the high end of the range of \$60 to \$90 million.

We now expect approximately \$40 million slated for strategic investments in 2025, net of any FCC reimbursement versus prior expectations of \$60 million.

This reduction is largely due to timing.

Our net CapEx is still expected to be \$40 million after \$30 million of CapEx reimbursement from the FCC reimbursement program.

In conclusion, 2025 has largely been a year of blocking and tackling execution that include the integration of Gogo and SATCOM, significant product investments, and launching HDX, FDX, and 5G.

Now nearly a year after the close of the SATCOM deal, we're seeing the results of our transformation.

Shipments and installations of game changing new products are starting to ramp. Significant costs are being removed, and we're winning long-term contracts with global fleets, OEMs, and governments.

I want to express my gratitude to the Gogo team for their hard work in driving this transformation and their dedication to providing exceptional customer service.

Operator, this concludes our prepared remarks. Please open the queue for questions.

QUESTIONS AND ANSWERS

Operator

Thank you.

(Operator Instructions).

Our first question comes from line of Scott Searle with Roth Capital Partners. Your line is open.

Scott Searle - Roth Capital Partners - Analyst

Hey, good morning. Thanks for taking the questions. Hey, maybe just to dig in initially on the fourth quarter implied guidance, Christopher, Zachary, I am wondering if you could dive in a little bit more in terms of detailing that outlook. It implies, adjusted EBITDA, the \$40 million range. You have mentioned, incremental strategic investments and the ATG kind of roll off. Could you take us through that a little bit more in detail in terms of the thought process and if you're being conservative on that front, or ATG is expected to continue to continue to transition, particularly on the classic front.

Zachary Cotner - Gogo Inc - Chief Financial Officer

Yeah, hey, morning, thanks for the question. I think the way we are looking at it is.

As you have seen, the ATG pressure continues, right, and that's the highest margin revenue, right? So, we anticipate a decline, albeit not as aggressive as the prior quarters, largely because the C1s should start to their shipping, but the other piece is our revenue is actually going to be up, right? And another piece of that is equipment shipment. So, if you have lower margins on equipment shipments, so the mix changes. And as well as that we have significant testing on 5G. So there's a little bit of compression on gross margin because of the mix, and then the OpEx side's going to be a little bit higher largely because of 5G testing.

Christopher Moore - Gogo Inc - Executive Chairman of the Board, Chief Executive Officer

Yeah, I think also if you look at the record advanced shipment C1s that picked up, it's clear that customers are also planning to upgrade. I think the fact that we are rolling out the 5G network and that's successful, I think that's also a very positive sign at this point in time.

Scott Searle - Roth Capital Partners - Analyst

Got you. And for my follow-up, I am wondering if we could dig in a little bit more in terms of existing classic, the transition to C1, and kind of the offset there now that we're starting to see momentum on 5G and Galileo as we go into 2026. So, could you help us frame in terms of classic, how that is expected to roll over the next several quarters? Now with the C1 out there, you had a lot of momentum this quarter. Is the majority of that base expected to convert pretty quickly to C1 or some of those. Expected to upgrade to 5G as well. Thanks.

Christopher Moore - Gogo Inc - Executive Chairman of the Board, Chief Executive Officer

I think it's a mix. If you look at the record of advance shipments, clearly those customers are looking forward to 5G. It depends also on the cost budget.

The C1 is really a placeholder product, but it's really encouraging that people are also taking that when you think it's just, moving them onto a more modern network and our MRO partners are putting in field service teams, so we expect that to pick up and, de-risk, classic customers not cutting over. Everything we see at the moment is extremely positive, so we're feeling pretty good about it.

Scott Searle - Roth Capital Partners - Analyst

Chris, if I could just add on to the back of that from an ARPU standpoint, how do you see things trending as we go into the first half of next year? There is some downward pressure, I would imagine, as we are going to see one, but you are also having some of the higher ARPU services starting to kick in. So how do you see that playing out as we go into 2026? Thanks.

Christopher Moore - Gogo Inc - Executive Chairman of the Board, Chief Executive Officer

Yeah, I think, what's encouraging is if you look at, 5G offer is worth twice that of a classic customer, so that conversion we actually see upside. So, and I think that's, really where our heads at the moment. Obviously, you have got more price sensitive customers, but we have got a lot of price flexibility within the plans. So, people cutting over from.

Over to C1, that's one aspect, and then you've got people who, I mean, we're going to be delivering a 50-to-80-megabit service, on 5G. So that's, I mean, that's completely and utterly a different service level than these customers have ever experienced. So we see that as, those customers really being on a higher up as they're streaming and being able to use video applications, within the aircraft that they've never been able to do before.

Scott Searle - Roth Capital Partners - Analyst

Thanks, I'll get back in the queue.

Operator

Thank you.

(Operator Instructions).

Please stand by for our next question.

Our next question comes from the line of Justin Lang with Morgan Stanley. Your line is open.

Justin Lang - *Morgan Stanley - Analyst*

Hey, good morning. Thanks for taking my questions.

I just want to double back on the implied 4Q EBITDA guide. Maybe we could just put a finer point on how much of the implied headwind is related to LEO 5G investments versus some of the ATG pressures you flagged. Thanks.

Zachary Cotner - *Gogo Inc - Chief Financial Officer*

Yeah, I would say it's kind of split a little bit evenly between ATG pressure as well as op like increased OpEx.

I would say there's a bigger piece of it related to 5G versus Galileo.

There's still Galileo costs, but you know the STCs are running through, and 5G, there's a lot of testing that has to go. We got it on aircraft right now, so that's a big driver.

Justin Lang - *Morgan Stanley - Analyst*

Okay, got it and then, I know you've mentioned in the past, sort of, regular maintenance, has been a big driver of some of the, ATG, AOL declines. Are you still seeing that trend? Are you seeing, heightened competitive pressure anywhere? Thanks.

Christopher Moore - *Gogo Inc - Executive Chairman of the Board, Chief Executive Officer*

Not really seeing competitive pressure. I think you know one of the natures of the market is customers have scheduled maintenance for upgrades.

So going to the C1, what I mentioned on the previous questions, Really it's that you know our MRA partners I've put field service teams. It's a very simple upgrade for C1 which we have designed.

So we are doing a lot of those in the field and there's been a lot of press about that with Omni, Westar, our MRO partners there. So, I think that will continue to have positive momentum for us and we see that really encouraging. I think you can see that with the C1 numbers are starting to really pick up now so.

But obviously customers who are also waiting for scheduled maintenance, they will wait until that point as well. It's just the nature of the market.

Justin Lang - Morgan Stanley - Analyst

Got it. Okay, that's helpful. And then just really quick on the shutdown, I know Zach, you mentioned it, it's not really impacting FCC reimbursement, but are you seeing any other impacts maybe around Milgov or not sure if there's any, regulatory oversight outstanding for 5G flight testing. But, are you seeing that creep up anywhere else?

Christopher Moore - Gogo Inc - Executive Chairman of the Board, Chief Executive Officer

Yeah, I think you can definitely see things have slowed down a little bit with, kind of, like when you need government approvals in certain areas, but they're not, it's not really affecting our business at this point in time, so we're just keeping a close monitor to it, but we're not seeing major effects in our revenue outlook because of government shutdown.

Justin Lang - Morgan Stanley - Analyst

Okay perfect thanks Guys.

Operator

Thank you ladies and gentlemen,

(Operator Instructions).

I'm showing no further questions in the queue.

I would now like to turn the call back over to William for closing remarks.

William Davis - Gogo Inc - Investor Relations

Thank you for joining our third quarter earnings conference call. You may disconnect.

Operator

Ladies and gentlemen, that concludes today's conference call.

Thank you for your participation. You may now disconnect.

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