

SPIRIT AIRLINES LBO

TRANSACTION SOURCES & USES:

SOURCES

Facility	Amount (millions)	% Cap	Debt Capacity	Pricing	Interest
Bank Loan	\$ 1,543	35.3%	3.5x	SOFR+ 4%	7.73%
Subordinated Bonds	\$ 881	20.2%	2.0x		8.00%
Total Debt	\$ 2,424	55.5%	5.5x		

Equity	\$ 1,942	44.5%
Total	\$ 4,366	100.0%

USES

	Current Stock Price	Premium	Purchase Stock Price	Shares Outs (millions)	Amount (millions)	1st Yr EBITDA (LTM)
Purchase of Stock	\$ 2.50	900%	\$ 25.00	44.6	\$ 1,115	\$ 441
Refinancing of Debt					\$ 3,124	
Fees	3.00%				\$ 127	
Total					\$ 4,366	9.9x

DEBT ASSUMPTIONS

Debt Schedule Payment

2024	2025	2026	2027	2028	2029	2030	2031
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	94.00%	
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%

DEBT SCHEDULE

(\$ millions)	Debt IRR	LTM 6/30/2024	2024	2025	2026	2027	2028	2029	2030	2031
Bank Loan										
Outstanding		\$ 1,543	1,527	1,512	1,496	1,481	1,465	1,450	-	
Principal Payment			15	15	15	15	15	15	1,450	-
Interest Payment			100	107	113	127	126	125	123	-
Total Payment	7.73%	\$ (1,543)	116	122	129	143	141	140	1,573	-
Debt IRR										
SOFR Rate										
SOFR Rate		2.0%	2.5%	3.0%	3.5%	4.5%	4.5%	4.5%	4.5%	4.5%
SOFR Increase			0.5%	0.5%	0.5%	1.0%				
Spread			4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Interest Rate			6.5%	7.0%	7.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Subordinated Bonds										
Outstanding		\$ 881	881	881	881	881	881	881	881	
Principal Payment			-	-	-	-	-	-	-	881
Interest Payment			71	71	71	71	71	71	71	71
Total Payment		\$ (881)	71	71	71	71	71	71	71	952
Interest Rate	8.00%		8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Total Debt Outstanding		2,424	2,409	2,393	2,378	2,362	2,347	2,331	881	-

SPIRIT AIRLINES LBO

PROFORMA BALANCE SHEET

(\$ millions)	2022	2023	LTM		LTM	
			6/30/2024	DEBIT	CREDIT	6/30/2024
Total Current Assets			1,425			1,425
Net PP&E			7,800			7,800
Other LT Assets			334			334
Goodwill			-	305		305
Transaction Fees				127		127
Total Assets			9,559			9,992
Current Liabilities			1,511			1,511
Existing Debt			3,124	3,124		-
New Bank Loan					1,543	1,543
New Corporate Bond					881	881
Other LT Liabilities			4,115			4,115
Total Liabilities			8,750			8,050
Existing Equity			1,088	1,088	1,942	1,942
Retained Earnings			(279)	(279)		-
Total Net Worth			810			1,942
Total Liabilities & Equity			9,559	4,366	4,366	9,992

SPIRIT AIRLINES LBO

INCOME STATEMENT		HISTORICAL		
		LTM		
FYE June 30	2022	2023	6/30/2024	
Revenues	5,068	5,363	5,127	
Revenue Growth %		5.8%	-4.4%	
Cost of Revenues	4,312	4,772	4,845	
as Percentage of Revenues %	85.1%	89.0%	94.5%	
Gross Profit	757	591	282	
Gross Margin	14.9%	11.0%	5.5%	
Operating Expenses	889	983	965	
as Percentage of Revenues %	17.5%	18.3%	18.8%	
EBITA	(132)	(392)	(683)	
Less Amortization of Fees	7 years			
EBIT				
Interest				
EBT				
Taxes	22% tax Rate			
Net Income				

DCF AND EQUITY IRR		HISTORICAL		
		LTM		
	2022	2023	6/30/2024	
EBIT				
Taxes (unlevered)				
Net Income (unlevered)				
Plus Depreciation	313	321	328	
Percentage of Revenue	6.2%	6.0%	6.4%	
Plus Amortization of Fees				
Less Working Capital	(120)	(74)	(238)	
WC as % of Revenue	2.4%	1.4%	4.6%	
Less Capex	(18)	(22)	(22)	
Capex as % of Revenue	0.4%	0.4%	0.4%	

Equity Cash Flow (Unlevered)

WACC Calculation	% Cap	Interest	AT Inter.	WACC
Bank Loan	35.3%	7.73%	6.03%	2.13%
Subordinated Bonds	20.2%	8.00%	6.24%	1.26%
Equity	44.5%	25.00%	25.00%	11.12%
				<u>14.51%</u>

PROJECTED						
	LTM					
	6/30/2024	2024	2025	2026	2027	2028
Revenues	5,127	5,383	5,921	6,514	7,165	7,881
Revenue Growth %	-4.4%	5.0%	10.0%	10.0%	10.0%	10.0%
Cost of Revenues	4,845	4,306	4,737	5,211	5,732	6,305
as Percentage of Revenues %	94.5%	80.0%	80.0%	80.0%	80.0%	80.0%
Gross Profit	282	1,077	1,184	1,303	1,433	1,576
Gross Margin	5.5%	20.0%	20.0%	20.0%	20.0%	20.0%
Operating Expenses	965	969	1,066	1,172	1,290	1,419
as Percentage of Revenues %	18.8%	18.0%	18.0%	18.0%	18.0%	18.0%
EBITA	(683)	108	118	130	143	158
Less Amortization of Fees		18	18	18	18	18
EBIT		89	100	112	125	139
Interest		171	177	184	198	196
EBT		(81)	(77)	(72)	(73)	(57)
Taxes		(18)	(17)	(16)	(16)	(13)
Net Income		(63)	(60)	(56)	(57)	(44)

PROJECTED						
	LTM					
	6/30/2024	2024	2025	2026	2027	2028
EBIT	-	89	100	112	125	139
Taxes (unlevered)	-	(20)	(22)	(25)	(28)	(31)
Net Income (unlevered)	-	70	78	87	98	109
Plus Depreciation	312	333	366	403	443	488
Percentage of Revenue	6.1%	6.2%	6.2%	6.2%	6.2%	6.2%
Plus Amortization of Fees	-	18	18	18	18	18
Less Working Capital	(71)	(75)	(82)	(90)	(99)	(109)
WC as % of Revenue	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%
Less Capex	(20)	(21)	(24)	(26)	(28)	(31)
Capex as % of Revenue	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
Equity Cash Flow (Unlevered)	221	325	357	393	431	474

SPIRIT AIRLINES LBO

		LTM	2024	2025	2026	2027	2028
		6/30/2024					
Terminal Value	Assumptions						EXIT YR
EBITDA Multiple	9.9x Multiple						6,393
Perpetuity Method	WACC= 14.51% Growth= 3.00%						4,119
Average Terminal Value							5,256
Less Debt							(2,347)
Equity Terminal Value							2,909
Equity Value + TV	IRR= 25.5%	\$ (1,942)	325	357	393	431	3,383

CREDIT ANALYSIS		PROJECTED				
		2024	2025	2026	2027	2028
EBITDA		441	485	533	587	645
Leverage Ratio						
Debt / EBITDA		5.47x	4.94x	4.46x	4.03x	3.64x
Covenant		6.50x	6.00x	5.50x	5.00x	4.50x
EBITDA Cushion		(70)	(86)	(101)	(114)	(124)
Coverage Ratio						
EBITDA / Interest		1.90x	2.01x	2.13x	2.18x	17.22x
Covenant		2.00x	2.25x	2.50x	2.75x	3.00x
EBITDA Cushion		(99)	(86)	(74)	(43)	(56)
Debt Capacity (DCR) Analysis						
Total Cash Flows (Unlevered)		325	357	393	431	3,383
	WACD= 7.830%					
	NPV (Debt) \$3,561					
	Cushion 20%					
	Max Debt \$2,849					
	Proposed \$ 2,424					
	Proposed/Max 0.85x					