

# SPIRIT AIRLINES LBO

## TRANSACTION SOURCES & USES:

SOURCES			USES					
Facility	Amount (millions)	% Cap		Current Stock Price	Premium	Purchase Stock Price	Shares Outs (millions)	Amount (millions)
Bank Loan	\$ 2,460	48.0%	Purchase of Stock	\$ 17.55	30%	\$ 22.82	44.6	\$ 1,018
Corporate Bond	\$ 1,406	27.4%	Refinancing of Debt					\$ 3,962
Equity	\$ 1,264	24.6%	Fees	3.00%				\$ 149
<b>Total</b>	<b>\$ 5,129</b>	<b>100.0%</b>	<b>7.3x</b>					<b>\$ 5,129</b>

Target	
IRR	25.00%
Premium	30.00%
Stock	\$ 22.82

## DEBT FINANCING ASSUMPTIONS

EBITDA (1st yr)		Debt Capacity	Pricing	Interest		2023	2024	2025	2026	2027	2028	2029	2030
\$ 703	Bank Loan	3.5x	SOFR+ 4%	7.73%	Amort	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	94.00%	
	Corporate B	2.0x		8.00%	Amort	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
	<b>Total</b>	<b>5.5x</b>											

## DEBT SCHEDULE

(\$ millions)	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Bank Loan</b>									
Outstanding	\$ 2,460	2,435	2,410	2,386	2,361	2,337	2,312	-	
Principal Payment		25	25	25	25	25	25	2,312	-
Interest Payment		160	170	181	203	201	199	197	-
Total Payment	\$ (2,460)	184	195	205	227	225	223	2,509	-
Debt IRR	<b>7.73%</b>								
<b>SOFR Rate</b>									
SOFR Rate	<b>2.0%</b>	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%
<b>Corporate Bonds</b>									
Outstanding	\$ 1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	
Principal Payment		-	-	-	-	-	-	-	1,406
Interest Payment		112	112	112	112	112	112	112	112
Total Payment	\$ (1,406)	112	112	112	112	112	112	112	1,518
Interest Rate	<b>8.00%</b>	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Total Debt Outstanding	3,865	3,841	3,816	3,791	3,767	3,742	3,718	1,406	-

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PROFORMA BALANCE SHEET									
(\$ millions)	2022	DEBIT	CREDIT	2022	2023	2024	2025	2026	2027
Total Current Assets	3,158			3,158	3,205	3,286	3,391	3,514	3,677
Net PP&E	2,300			2,300	2,085	1,837	1,564	1,264	934
Other LT Assets	577			577	577	577	577	577	577
Goodwill	631	1,261		1,892	1,892	1,892	1,892	1,892	1,892
Transaction Fees		149		149	128	107	85	64	43
Total Assets	6,666			8,077	7,887	7,699	7,509	7,311	7,123
Current Liabilities	1,953			1,953	1,757	1,533	1,286	1,015	716
Existing Debt	3,962	3,962		-	-	-	-	-	-
New Bank Loan			2,460	2,460	2,435	2,410	2,386	2,361	2,337
New Corporate Bond			1,406	1,406	1,406	1,406	1,406	1,406	1,406
Other LT Liabilities	995			995	995	995	995	995	995
Total Liabilities	6,910			6,813	6,593	6,344	6,073	5,777	5,453
Existing Equity	(244)	(244)	1,264	1,264	1,294	1,354	1,437	1,534	1,670
Total Liabilities & Equity	6,666	5,129	5,129	8,077	7,887	7,699	7,509	7,311	7,123
					-	-	-	-	-

# SPIRIT AIRLINES LBO

INCOME STATEMENT		HISTORICAL		
FYE June 30	2020	2021	2022	
Revenues	3,953	5,030	5,030	
Revenue Growth %		27.2%	0.0%	
Cost of Revenues	4,071	4,981	4,981	
as Percentage of Revenues %	103.0%	99.0%	99.0%	
Gross Profit	(118)	49	49	
Gross Margin	-3.0%	1.0%	1.0%	
Operating Expenses	333	330	336	
as Percentage of Revenues %	8.4%	6.6%	6.7%	
EBITA	(451)	(281)	(288)	
Less Amortization of Fees	7 years			
EBIT				
Interest				
EBT				
Taxes	22% tax Rate			
Net Income				

CASH FLOW STATEMENT		HISTORICAL		
FYE June 30	2020	2021	2022	
Net Income				
Plus Depreciation	278	328	337	
Percentage of Revenue	7.0%	6.5%	6.7%	
Plus Amortization of Fees				
Less Working Capital	(608)	401	(177)	
WC as % of Revenue	15.4%	-8.0%	3.5%	
Less Capex	(119)	(151)	(122)	
Capex as % of Revenue	3.0%	3.0%	2.4%	
Less Debt Payments				
Cash Flow				

PROJECTED						
2022	2023	2024	2025	2026	2027	
5,030	5,533	6,362	6,999	7,699	8,468	
	10.0%	15.0%	10.0%	10.0%	10.0%	
4,981	4,813	5,535	6,089	6,698	7,368	
	87.0%	87.0%	87.0%	87.0%	87.0%	
49	719	827	910	1,001	1,101	
	13.0%	13.0%	13.0%	13.0%	13.0%	
336	387	445	490	539	593	
	7.0%	7.0%	7.0%	7.0%	7.0%	
(288)	332	382	420	462	508	
	21	21	21	21	21	
	311	360	399	441	487	
	272	283	293	315	313	
	38	78	105	125	174	
	8	17	23	28	38	
	30	60	82	98	135	

PROJECTED						
2022	2023	2024	2025	2026	2027	
	30	60	82	98	135	
	371	426	469	516	568	
	6.7%	6.7%	6.7%	6.7%	6.7%	
	21	21	21	21	21	
	(195)	(224)	(247)	(272)	(299)	
	3.5%	3.5%	3.5%	3.5%	3.5%	
	(155)	(179)	(196)	(216)	(238)	
	2.8%	2.8%	2.8%	2.8%	2.8%	
	(25)	(25)	(25)	(25)	(25)	
	47	81	105	123	163	

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<b>Unlevered Cash Flow</b>	344	388	423	463	501
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WACC Calculation	% Cap	Interest	AT Inter.	WACC
Bank Loan	48.0%	7.73%	6.03%	2.89%
Corporate Bond	27.4%	8.00%	6.24%	1.71%
Equity	24.6%	10.22%	10.22%	2.52%
				<u>7.12%</u>

Equity CAPM	
Risk Free Rate	4.00%
Market Premium Return	5.50%
Beta	1.13x
CAPM	<u>10.22%</u>

DCF AND EQUITY IRR		PROJECTED					
		2022	2023	2024	2025	2026	2027
<b>Terminal Value</b>	<b>Assumptions</b>						<b>EXIT YR</b>
EBITDA Multiple	7.3x Multiple						7,851
Perpetuity Method	WACC= 7.12% Growth= 3.00%						12,164
Average Terminal Value							10,007
Less Debt							(3,742)
Equity Terminal Value							6,265
Equity Value + TV	IRR= 41.7%	\$ (1,264)	47	81	105	123	<u>6,429</u>