

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 | \$ 2,168 | 21.7% | Purchase of Stock | \$ 4.46 | 469% | \$ 25.36 | 109.48 | \$ 2,777 |
| Corporate Bond | \$ 1,239 | 12.4% | Refinancing of Debt | | | | | \$ 6,931 |
| Equity | \$ 6,592 | 65.9% | Fees | 3.00% | | | | \$ 291 |
| Total | \$ 9,999 | 100.0% | 16.1x | Total | | | | \$ 9,999 |

DEBT FINANCING ASSUMPTIONS

| EBITDA (1st yr) | | Debt Capacity | Pricing | Interest | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
|-----------------|----------------|---------------|-------------|----------|-------|-------|-------|-------|-------|-------|--------|---------|
| \$ 619 | Bank Loan | 3.5x | SOFR + 4.0% | | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 94.00% | |
| | Corporate Bond | 2.0x | | 8.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 100.00% |
| | Total | 5.5x | | | | | | | | | | |

DEBT SCHEDULE

| (\$ millions) | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
|------------------------|------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Bank Loan | | | | | | | | | |
| Outstanding | \$ 2,168 | 2,146 | 2,124 | 2,103 | 2,081 | 2,059 | 2,038 | - | - |
| Principal Payment | | 22 | 22 | 22 | 22 | 22 | 22 | 2,038 | - |
| Interest Payment | | 119 | 129 | 138 | 158 | 156 | 154 | 153 | - |
| Total Payment | \$ (2,168) | 141 | 150 | 160 | 179 | 178 | 176 | 2,191 | - |
| Debt IRR | 6.75% | | | | | | | | |
| SOFR Rate | | | | | | | | | |
| SOFR Rate | 1.0% | 1.5% | 2.0% | 2.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% |
| SOFR Increase | | 0.5% | 0.5% | 0.5% | 1.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Spread | | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% |
| Interest Rate | | 5.5% | 6.0% | 6.5% | 7.5% | 7.5% | 7.5% | 7.5% | 7.5% |
| Corporate Bonds | | | | | | | | | |
| Outstanding | \$ 1,239 | 1,239 | 1,239 | 1,239 | 1,239 | 1,239 | 1,239 | 1,239 | - |
| Principal Payment | | - | - | - | - | - | - | - | 1,239 |
| Interest Payment | | 99 | 99 | 99 | 99 | 99 | 99 | 99 | 99 |
| Total Payment | | 99 | 99 | 99 | 99 | 99 | 99 | 99 | 1,338 |
| Interest Rate | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% |
| Total Debt Outstanding | 3,407 | 3,385 | 3,363 | 3,342 | 3,320 | 3,298 | 3,276 | 1,239 | - |

1,000,000

| PROFORMA BALANCE SHEET (\$ millions) | Pre-LBO | | Transaction Adjustments | | Post-LBO | | | | | |
|---|---------|--|-------------------------|--------|----------|--------|--------|--------|--------|--------|
| | 2023 | | DEBIT | CREDIT | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
| Cash | 978 | | | | 978 | 1,481 | 2,011 | 2,569 | 3,150 | 3,772 |
| Other Current Assets | 534 | | | | 534 | 647 | 765 | 889 | 1,020 | 1,157 |
| Net PP&E | 7,561 | | | | 7,561 | 7,246 | 6,914 | 6,567 | 6,202 | 5,819 |
| Other LT Assets | 344 | | | | 344 | 344 | 344 | 344 | 344 | 344 |
| | | | | | - | | | | | |
| Goodwill | - | | 1,642 | | 1,642 | 1,642 | 1,642 | 1,642 | 1,642 | 1,642 |
| Transaction Fees | | | 291 | | 291 | 250 | 208 | 166 | 125 | 83 |
| Total Assets | 9,417 | | | | 11,351 | 11,610 | 11,885 | 12,178 | 12,483 | 12,817 |
| Current Liabilities | 1,672 | | | | 1,672 | 1,672 | 1,672 | 1,672 | 1,672 | 1,672 |
| Existing Debt | 6,931 | | 6,931 | | - | - | - | - | - | - |
| New Bank Loan | | | | 2,168 | 2,168 | 2,146 | 2,124 | 2,103 | 2,081 | 2,059 |
| New Corporate Bond | | | | 1,239 | 1,239 | 1,239 | 1,239 | 1,239 | 1,239 | 1,239 |
| Other LT Liabilities | (319) | | | | (319) | (319) | (319) | (319) | (319) | (319) |
| Total Liabilities | 8,283 | | | | 4,759 | 4,737 | 4,715 | 4,694 | 4,672 | 4,650 |
| Existing Equity | 1,134 | | 1,134 | 6,592 | 6,592 | 6,872 | 7,170 | 7,485 | 7,811 | 8,167 |
| Total Liabilities & Equity | 9,417 | | 9,999 | 9,999 | 11,351 | 11,610 | 11,885 | 12,178 | 12,483 | 12,817 |

| INCOME STATEMENT | HISTORICAL | | |
|-----------------------------|--------------|-------|-------|
| FYE | 2021 | 2022 | 2023 |
| Revenues | 3,231 | 5,068 | 5,363 |
| Revenue Growth % | | 56.9% | 5.8% |
| Cost of Revenues | 2,999 | 4,312 | 4,772 |
| as Percentage of Revenues % | 92.8% | 85.1% | 89.0% |
| Gross Profit | 232 | 757 | 591 |
| Gross Margin | 7.2% | 14.9% | 11.0% |
| Operating Expenses | 132 | 178 | 191 |
| as Percentage of Revenues % | 4.1% | 3.5% | 3.6% |
| EBITA | 100 | 579 | 400 |
| Less Amortization of Fees | 7 years | | |
| EBIT | | | |
| Interest | | | |
| EBT | | | |
| Taxes | 22% tax Rate | | |
| Net Income | | | |

| | PROJECTED | | | | | |
|---------------------------|-----------|-------|-------|-------|-------|-------|
| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
| Revenues | 5,363 | 5,631 | 5,912 | 6,208 | 6,518 | 6,844 |
| | | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| Cost of Revenues | 4,772 | 4,786 | 5,025 | 5,277 | 5,540 | 5,818 |
| | | 85.0% | 85.0% | 85.0% | 85.0% | 85.0% |
| Gross Profit | 591 | 845 | 887 | 931 | 978 | 1,027 |
| | | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% |
| Operating Expenses | 191 | 225 | 236 | 248 | 261 | 274 |
| | | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% |
| EBITA | 400 | 619 | 650 | 683 | 717 | 753 |
| Less Amortization of Fees | | 42 | 42 | 42 | 42 | 42 |
| EBIT | | 578 | 609 | 641 | 675 | 711 |
| Interest | | 218 | 228 | 237 | 257 | 255 |
| EBT | | 359 | 381 | 404 | 419 | 456 |
| Taxes | | 79 | 84 | 89 | 92 | 100 |
| Net Income | | 280 | 297 | 315 | 327 | 356 |

| CASH FLOW STATEMENT | HISTORICAL | | |
|---------------------------|------------|-------|------|
| FYE June 30 | 2021 | 2022 | 2023 |
| Net Income | | | |
| Plus Depreciation | 297 | 313 | 321 |
| Percentage of Revenue | 9.2% | 6.2% | 6.0% |
| Plus Amortization of Fees | | | |
| Less Working Capital | 71 | (120) | (74) |
| WC as % of Revenue | -2.2% | 2.4% | 1.4% |
| Less Capex | (17) | (18) | (22) |
| Capex as % of Revenue | 0.5% | 0.4% | 0.4% |
| Less Debt Payments | | | |
| Cash Flow | | | |

| | PROJECTED | | | | | |
|---------------------------|-----------|-------|-------|-------|-------|------|
| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
| Net Income | 280 | 297 | 315 | 327 | 356 | |
| Plus Depreciation | 338 | 355 | 372 | 391 | 411 | |
| Percentage of Revenue | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% | |
| Plus Amortization of Fees | 42 | 42 | 42 | 42 | 42 | |
| Less Working Capital | (113) | (118) | (124) | (130) | (137) | |
| WC as % of Revenue | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | |
| Less Capex | (23) | (24) | (25) | (26) | (27) | |
| Capex as % of Revenue | 0.4% | 0.4% | 0.4% | 0.4% | 0.4% | |
| Less Debt Payments | (22) | (22) | (22) | (22) | (22) | |
| Cash Flow | 503 | 530 | 559 | 581 | 622 | |

| | | | | | |
|---|------------|------------|------------|------------|------------|
| Unlevered Cash Flow (addback debt principal payment and before tax interest payment) | 695 | 729 | 765 | 803 | 843 |
|---|------------|------------|------------|------------|------------|

| WACC Calculation | % Cap | Interest | AT Inter. | WACC |
|------------------|-------|----------|-----------|--------------|
| Bank Loan | 21.7% | 6.75% | 5.26% | 1.14% |
| Corporate Bond | 12.4% | 8.00% | 6.24% | 0.77% |
| Equity | 65.9% | 11.37% | 11.37% | 7.50% |
| Total | | | | <u>9.41%</u> |

| Equity CAPM | | |
|-----------------------|---------------|---------------------|
| Risk Free Rate | 4.00% | CAPM = RFr + B . Mp |
| Market Premium Return | 5.50% | |
| Beta | 1.34x | |
| CAPM | <u>11.37%</u> | |

| DCF AND EQUITY IRR | | PROJECTED | | | | | |
|------------------------|--------------------|------------|------|----------|-------|---------------------|----------------|
| | | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
| Terminal Value | Assumptions | | | | | | EXIT YR |
| EBITDA Multiple | | | | Multiple | 16.1x | | 18,783 |
| Perpetuity Method | WACC= | | | Growth= | 5.00% | V = CF / (WACC - g) | 19,109 |
| Average Terminal Value | | | | | | | 18,946 |
| Less Debt | | | | | | | (3,298) |
| Equity Terminal Value | | | | | | | 15,648 |
| Equity Value + TV | IRR= 25.0% | \$ (6,592) | 503 | 530 | 559 | 581 | 16,270 |