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Spirit Airlines, Inc.  
Form 10-Q  
July 24, 2015

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-35186

SPIRIT AIRLINES, INC.

(Exact name of registrant as specified in its charter)

Delaware 38-1747023  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

2800 Executive Way 33025  
Miramar, Florida  
(Address of principal executive offices) (Zip Code)

(954) 447-7920  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "small reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company

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Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the close of business on July 17, 2015:

Class	Number of Shares
Common Stock, \$0.0001 par value	72,911,853

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## PART I. Financial Information

## ITEM 1. UNAUDITED CONDENSED FINANCIAL STATEMENTS

Spirit Airlines, Inc.

Condensed Statements of Operations

(unaudited, in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Operating revenues:				
Passenger	\$308,573	\$302,487	\$582,039	\$556,365
Non-ticket	244,848	196,850	464,737	380,959
Total operating revenues	553,421	499,337	1,046,776	937,324
Operating expenses:				
Aircraft fuel	127,907	154,852	240,333	303,323
Salaries, wages and benefits	97,037	77,440	186,094	153,689
Aircraft rent	53,127	48,222	105,915	94,609
Landing fees and other rents	33,364	25,831	63,910	49,847
Distribution	22,349	20,159	42,846	38,728
Maintenance, materials and repairs	21,271	19,205	40,431	36,819
Depreciation and amortization	17,139	11,344	32,002	22,465
Other operating	58,173	36,408	101,920	71,856
Loss on disposal of assets	415	715	1,010	865
Special charges	324	17	749	26
Total operating expenses	431,106	394,193	815,210	772,227
Operating income	122,315	105,144	231,566	165,097
Other (income) expense:				
Interest expense	4,419	103	7,231	210
Capitalized interest	(2,829)	(103)	(5,362)	(210)
Interest income	(177)	(83)	(311)	(151)
Other expense	44	1,439	116	1,476
Total other (income) expense	1,457	1,356	1,674	1,325
Income before income taxes	120,858	103,788	229,892	163,772
Provision for income taxes	44,154	38,939	84,186	61,217
Net income	\$76,704	\$64,849	\$145,706	\$102,555
Basic earnings per share	\$1.06	\$0.89	\$2.00	\$1.41
Diluted earnings per share	\$1.05	\$0.88	\$1.99	\$1.40

The accompanying Notes are an integral part of these Condensed Financial Statements.

Spirit Airlines, Inc.  
 Condensed Statements of Comprehensive Income  
 (unaudited, in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net income	\$76,704	\$64,849	\$145,706	\$102,555
Unrealized gain (loss) on interest rate derivative instruments, net of deferred taxes of \$749, \$0, (\$191) and \$0	1,238	—	(356 )	—
Other comprehensive income (loss)	\$1,238	\$—	\$(356 )	\$—
Comprehensive income	\$77,942	\$64,849	\$145,350	\$102,555

The accompanying Notes are an integral part of these Condensed Financial Statements.

Spirit Airlines, Inc.  
Condensed Balance Sheets  
(unaudited, in thousands)

	June 30, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$769,324	\$632,784
Accounts receivable, net	30,856	22,685
Deferred income taxes	9,643	9,643
Prepaid expenses and other current assets	62,088	66,029
Total current assets	871,911	731,141
Property and equipment:		
Flight equipment	549,517	204,462
Ground and other equipment	66,290	57,012
Less accumulated depreciation	(47,219	) (36,099
	568,588	225,375
Deposits on flight equipment purchase contracts	267,344	242,881
Aircraft maintenance deposits	217,932	213,147
Deferred heavy maintenance, net	108,051	123,108
Other long-term assets	71,511	66,744
Total assets	\$2,105,337	\$1,602,396
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	\$21,751	\$13,402
Air traffic liability	270,185	188,870
Current maturities of long-term debt	29,676	10,431
Other current liabilities	207,879	152,921
Total current liabilities	529,491	365,624
Long-term debt, less current maturities	398,975	135,232
Long-term deferred income taxes	76,378	76,010
Deferred gains and other long-term liabilities	18,213	22,455
Shareholders' equity:		
Common stock	7	7
Additional paid-in-capital	539,443	526,173
Treasury stock, at cost	(83,336	) (3,921
Retained earnings	627,240	481,534
Accumulated other comprehensive loss	(1,074	) (718
Total shareholders' equity	1,082,280	1,003,075
Total liabilities and shareholders' equity	\$2,105,337	\$1,602,396
The accompanying Notes are an integral part of these Condensed Financial Statements.		

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Spirit Airlines, Inc.  
Condensed Statements of Cash Flows  
(unaudited, in thousands)

	Six Months Ended June 30,	
	2015	2014
Operating activities:		
Net income	\$145,706	\$102,555
Adjustments to reconcile net income to net cash provided by operations:		
Unrealized (gains) losses on open fuel derivative contracts, net	4,257	—
Equity-based compensation, net	4,743	3,872
Allowance for doubtful accounts (recoveries)	8	(33)
Amortization of deferred gains and losses	397	(178)
Depreciation and amortization	32,002	22,465
Deferred income tax expense (benefit)	559	(395)
Loss on disposal of assets	1,010	865
Capitalized interest	(5,362)	) (210)
Changes in operating assets and liabilities:		
Accounts receivable	(8,137)	) (14,188)
Prepaid maintenance reserves	(4,621)	) (14,286)
Long-term deposits and other assets	(10,930)	) (27,020)
Accounts payable	7,856	(1,462)
Air traffic liability	90,056	64,331
Other liabilities	39,327	7,819
Net cash provided by operating activities	296,871	144,135
Investing activities:		
Pre-delivery deposits for flight equipment, net of refunds	(70,971)	) (94,009)
Purchase of property and equipment	(308,163)	) (7,430)
Net cash used in investing activities	(379,134)	) (101,439)
Financing activities:		
Proceeds from issuance of long-term debt	296,000	—
Proceeds from stock options exercised	23	63
Payments on debt and capital lease obligations	(8,940)	) (511)
Proceeds from sale and leaseback transactions	7,300	—
Payments to pre-IPO shareholders pursuant to tax receivable agreement	—	(5,643)
Excess tax benefits from equity-based compensation	8,504	1,225
Repurchase of common stock	(79,415)	) (1,222)
Debt issuance costs	(4,669)	) —
Net cash provided by financing activities	218,803	(6,088)
Net increase in cash and cash equivalents	136,540	36,608
Cash and cash equivalents at beginning of period	632,784	530,631