

SPIRIT AIRLINES, INC.

FORM 8-K (Current report filing)

Filed 10/26/17 for the Period Ending 10/26/17

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Telephone	954-447-7920
CIK	0001498710
Symbol	SAVE
SIC Code	4512 - Air Transportation, Scheduled
Industry	Airlines
Sector	Industrials
Fiscal Year	12/31

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

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) : October 26, 2017

SPIRIT AIRLINES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

001-35186

(Commission File Number)

38-1747023

(IRS Employer Identification Number)

**2800 Executive Way
Miramar, Florida 33025**

(Address of principal executive offices, including Zip Code)

(954) 447-7920

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 7.01 Regulation FD Disclosure.

The information in this report furnished pursuant to Item 7.01 shall not be deemed “filed” for the purposes of Section 18 of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section. It may only be incorporated by reference in another filing under the Exchange Act or the Securities Act of 1933, as amended (the “Securities Act”), if such subsequent filing specifically references the information furnished pursuant to Item 7.01 of this report.

On October 26, 2017, the Company provided an update to investors regarding the Company's fourth quarter 2017, full year 2017, and full year 2018 guidance; a copy of which is attached hereto as Exhibit 99.1 and is incorporated herein by reference. The guidance provided therein is only an estimate of what the Company believes is realizable as of the date of this investor update. Actual results may vary from the guidance and the variations may be material. The Company undertakes no intent or obligation to publicly update or revise any of these projections, whether as a result of new information, future events or otherwise, except as required by law.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

The following is furnished as an exhibit to this report and shall not be deemed “filed” for purposes of Section 18 of the Exchange Act:

<u>Exhibit No.</u>	<u>Description</u>
99.1	Investor Update regarding fourth quarter 2017, full year 2017, and full year 2018 guidance.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: October 26, 2017

SPIRIT AIRLINES, INC.

By: /s/ Thomas Canfield

Name: Thomas Canfield

Title: Senior Vice President and General Counsel

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
<u>99.1</u>	<u>Investor Update regarding fourth quarter 2017, full year 2017, and full year 2018.</u>



This investor update provides Spirit's fourth quarter 2017, full year 2017, and full year 2018 guidance. All data is based on preliminary estimates.

	4Q17E
Capacity - Available Seat Miles (ASMs)	
Year-over-Year % Change	17.5%
Total Revenue per ASM (TRASM)	
Year-over-Year % Change	Down 4% to 6%
Adjusted Operating Expense Ex-Fuel per ASM	
Adjusted CASM ex-fuel year-over-year % change ⁽¹⁾	Down 3% to 4%
Average Stage Length (miles)	1,018
Fuel Expense (\$)	
Fuel gallons (millions)	90.3
Economic fuel cost per gallon ⁽²⁾	\$1.96
Selected Operating Expenses (\$Millions)	
Aircraft rent	\$48.6
Depreciation and amortization	\$37.2
Interest Expense, net of Capitalized Interest (\$Millions)	
Interest expense	\$16.4
Capitalized interest	\$(3.2)
Interest Income	\$(2.6)
Interest expense, net	\$10.6
Effective Tax Rate	37.5%
Wtd. Average Diluted Share Count (Millions)	69.5

Full Year 2017 Guidance

	Full Year 2017E
Effective Tax Rate	37.2%
Estimated Cash Tax Rate ⁽³⁾	0%
Capital Expenditures (\$MM)	
Aircraft capital commitments, net of pre-delivery deposits: ⁽⁴⁾	\$546
Other capital expenditures ⁽⁵⁾	\$70
Pre-delivery deposits paid in current year for flight equipment	\$150
Total capital expenditures	\$766
Anticipated proceeds from issuance of long-term debt (\$MM)	\$633
Other Working Capital Requirements (\$MM)	
Payments for heavy maintenance events ⁽⁶⁾	\$109
Pre-paid maintenance deposits, net of reimbursements	\$27

Selected 2018 Guidance

	Full Year 2018E
Capacity - Available Seat Miles (ASMs)	
Year-over-Year % Change	22% to 25%
Adjusted Operating Expense Ex-Fuel per ASM	
Adjusted CASM ex-fuel year-over-year % change ⁽¹⁾	Down 3% to 5%
Selected Operating Expenses (\$Millions)	
Aircraft Rent	~\$230
Depreciation and amortization	~\$200

Footnotes

- (1) Excludes all components of fuel expense, loss on disposal of assets, and special items.
- (2) Includes fuel taxes and into-plane fuel cost.
- (3) Spirit's cash tax rate differs from its effective tax rate primarily due to the benefit related to bonus depreciation on the acquisition of purchased aircraft.
- (4) Includes amounts related to 17 of the aircraft delivered, or scheduled to be delivered in 2017, net of \$221 million funded as pre-delivery deposits for these aircraft.
- (5) Includes the purchase of three spare engines.
- (6) Payments for heavy maintenance events are recorded as "Long-term deposits and other assets" within "Changes in operating assets and liabilities" on the Company's cash flow statement.

Spirit Airlines, Inc.

Aircraft Delivery Schedule (net of Scheduled Retirements) as of October 26, 2017

	A319	A320 CEO	A320 NEO	A321 CEO	Total
Total Year-end 2016	29	45	5	16	95
1Q17	2	—	—	3	5
2Q17	—	3	—	1	4
3Q17	—	1	—	2	3
4Q17	—	2	—	3	5
Total Year-end 2017	31	51	5	25	112
1Q18	—	1	—	5	6
2Q18	—	1	—	—	1
3Q18	—	2	—	—	2
4Q18	—	1	—	—	1
Total Year-end 2018	31	56	5	30	122
2019	—	1	14	—	15
2020	(5)	—	16	—	11
2021	(5)	—	18	—	13
Total Year-end 2021	21	57	53	30	161

Notes:

The listed A321ceo aircraft in 2017 reflect scheduled deliveries of 11 A321ceo aircraft, net of 2 A321ceo lease expirations (1 in 3Q17 and 1 in 4Q17).

Seat Configurations

A319	145
A320	178/182
A321	218/228

Forward-Looking Statements

Statements in this release and certain oral statements made from time to time by representatives of the Company contain various forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act) which are subject to the “safe harbor” created by those sections. Forward-looking statements are based on our management’s beliefs and assumptions and on information currently available to our management. All statements other than statements of historical facts are “forward-looking statements” for purposes of these provisions. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “could,” “would,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “project,” “predict,” “potential,” and similar expressions intended to identify forward-looking statements. Forward-looking statements include, without limitation, statements regarding the Company's intentions and expectations regarding the delivery schedule of aircraft on order, guidance and estimates for the fourth quarter 2017, full year 2017, and full year 2018 , including expectations regarding the delivery schedule of aircraft on order, announced new service routes, revenues, TRASM, cost of operations, operating margin, capacity, CASM, CASM ex-fuel, fuel expense, economic fuel cost, expected unrealized mark-to-market gains or losses, capital expenditures and other working capital requirements, aircraft rent, depreciation and amortization, fuel hedges and tax rates. Such forward-looking statements are subject to risks, uncertainties and other important factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Furthermore, such forward-looking statements speak only as of the date of this release. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements. Risks or uncertainties (i) that are not currently known to us, (ii) that we currently deem to be immaterial, or (iii) that could apply to any company, could also materially adversely affect our business, financial condition, or future results. References in this report to “Spirit,” “we,” “us,” “our,” or the “Company” shall mean Spirit Airlines, Inc., unless the context indicates otherwise. Additional information concerning certain factors is contained in the Company's Securities and Exchange Commission filings, including but not limited to the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K.