

Spirit Airlines Extends Debt Deadline to Avoid Bankruptcy

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Spirit Airlines has successfully secured a short-term extension for its debt repayment deadline, buying the low-cost carrier more time to refinance its obligations. The airline, which operates primarily out of Fort Lauderdale International Airport, signed an amendment with US Bank National Association to extend the deadline on its 2025 notes from October 21 to December 23, 2024. This move comes as Spirit aims to avoid filing for Chapter 11 bankruptcy, reported ch-aviation.com.

In addition to the extension, Spirit Airlines has fully drawn down its \$300 million revolving credit facility, which is set to mature on September 30, 2026. The two-month extension gives the carrier additional breathing space to manage its \$1.1 billion in loyalty bonds, ensuring it maintains its credit card processing agreement and avoids the immediate risk of insolvency.

Spirit Airlines, known for its low-cost operations across North, Central, and South America, has been facing financial challenges despite a strong travel market. The airline has lost money in five of the last six quarters, largely due to the collapse of its \$3.8 billion merger deal with JetBlue Airways. This failed merger has left Spirit grappling with mounting financial pressure, forcing the airline to take measures to reduce costs. Recent cost-saving actions include furloughing pilots, offering staff buyouts, and deferring aircraft deliveries.

According to an October 18 regulatory filing, Spirit Airlines is in ongoing discussions with holders of its senior secured notes due in 2025 and convertible senior notes due in 2026. The company remains optimistic about its financial position and expects to end 2024 with over \$1 billion in liquidity, provided it can complete the liquidity initiatives currently underway. This liquidity includes unrestricted cash, short-term investment securities, and additional financial initiatives to strengthen its balance sheet.

Spirit Airlines' fleet consists of 217 aircraft, including Airbus A319-100s, A320-200s, A320-200Ns, A321-200s, and A321-200NXs. The airline serves 85 airports throughout North, Central, and South America, providing an extensive route network that caters to a variety of travelers. However, the airline's financial woes have prompted the consideration of restructuring options, including a potential Chapter 11 bankruptcy filing, as reported by the Wall Street Journal in early October.

Despite the challenges, Spirit remains focused on stabilizing its financial situation and continuing operations without disruption. The extension of the debt deadline to December 2024 provides much-needed time for Spirit to navigate the refinancing of its existing debt, including the \$1.1 billion loyalty bonds. This extension is a strategic step towards maintaining business continuity while addressing long-term financial sustainability.

The failed merger with JetBlue Airways significantly impacted Spirit's financial health, leading to consecutive quarterly losses. The airline's current priority is to renegotiate its debt maturities and secure additional liquidity to weather the ongoing financial storm. Spirit's leadership remains hopeful that these measures will enable the airline to emerge stronger, ensuring continued service for its passengers and preserving jobs for its employees.

By focusing on debt refinancing and cost management, Spirit Airlines aims to regain financial stability and keep its operations intact. The extension of the debt repayment deadline is a crucial lifeline, allowing the airline to explore all available options to stabilize its finances and avoid a Chapter 11 filing. With its extensive route network and a modern fleet, Spirit remains committed to serving its passengers while navigating these financial challenges.

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