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## Frontier Airlines and Spirit Airlines, Both With Frequent Stops in USVI, to Merge in \$6.6 Billion Deal

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**V.I. Dept. of Tourism greeters welcome Frontier Airlines inaugural flight to St. Thomas, USVI on Friday, Feb. 19, 2021** By. KYLE MURPHY FOR V.I. CONSORTIUM

Frontier Airlines has agreed to purchase Spirit Airlines for \$2.9 billion, in a cash and stock deal valued at \$6.6 billion. The action would merge two of the U.S.'s largest low-fare carriers, and would see Frontier owning 51.5 percent of the combined company, while Frontier Chairman William Franke will become chairman of the merged companies' board, according to a release [issued Monday](#).

Both Frontier and Spirit have regular flights to the U.S. Virgin Islands.

“We are thrilled to join forces with Frontier to further democratize air travel,” said Ted Christie, president and CEO of Spirit. “This transaction is centered around creating an aggressive ultra-low fare competitor to serve our Guests even better, expand career opportunities for our Team Members and increase competitive pressure, resulting in more consumer-friendly fares for the flying public. We look forward to uniting our talented teams to shake up the airline industry while also continuing our commitment to excellent Guest service.”

“Together, Frontier and Spirit will be America’s Greenest Airline and deliver more ultra-low fares to more people in more places,” said Barry Biffle, President and CEO of Frontier. “I couldn’t be more excited for our team members, customers, partners, the communities we serve and our shareholders.”

Frontier said consumers will win with more ultra-low fares to more places because of the deal, which will result in the following:

- Deliver \$1 billion in annual consumer savings.
- Offer more than 1,000 daily flights to over 145 destinations in 19 countries, across complementary networks.
- Expand with more than 350 aircraft on order to deliver more ultra-low fares.
- Increase access to ultra-low fares by adding new routes to underserved communities across the United States, Latin America and the Caribbean.
- Deliver even more reliable service through a variety of operational efficiencies.
- Expand frequent flyer and membership offerings.

Employees will also gain with expanded opportunities and increased stability, Frontier said.

- By 2026 Spirit and Frontier expect to add 10,000 direct jobs and thousands of additional jobs at the companies’ business partners.
- Given the growth of the combined company, it is expected that all current team members will have an opportunity to be a part of the combined airline.
- Team Members of the combined airline will have better career opportunities and more stability as part of the most competitive ultra-low fare airline in the United States.

Frontier and Spirit will be "America’s Greenest Airline", according to the release, providing nationwide access to sustainable and affordable air travel. The combined airline will have the youngest, most modern and fuel-efficient fleet in the United States, featuring the largest fleet of A320neo family aircraft of any airline in the country. The combined airline is expected to achieve over 105 seat miles per gallon by 2025.

The companies are also expecting shareholders to gain as a result of the deal.

- On a combined basis, the company would have annual revenues of approximately \$5.3 billion based on 2021 results.
- Once combined, Frontier and Spirit expect to deliver annual run-rate operating synergies of \$500 million once full integration is completed, which will be primarily driven by scale efficiencies and procurement savings across the enterprise with approximately \$400 million in one-time costs.

- The combined airline is expected to have a strengthened financial profile, with a cash balance of approximately \$2.4 billion as of the end of 2021 on a combined basis.

Under the terms of the merger agreement, which has been unanimously approved by the boards of directors of both companies, Spirit equity holders will receive 1.9126 shares of Frontier plus \$2.13 in cash for each existing Spirit share they own, according to the release. This implies a value of \$25.83 per Spirit share at Frontier's closing stock price of \$12.39 on February 4, 2022, representing a premium of 19% over the February 4, 2022, closing price of Spirit, and a 26% premium based on the 30 trading-day volume-weighted average prices of Frontier and Spirit. The transaction values Spirit at a fully diluted equity value of \$2.9 billion, and a transaction value of \$6.6 billion when accounting for the assumption of net debt and operating lease liabilities.

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