



July 31, 2017

SBA Communications Corporation Reports 2nd Quarter 2017 Results; Updates Full Year 2017 Outlook

BOCA RATON, Fla., July 31, 2017 (GLOBE NEWSWIRE) -- SBA Communications Corporation (Nasdaq:SBAC) ("SBA" or the "Company") today reported results for the quarter ended June 30, 2017.

Highlights of the second quarter include:

- | **Increased Full Year Outlook**
- | **Net income of \$9.2 million or \$0.08 per share**
- | **AFFO per share growth of 17% over the year earlier period, excluding the impact of the 2016 Oi reserve**
- | **Repurchased 1.9 million shares through July 31, 2017**

"The second quarter was another steady one for SBA," commented Jeffrey A. Stoops, President and CEO. "U.S. leasing activity was up over the second quarter of last year as well as sequentially from the first quarter, while international leasing activity remained steady. Portfolio growth was also up in the second quarter over first quarter levels, reflecting timing of opportunities. Supplementing increased portfolio growth was a resumption of a healthy amount of stock repurchases, consistent with our long-stated goal of keeping our balance sheet fully invested to target levels. With substantial spectrum and 5G deployments on the horizon in both the U.S. and internationally, we expect customer demand to remain solid for years to come. Against that demand, we intend to continue to execute well and we expect to continue to favor allocating capital to portfolio growth and stock repurchases. We continue to remain on track to achieve our long term goal of \$10 or more of AFFO per share in 2020."

Operating Results

The table below details select financial results for the three months ended June 30, 2017 and the quarter over quarter comparisons.

	<u>Q2 2017</u>	<u>Q2 2016</u>	<u>\$ Change</u>	<u>% Change</u>	<u>% Change excluding FX and Oi reserve ⁽¹⁾</u>
Consolidated					
(in millions, except per share amounts)					
Site leasing revenue	\$ 403.0	\$ 381.8	\$ 21.2	5.6%	4.5%
Site development revenue	24.3	23.7	0.6	2.5%	2.5%
Tower cash flow ⁽¹⁾	317.2	296.4	20.8	7.0%	6.1%
Net income	9.2	32.7	(23.5)	(71.7%)	(17.3%)
Earnings per share - diluted	0.08	0.26	(0.18)	(69.2%)	(25.7%)
Adjusted EBITDA ⁽¹⁾	298.8	261.6	37.2	14.2%	6.5%
AFFO ⁽¹⁾	211.2	169.3	41.9	24.8%	12.2%
AFFO per share ⁽¹⁾	1.73	1.35	0.38	28.1%	14.7%

(1) Non-GAAP metrics, please see the reconciliations and other disclosures under "Non-GAAP Financial Measures" later in this press release.

Total revenues in the second quarter of 2017 were \$427.3 million compared to \$405.5 million in the year earlier period, an increase of 5.4%. Site leasing revenue in the quarter of \$403.0 million was comprised of domestic site leasing revenue of \$325.3 million and international site leasing revenue of \$77.7 million. Domestic cash site leasing revenue was \$325.0 million in the second quarter of 2017 compared to \$312.8 million in the year earlier period, an increase of 3.9%. International cash site leasing revenue was \$73.8 million in the second quarter of 2017 compared to \$60.3 million in the year earlier period, an increase of 22.5%.

Site leasing operating profit was \$313.7 million, an increase of 6.2% over the year earlier period. Site leasing contributed

98.7% of the Company's total operating profit in the second quarter of 2017. Domestic site leasing segment operating profit was \$260.1 million, an increase of 3.8% over the year earlier period. International site leasing segment operating profit was \$53.6 million, an increase of 19.9% over the year earlier period.

Tower Cash Flow for the second quarter of 2017 of \$317.2 million was comprised of Domestic Tower Cash Flow of \$266.5 million and International Tower Cash Flow of \$50.7 million. Domestic Tower Cash Flow for the quarter increased 4.3% over the prior year period and International Tower Cash Flow increased 23.9% over the prior year period. Tower Cash Flow Margin was 79.5% and 79.4% for the second quarter of 2017 and 2016, respectively.

Net Cash Interest Expense was \$75.5 million in the second quarter of 2017 compared to \$80.9 million in the second quarter of 2016.

Net income for the second quarter of 2017 was \$9.2 million, or \$0.08 per share, and included a \$20.4 million loss on the currency related remeasurement of a U.S. dollar denominated intercompany loan with a Brazilian subsidiary, while net income for the second quarter of 2016 was \$32.7 million, or \$0.26 per share, and included a \$47.4 million gain on the currency related remeasurement of a U.S. dollar denominated intercompany loan with a Brazilian subsidiary, partially offset by the \$16.5 million Oi reserve.

Adjusted EBITDA for the quarter was \$298.8 million, a 7.4% increase over the prior year period adjusted to exclude the impact of the prior year Oi reserve. Adjusted EBITDA Margin was 70.6% in the second quarter of 2017 compared to 70.1% in the second quarter of 2016 adjusted to exclude the impact of the Oi reserve.

AFFO for the quarter was \$211.2 million, a 13.7% increase over the prior year period adjusted to exclude the impact of the prior year Oi reserve. AFFO per share for the second quarter of 2017 was \$1.73, a 16.9% increase over the second quarter of 2016 adjusted to exclude the impact of the Oi reserve.

Investing Activities

During the second quarter of 2017, SBA purchased 228 communication sites and the rights to manage 37 additional communication sites for total consideration of \$124.2 million. This amount was comprised of the issuance of 487,963 shares of Class A common stock and \$60.9 million paid in cash during or subsequent to the end of the quarter. SBA also built 96 towers during the second quarter of 2017. As of June 30, 2017, SBA owned or operated 26,562 communication sites, 15,947 of which are located in the United States and its territories, and 10,615 of which are located internationally. In addition, the Company spent \$16.4 million to purchase land and easements and to extend lease terms. Total cash capital expenditures for the second quarter of 2017 were \$73.2 million, consisting of \$8.1 million of non-discretionary cash capital expenditures (tower maintenance and general corporate) and \$65.1 million of discretionary cash capital expenditures (new tower builds, tower augmentations, acquisitions, and purchasing land and easements).

Subsequent to the second quarter of 2017, the Company acquired 68 communication sites for an aggregate consideration of \$16.5 million in cash. In addition, the Company has agreed to purchase in the U.S. and internationally 97 communication sites for an aggregate amount of \$60.9 million. The Company anticipates that these acquisitions will be consummated by the end of the fourth quarter of 2017.

Financing Activities and Liquidity

SBA ended the second quarter with \$8.8 billion of total debt, \$6.9 billion of total secured debt, \$194.8 million of cash and cash equivalents, short-term restricted cash, and short-term investments, and \$8.6 billion of Net Debt. SBA's Net Debt and Net Secured Debt to Annualized Adjusted EBITDA Leverage Ratios were 7.2x and 5.6x, respectively.

As of the date of this press release, SBA had \$215.0 million outstanding under its \$1.0 billion Revolving Credit Facility.

During the second quarter of 2017, the Company repurchased 1.2 million shares of its Class A common stock for \$155.0 million, at an average price per share of \$134.41. Subsequent to June 30, 2017, the Company repurchased 0.7 million shares of its Class A common stock for \$95.0 million, at an average price per share of \$135.92. As of the date of this press release, the Company had \$750.0 million of authorization remaining under its current stock repurchase plan.

During the second quarter of 2017, the Company issued, through a trust, \$760.0 million of Secured Tower Revenue Securities Series 2017-1C with an anticipated repayment date of April 2022 at a fixed interest rate of 3.168% per annum. The net proceeds were used to prepay the full amount of the Secured Tower Revenue Securities Series 2012-1C outstanding (including accrued and unpaid interest) and for general corporate purposes.

Outlook

The Company is updating its full year 2017 Outlook for anticipated results. The Outlook provided is based on a number of assumptions that the Company believes are reasonable at the time of this press release. Information regarding potential risks that could cause the actual results to differ from these forward-looking statements is set forth below and in the Company's filings with the Securities and Exchange Commission.

The Company's full year 2017 Outlook assumes the acquisitions of only those communication sites under contract at the time of this press release. The Company may spend additional capital in 2017 on acquiring revenue producing assets not yet identified or under contract, the impact of which is not reflected in the 2017 guidance. The Outlook does not contemplate any new financings or any additional repurchases of the Company's stock during 2017 other than those financings and repurchases completed as of the date of this press release.

The Company's Outlook assumes an average foreign currency exchange rate of 3.30 Brazilian Reais to 1.0 U.S. Dollar and 1.31 Canadian Dollars to 1.0 U.S. Dollar for the last two quarters of 2017, including an assumption of 3.25 Brazilian Reais to 1.0 U.S. Dollar during the third quarter of 2017.

(in millions, except per share amounts)	<u>Full Year 2017</u>
Site leasing revenue ⁽¹⁾	\$ 1,608.0 to \$ 1,623.0
Site development revenue	\$ 90.0 to \$ 100.0
Total revenues	\$ 1,698.0 to \$ 1,723.0
Tower Cash Flow ⁽²⁾	\$ 1,266.0 to \$ 1,281.0
Adjusted EBITDA ⁽²⁾	\$ 1,189.0 to \$ 1,204.0
Net cash interest expense ⁽³⁾	\$ 302.0 to \$ 312.0
Non-discretionary cash capital expenditures ⁽⁴⁾	\$ 29.0 to \$ 39.0
AFFO ⁽²⁾	\$ 822.0 to \$ 858.0
AFFO per share ^{(2) (5)}	\$ 6.75 to \$ 7.04
Discretionary cash capital expenditures ⁽⁶⁾	\$ 385.0 to \$ 405.0

(1) The Company's Outlook for site leasing revenue includes revenue associated with pass through reimbursable expenses.

(2) See the reconciliation of this non-GAAP financial measure presented below under "Non-GAAP Financial Measures."

(3) Net cash interest expense is defined as interest expense less interest income. Net cash interest expense does not include amortization of deferred financing fees or non-cash interest expense.

(4) Consists of tower maintenance and general corporate capital expenditures.

(5) Outlook for AFFO per share is calculated by dividing the Company's outlook for AFFO by an assumed weighted average number of diluted common shares of 121.8 million. Our Outlook does not include the impact of any additional repurchases of the Company's stock during 2017 other than those repurchases completed or agreed to as of the date of this press release.

(6) Consists of new tower builds, tower augmentations, communication site acquisitions and ground lease purchases. Does not include expenditures for acquisitions of revenue producing assets not under contract at the date of this press release.

Conference Call Information

SBA Communications Corporation will host a conference call on Monday, July 31, 2017 at 5:00 PM (ET) to discuss the quarterly results. The call may be accessed as follows:

When: Monday, July 31, 2017 at 5:00 PM (ET)
Dial-in Number: (800) 230-1059
Conference Name: SBA second quarter results
Replay Available: July 31, 2017 at 8:00 PM (ET) through August 14, 2017 at 11:59 PM (ET)
Replay Number: (800) 475-6701
Access Code: 427343
Internet Access: www.sbasite.com

Information Concerning Forward-Looking Statements

This press release includes forward-looking statements, including statements regarding the Company's expectations or beliefs regarding (i) the Company's long term goal of producing AFFO of \$10 or more per share in 2020 and its progress toward achieving that goal, (ii) future domestic and international customer demand and the timing and impact of spectrum

deployments, (iii) the Company's intentions for future capital allocation, (iv) the Company's financial and operational guidance for the full year 2017, (v) timing of closing for currently pending acquisitions, (vi) the Company's expectations regarding additional capital spending in 2017, and (vii) the Company's expectations regarding foreign exchange rates and their impact on the Company's financial and operational guidance. Furthermore, the Company's 2017 outlook assumes that the Company's business is currently operated in a manner that complies with the REIT rules and that the Company is able to qualify and to remain qualified as a REIT and the timing of such qualification. These forward-looking statements may be affected by the risks and uncertainties in the Company's business. This information is qualified in its entirety by cautionary statements and risk factor disclosures contained in the Company's Securities and Exchange Commission filings, including the Company's annual report on Form 10-K filed with the Commission on March 1, 2017.

The Company wishes to caution readers that certain important factors may have affected and could in the future affect the Company's actual results and could cause the Company's actual results for subsequent periods to differ materially from those expressed in any forward-looking statement made by or on behalf of the Company. With respect to the Company's expectations regarding all of these statements, including its financial and operational guidance, such risk factors include, but are not limited to: (1) the ability and willingness of wireless service providers to maintain or increase their capital expenditures; (2) the Company's ability to identify and acquire sites at prices and upon terms that will allow the portfolio growth to be accretive; (3) the Company's ability to accurately identify any risks associated with its acquired sites, to effectively integrate such sites into its business and to achieve the anticipated financial results; (4) the Company's ability to secure and retain as many site leasing tenants as planned at anticipated lease rates; (5) the impact of continued consolidation among wireless service providers on the Company's leasing revenue; (6) the Company's ability to successfully manage the risks associated with international operations, including risks associated with foreign currency exchange rates; (7) the Company's ability to secure and deliver anticipated services business at contemplated margins; (8) the Company's ability to maintain expenses and cash capital expenditures at appropriate levels for its business while seeking to attain its investment goals; (9) the Company's ability to acquire land underneath towers on terms that are accretive; (10) the Company's ability to realize economies of scale from its tower portfolio; (11) the economic climate for the wireless communications industry in general and the wireless communications infrastructure providers in particular in the United States, Brazil, and internationally; (12) the continued dependence on towers and outsourced site development services by the wireless carriers; (13) the Company's ability to protect its rights to land under its towers; (14) the Company's ability to obtain future financing at commercially reasonable rates or at all; (15) the Company's ability to continue to receive payments from Oi in accordance with the terms of our contracts; and (16) the Company's ability to qualify for treatment as a REIT for U.S. federal income tax purposes and to comply with and conduct its business in accordance with such rules. With respect to the Company's plan for new builds, these factors also include zoning and regulatory approvals, weather, availability of labor and supplies and other factors beyond the Company's control that could affect the Company's ability to build additional towers in 2017. With respect to its expectations regarding the ability to close pending acquisitions, these factors also include satisfactorily completing due diligence, the amount and quality of due diligence that the Company is able to complete prior to closing of any acquisition and its ability to accurately anticipate the future performance of the acquired towers, the ability to receive required regulatory approval, the ability and willingness of each party to fulfill their respective closing conditions and their contractual obligations and the availability of cash on hand or borrowing capacity under the Revolving Credit Facility to fund the consideration. With respect to repurchases under the Company's stock repurchase program, the amount of shares repurchased, if any, and the timing of such repurchases will depend on, among other things, the trading price of the Company's common stock, which may be positively or negatively impacted by the repurchase program, market and business conditions, the availability of stock, the Company's financial performance or determinations following the date of this announcement in order to use the Company's funds for other purposes.

This press release contains non-GAAP financial measures. Reconciliation of each of these non-GAAP financial measures and the other Regulation G information is presented below under "Non-GAAP Financial Measures."

This press release will be available on our website at www.sbsite.com.

About SBA Communications Corporation

SBA Communications Corporation is a first choice provider and leading owner and operator of wireless communications infrastructure in North, Central, and South America. By "Building Better Wireless," SBA generates revenue from two primary businesses - site leasing and site development services. The primary focus of the Company is the leasing of antenna space on its multi-tenant communication sites to a variety of wireless service providers under long-term lease contracts. For more information please visit: www.sbsite.com.

CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited) (in thousands, except per share amounts)

For the three months ended June 30,	For the six months ended June 30,
--	--

	2017	2016	2017	2016
Revenues:				
Site leasing	\$ 403,001	\$ 381,843	\$ 800,551	\$ 756,293
Site development	24,293	23,689	50,106	49,008
Total revenues	<u>427,294</u>	<u>405,532</u>	<u>850,657</u>	<u>805,301</u>
Operating expenses:				
Cost of revenues (exclusive of depreciation, accretion, and amortization shown below):				
Cost of site leasing	89,337	86,493	178,719	169,255
Cost of site development	20,007	20,074	41,595	39,907
Selling, general, and administrative ⁽¹⁾⁽²⁾	33,394	47,664	67,618	78,071
Acquisition related adjustments and expenses	2,306	2,821	5,274	6,003
Asset impairment and decommission costs	8,140	14,691	16,491	20,874
Depreciation, accretion, and amortization	159,520	159,723	318,551	319,524
Total operating expenses	<u>312,704</u>	<u>331,466</u>	<u>628,248</u>	<u>633,634</u>
Operating income	<u>114,590</u>	<u>74,066</u>	<u>222,409</u>	<u>171,667</u>
Other income (expense):				
Interest income	2,909	2,737	6,143	4,603
Interest expense	(78,456)	(83,682)	(156,058)	(167,486)
Non-cash interest expense	(717)	(460)	(1,421)	(915)
Amortization of deferred financing fees	(4,949)	(5,325)	(11,647)	(10,590)
Loss from extinguishment of debt, net	(1,961)	—	(1,961)	—
Other (expense) income, net	(18,793)	47,376	(3,844)	93,275
Total other expense	<u>(101,967)</u>	<u>(39,354)</u>	<u>(168,788)</u>	<u>(81,113)</u>
Income before provision for income taxes	12,623	34,712	53,621	90,554
Provision for income taxes	(3,390)	(2,001)	(6,789)	(4,206)
Net income	<u>\$ 9,233</u>	<u>\$ 32,711</u>	<u>\$ 46,832</u>	<u>\$ 86,348</u>
Net income per common share				
Basic	<u>\$ 0.08</u>	<u>\$ 0.26</u>	<u>\$ 0.39</u>	<u>\$ 0.69</u>
Diluted	<u>\$ 0.08</u>	<u>\$ 0.26</u>	<u>\$ 0.38</u>	<u>\$ 0.69</u>
Weighted average number of common shares				
Basic	<u>121,455</u>	<u>125,125</u>	<u>121,253</u>	<u>125,261</u>
Diluted	<u>122,437</u>	<u>125,783</u>	<u>122,087</u>	<u>125,921</u>

(1) Includes non-cash compensation of \$10,030 and \$8,785 for the three months ended June 30, 2017 and 2016, respectively, and \$18,856 and \$16,471 for the six months ended June 30, 2017 and 2016, respectively.

(2) Includes the impact of the \$16,498 Oi reserve for the three and six months ended June 30, 2016.

CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except par values)

	June 30, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 164,521	\$ 146,109
Restricted cash	30,093	36,786
Accounts receivable, net	75,739	78,344
Costs and estimated earnings in excess of billings on uncompleted contracts	12,304	11,127
Prepaid and other current assets	53,807	52,205
Total current assets	<u>336,464</u>	<u>324,571</u>
Property and equipment, net	2,774,398	2,792,076
Intangible assets, net	3,569,045	3,656,924
Other assets	628,946	587,374
Total assets	<u>\$ 7,308,853</u>	<u>\$ 7,360,945</u>
LIABILITIES AND SHAREHOLDERS' DEFICIT		

Current Liabilities:		
Accounts payable	\$ 29,155	\$ 28,320
Accrued expenses	96,193	61,129
Current maturities of long-term debt	772,517	627,157
Deferred revenue	98,793	101,098
Accrued interest	42,042	44,503
Other current liabilities	7,719	11,240
Total current liabilities	1,046,419	873,447
Long-term liabilities:		
Long-term debt, net	7,906,188	8,148,426
Other long-term liabilities	341,927	334,993
Total long-term liabilities	8,248,115	8,483,419
Shareholders' deficit:		
Prefer. stock-par value \$.01, 30,000 shares authorized, no shares issued or outst.	—	—
Common stock - Class A, par value \$.01, 400,000 shares authorized, 120,981 and 121,004 shares issued and outstanding at June 30, 2017 and December 31, 2016, respectively	1,210	1,210
Additional paid-in capital	2,127,093	2,010,520
Accumulated deficit	(3,735,062)	(3,637,467)
Accumulated other comprehensive loss	(378,922)	(370,184)
Total shareholders' deficit	(1,985,681)	(1,995,921)
Total liabilities and shareholders' deficit	\$ 7,308,853	\$ 7,360,945

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(unaudited) (in thousands)

	For the three months ended June 30,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 9,233	\$ 32,711
Adjust. to reconcile net income to net cash provided by operating activities:		
Depreciation, accretion, and amortization	159,520	159,723
Non-cash asset impairment and decommission costs	6,672	13,556
Non-cash compensation expense	10,194	8,893
Amortization of deferred financing fees	4,949	5,325
Loss (gain) on remeasurement of U.S. denominated intercompany loan	20,417	(47,367)
Provision for doubtful accounts ⁽¹⁾	488	16,905
Other non-cash items reflected in the Statements of Operations	986	72
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable and costs and estimated earnings in excess of billings on uncompleted contracts, net	(2,523)	8,679
Prepaid expenses and other assets	(6,298)	(13,576)
Accounts payable and accrued expenses	4,480	2,967
Accrued interest	22,829	13,628
Other liabilities	946	8,576
Net cash provided by operating activities	231,893	210,092
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions ⁽²⁾	(39,530)	(56,872)
Capital expenditures	(33,688)	(34,601)
Other investing activities	(11,146)	(5,615)
Net cash used in investing activities	(84,364)	(97,088)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings (repayments) under Revolving Credit Facility	(130,000)	10,000
Payment for the redemption of 2012-1C Tower Securities	(610,000)	—
Proceeds from issuance of Tower Securities, net of fees	750,153	—
Repurchase and retirement of common stock, inclusive of fees	(140,019)	(100,018)
Other financing activities	18,028	(960)
Net cash used in financing activities	(111,838)	(90,978)

Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(3,969)	8,977
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	31,722	31,003
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:		
Beginning of period	165,471	131,633
End of period	<u>\$ 197,193</u>	<u>\$ 162,636</u>

(1) Includes the impact of the \$16,498 Oi reserve for the three months ended June 30, 2016.

(2) Excludes \$63.3 million of acquisition costs paid through the issuance of 487,963 shares of Class A common stock.

Selected Capital Expenditure Detail

	For the three months ended June 30, 2017	For the six months ended June 30, 2017
	(in thousands)	
Construction and related costs on new builds	\$ 15,983	\$ 32,799
Augmentation and tower upgrades	9,647	20,762
Non-discretionary capital expenditures:		
Tower maintenance	7,049	13,696
General corporate	1,009	2,178
Total non-discretionary capital expenditures	<u>8,058</u>	<u>15,874</u>
Total capital expenditures	<u>\$ 33,688</u>	<u>\$ 69,435</u>

Communication Site Portfolio Summary

	Domestic	International	Total
Sites owned at March 31, 2017	15,907	10,377	26,284
Sites acquired during the second quarter	65	163	228
Sites built during the second quarter	14	82	96
Sites reclassified/decommissioned during the second quarter	(39)	(7)	(46)
Sites owned at June 30, 2017	<u>15,947</u>	<u>10,615</u>	<u>26,562</u>

Segment Operating Profit and Segment Operating Profit Margin

Domestic site leasing and International site leasing are the two segments within our site leasing business. Segment operating profit is a key business metric and one of our two measures of segment profitability. The calculation of Segment operating profit for each of our segments is set forth below.

	Domestic Site Leasing		Int'l Site Leasing		Site Development	
	For the three months ended June 30,		For the three months ended June 30,		For the three months ended June 30,	
	2017	2016	2017	2016	2017	2016
	(in thousands)					
Segment revenue	\$ 325,324	\$ 316,842	\$ 77,677	\$ 65,001	\$ 24,293	\$ 23,689
Segment cost of revenues (excluding depreciation, accretion, and amort.)	<u>(65,251)</u>	<u>(66,199)</u>	<u>(24,086)</u>	<u>(20,294)</u>	<u>(20,007)</u>	<u>(20,074)</u>
Segment operating profit	<u>\$ 260,073</u>	<u>\$ 250,643</u>	<u>\$ 53,591</u>	<u>\$ 44,707</u>	<u>\$ 4,286</u>	<u>\$ 3,615</u>
Segment operating profit margin	<u>79.9%</u>	<u>79.1%</u>	<u>69.0%</u>	<u>68.8%</u>	<u>17.6%</u>	<u>15.3%</u>

Non-GAAP Financial Measures

The press release contains non-GAAP financial measures including (i) Cash Site Leasing Revenue; (ii) Tower Cash Flow

and Tower Cash Flow Margin; (iii) Adjusted EBITDA, Annualized Adjusted EBITDA, and Adjusted EBITDA Margin; (iv) Net Debt, Net Secured Debt, Leverage Ratio, and Secured Leverage Ratio (collectively, our "Non-GAAP Debt Measures"); (v) Funds from Operations ("FFO"), Adjusted Funds from Operations ("AFFO"), and AFFO per share; and (vi) certain financial metrics after eliminating the impact of changes in foreign currency exchange rates (collectively, our "Constant Currency Measures") and the impact of the prior year Oi reserve.

We have included these non-GAAP financial measures because we believe that they provide investors additional tools in understanding our financial performance and condition. Specifically, we believe that:

(1) Cash Site Leasing Revenue and Tower Cash Flow are useful indicators of the performance of our site leasing operations;

(2) Adjusted EBITDA is useful to investors or other interested parties in evaluating our financial performance. Adjusted EBITDA is the primary measure used by management (1) to evaluate the economic productivity of our operations and (2) for purposes of making decisions about allocating resources to, and assessing the performance of, our operations. Management believes that Adjusted EBITDA helps investors or other interested parties meaningfully evaluate and compare the results of our operations (1) from period to period and (2) to our competitors, by excluding the impact of our capital structure (primarily interest charges from our outstanding debt) and asset base (primarily depreciation, amortization and accretion) from our financial results. Management also believes Adjusted EBITDA is frequently used by investors or other interested parties in the evaluation of REITs. In addition, Adjusted EBITDA is similar to the measure of current financial performance generally used in our debt covenant calculations. Adjusted EBITDA should be considered only as a supplement to net income computed in accordance with GAAP as a measure of our performance;

(3) FFO, AFFO and AFFO per share, which are metrics used by our public company peers in the communication site industry, provide investors useful indicators of the financial performance of our business and permit investors an additional tool to evaluate the performance of our business against those of our two principal competitors. We believe that we are operating in a manner that complies with the REIT rules as of January 1, 2016, and as a result, we made the election to be subject to tax as a REIT commencing with our taxable year ended December 31, 2016. As a result, we have updated our definition of FFO. Under the revised definition, FFO no longer includes an adjustment to reflect our estimate of our cash taxes had we been a REIT. However, AFFO continues to exclude the non-cash portion of our reported tax provision. We refer to the prior definition as FFO, as previously defined. FFO, AFFO, and AFFO per share are also used to address questions we receive from analysts and investors who routinely assess our operating performance on the basis of these performance measures, which are considered industry standards. We believe that FFO helps investors or other interested parties meaningfully evaluate financial performance by excluding the impact of our asset base (primarily depreciation, amortization and accretion). We believe that AFFO and AFFO per share help investors or other interested parties meaningfully evaluate our financial performance as they include (1) the impact of our capital structure (primarily interest expense on our outstanding debt) and (2) sustaining capital expenditures and exclude the impact of our (1) asset base (primarily depreciation, amortization and accretion) and (2) certain non-cash items, including straight-lined revenues and expenses related to fixed escalations and rent free periods. GAAP requires rental revenues and expenses related to leases that contain specified rental increases over the life of the lease to be recognized evenly over the life of the lease. In accordance with GAAP, if payment terms call for fixed escalations, or rent free periods, the revenue or expense is recognized on a straight-lined basis over the fixed, non-cancelable term of the contract. We only use AFFO as a performance measure. AFFO should be considered only as a supplement to net income computed in accordance with GAAP as a measure of our performance and should not be considered as an alternative to cash flows from operations or as residual cash flow available for discretionary investment. We believe our definition of FFO is consistent with how that term is defined by the National Association of Real Estate Investment Trusts ("NAREIT") and that our definition and use of AFFO and AFFO per share is consistent with those reported by the other communication site companies;

(4) Our Non-GAAP Debt Measures provide investors a more complete understanding of our net debt and leverage position as they include the full principal amount of our debt which will be due at maturity and, to the extent that such measures are calculated on Net Debt are net of our cash and cash equivalents, short-term restricted cash, and short-term investments;

(5) Our Constant Currency Measures provide management and investors the ability to evaluate the performance of the business without the impact of foreign currency exchange rate fluctuations; and

(6) Excluding the prior year \$16.5 million Oi reserve provides management and investors the ability to better analyze our core results without the impact of what we believe is a non-recurring event.

In addition, Tower Cash Flow, Adjusted EBITDA, and our Non-GAAP Debt Measures are components of the calculations used by our lenders to determine compliance with certain covenants under our Senior Credit Agreement and indentures relating to our 2014 Senior Notes and 2016 Senior Notes. These non-GAAP financial measures are not intended to be an alternative to any of the financial measures provided in our results of operations or our balance sheet as determined in accordance with GAAP.

Financial Metrics after Eliminating the Impact of Changes In Foreign Currency Exchange Rates and the Impact of the Oi reserve

We eliminate the impact of changes in foreign currency exchange rates for each of the following financial metrics by dividing the current period's financial results by the average monthly exchange rates of the prior year period. The table below provides the reconciliation of the reported growth rate year-over-year of each of the following measures to the growth rate after eliminating the impact of changes in foreign currency exchange rates to such measure: (1) total site leasing revenue, total cash site leasing revenue, and International cash site leasing revenue, (2) total site leasing segment operating profit and International site leasing segment operating profit, (3) total Tower Cash Flow and International Tower Cash Flow, (4) Net income, (5) diluted earnings per share, (6) Adjusted EBITDA, and (7) AFFO and AFFO per share. The table also provides the reconciliation of the reported year-over-year growth rates of these measures to the growth rates after eliminating the impact of the Oi reserve recorded in the second quarter of 2016.

	Second quarter 2017 year over year growth rate	Foreign currency impact	Growth excluding foreign currency impact	Oi reserve	Growth excluding foreign currency impact and Oi reserve
Total site leasing revenue	5.6%	1.1%	4.5%	0.0%	4.5%
Total cash site leasing revenue	6.9%	1.1%	5.8%	0.0%	5.8%
Int'l cash site leasing revenue	22.5%	7.0%	15.5%	0.0%	15.5%
Total site leasing segment operating profit	6.2%	1.0%	5.2%	0.0%	5.2%
Int'l site leasing segment operating profit	19.9%	6.5%	13.4%	0.0%	13.4%
Total site leasing tower cash flow	7.0%	0.9%	6.1%	0.0%	6.1%
Int'l site leasing tower cash flow	23.9%	6.6%	17.3%	0.0%	17.3%
Net income	(71.7%)	(63.8%)	(7.9%)	9.4%	(17.3%)
Earnings per share - diluted	(69.2%)	(53.8%)	(15.4%)	10.3%	(25.7%)
Adjusted EBITDA	14.2%	0.9%	13.3%	6.8%	6.5%
AFFO	24.8%	1.5%	23.3%	11.1%	12.2%
AFFO per share	28.1%	2.2%	25.9%	11.2%	14.7%

Cash Site Leasing Revenue, Tower Cash Flow, and Tower Cash Flow Margin

The tables below set forth the reconciliation of Cash Site Leasing Revenue and Tower Cash Flow to their most comparable GAAP measurement and Tower Cash Flow Margin, which is calculated by dividing Tower Cash Flow by Cash Site Leasing Revenue.

	Domestic Site Leasing		Int'l Site Leasing		Total Site Leasing	
	For the three months ended June 30,		For the three months ended June 30,		For the three months ended June 30,	
	2017	2016	2017	2016	2017	2016
	(in thousands)					
Site leasing revenue	\$ 325,324	\$ 316,842	\$ 77,677	\$ 65,001	\$ 403,001	\$ 381,843
Non-cash straight-line leasing revenue	(290)	(4,069)	(3,835)	(4,706)	(4,125)	(8,775)
Cash site leasing revenue	325,034	312,773	73,842	60,295	398,876	373,068
Site leasing cost of revenues (excluding depreciation, accretion, and amortization)	(65,251)	(66,199)	(24,086)	(20,294)	(89,337)	(86,493)
Non-cash straight-line ground lease expense	6,753	8,866	940	928	7,693	9,794
Tower Cash Flow	<u>\$ 266,536</u>	<u>\$ 255,440</u>	<u>\$ 50,696</u>	<u>\$ 40,929</u>	<u>\$ 317,232</u>	<u>\$ 296,369</u>
Tower Cash Flow Margin	<u>82.0%</u>	<u>81.7%</u>	<u>68.7%</u>	<u>67.9%</u>	<u>79.5%</u>	<u>79.4%</u>

Forecasted Tower Cash Flow for Full Year 2017

The table below sets forth the reconciliation of forecasted Tower Cash Flow set forth in the Outlook section to its most comparable GAAP measurement for the full year 2017:

Full Year 2017

	(in millions)	
Site leasing revenue	\$ 1,608.0	to \$ 1,623.0
Non-cash straight-line leasing revenue	<u>(18.0)</u>	<u>to (13.0)</u>
Cash site leasing revenue	1,590.0	to 1,610.0
Site leasing cost of revenues (excluding depreciation, accretion, and amortization)	(352.0)	to (362.0)
Non-cash straight-line ground lease expense	<u>28.0</u>	<u>to 33.0</u>
Tower Cash Flow	<u>\$ 1,266.0</u>	<u>to \$ 1,281.0</u>

Adjusted EBITDA, Annualized Adjusted EBITDA, and Adjusted EBITDA Margin

The table below sets forth the reconciliation of Adjusted EBITDA to its most comparable GAAP measurement.

	For the three months ended June 30,	
	2017	2016
	(in thousands)	
Net income	\$ 9,233	\$ 32,711
Non-cash straight-line leasing revenue	(4,125)	(8,775)
Non-cash straight-line ground lease expense	7,693	9,794
Non-cash compensation	10,194	8,893
Loss from extinguishment of debt, net	1,961	—
Other expense (income)	18,793	(47,376)
Acquisition related adjustments and expenses	2,306	2,821
Asset impairment and decommission costs	8,140	14,691
Interest income	(2,909)	(2,737)
Total interest expense ⁽¹⁾	84,122	89,467
Depreciation, accretion, and amortization	159,520	159,723
Provision for taxes ⁽²⁾	<u>3,857</u>	<u>2,402</u>
Adjusted EBITDA	<u>\$ 298,785</u>	<u>\$ 261,614</u>
Oi reserve	—	16,498
Adjusted EBITDA excluding Oi reserve	<u>\$ 298,785</u>	<u>\$ 278,112</u>
Annualized Adjusted EBITDA excluding Oi reserve ⁽³⁾	<u>\$ 1,195,140</u>	<u>\$ 1,112,448</u>

(1) Total interest expense includes interest expense, non-cash interest expense, and amortization of deferred financing fees.

(2) For the three months ended June 30, 2017 and 2016, these amounts included \$467 and \$401, respectively, of franchise and gross receipts taxes reflected in the Statements of Operations in selling, general and administrative expenses.

(3) Annualized Adjusted EBITDA is calculated as Adjusted EBITDA for the most recent quarter multiplied by four. Only the 2016 period excludes the Oi reserve.

The calculation of Adjusted EBITDA Margin is as follows:

	For the three months ended June 30,	
	2017	2016
	(in thousands)	
Total revenues	\$ 427,294	\$ 405,532
Non-cash straight-line leasing revenue	<u>(4,125)</u>	<u>(8,775)</u>
Total revenues minus non-cash straight-line leasing revenue	<u>\$ 423,169</u>	<u>\$ 396,757</u>
Adjusted EBITDA excluding Oi reserve	<u>\$ 298,785</u>	<u>\$ 278,112</u>
Adjusted EBITDA Margin excluding Oi reserve	<u>70.6%</u>	<u>70.1%</u>

Forecasted Adjusted EBITDA for Full Year 2017

The table below sets forth the reconciliation of the forecasted Adjusted EBITDA set forth in the Outlook section to its most comparable GAAP measurement for the full year 2017:

	<u>Full Year 2017</u>	
	(in millions)	
Net income	\$ 78.0	to \$ 124.0
Non-cash straight-line leasing revenue	(18.0)	to (13.0)
Non-cash straight-line ground lease expense	28.0	to 33.0
Non-cash compensation	40.0	to 35.0
Loss from extinguishment of debt, net	2.0	to 2.0
Other (income) expense	8.0	to 3.0
Acquisition related adjustments and expenses	15.0	to 11.0
Asset impairment and decommission costs	35.0	to 30.0
Interest income	(11.0)	to (9.0)
Total interest expense ⁽¹⁾	348.0	to 336.0
Depreciation, accretion, and amortization	646.0	to 636.0
Provision for taxes ⁽²⁾	18.0	to 16.0
Adjusted EBITDA	<u>\$ 1,189.0</u>	<u>to \$ 1,204.0</u>

(1) Total interest expense includes interest expense, non-cash interest expense, and amortization of deferred financing fees.

(2) Includes projections for franchise taxes and gross receipts taxes which will be reflected in the Statement of Operations in Selling, general, and administrative expenses.

Funds from Operations ("FFO") and Adjusted Funds from Operations ("AFFO")

We use FFO as defined by NAREIT. Given that we have elected REIT status as of January 1, 2016 and our belief that we are operating in a manner that complies with the REIT rules, FFO no longer includes an adjustment to reflect our estimate of our cash taxes had we been a REIT. However, AFFO continues to exclude the non-cash portion of our reported tax provision.

The tables below set forth the reconciliations of FFO and AFFO to their most comparable GAAP measurement.

(in thousands, except per share amounts)	<u>For the three months ended June 30,</u>	
	<u>2017</u>	<u>2016</u>
Net income	\$ 9,233	\$ 32,711
Real estate related depreciation, amortization, and accretion	158,521	158,378
Adjustments for unconsolidated joint ventures	218	—
FFO ⁽¹⁾	<u>\$ 167,972</u>	<u>\$ 191,089</u>
Adjustments to FFO:		
Non-cash straight-line leasing revenue	(4,125)	(8,775)
Non-cash straight-line ground lease expense	7,693	9,794
Non-cash compensation	10,194	8,893
Adjustment for non-cash portion of tax provision ⁽²⁾	(548)	(208)
Non-real estate related depreciation, amortization, and accretion	999	1,345
Amortization of deferred financing costs and debt discounts	5,666	5,785
Loss from extinguishment of debt, net	1,961	—
Other expense (income)	18,793	(47,376)
Acquisition related adjustments and expenses	2,306	2,821
Asset impairment and decommission costs	8,140	14,691
Non-discretionary cash capital expenditures	(8,058)	(8,749)
Adjustments for unconsolidated joint ventures	<u>255</u>	<u>—</u>

AFFO	<u>\$ 211,248</u>	<u>\$ 169,310</u>
Oi reserve	<u>—</u>	<u>16,498</u>
AFFO excluding Oi reserve	<u>\$ 211,248</u>	<u>\$ 185,808</u>
Weighted average number of common shares ⁽³⁾	<u>122,437</u>	<u>125,783</u>
AFFO per share	<u>\$ 1.73</u>	<u>\$ 1.35</u>
AFFO per share excluding Oi reserve	<u>\$ 1.73</u>	<u>\$ 1.48</u>

(1) FFO, as previously defined, for the second quarter of 2016 was \$190,881, which excludes \$208 related to the adjustment for the non-cash portion of tax provision in a manner which is consistent with our commencement of operations as a REIT on January 1, 2016.

(2) Adjusts the income tax provision during the second quarter of 2016 to reflect our estimate of cash income taxes (primarily foreign taxes) that would have been payable had we been a REIT. Removes the non-cash portion of the tax provision for the second quarter of 2017.

(3) For purposes of the AFFO per share calculation, the basic weighted average number of common shares has been adjusted to include the dilutive effect of stock options and restricted stock units.

Forecasted AFFO for the Full Year 2017

The table below sets forth the reconciliation of the forecasted AFFO and AFFO per share set forth in the Outlook section to its most comparable GAAP measurement for the full year 2017:

(in millions, except per share amounts)	<u>Full Year 2017</u>	
Net income	\$ 78.0 to \$ 124.0	
Real estate related depreciation, amortization, and accretion	638.0 to 630.0	
Adjustments for unconsolidated joint ventures	<u>1.0 to 0.5</u>	
FFO	<u>\$ 717.0 to \$ 754.5</u>	
Adjustments to FFO:		
Non-cash straight-line leasing revenue	(18.0) to (13.0)	
Non-cash straight-line ground lease expense	28.0 to 33.0	
Non-cash compensation	40.0 to 35.0	
Non-real estate related depreciation, amortization, and accretion	8.0 to 6.0	
Amort. of deferred financing costs and debt discounts	25.0 to 25.0	
Loss from extinguishment of debt, net	2.0 to 2.0	
Other (income) expense	8.0 to 3.0	
Acquisition related adjustments and expenses	15.0 to 11.0	
Asset impairment and decommission costs	35.0 to 30.0	
Non-discretionary cash capital expenditures	(39.0) to (29.0)	
Adjustments for unconsolidated joint ventures	<u>1.0 to 0.5</u>	
AFFO	<u>\$ 822.0 to \$ 858.0</u>	
Weighted average number of common shares ⁽¹⁾	<u>121.8 121.8</u>	
AFFO per share	<u>\$ 6.75 \$ 7.04</u>	

(1) Our assumption for weighted average number of common shares does not contemplate any additional repurchases of the Company's stock during 2017 other than those repurchases completed as of the date of this press release.

Net Debt, Net Secured Debt, Leverage Ratio, and Secured Leverage Ratio

Net Debt is calculated using the notional principal amount of outstanding debt. Under GAAP policies, the notional principal amount of the Company's outstanding debt is not necessarily reflected on the face of the Company's financial statements.

The Net Debt and Leverage calculations are as follows:

June 30,
2017

(in thousands)

2013-1C Tower Securities	\$ 425,000
2013-2C Tower Securities	575,000
2013-1D Tower Securities	330,000
2014-1C Tower Securities	920,000
2014-2C Tower Securities	620,000
2015-1C Tower Securities	500,000
2016-1C Tower Securities	700,000
2017-1C Tower Securities	760,000
Revolving Credit Facility	150,000
2014 Term Loan	1,455,000
2015 Term Loan	490,000
Total secured debt	<u>6,925,000</u>
2014 Senior Notes	750,000
2016 Senior Notes	1,100,000
Total unsecured debt	<u>1,850,000</u>
Total debt	<u><u>\$ 8,775,000</u></u>

Leverage Ratio	
Total debt	\$ 8,775,000
Less: Cash and cash equivalents, short-term restricted cash and short-term investments	<u>(194,843)</u>
Net debt	<u>\$ 8,580,157</u>
Divided by: Annualized Adjusted EBITDA	<u>\$ 1,195,140</u>
Leverage Ratio	<u><u>7.2 x</u></u>

Secured Leverage Ratio	
Total secured debt	\$ 6,925,000
Less: Cash and cash equivalents, short-term restricted cash and short-term investments	<u>(194,843)</u>
Net Secured Debt	<u>\$ 6,730,157</u>
Divided by: Annualized Adjusted EBITDA	<u>\$ 1,195,140</u>
Secured Leverage Ratio	<u><u>5.6 x</u></u>

Contacts

Mark DeRussy, CFA

Capital Markets

561-226-9531

Lynne Hopkins

Media Relations

561-226-9431

Source: SBA Communications Corporation

News Provided by Acquire Media