



NEWS RELEASE

SBA Communications Corporation Reports Third Quarter 2018 Results

11/5/2018

Updates Full Year 2018 Outlook

BOCA RATON, Fla.--(BUSINESS WIRE)-- SBA Communications Corporation (Nasdaq:SBAC) ("SBA" or the "Company") today reported results for the quarter ended September 30, 2018.

Highlights of the third quarter include:

- Net income of \$16.1 million or \$0.14 per share
- AFFO per share growth of 13.1% over the year earlier period on a constant currency basis
- Added 753 sites to our portfolio during the quarter
- Repurchased 1.6 million shares from July 1 through the date of this press release
- Tower cash flow margin of 80.2%

"We had a very good third quarter, and expect a strong finish to 2018," commented Jeffrey A. Stoops, President and Chief Executive Officer. "Our third quarter financial results were ahead of expectations and reflect a combination of strong new domestic leasing business executed earlier in the year, excellent services results and solid expense controls, even after some unfavorable foreign currency movements in the quarter. Customer activity remains strong both domestically and internationally. In the third quarter, we executed new domestic leasing business at a rate which was well above the year ago period and the highest since 2014. That new business will certainly positively impact future financial results. Our domestic and international backlogs remain very healthy. We

continued to allocate capital opportunistically to a mix of portfolio growth and stock repurchases, materially investing in both while staying within our target leverage range. We believe the combination of strong customer demand, operational excellence and disciplined yet opportunistic capital allocation will allow us to continue to drive shareholder value through growth in AFFO per share.”

Operating Results

The table below details select financial results for the three months ended September 30, 2018 and comparisons to the prior year period.

	Q3 2018	Q3 2017	\$ Change	% Change	% Change excluding FX (1)
(\$ in millions, except per share amounts)					
Consolidated					
Site leasing revenue	\$ 435.3	\$ 408.5	\$ 26.8	6.5%	9.7%
Site development revenue	32.0	25.4	6.6	25.8%	25.8%
Tower cash flow (1)	344.8	321.5	23.3	7.3%	9.8%
Net income	16.1	49.2	(33.1)	(67.3%)	12.6%
Earnings per share - diluted	0.14	0.41	(0.27)	(65.9%)	20.0%
Adjusted EBITDA (1)	328.1	303.1	25.0	8.2%	10.7%
AFFO (1)	222.7	211.3	11.4	5.4%	9.0%
AFFO per share (1)	1.92	1.75	0.17	9.7%	13.1%

(1) See the reconciliations and other disclosures under “Non-GAAP Financial Measures” later in this press release.

Total revenues in the third quarter of 2018 were \$467.2 million compared to \$433.9 million in the year earlier period, an increase of 7.7%. Site leasing revenue in the quarter of \$435.3 million was comprised of domestic site leasing revenue of \$353.5 million and international site leasing revenue of \$81.8 million. Domestic cash site leasing revenue was \$350.4 million in the third quarter of 2018 compared to \$327.9 million in the year earlier period, an increase of 6.9%. International cash site leasing revenue was \$79.8 million in the third quarter of 2018 compared to \$76.3 million in the year earlier period, an increase of 4.6%, or 21.2% excluding the impact of changes in foreign currency exchange rates.

Site leasing operating profit was \$343.0 million, an increase of 7.8% over the year earlier period. Site leasing contributed 97.9% of the Company's total operating profit in the third quarter of 2018. Domestic site leasing segment operating profit was \$286.6 million, an increase of 8.9% over the year earlier period. International site leasing segment operating profit was \$56.3 million, an increase of 2.4% over the year earlier period.

Tower Cash Flow for the third quarter of 2018 of \$344.8 million was comprised of Domestic Tower Cash Flow of \$290.1 million and International Tower Cash Flow of \$54.7 million. Domestic Tower Cash Flow for the quarter increased 7.7% over the prior year period and International Tower Cash Flow increased 5.1% over the prior year

period. Tower Cash Flow Margin was 80.2% for the third quarter of 2018, as compared to 79.5% for the year earlier period.

Adjusted EBITDA for the quarter was \$328.1 million, an 8.2% increase over the prior year period. Adjusted EBITDA Margin was 71.0% in the third quarter of 2018 compared to 70.6% in the third quarter of 2017.

Net Cash Interest Expense was \$93.7 million in the third quarter of 2018 compared to \$78.9 million in the third quarter of 2017, an increase of 18.8%.

Net income for the third quarter of 2018 was \$16.1 million, or \$0.14 per share, and included a \$25.9 million loss, net of taxes, on the currency related remeasurement of U.S. dollar denominated intercompany loans with a Brazilian subsidiary, while net income for the third quarter of 2017 was \$49.2 million, or \$0.41 per share, and included a \$18.4 million gain on the currency related remeasurement of a U.S. dollar denominated intercompany loan with a Brazilian subsidiary.

AFFO for the quarter was \$222.7 million, a 5.4% increase over the prior year period. AFFO per share for the third quarter of 2018 was \$1.92, a 9.7% increase over the third quarter of 2017.

Investing Activities

During the third quarter of 2018, SBA purchased 679 communication sites for total consideration of \$106.9 million. SBA also built 90 towers during the third quarter of 2018. As of September 30, 2018, SBA owned or operated 29,357 communication sites, 16,249 of which are located in the United States and its territories, and 13,108 of which are located internationally. In addition, the Company spent \$14.6 million to purchase land and easements and to extend lease terms. Total cash capital expenditures for the third quarter of 2018 were \$154.8 million, consisting of \$8.3 million of non-discretionary cash capital expenditures (tower maintenance and general corporate) and \$146.5 million of discretionary cash capital expenditures (new tower builds, tower augmentations, acquisitions, and purchasing land and easements).

Subsequent to the third quarter of 2018, the Company acquired 46 communication sites for an aggregate consideration of \$17.1 million in cash. In addition, the Company has agreed to purchase in the U.S. and internationally 410 communication sites for an aggregate amount of \$97.9 million. The Company anticipates that the majority of these acquisitions will be consummated by the end of the first quarter of 2019.

Financing Activities and Liquidity

SBA ended the third quarter with \$9.8 billion of total debt, \$7.2 billion of total secured debt, \$160.9 million of cash

and cash equivalents, short-term restricted cash, and short-term investments, and \$9.7 billion of Net Debt. SBA's Net Debt and Net Secured Debt to Annualized Adjusted EBITDA Leverage Ratios were 7.4x and 5.4x, respectively.

As of the date of this press release, the Company had \$215.0 million outstanding under the \$1.25 billion Revolving Credit Facility.

During the third quarter of 2018, the Company purchased 0.7 million shares of its Class A common stock for \$108.0 million, at an average price per share of \$155.16 under its \$1.0 billion stock repurchase plan. Subsequent to September 30, 2018, the Company repurchased 0.9 million shares of its Class A common stock for \$142.0 million, at an average price per share of \$151.55. All shares purchased were retired. As of the date of this filing, the Company has \$404.5 million of authorization remaining under the plan.

Outlook

The Company is updating its full year 2018 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 2018 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 2018 on acquiring revenue producing assets not yet identified or under contract, the impact of which is not reflected in the 2018 guidance. The Outlook also does not contemplate any new financings or any additional repurchases of the Company's stock during 2018 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 3.80 Brazilian Reais to 1.0 U.S. Dollar and 1.30 Canadian Dollars to 1.0 U.S. Dollar for the fourth quarter of 2018. When compared to the Company's full year 2018 Outlook provided July 30, 2018, the variances in the actual third quarter foreign currency exchange rates versus the Company's assumptions, and the changes in the Company's foreign currency rate assumptions for the remainder of the year negatively impacted the full year 2018 Outlook by approximately \$2.0 million for Site Leasing Revenue, \$1.1 million for Tower Cash Flow, \$0.8 million for Adjusted EBITDA, and \$0.9 million for AFFO. Applying the same foreign currency exchange rate assumptions as the outlook provided July 30, 2018, the Company would have increased the mid-point for Site Leasing Revenue by \$8.0 million, Tower Cash Flow by \$7.1 million, Adjusted EBITDA by \$11.8 million, and AFFO per share by \$0.12.

(in millions, except per share amounts)

	Full Year 2018				
Site leasing revenue (1)	\$	1,730.0	to	\$	1,740.0
Site development revenue	\$	110.0	to	\$	120.0
Total revenues	\$	1,840.0	to	\$	1,860.0
Tower Cash Flow (2)	\$	1,365.5	to	\$	1,375.5
Adjusted EBITDA (2)	\$	1,294.0	to	\$	1,304.0
Net cash interest expense (3)	\$	367.0	to	\$	372.0
Non-discretionary cash capital expenditures (4)	\$	33.0	to	\$	38.0
AFFO (2)	\$	864.0	to	\$	890.0
AFFO per share (2) (5)	\$	7.42	to	\$	7.64
Discretionary cash capital expenditures (6)	\$	580.0	to	\$	590.0

(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 116.5 million. Our Outlook does not include the impact of any repurchases of the Company's stock during 2018 other than those completed 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, November 5, 2018 at 5:00 PM (EDT) to discuss the quarterly results. The call may be accessed as follows:

When:	Monday, November 5, 2018 at 5:00 PM (EDT)
Dial-in Number:	(800) 230-1085
Conference Name:	SBA third quarter results
Replay Available:	November 5, 2018 at 8:00 PM to November 19, 2018 at 11:59 PM (TZ: Eastern)
Replay Number:	(800) 475-6701
Access Code:	455234
Internet Access:	www.sbsite.com

Information Concerning Forward-Looking Statements

This press release includes forward-looking statements, including statements regarding the Company's expectations or beliefs regarding (i) customer activity (ii) the impact of customer activity, operational performance, and capital allocation on its AFFO per share goal, (iii) the Company's financial and operational guidance for the full year 2018, (iv) the timing of closing for currently pending acquisitions, (v) the Company's expectations regarding additional capital spending in 2018, and (vi) the Company's expectations regarding foreign exchange rates and their impact on the Company's financial and operational guidance.

The Company wishes to caution readers that these forward-looking statements may be affected by the risks and uncertainties in the Company's business as well as other 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 provide accretive portfolio growth; (3) the Company's ability to accurately identify and manage 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, including the impact of the potential T-Mobile and Sprint merger, 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 economic climate for the wireless communications industry in general and the wireless communications infrastructure providers in particular in the United States, Brazil, and internationally; (11) the Company's ability to obtain future financing at commercially reasonable rates or at all; (12) the ability of the Company to achieve its long-term stock repurchases strategy, which will depend, among other things, on the trading price of the Company's common stock, which may be positively or negatively impacted by the repurchase program, market and business conditions and (13) the Company's ability to achieve the new builds targets included in its anticipated annual portfolio growth goals, which will depend, among other things, on obtaining 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 2018. 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. Furthermore, the Company's forward-looking statements and its 2018 outlook assumes that the Company continues to qualify for treatment as a REIT for U.S. federal income tax purposes and that the Company's business is currently operated in a manner that complies with the REIT rules and that it will be able to continue to comply with and conduct its business in accordance with such rules. In addition, these forward-looking statements and the information in this press release 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, 2018.

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
(in thousands, except per share amounts)

	For the three months ended September 30,		For the nine months ended September 30,	
	2018	2017	2018	2017
Revenues:				
Site leasing	\$ 435,260	\$ 408,538	\$ 1,295,686	\$ 1,209,089
Site development	31,961	25,407	86,160	75,513
Total revenues	<u>467,221</u>	<u>433,945</u>	<u>1,381,846</u>	<u>1,284,602</u>
Operating expenses:				
Cost of revenues (exclusive of depreciation, accretion, and amortization shown below):				
Cost of site leasing	92,294	90,351	278,800	269,070
Cost of site development	24,447	21,117	67,693	62,713
Selling, general, and administrative (1)	34,908	32,559	106,901	100,177
Acquisition related adjustments and expenses	2,995	1,583	9,171	6,857
Asset impairment and decommission costs	6,868	9,417	22,778	25,908
Depreciation, accretion, and amortization	<u>167,703</u>	<u>161,907</u>	<u>502,659</u>	<u>480,457</u>
Total operating expenses	<u>329,215</u>	<u>316,934</u>	<u>988,002</u>	<u>945,182</u>
Operating income	<u>138,006</u>	<u>117,011</u>	<u>393,844</u>	<u>339,420</u>
Other income (expense):				
Interest income	2,006	2,505	4,972	8,648
Interest expense	(95,717)	(81,357)	(278,278)	(237,415)
Non-cash interest expense	(632)	(725)	(2,002)	(2,146)
Amortization of deferred financing fees	(4,980)	(4,957)	(15,265)	(16,603)
Loss from extinguishment of debt, net	—	—	(14,443)	(1,961)
Other (expense) income, net	<u>(24,518)</u>	<u>20,062</u>	<u>(110,175)</u>	<u>16,218</u>
Total other expense	<u>(123,841)</u>	<u>(64,472)</u>	<u>(415,191)</u>	<u>(233,259)</u>
Income (loss) before income taxes	14,165	52,539	(21,347)	106,161
Benefit (provision) for income taxes	1,979	(3,378)	11,645	(10,167)
Net income (loss)	<u>\$ 16,144</u>	<u>\$ 49,161</u>	<u>\$ (9,702)</u>	<u>\$ 95,994</u>
Net income (loss) per common share				
Basic	<u>\$ 0.14</u>	<u>\$ 0.41</u>	<u>\$ (0.08)</u>	<u>\$ 0.80</u>
Diluted	<u>\$ 0.14</u>	<u>\$ 0.41</u>	<u>\$ (0.08)</u>	<u>\$ 0.79</u>
Weighted average number of common shares				
Basic	<u>114,597</u>	<u>119,746</u>	<u>115,378</u>	<u>120,745</u>
Diluted	<u>116,114</u>	<u>121,026</u>	<u>115,378</u>	<u>121,727</u>

(1) Includes non-cash compensation of \$10,261 and \$9,213 for the three months ended September 30, 2018 and 2017, respectively, and \$31,188 and \$28,069 for the nine months ended September 30, 2018 and 2017, respectively.

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

	September 30, 2018	December 31, 2017
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 136,221	\$ 68,783
Restricted cash	24,700	32,924
Accounts receivable, net	89,302	90,673
Costs and estimated earnings in excess of billings on uncompleted contracts	17,799	17,437
Prepaid expenses and other current assets	59,641	49,716
Total current assets	327,663	259,533
Property and equipment, net	2,787,714	2,812,346
Intangible assets, net	3,387,955	3,598,131
Other assets	710,491	650,195
Total assets	\$ 7,213,823	\$ 7,320,205
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current Liabilities:		
Accounts payable	\$ 32,087	\$ 33,334
Accrued expenses	68,129	69,862
Current maturities of long-term debt	24,000	20,000
Deferred revenue	96,577	97,969
Accrued interest	34,186	48,899
Other current liabilities	10,533	8,841
Total current liabilities	265,512	278,905
Long-term liabilities:		
Long-term debt, net	9,710,145	9,290,686
Other long-term liabilities	383,249	349,728
Total long-term liabilities	10,093,394	9,640,414
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, 114,244 and 116,446 shares issued and outstanding at September 30, 2018 and December 31, 2017, respectively	1,142	1,164
Additional paid-in capital	2,233,793	2,167,470
Accumulated deficit	(4,851,501)	(4,388,288)
Accumulated other comprehensive loss	(528,517)	(379,460)
Total shareholders' deficit	(3,145,083)	(2,599,114)
Total liabilities and shareholders' deficit	\$ 7,213,823	\$ 7,320,205

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

	For the three months ended September 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 16,144	\$ 49,161
Adjust. to reconcile net income to net cash provided by operating activities:		
Depreciation, accretion, and amortization	167,703	161,907
Non-cash asset impairment and decommission costs	6,468	8,597
Non-cash compensation expense	10,433	9,423
Amortization of deferred financing fees	4,980	4,957
Loss (gain) on remeasurement of U.S. denominated intercompany loans	25,863	(18,407)
Deferred income tax benefit	(6,514)	(619)
Other non-cash items reflected in the Statements of Operations	1,442	88
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable and costs and estimated earnings in excess of billings on uncompleted contracts, net	(7,483)	(10,871)
Prepaid expenses and other assets	(12,459)	(7,093)
Accounts payable and accrued expenses	5,398	4,265
Accrued interest	(15,578)	(22,375)
Other liabilities	2,690	8,240
Net cash provided by operating activities	<u>199,087</u>	<u>187,273</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions	(118,472)	(78,826)
Capital expenditures	(36,352)	(36,875)
Other investing activities	4,662	(6,573)
Net cash used in investing activities	<u>(150,162)</u>	<u>(122,274)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings under Revolving Credit Facility	35,000	280,000
Repayment of Term Loans	(6,000)	(5,000)
Repurchase and retirement of common stock	(108,015)	(378,932)
Other financing activities	21,109	10,440
Net cash used in financing activities	<u>(57,906)</u>	<u>(93,492)</u>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(4,058)	3,762
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(13,039)	(24,731)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:		
Beginning of period	176,363	197,193
End of period	<u>\$ 163,324</u>	<u>\$ 172,462</u>

Selected Capital Expenditure Detail

	For the three months ended September 30, 2018		For the nine months ended September 30, 2018	
	(in thousands)			
Construction and related costs on new builds	\$	16,456	\$	45,029
Augmentation and tower upgrades		11,561		34,978
Non-discretionary capital expenditures:				
Tower maintenance		7,233		21,616
General corporate		1,102		3,343
Total non-discretionary capital expenditures		<u>8,335</u>		<u>24,959</u>
Total capital expenditures	\$	<u>36,352</u>	\$	<u>104,966</u>

Communication Site Portfolio Summary

	<u>Domestic</u>	<u>International</u>	<u>Total</u>
Sites owned at June 30, 2018	16,239	12,365	28,604
Sites acquired during the third quarter	16	663	679
Sites built during the third quarter	7	83	90
Sites decommissioned during the third quarter	(13)	(3)	(16)
Sites owned at September 30, 2018	<u>16,249</u>	<u>13,108</u>	<u>29,357</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.

	<u>Domestic Site Leasing</u>		<u>Int'l Site Leasing</u>		<u>Site Development</u>	
	<u>For the three months ended September 30,</u>		<u>For the three months ended September 30,</u>		<u>For the three months ended September 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(in thousands)					
Segment revenue	\$ 353,502	\$ 328,395	\$ 81,758	\$ 80,143	\$ 31,961	\$ 25,407
Segment cost of revenues (excluding depreciation, accretion, and amort.)	(66,862)	(65,226)	(25,432)	(25,125)	(24,447)	(21,117)
Segment operating profit	<u>\$ 286,640</u>	<u>\$ 263,169</u>	<u>\$ 56,326</u>	<u>\$ 55,018</u>	<u>\$ 7,514</u>	<u>\$ 4,290</u>
Segment operating profit margin	<u>81.1%</u>	<u>80.1%</u>	<u>68.9%</u>	<u>68.6%</u>	<u>23.5%</u>	<u>16.9%</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").

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. 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 and the non-cash portion of our reported tax provision. 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; and

(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.

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, 2016 Senior Notes, and 2017 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

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, and by eliminating the impact of the remeasurement of our intercompany loans. 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.

	Third quarter 2018 year over year growth rate	Foreign currency impact	Growth excluding foreign currency impact
Total site leasing revenue	6.5%	(3.2%)	9.7%
Total cash site leasing revenue	6.4%	(3.2%)	9.6%
Int'l cash site leasing revenue	4.6%	(16.6%)	21.2%
Total site leasing segment operating profit	7.8%	(2.7%)	10.5%
Int'l site leasing segment operating profit	2.4%	(15.5%)	17.9%
Total site leasing tower cash flow	7.3%	(2.5%)	9.8%
Int'l site leasing tower cash flow	5.1%	(15.6%)	20.7%
Net income	(67.3%)	(79.9%)	12.6%
Earnings per share - diluted	(65.9%)	(85.9%)	20.0%
Adjusted EBITDA	8.2%	(2.5%)	10.7%
AFFO	5.4%	(3.6%)	9.0%
AFFO per share	9.7%	(3.4%)	13.1%

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 September 30,		For the three months ended September 30,		For the three months ended September 30,	
	2018	2017	2018	2017	2018	2017
	(in thousands)					
Site leasing revenue	\$ 353,502	\$ 328,395	\$ 81,758	\$ 80,143	\$ 435,260	\$ 408,538
Non-cash straight-line leasing revenue	(3,086)	(503)	(1,978)	(3,873)	(5,064)	(4,376)
Cash site leasing revenue	350,416	327,892	79,780	76,270	430,196	404,162
Site leasing cost of revenues (excluding depreciation, accretion, and amortization)	(66,862)	(65,226)	(25,432)	(25,125)	(92,294)	(90,351)
Non-cash straight-line ground lease expense	6,578	6,774	383	924	6,961	7,698
Tower Cash Flow	\$ 290,132	\$ 269,440	\$ 54,731	\$ 52,069	\$ 344,863	\$ 321,509
Tower Cash Flow Margin	82.8%	82.2%	68.6%	68.3%	80.2%	79.5%

Forecasted Tower Cash Flow for Full Year 2018

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 2018:

Full Year 2018			
(in millions)			
Site leasing revenue	\$ 1,730.0	to	\$ 1,740.0
Non-cash straight-line leasing revenue	(20.0)	to	(18.0)
Cash site leasing revenue	1,710.0	to	1,722.0
Site leasing cost of revenues (excluding depreciation, accretion, and amortization)	(370.0)	to	(374.0)
Non-cash straight-line ground lease expense	25.5	to	27.5
Tower Cash Flow	<u>\$ 1,365.5</u>	to	<u>\$ 1,375.5</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 September 30,			
2018		2017	
(in thousands)			
Net income	\$ 16,144	\$	49,161
Non-cash straight-line leasing revenue	(5,064)		(4,376)
Non-cash straight-line ground lease expense	6,961		7,698
Non-cash compensation	10,433		9,423
Other expense (income), net	24,518		(20,062)
Acquisition related adjustments and expenses	2,995		1,583
Asset impairment and decommission costs	6,868		9,417
Interest income	(2,006)		(2,505)
Total interest expense (1)	101,329		87,039
Depreciation, accretion, and amortization	167,703		161,907
(Benefit) provision for taxes (2)	(1,786)		3,835
Adjusted EBITDA	<u>\$ 328,095</u>	\$	<u>303,120</u>
Annualized Adjusted EBITDA (3)	<u>\$ 1,312,380</u>	\$	<u>1,212,480</u>

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

(2) For the three months ended September 30, 2018 and 2017, these amounts included \$193 and \$457, 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.

The calculation of Adjusted EBITDA Margin is as follows:

		For the three months ended September 30,	
		2018	2017
(in thousands)			
Total revenues	\$	467,221	\$ 433,945
Non-cash straight-line leasing revenue		(5,064)	(4,376)
Total revenues minus non-cash straight-line leasing revenue	\$	462,157	\$ 429,569
Adjusted EBITDA	\$	328,095	\$ 303,120
Adjusted EBITDA Margin		71.0%	70.6%

Forecasted Adjusted EBITDA for Full Year 2018

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 2018:

		Full Year 2018	
		(in millions)	
Net income	\$	35.5	to \$ 70.5
Non-cash straight-line leasing revenue		(20.0)	to (18.0)
Non-cash straight-line ground lease expense		25.5	to 27.5
Non-cash compensation		41.0	to 39.0
Loss from extinguishment of debt, net		15.0	to 14.0
Other expense (income), net		78.0	to 73.0
Acquisition related adjustments and expenses		14.0	to 10.0
Asset impairment and decommission costs		33.0	to 29.0
Interest income		(7.0)	to (6.0)
Total interest expense (1)		401.0	to 396.0
Depreciation, accretion, and amortization		674.0	to 669.0
Provision for taxes (2)		4.0	to —
Adjusted EBITDA	\$	1,294.0	to \$ 1,304.0

(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")

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

(in thousands, except per share amounts)

	For the three months ended September 30,	
	2018	2017
Net income	\$ 16,144	\$ 49,161
Real estate related depreciation, amortization, and accretion	166,840	160,995
Adjustments for unconsolidated joint ventures	2,217	260
FFO	\$ 185,201	\$ 210,416
Adjustments to FFO:		
Non-cash straight-line leasing revenue	(5,064)	(4,376)
Non-cash straight-line ground lease expense	6,961	7,698
Non-cash compensation	10,433	9,423
Adjustment for non-cash portion of tax provision	(6,513)	(620)
Non-real estate related depreciation, amortization, and accretion	863	912
Amortization of deferred financing costs and debt discounts	5,612	5,682
Other expense (income), net	24,518	(20,062)
Acquisition related adjustments and expenses	2,995	1,583
Asset impairment and decommission costs	6,868	9,417
Non-discretionary cash capital expenditures	(8,335)	(9,082)
Adjustments for unconsolidated joint ventures	(850)	260
AFFO	\$ 222,689	\$ 211,251
Weighted average number of common shares (1)	116,114	121,026
AFFO per share	\$ 1.92	\$ 1.75

(1) 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 2018

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 2018:

(in millions, except per share amounts)

	Full Year 2018	
Net income	\$ 35.5	to \$ 70.5
Real estate related depreciation, amortization, and accretion	668.0	to 664.0
Adjustments for unconsolidated joint ventures	1.5	to 2.5
FFO	\$ 705.0	to \$ 737.0
Adjustments to FFO:		
Non-cash straight-line leasing revenue	(20.0)	to (18.0)
Non-cash straight-line ground lease expense	25.5	to 27.5
Non-cash compensation	41.0	to 39.0
Adjustment for non-cash portion of tax provision	(20.0)	to (20.0)
Non-real estate related depreciation, amortization, and accretion	6.0	to 5.0
Amort. of deferred financing costs and debt discounts	22.0	to 23.0
Loss from extinguishment of debt, net	15.0	to 14.0
Other expense (income), net	78.0	to 73.0
Acquisition related adjustments and expenses	14.0	to 10.0
Asset impairment and decommission costs	33.0	to 29.0
Non-discretionary cash capital expenditures	(38.0)	to (33.0)
Adjustments for unconsolidated joint ventures	2.5	to 3.5
AFFO	\$ 864.0	to \$ 890.0
Weighted average number of common shares (1)	116.5	to 116.5
AFFO per share	\$ 7.42	to \$ 7.64

(1) Our assumption for weighted average number of common shares does not contemplate any additional

repurchases of the Company's stock during 2018 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:

	September 30, 2018
	(in thousands)
2013-2C Tower Securities	\$ 575,000
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
2018-1C Tower Securities	640,000
Revolving Credit Facility	120,000
2018 Term Loan	2,394,000
Total secured debt	7,229,000
2014 Senior Notes	750,000
2016 Senior Notes	1,100,000
2017 Senior Notes	750,000
Total unsecured debt	2,600,000
Total debt	\$ 9,829,000
<u>Leverage Ratio</u>	
Total debt	\$ 9,829,000
Less: Cash and cash equivalents, short-term restricted cash and short-term investments	(160,921)
Net debt	\$ 9,668,079
Divided by: Annualized Adjusted EBITDA	\$ 1,312,380
Leverage Ratio	7.4x
<u>Secured Leverage Ratio</u>	
Total secured debt	\$ 7,229,000
Less: Cash and cash equivalents, short-term restricted cash and short-term investments	(160,921)
Net Secured Debt	\$ 7,068,079
Divided by: Annualized Adjusted EBITDA	\$ 1,312,380
Secured Leverage Ratio	5.4x

View source version on [businesswire.com](https://www.businesswire.com/news/home/20181105005838/en/): <https://www.businesswire.com/news/home/20181105005838/en/>

SBA Communications Corporation

Mark DeRussy, CFA, 561-226-9531

Capital Markets

or

Lynne Hopkins, 561-226-9431

Media Relations

Source: SBA Communications Corporation