



NEWS RELEASE

SBA Communications Corporation Reports First Quarter 2019 Results; Updates Full Year 2019 Outlook

4/29/2019

BOCA RATON, Fla.--(BUSINESS WIRE)-- SBA Communications Corporation (Nasdaq: SBAC) ("SBA" or the "Company") today reported results for the quarter ended March 31, 2019.

Highlights of the first quarter include:

- Strong leasing and services results
- Net income of \$26.0 million or \$0.23 per share
- AFFO per share growth of 14.6% over the year earlier period on a constant currency basis
- Increased 2019 Outlook for Revenue, Adjusted EBITDA and AFFO

"We had a great start to 2019," commented Jeffrey A. Stoops, President and CEO. "Our customers rolled into the new year with the continued strong levels of activity we saw in the second half of 2018, and that level of activity continues. In the U.S., both our leasing and our services results in the first quarter were ahead of expectations, contributing to the increase in our full year Outlook. Internationally, leasing activity remains strong as well, with changes in the International Outlook driven entirely by foreign currency movements. Against this favorable demand environment, we executed very well and produced material growth in AFFO per share. We believe 2019 is shaping up to be another strong year for SBA."

Operating Results

The table below details select financial results for the three months ended March 31, 2019 and comparisons to the prior year period.

	Q1 2019	Q1 2018	\$ Change	% Change	% Change excluding FX (1)
Consolidated	(\$ in millions, except per share amounts)				
Site leasing revenue	\$ 452.1	\$ 430.5	\$ 21.6	5.0%	7.2%
Site development revenue	41.1	27.8	13.3	48.1%	48.1%
Tower cash flow (1)	362.9	339.0	23.9	7.0%	8.8%
Net income	26.0	31.5	(5.5)	(17.5%)	(5.1%)
Earnings per share - diluted	0.23	0.27	(0.04)	(14.8%)	0.0%
Adjusted EBITDA (1)	345.6	318.8	26.8	8.4%	10.3%
AFFO (1)	236.1	218.4	17.7	8.1%	10.9%
AFFO per share (1)	2.07	1.85	0.22	11.9%	14.6%

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

Total revenues in the first quarter of 2019 were \$493.3 million compared to \$458.3 million in the year earlier period, an increase of 7.6%. Site leasing revenue in the quarter of \$452.1 million was comprised of domestic site leasing revenue of \$362.8 million and international site leasing revenue of \$89.3 million. Domestic cash site leasing revenue was \$361.2 million in the first quarter of 2019 compared to \$338.7 million in the year earlier period, an increase of 6.7%. International cash site leasing revenue was \$88.3 million in the first quarter of 2019 compared to \$86.4 million in the year earlier period, an increase of 2.2%, or 13.0% excluding the impact of changes in foreign currency exchange rates.

Site leasing operating profit was \$359.5 million, an increase of 6.4% over the year earlier period. Site leasing contributed 97.3% of the Company's total operating profit in the first quarter of 2019. Domestic site leasing segment operating profit was \$297.7 million, an increase of 7.6% over the year earlier period. International site leasing segment operating profit was \$61.7 million, an increase of 1.2% over the year earlier period.

Tower Cash Flow for the first quarter of 2019 of \$362.9 million was comprised of Domestic Tower Cash Flow of \$301.8 million and International Tower Cash Flow of \$61.1 million. Domestic Tower Cash Flow for the quarter increased 7.8% over the prior year period and International Tower Cash Flow increased 3.4% over the prior year period. Tower Cash Flow Margin was 80.7% for the first quarter of 2019, as compared to 79.8% for the year earlier period.

During the first quarter of 2019, the Company received a partial recovery of pre-petition obligations owed to the

Company from Oi, S.A. ("Oi") in accordance with the reorganization plan approved by the Brazilian courts. Net of costs incurred in connection with the Oi bankruptcy process, the Company recovered \$2.3 million in the quarter (the "Oi recovery"). The Oi recovery resulted in a partial reversal of the Company's allowance for doubtful accounts which was recorded as an offset to bad debt expense within Selling, general and administrative expenses. Any future recoveries will be recorded in a similar manner in the period in which payment is received.

Adjusted EBITDA for the quarter was \$345.6 million, which includes the \$2.3 million Oi recovery, an 8.4% increase over the prior year period. Adjusted EBITDA Margin was 70.4% in the first quarter of 2019 compared to 70.4% in the first quarter of 2018.

Net Cash Interest Expense was \$96.9 million in the first quarter of 2019 compared to \$87.6 million in the first quarter of 2018, an increase of 10.6%.

Net income for the first quarter of 2019 was \$26.0 million, or \$0.23 per share, and included a \$2.1 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 first quarter of 2018 was \$31.5 million, or \$0.27 per share, and included a \$1.6 million gain on the currency related remeasurement of U.S. dollar denominated intercompany loans with a Brazilian subsidiary.

AFFO for the quarter was \$236.1 million, which includes the \$2.3 million Oi recovery, an 8.1% increase over the prior year period. AFFO per share for the first quarter of 2019 was \$2.07, an 11.9% increase over the prior year period.

Investing Activities

During the first quarter of 2019, SBA purchased 54 communication sites for total cash consideration of \$36.1 million. SBA also built 72 towers during the first quarter of 2019. As of March 31, 2019, SBA owned or operated 29,687 communication sites, 16,289 of which are located in the United States and its territories, and 13,398 of which are located internationally. In addition, the Company spent \$15.4 million to purchase land and easements and to extend lease terms. Total cash capital expenditures for the first quarter of 2019 were \$91.7 million, consisting of \$7.2 million of non-discretionary cash capital expenditures (tower maintenance and general corporate) and \$84.5 million of discretionary cash capital expenditures (new tower builds, tower augmentations, acquisitions, and purchasing land and easements).

The Company has agreed to purchase and anticipates closing on 256 additional communication sites for an aggregate amount of \$123.9 million. The Company anticipates that the majority of these acquisitions will be consummated by the end of the third quarter of 2019.

Financing Activities and Liquidity

SBA ended the first quarter of 2019 with \$9.8 billion of total debt, \$7.2 billion of total secured debt, \$142.0 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 7.0x and 5.1x, respectively.

As of the date of this press release, the Company had \$50.0 million outstanding under the \$1.25 billion Revolving Credit Facility.

The Company did not repurchase any shares of its Class A common stock during the first quarter. As of the date of this press release, the Company has \$204.5 million of authorization remaining under the stock repurchase plan authorized on February 16, 2018.

Outlook

The Company is updating its full year 2019 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 2019 Outlook assumes the acquisitions of only those communication sites under contract and anticipated to close at the time of this press release. The Company may spend additional capital in 2019 on acquiring revenue producing assets not yet identified or under contract, the impact of which is not reflected in the 2019 guidance. The Outlook also does not contemplate any repurchases of the Company's stock during 2019. The Outlook contemplates one new financing during the third quarter of 2019 to refinance the Company's 2014-1C Tower Securities. The assumed interest rate of this new financing is 4.25%. There are no additional new financings contemplated in our 2019 Outlook.

The Company's Outlook assumes an average foreign currency exchange rate of 3.90 Brazilian Reais to 1.0 U.S. Dollar and 1.33 Canadian Dollars to 1.0 U.S. Dollar throughout the last three quarters of 2019. When compared to the Company's initial full year 2019 Outlook provided February 21, 2019, the variances in the actual first 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 2019 Outlook by approximately \$4.5 million for Site Lease Revenue, \$3.0 million for Tower Cash Flow, and \$2.7 million for Adjusted EBITDA and AFFO.

(in millions, except per share amounts)

	Full Year 2019			
Site leasing revenue (1)	\$	1,823.0	to	\$ 1,843.0
Site development revenue	\$	120.0	to	\$ 140.0
Total revenues	\$	1,943.0	to	\$ 1,983.0
Tower Cash Flow (2)	\$	1,467.0	to	\$ 1,487.0
Adjusted EBITDA (2)	\$	1,379.0	to	\$ 1,399.0
Net cash interest expense (3)	\$	381.0	to	\$ 391.0
Non-discretionary cash capital expenditures (4)	\$	31.0	to	\$ 41.0
AFFO (2)	\$	922.0	to	\$ 973.0
AFFO per share (2) (5)	\$	8.02	to	\$ 8.47
Discretionary cash capital expenditures (6)	\$	325.0	to	\$ 345.0

(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 114.9 million. Our Outlook does not include the impact of any potential future repurchases of the Company's stock during 2019.

(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, April 29, 2019 at 5:00 PM (EST) to discuss the quarterly results. The call may be accessed as follows:

When: Monday,	April 29, 2019 at 5:00 PM (EDT)
Dial-in Number:	(800) 230-1085
Conference Name:	SBA first quarter results
Replay Available:	April 29, 2019 at 8:00 PM to May 13, 2019 at 11:59 PM (TZ: Eastern)
Replay Number:	(800) 475-6701
Access Code:	465875
Internet Access:	www.sbsite.com

Information Concerning Forward-Looking Statements

This press release and our earnings call include forward-looking statements, including statements regarding the Company's expectations or beliefs regarding (i) customer demand and its ability to capture demand, (ii) the Company's portfolio growth goals, its strategy with respect to portfolio growth and opportunities throughout its domestic and international markets, (iii) capital allocation and the Company's target net debt leverage range, (iv) the Company's financial and operational guidance for the full year 2019, the assumptions it made and the drivers contributing to the increase in its full year guidance, (v) the timing of closing for currently pending acquisitions, (vi) additional capital spending in 2019 and the Company's capital allocation mix, including allocating capital to both

share repurchases and portfolio growth, (vii) its belief that 2019 will be a strong year for the Company, (viii) financing of indebtedness in 2019, and (ix) 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 that 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; (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 2019; and (14) the Company's ability to meet its total portfolio growth, which will depend, in addition to the new build risks, on the availability of sufficient towers for sale to meet our targets, competition from third parties for such acquisitions and our ability to negotiate the terms of, and acquire, these potential tower portfolios on terms that meet our internal return criteria. 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 the 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. Furthermore, the Company's forward-looking statements and its 2019 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 February 28, 2019.

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 March 31,	
	2019	2018
	(unaudited)	(unaudited)
Revenues:		
Site leasing	\$ 452,183	\$ 430,542
Site development	41,110	27,760
Total revenues	<u>493,293</u>	<u>458,302</u>
Operating expenses:		
Cost of revenues (exclusive of depreciation, accretion, and amortization shown below):		
Cost of site leasing	92,714	92,817
Cost of site development	31,101	22,520
Selling, general, and administrative (1)(2)	50,959	36,049
Acquisition and new business initiatives related adjustments and expenses	2,437	3,044
Asset impairment and decommission costs	5,771	8,506
Depreciation, accretion, and amortization	171,038	165,398
Total operating expenses	<u>354,020</u>	<u>328,334</u>
Operating income	<u>139,273</u>	<u>129,968</u>
Other income (expense):		
Interest income	1,800	1,295
Interest expense	(98,667)	(88,923)
Non-cash interest expense	(641)	(733)
Amortization of deferred financing fees	(5,061)	(5,388)
Loss from extinguishment of debt, net	—	(645)
Other income (expense), net	(508)	4,553
Total other expense, net	<u>(103,077)</u>	<u>(89,841)</u>
Income before income taxes	36,196	40,127
Provision for income taxes	(10,207)	(8,582)
Net income	<u>\$ 25,989</u>	<u>\$ 31,545</u>
Net income per common share		
Basic	<u>\$ 0.23</u>	<u>\$ 0.27</u>
Diluted	<u>\$ 0.23</u>	<u>\$ 0.27</u>
Weighted average number of common shares		
Basic	<u>112,708</u>	<u>116,494</u>
Diluted	<u>114,344</u>	<u>118,293</u>

(1) Includes non-cash compensation of \$22,605 and \$9,893 for the three months ended March 31, 2019 and 2018, respectively.

(2) Includes the impact of the recovery of the \$2.3 million OI reserve for the three months ended March 31, 2019.

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

	March 31, 2019 (unaudited)	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 117,613	\$ 143,444
Restricted cash	23,883	32,464
Accounts receivable, net	113,017	111,035
Costs and estimated earnings in excess of billings on uncompleted contracts	23,482	23,785
Prepaid expenses and other current assets (1)	<u>22,574</u>	<u>63,126</u>
Total current assets	300,569	373,854
Property and equipment, net (1)	2,761,325	2,786,355
Intangible assets, net	3,258,952	3,331,465
Right-of-use assets, net (1)	2,552,304	—
Other assets (1)	<u>439,609</u>	<u>722,033</u>
Total assets	<u>\$ 9,312,759</u>	<u>\$ 7,213,707</u>
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current Liabilities:		
Accounts payable	\$ 34,545	\$ 34,308
Accrued expenses	53,534	63,665
Current maturities of long-term debt	942,442	941,728
Deferred revenue	98,970	108,054
Accrued interest	35,059	48,722
Current lease liabilities (1)	228,776	—
Other current liabilities (1)	<u>11,328</u>	<u>9,802</u>
Total current liabilities	1,404,654	1,206,279
Long-term liabilities:		
Long-term debt, net	8,780,606	8,996,825
Long-term lease liabilities (1)	2,282,803	—
Other long-term liabilities (1)	<u>147,477</u>	<u>387,426</u>
Total long-term liabilities	11,210,886	9,384,251
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, 113,205 shares and 112,433 shares issued and outstanding at March 31, 2019 and December 31, 2018, respectively	1,132	1,124
Additional paid-in capital	2,359,195	2,270,326
Accumulated deficit	(5,131,347)	(5,136,368)
Accumulated other comprehensive loss	<u>(531,761)</u>	<u>(511,905)</u>
Total shareholders' deficit	<u>(3,302,781)</u>	<u>(3,376,823)</u>
Total liabilities and shareholders' deficit	<u>\$ 9,312,759</u>	<u>\$ 7,213,707</u>

(1) On January 1, 2019, the Company adopted ASU 2016-02 which requires lessees to recognize a right-of-use asset and a lease liability.

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

	For the three months ended March 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 25,989	\$ 31,545
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, accretion, and amortization	171,038	165,398
Non-cash asset impairment and decommission costs	5,451	8,446
Non-cash compensation expense	23,414	10,410
Deferred income tax (benefit) expense	3,470	2,277
Other non-cash items reflected in the Statements of Operations	4,647	2,784
Changes in operating assets and liabilities, net of acquisitions:		
AR and costs and est. earnings in excess of billings on uncompleted contracts, net	1,931	(5,198)
Prepaid expenses and other assets	(130)	(9,277)
Operating lease right-of-use assets, net	24,116	—
Accounts payable and accrued expenses	(5,050)	(14,336)
Accrued interest	(13,663)	(15,137)
Long-term lease liabilities	(19,652)	—
Other liabilities	776	1,665
Net cash provided by operating activities	222,337	178,577
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions	(55,287)	(117,622)
Capital expenditures	(36,374)	(31,096)
Other investing activities	6,685	(2,879)
Net cash used in investing activities	(84,976)	(151,597)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings (repayments) under Revolving Credit Facility	(215,000)	195,000
Repayment of Tower Securities	—	(755,000)
Proceeds from issuance of Tower Securities, net of fees	—	631,848
Repurchase and retirement of common stock	—	(38,545)
Proceeds from employee stock purchase/stock option plans	63,475	6,901
Other financing activities	(6,522)	(6,155)
Net cash (used in) provided by financing activities	(158,047)	34,049
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(13,743)	(504)
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(34,429)	60,525
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:		
Beginning of period	178,300	104,295
End of period	\$ 143,871	\$ 164,820

Selected Capital Expenditure Detail

	For the three months ended March 31,	
	2019	2018
	(in thousands)	
Construction and related costs on new builds	\$ 15,426	\$ 13,271
Augmentation and tower upgrades	13,703	10,345
Non-discretionary capital expenditures:		
Tower maintenance	6,420	6,664
General corporate	825	816
Total non-discretionary capital expenditures	7,245	7,480
Total capital expenditures	\$ 36,374	\$ 31,096

Communication Site Portfolio Summary

	Domestic	International	Total
Sites owned at December 31, 2018	16,263	13,315	29,578
Sites acquired during the first quarter	28	26	54
Sites built during the first quarter	7	65	72
Sites decommissioned during the first quarter	(9)	(8)	(17)
Sites owned at March 31, 2019	<u>16,289</u>	<u>13,398</u>	<u>29,687</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 March 31,		For the three months ended March 31,		For the three months ended March 31,	
	2019	2018	2019	2018	2019	2018
	(in thousands)					
Segment revenue	\$ 362,838	\$ 341,707	\$ 89,345	\$ 88,835	\$ 41,110	\$ 27,760
Segment cost of revenues (excluding depreciation, accretion, and amort.)	(65,114)	(65,015)	(27,600)	(27,802)	(31,101)	(22,520)
Segment operating profit	<u>\$ 297,724</u>	<u>\$ 276,692</u>	<u>\$ 61,745</u>	<u>\$ 61,033</u>	<u>\$ 10,009</u>	<u>\$ 5,240</u>
Segment operating profit margin	<u>82.1%</u>	<u>81.0%</u>	<u>69.1%</u>	<u>68.7%</u>	<u>24.3%</u>	<u>18.9%</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 financial metrics listed in the table below 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 such measures to the growth rate after eliminating the impact of changes in foreign currency exchange rates to such measure.

	First quarter 2019 year over year growth rate	Foreign currency impact	Growth excluding foreign currency impact
Total site leasing revenue	5.0%	(2.2%)	7.2%
Total cash site leasing revenue	5.8%	(2.1%)	7.9%
Int'l cash site leasing revenue	2.2%	(10.8%)	13.0%
Total site leasing segment operating profit	6.4%	(1.9%)	8.3%
Int'l site leasing segment operating profit	1.2%	(10.2%)	11.4%
Total site leasing tower cash flow	7.0%	(1.8%)	8.8%
Int'l site leasing tower cash flow	3.4%	(10.3%)	13.7%
Net income	(17.5%)	(12.4%)	(5.1%)
Earnings per share - diluted	(14.8%)	(14.8%)	0.0%
Adjusted EBITDA	8.4%	(1.9%)	10.3%
AFFO	8.1%	(2.8%)	10.9%
AFFO per share	11.9%	(2.7%)	14.6%

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

The table below sets 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 March 31,		For the three months ended March 31,		For the three months ended March 31,	
	2019	2018	2019	2018	2019	2018
	(in thousands)					
Site leasing revenue	\$ 362,838	\$ 341,707	\$ 89,345	\$ 88,835	\$ 452,183	\$ 430,542
Non-cash straight-line leasing revenue	(1,603)	(3,028)	(1,042)	(2,440)	(2,645)	(5,468)
Cash site leasing revenue	361,235	338,679	88,303	86,395	449,538	425,074
Site leasing cost of revenues (excluding depreciation, accretion, and amortization)	(65,114)	(65,015)	(27,600)	(27,802)	(92,714)	(92,817)
Non-cash straight-line ground lease expense	5,663	6,238	426	540	6,089	6,778
Tower Cash Flow	<u>\$ 301,784</u>	<u>\$ 279,902</u>	<u>\$ 61,129</u>	<u>\$ 59,133</u>	<u>\$ 362,913</u>	<u>\$ 339,035</u>
Tower Cash Flow Margin	<u>83.5%</u>	<u>82.6%</u>	<u>69.2%</u>	<u>68.4%</u>	<u>80.7%</u>	<u>79.8%</u>

Forecasted Tower Cash Flow for Full Year 2019

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 2019:

	Full Year 2019	
	(in millions)	
Site leasing revenue	\$ 1,823.0	to \$ 1,843.0
Non-cash straight-line leasing revenue	(10.0)	to (5.0)
Cash site leasing revenue	1,813.0	to 1,838.0
Site leasing cost of revenues (excluding depreciation, accretion, and amortization)	(366.0)	to (376.0)
Non-cash straight-line ground lease expense	20.0	to 25.0
Tower Cash Flow	<u>\$ 1,467.0</u>	<u>\$ 1,487.0</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 March 31,	
	2019	2018
	(in thousands)	
Net income	\$ 25,989	\$ 31,545
Non-cash straight-line leasing revenue	(2,645)	(5,468)
Non-cash straight-line ground lease expense	6,089	6,778
Non-cash compensation	23,414	10,410
Loss from extinguishment of debt, net	—	645
Other (income) expense, net	508	(4,553)
Acquisition and new business initiatives related adjustments and expenses	2,437	3,044
Asset impairment and decommission costs	5,771	8,506
Interest income	(1,800)	(1,295)
Total interest expense (1)	104,369	95,044
Depreciation, accretion, and amortization	171,038	165,398
Provision for taxes (2)	10,404	8,775
Adjusted EBITDA	<u>\$ 345,574</u>	<u>\$ 318,829</u>
Annualized Adjusted EBITDA (3)	<u>\$ 1,382,296</u>	<u>\$ 1,275,316</u>

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

(2) For the three months ended March 31, 2019 and 2018, these amounts included \$197 and \$193, 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 March 31,	
	2019	2018
	(in thousands)	
Total revenues	\$ 493,293	\$ 458,302
Non-cash straight-line leasing revenue	(2,645)	(5,468)
Total revenues minus non-cash straight-line leasing revenue	<u>\$ 490,648</u>	<u>\$ 452,834</u>
Adjusted EBITDA	<u>\$ 345,574</u>	<u>\$ 318,829</u>
Adjusted EBITDA Margin	<u>70.4%</u>	<u>70.4%</u>

Forecasted Adjusted EBITDA for Full Year 2019

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 2019:

	Full Year 2019	
	(in millions)	
Net income	\$ 94.0	to \$ 149.0
Non-cash straight-line leasing revenue	(10.0)	to (5.0)
Non-cash straight-line ground lease expense	20.0	to 25.0
Non-cash compensation	77.0	to 72.0
Other expense (income), net	6.0	to 1.0
Acquisition and new business initiatives related adjustments and expenses	16.0	to 11.0
Asset impairment and decommission costs	30.0	to 25.0
Interest income	(9.0)	to (6.0)
Total interest expense (1)	423.0	to 411.0
Depreciation, accretion, and amortization	698.0	to 688.0
Provision for taxes (2)	34.0	to 28.0
Adjusted EBITDA	<u>\$ 1,379.0</u>	<u>to \$ 1,399.0</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")

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

(in thousands, except per share amounts)	For the three months ended March 31,	
	2019	2018
Net income	\$ 25,989	\$ 31,545
Real estate related depreciation, amortization, and accretion	169,951	164,803
Adjustments for unconsolidated joint ventures	1,094	(453)
FFO	<u>\$ 197,034</u>	<u>\$ 195,895</u>
Adjustments to FFO:		
Non-cash straight-line leasing revenue	(2,645)	(5,468)
Non-cash straight-line ground lease expense	6,089	6,778
Non-cash compensation	23,414	10,410
Adjustment for non-cash portion of tax provision	3,470	2,350
Non-real estate related depreciation, amortization, and accretion	1,087	595
Amortization of deferred financing costs and debt discounts	5,702	6,121
Loss from extinguishment of debt, net	—	645
Other (income) expense, net	508	(4,553)
Acquisition and new business initiatives related adjustments and expenses	2,437	3,044
Asset impairment and decommission costs	5,771	8,506
Non-discretionary cash capital expenditures	(7,245)	(7,480)
Adjustments for unconsolidated joint ventures	509	1,534
AFFO	<u>\$ 236,131</u>	<u>\$ 218,377</u>
Weighted average number of common shares (1)	<u>114,344</u>	<u>118,293</u>
AFFO per share	<u>\$ 2.07</u>	<u>\$ 1.85</u>

(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 2019

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 2019:

(in millions, except per share amounts)

	<u>Full Year 2019</u>	
Net income	\$ 94.0	to \$ 149.0
Real estate related depreciation, amortization, and accretion	690.0	to 682.0
Adjustments for unconsolidated joint ventures	2.0	to 4.0
FFO	<u>\$ 786.0</u>	to <u>\$ 835.0</u>
Adjustments to FFO:		
Non-cash straight-line leasing revenue	(10.0)	to (5.0)
Non-cash straight-line ground lease expense	20.0	to 25.0
Non-cash compensation	77.0	to 72.0
Adjustment for non-cash portion of tax provision	4.0	to 4.0
Non-real estate related depreciation, amortization, and accretion	8.0	to 6.0
Amort. of deferred financing costs and debt discounts	23.0	to 24.0
Other expense (income), net	6.0	to 1.0
Acquisition and new business initiatives related adjustments and expenses	16.0	to 11.0
Asset impairment and decommission costs	30.0	to 25.0
Non-discretionary cash capital expenditures	(41.0)	to (31.0)
Adjustments for unconsolidated joint ventures	3.0	to 6.0
AFFO	<u>\$ 922.0</u>	to <u>\$ 973.0</u>
Weighted average number of common shares (1)	<u>114.9</u>	to <u>114.9</u>
AFFO per share	<u>\$ 8.02</u>	to <u>\$ 8.47</u>

(1) Our assumption for weighted average number of common shares does not contemplate any repurchases of the Company's stock during 2019.

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:

	March 31, 2019
	(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	110,000
2018 Term Loan	2,382,000
Total secured debt	7,207,000
2014 Senior Notes	750,000
2016 Senior Notes	1,100,000
2017 Senior Notes	750,000
Total unsecured debt	2,600,000
Total debt	\$ 9,807,000
<u>Leverage Ratio</u>	
Total debt	\$ 9,807,000
Less: Cash and cash equivalents, short-term restricted cash and short-term investments	(141,995)
Net debt	\$ 9,665,005
Divided by: Annualized Adjusted EBITDA	\$ 1,382,296
Leverage Ratio	7.0x
<u>Secured Leverage Ratio</u>	
Total secured debt	\$ 7,207,000
Less: Cash and cash equivalents, short-term restricted cash and short-term investments	(141,995)
Net Secured Debt	\$ 7,065,005
Divided by: Annualized Adjusted EBITDA	\$ 1,382,296
Secured Leverage Ratio	5.1x

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