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PRESENTATION

David William Barden - *BofA Merrill Lynch, Research Division - MD*

So for our next session, we're going to kick it off with Brendan Cavanagh, the Chief Financial Officer of SBA Corp., 1 of the top tower 3 companies in the U.S. and probably Brazil, too, for that matter. So thank you for joining us, appreciate it.

Brendan Thomas Cavanagh - *SBA Communications Corporation - Executive VP & CFO*

Glad to be here.

QUESTIONS AND ANSWERS

David William Barden - *BofA Merrill Lynch, Research Division - MD*

So I guess, I wanted -- I've just got a series kind of topical questions that we can kind of maybe dig in a little more into the business. But I guess, the first question we have to ask is like what is going on with the real? And what do we do about it as a business? How do we think about it as investors? And I don't know, how do you think about it? I'm -- we kind of feel like it's related to the election. And we just -- there's a lot of uncertainty that happens in October. But as investors in a tower company, it's creating a lot of volatility that we don't necessarily -- we're not used to.

Brendan Thomas Cavanagh - *SBA Communications Corporation - Executive VP & CFO*

Yes.

David William Barden - *BofA Merrill Lynch, Research Division - MD*

So how do you, as a Chief Financial Officer, talk to your people internally and to investors about what this means to us?

Brendan Thomas Cavanagh - *SBA Communications Corporation - Executive VP & CFO*

Yes. I mean, it's certainly disappointing, right, to have seen it fall off the way that it has. Just since our last earnings, it's backed up even more. We manage it really the way we think about the overall business as only having a certain exposure to foreign currencies, and particularly to one foreign currency. In this case, Brazil is obviously our largest exposure outside of the dollar. When you exclude pass-through revenues, it represents roughly 8% or so, 8% to 9% of our leasing revenue that's denominated in BRL. It's actually less than that now, unfortunately, because one of the silver lining, I suppose, as it goes down is that you have a lesser exposure, right? But it's definitely -- our view is that it's definitely tied to the elections. I mean, we've obviously had a lot of conversations with folks in Brazil about what's driving the movements. Because the frustrating thing is that actually things are very good for us outside of the exchange rate. And while you certainly can't ignore that it's a very real item, operationally things are very good. Leasing activity is as high as it's been down there. We're doing great with all of our customers. Our existing assets are performing frankly



better on a constant currency basis than we had anticipated when we made a lot of the investments that we did. So it's frustrating in that we're doing well, we believe, with the operation of the assets and the leasing activity, but yet it's all being undone by this movement in the currency. On the positive side, these things are temporary. We've seen this before. We've actually been at similar levels to where we are today a couple of years ago and saw it recover meaningfully. Now we're back in a situation where it's depreciated again. And it really does seem to be tied to the elections. I mean, that seems to be the main thing. And I think it's going to be a little bit bumpy between now and then. And hopefully, once we get beyond that, we'll see it settle down. That seems to be the common consensus.

David William Barden - BofA Merrill Lynch, Research Division - MD

So let me -- I want to ask a couple of questions or so.

Brendan Thomas Cavanagh - SBA Communications Corporation - Executive VP & CFO

Sure.

David William Barden - BofA Merrill Lynch, Research Division - MD

So can you revisit what the kind of currency-neutral organic growth rate is right now in terms of excluding escalators?

Brendan Thomas Cavanagh - SBA Communications Corporation - Executive VP & CFO

Okay. So in the second quarter, we reported a growth rate of 10.6% in Brazil. The escalators were roughly 5% to 5.5%. So our growth rate excluding that was about 5% in Brazil, which is actually pretty good.

David William Barden - BofA Merrill Lynch, Research Division - MD

Okay. And the last time we had this currency problem, what happened was that the dollar-denominated gear contracts became kind of onerously expensive for the wireless carriers. And they kind of really pumped the brakes on their actual deployments. And this spike has happened pretty quick and it might be temporary. Have you sensed that there's been any kind of ramification in terms of carrier commitments because they're just not able to afford the gear that they were budgeting that they were going to buy?

David William Barden - BofA Merrill Lynch, Research Division - MD

We haven't seen anything yet. I mean, there's been no reaction. And in fact, the carriers have continued to spend throughout this cycle here. But as you pointed out, it's been very short. So I think we'll have to see how things go. I believe again that it is very politically driven. And so I think most are kind of waiting to see how things play out in the next 2 months and hoping for some stability thereafter.

David William Barden - BofA Merrill Lynch, Research Division - MD

There seems to be a -- I know as a telecom analyst, I've become like a Brazilian political analyst now. But there seems to be a bull and a bear case outcome, right, that you get kind of more of a fiscal conservative or get more of a social liberal. And I'm interested to know kind of what you think the bid-ask spread is on the outcomes. I've seen 3% and 5% on the currency. I don't know what you think the range could be.



Brendan Thomas Cavanagh - SBA Communications Corporation - Executive VP & CFO

I really -- I don't even want to speculate because it would just be pure speculation. I've seen some of the same ranges that you just mentioned. But it wasn't that long ago, we were right around 3%. And 5% would seem a bit high. I suppose if things really went far left in terms of the elections, that could be. But that's not our expectation. And I think many of the folks I've spoken to feel like we're nearing kind of the worst point. But again, the next couple of months, I think we'll see some volatility perhaps in both directions.

David William Barden - BofA Merrill Lynch, Research Division - MD

Is your game plan maybe to push results until after the election so that you can kind of incorporate the most realistic currency forecast into the guide? Or would you kind of ignore it and then wait until the fourth quarter? How are you thinking about managing that communication?

Brendan Thomas Cavanagh - SBA Communications Corporation - Executive VP & CFO

No, I mean, we always try to do it. Every time that we update our outlook, I mean, we try to use what we think is the best indicator of where the currency might be going forward. Unfortunately, the last 2 times, it's actually been worse. There have been points in the past where it's been better. It's hard to predict it exactly. But it's been particularly volatile here the last 6 months. So we've been a little bit off. But I would expect next quarter, we'll look at where everything has settled out. At that point, we will be just post election.

David William Barden - BofA Merrill Lynch, Research Division - MD

So that's the game plan right now is to...

Brendan Thomas Cavanagh - SBA Communications Corporation - Executive VP & CFO

Yes, I mean, our typical schedule would have us reporting after the elections. The second round of the elections will be in late October. And we would expect we'll probably be reporting third quarter results at either the very end of October or first week of November, so...

David William Barden - BofA Merrill Lynch, Research Division - MD

Okay, that will give us some kind of -- we'll have an outcome one way or the other.

Brendan Thomas Cavanagh - SBA Communications Corporation - Executive VP & CFO

We will have an outcome. It will give us a much better picture. And so hopefully, it will be the most telling. However, we'll only be updating really for the fourth quarter at that point. So the impact of it is probably not all that material on full year '18 once we get to that stage.

David William Barden - BofA Merrill Lynch, Research Division - MD

Right, okay. And then this has been kind of part of a larger kind of EM contagion. I know you've got exposure to other markets. Has there been -- I haven't been able to kind of keep track with all the different movements you probably have. Is there anything material in any of the other markets that is worthy of note?

Brendan Thomas Cavanagh - SBA Communications Corporation - Executive VP & CFO

There's nothing else material because we don't have a material exposure to any other currencies. Our other largest foreign markets are largely denominated in U.S. dollars. The ones that are not -- the only other one that is of any size, and it's really a very small, is Canada, which has not obviously experienced the same kind of currency fluctuations that Brazil has. So it's really just about the Brazilian real is the primary FX driver for us.

David William Barden - BofA Merrill Lynch, Research Division - MD

Okay. And then the other big kind of conversation we've been having with SBA has been on kind of interest rate movements. And you guys have -- I think it's about 20%, 25% variable rate debt outstanding.

Brendan Thomas Cavanagh - SBA Communications Corporation - Executive VP & CFO

Close to 25% today.

David William Barden - BofA Merrill Lynch, Research Division - MD

And that's created a lower-than-normal weighted average debt cost. But at the same time, that's been ramping up. Is there any kind of change in heart -- a change of heart about your exposure to the floating rate debt at the margin and trying to fix it or...

Brendan Thomas Cavanagh - SBA Communications Corporation - Executive VP & CFO

Yes. I mean, not really. We'll shift more towards fixed naturally because we did a large financing earlier this year that increased our exposure to floating rate. And it was really just the timing of entering the bank market. I think you know that a lot of our debt structure has been set up to be heavily fixed, heavily focused on the securitization market. But the other arm of our secured financing is largely in the bank market. And then we have a certain amount of unsecured financing, which is, of course, also fixed, all in high yield today. And so the timing was just such that it was time to refinance our existing term loans. We were able to improve our spreads. We were able to improve the terms on those. So actually, it was a very successful financing. We did take some incremental proceeds. So that moved our exposure closer to 25%, where it is today. But the next several years, the next 4, 5 financings that we have to do will all be in fixed rate markets. So I would expect that, that will start to shift more in that direction as we get there, hasn't really changed our views on leverage though as a whole. And over time, our mix will shift a little bit more towards fixed.

David William Barden - BofA Merrill Lynch, Research Division - MD

And it was a combination of these forces, the Brazilian real and the interest rate environment, that kind of caused you to kind of back off the \$10 in 2020 AFFO number that you put out a couple of years ago. And I know the intention of that was to really more speak to the long-term healthy growth of the business. And \$10 is an exact data point. If it's \$9.50 or \$10.1, it kind of doesn't matter in the big scheme of things. But I asked this question on the second quarter call, I'll ask it a different way now, which was, is there -- if there's a set of circumstances with the real and interest rates and kind of a shifting mix of fixed rate debt, will you ever come back to kind of saying, "Okay, you know what, we were deviating off course, but hey, you know what, we're back on course again"? Is there -- where we're just going to get rid of that number and pretend like that was something that was serving a different purpose and we're done with 2020 guidance now.

Brendan Thomas Cavanagh - SBA Communications Corporation - Executive VP & CFO

Yes, I mean, I don't know that it's portending or anything. What we're really -- at the time, it was meant to be -- to take the focus to where we think it belongs. And we think it belongs today, which is on long-term stability, steady growth in the business. And that's still the case. We did have a couple of items that we made assumptions on that were largely based on forward curves, by the way, at the time that we did it that have played

out a little bit worse than what that is. And those are items that are, to some extent, to a large extent, outside of our control. You mentioned the 2 primary ones. So we are, I don't think, going to go back and say, "Hey, now it's back to \$10 by '20," because it's really not that far away. It's going to be about 6 months before we're talking about our 2019 guidance. And at that point, there's just not that much of a time window, where focusing on giving 2020 guidance at the same time would seem appropriate. But obviously, if a number of these factors improve, that only improves our odds of having more AFFO per share at that time than we would have if they don't improve. So it's kind of that basic -- but I don't think we're going to get into trying to call a certain number changes it by a certain amount. But it just doesn't seem productive to the overall discussion.

David William Barden - BofA Merrill Lynch, Research Division - MD

Okay. So getting back to the other 90% of the business. So I was asking Crown just earlier today was kind of there was a lot of enthusiasm, I think, at the end of last year about kind of all the moving parts in the tower sector. There was Verizon spending and T-Mobile 600 megahertz and Sprint finally taking themselves out of their CapEx hole and AT&T's FirstNet and all these things. And the last time that we had seen all these things firing on all cylinders was probably '13, '14, where the industry was able to grow at a 9% rate. And now despite all these kind of exciting things, the industry is kind of growing at maybe just a hair over 6%. And the question is where is the rest of it? Where's the rest of the growth? Does it get a lot better from here? Because it feels like we're really far away from where we were able to grow and everyone are spending. So either everyone is not spending or we're too early in the cycle to kind of see the run rate. But I think people are asking this question like, "Where's the growth?"

Brendan Thomas Cavanagh - SBA Communications Corporation - Executive VP & CFO

Yes, I mean, they're definitely -- all the things that you mentioned are still there and are very real. I mean, we're seeing a lot of activity, it certainly has improved meaningfully. As we came out of last year, we started to see some of these things come in the form of increased applications. So we're starting to see our backlog really building. We definitely have executed more dollars and more agreements in terms of amendments and leases. And we're talking about the U.S. specifically here as we got into 2018. So we've seen a lot more business being signed up this year than we had the previous couple of years. But you mentioned, and this is really the key point, is that there is some amount of timing as to when those things start to be showing up on your financial statements. And so we've seen a lot more signed up the first half of the year. Not all of that is reflected in our financial results in the first half of the year because most of those have delays. You're looking at 3- to 6-month delays from the time that you execute an agreement to when the revenue recognition actually starts on those leases and/or amendments. And so I think you'll start to see that growth rate pick up. It did increase from Q1 to Q2. And I would expect it will continue to increase. And in fact, our full year guidance that we gave, where we broke out what the leasing activity contribution is, implies a significant step-up in the amount of organic growth as we move into the second half of the year. Based on where our backlogs are today, which is very high, they're as high as they've been, and that's not -- and that's even taking into account the fact we've had higher lease-up in the first half of the year in terms of executions, we're very confident that as we move into next year, next year will be higher than this year. We're not going to say exactly what those numbers are today. We will do that in the not-too-distant future, I'm sure. But definitely, all the trends are very positive, all the carriers are very active. And so I think it's really just a matter of timing. But that doesn't mean it's going to be 9% again. I think you're talking about a time period that was about 5 years ago. For one thing, we were all much smaller. So even if we're adding the same amount of dollars today, it's not going to be the same percentage. But two, that was kind of an extraordinary time period in terms its concentrated growth, I would say. So I think this will be a little bit more spread out over a longer period of time but cumulatively will be just as impactful.

David William Barden - BofA Merrill Lynch, Research Division - MD

So I think on the second quarter call, Jeff had said that he was comfortable saying that next year would be at least as good as this year. You're kind of saying it's going to be better than this year.

Brendan Thomas Cavanagh - SBA Communications Corporation - Executive VP & CFO

Well, I'm saying based on what we see in our backlog today. Assuming that those -- that increase in applications gets converted to executed agreements in a timely manner, it certainly should be better next year than this year.



David William Barden - BofA Merrill Lynch, Research Division - MD

Okay, awesome. So the second topic on that was the kind of Sprint/T-Mobile merger. So I guess, there's multiple parts to that. I guess, part number one is would you rather the merger happen or not happen?

Brendan Thomas Cavanagh - SBA Communications Corporation - Executive VP & CFO

Well, there's a lot of unanswered questions, I think, about what specifically occurs as it happens. I think as a general rule that if you have 3 large competitive carriers out there that are actively spending on their networks, competing a little less on price and more on network quality, that's a very positive thing for us, especially if they're able to increase their own ARPUs. As they're able to do that, that generally will increase the amount of capital spending that they'll be employing on their networks. We always have benefited in those types of environments. And that cycle, that's very good for us. So from that perspective, it's positive. I mean, the downside is, of course, that you're eliminating one of our existing large customers. And at some point in time in the future, there will be some amount of revenue that will churn off. So is it better or worse? It's hard to say. I think from our perspective over the long haul, it's probably neutral. But there's a time period where it will be better and then there's a time period where it will be worse.

David William Barden - BofA Merrill Lynch, Research Division - MD

So that was my second question was -- so our theory on this is that it's going to take a lot of upfront spending to try to increase the size of one of these 2 networks to accommodate the subscribers for both of them. And then that's going to happen over probably a multiyear period at the beginning and then there's going to be the churn-down of the network. I remember that when Sprint was saying that they were going to churn down the iDEN network, it was a mini version of this. And there were different approaches. American Tower signed an 8-year kind of holistic deal to try to smooth the revenue bump out. And you guys kind of said, "No, I'm going to waive in all the money from Sprint upfront and then I'm going to take it -- take their item losses as churn." And we've kind of seen that pig through the snake. As you kind of reflect on that and you look ahead at the possibility of the Sprint/T-Mobile merger happening, which of these 2 kind of versions of the story sounds better to you?

Brendan Thomas Cavanagh - SBA Communications Corporation - Executive VP & CFO

Well, it really depends on what you're giving up in order to adjust the existing term mandate schedule. There is a big difference from what happened in iDEN as it relates to SBA specifically. We had a little bit heavier concentration from the TowerCo acquisition that we had done. And more specifically, it was concentrated in terms of the timing. A lot of those agreements actually ended at the same time. If you'll remember in the fourth quarter of 2015, we had a significant amount of iDEN churn. It was concentrated there because of that acquisition and the way that those schedules that we had inherited were set up or those contracts were set up. As you think about where we are today with Sprint and T-Mobile, they're all spread out over an extended period of time. I think that it will take many, many years before it even commences and then eventually rolls off if you just let it happen the way that it is set up today. So for us to change from that setup -- and we would be willing to work with the new entity on something that makes it efficient for them. But obviously, we're not going to do that without at least making sure that we're staying whole in terms of what we're entitled to today. So it's really hard to say right now because it hasn't happened yet. There hasn't been any discussion around that yet, so we'll have to see what the possibilities are. But you shouldn't assume that we're going to do anything other than live with what we've got right now. And if that changes, we'll, of course, let you know at the time that it changes. But that's way out in the future.

David William Barden - BofA Merrill Lynch, Research Division - MD

So there has been no discussion with either Sprint, T-Mobile of how that might actually go down?

Brendan Thomas Cavanagh - SBA Communications Corporation - Executive VP & CFO

No. And there really can't be at this stage. I mean, they're both operating independently as though they are truly independent companies. And you maybe are going to ask me this anyway, but I'll throw it in now, which is...

David William Barden - BofA Merrill Lynch, Research Division - MD

Yes, just give me the answer.

Brendan Thomas Cavanagh - SBA Communications Corporation - Executive VP & CFO

We're not -- we haven't seen any change in behavior from either of those parties. And in fact, they're both actually pretty active in spending on their networks right now. You would expect that maybe from T-Mobile. But Sprint as well has been spending on their network even post deal announcement. So today, they're behaving as though they're independent -- they have independent paths. So in that environment, there's really been no discussion about what happens if. We'll cross that bridge, I think, when we get there.

David William Barden - BofA Merrill Lynch, Research Division - MD

Okay. And I don't know how -- if we can have this conversation. But just trying to get our arms around the LightSquared, the...

Brendan Thomas Cavanagh - SBA Communications Corporation - Executive VP & CFO

LightSquared, we had a great deal with them.

David William Barden - BofA Merrill Lynch, Research Division - MD

That was an awesome one. That's a blast from the past. I don't know where that came from, so -- but just talking about the FirstNet and kind of has it -- is it in your run rate? I mean, is it run rating now in your business? Or is it still kind of evolving?

Brendan Thomas Cavanagh - SBA Communications Corporation - Executive VP & CFO

Well, when you say run rating, obviously there's a lot of lease-up that will be associated with FirstNet that has not occurred yet. There are some that has occurred. So when you talk about our run rate in terms of reported actual results for the most recent period, it certainly doesn't include all the FirstNet growth that we're going to see over the next couple of years. So from that perspective, no. In terms of the level of lease-up that we're seeing and whether it's in there, that's really going to be somewhat dependent on the time period over which AT&T rolls it out. Because today, we're probably somewhere around 1/4 of the way through. In terms of seeing execute agreements, we're much probably less than that in terms of seeing dollars sitting in our financial statements. So there's still a long runway to go as it relates to FirstNet opportunity. And it's not that different from what AT&T said about their own progress with the build-outs last quarter. I think they talked about having basically done it on about 2,500 sites. So when you look at it on a percentage basis, we're probably in a similar range on a pro rata share basis. So they expect to do a lot more the second half of the year. We expect to see more from them during the second half of the year. And certainly, in the next year, we expect to see it continue based on past -- what's happening now.

David William Barden - BofA Merrill Lynch, Research Division - MD

And I've asked this question, but it's been hard to get an answer. But is there a build type when, "Okay, I'm going to go in, I've got 700 megahertz, I'm going to put WCS on there, too, and I'm going to maybe sprinkle some AWS fill-in, in there"? So by and large, it's kind of a big antenna, a small antenna and then occasionally another little thing. Is there kind of like a cookie-cutter version of this build that's coming that's easy to understand?

Brendan Thomas Cavanagh - *SBA Communications Corporation - Executive VP & CFO*

Yes. I don't -- it's hard for me to answer that exactly because we're seeing -- every amendment that we're getting, every amendment application is a little bit different. But it's also a function of what they already have at the site, what their entitlements are. And it's not consistent across a lot of their portfolio. So the changes that they're making are not always consistent. And I'll tell you, we're signing a lot of amendments with them that aren't FirstNet-related either. So it's not that black and white, I guess. Might there be something ultimately that they go to where all of their configurations look the same? Possibly. But we haven't seen that at this stage.

David William Barden - *BofA Merrill Lynch, Research Division - MD*

And the 700 megahertz spectrum is coming in as an amendment?

Brendan Thomas Cavanagh - *SBA Communications Corporation - Executive VP & CFO*

Yes. I mean, in most cases, they don't have existing entitlements as they add that spectrum and the necessary equipment to propagate it. And so we're seeing amendment opportunities with those changes. There are some sites where they already have that opportunity and so we don't see it. But most cases, we are.

David William Barden - *BofA Merrill Lynch, Research Division - MD*

And so if another carrier had spectrum that they didn't own but wanted to put a site on your tower, would that be an amendment or a new colocation?

Brendan Thomas Cavanagh - *SBA Communications Corporation - Executive VP & CFO*

If another carrier was already a tenant at the site, you're saying? It would probably be done as an amendment. That's the way it's historically been done.

David William Barden - *BofA Merrill Lynch, Research Division - MD*

Even though it's not spectrum they own, but they want to do it?

Brendan Thomas Cavanagh - *SBA Communications Corporation - Executive VP & CFO*

Yes, they wouldn't be able to do it for free. That would be part of the negotiation. And it would be likely structured as an amendment to the existing agreement. But this is all hypothetical, depends on the specific circumstance.

David William Barden - *BofA Merrill Lynch, Research Division - MD*

Okay. So I guess, the next kind of topic is we've been kind of getting more pre-standard kind of build-out announcements coming from the carriers on their 5G initiatives. And I guess, my question would be, it sounds like mostly a small cell initiative, but maybe there's also some macro augmentation that's going on there as well. But none of it is really happening until next year, when we actually get the real gear that has the real 5G standard in it. So I'm wondering is like -- are you seeing any activity now related to kind of "5G" in these city builds that these companies are talking about? And if not, what, if any, kind of increment do you see kind of coming in '19, '20?

Brendan Thomas Cavanagh - *SBA Communications Corporation - Executive VP & CFO*

Yes. Well, if you -- depending on how you define 5G, right? And a lot of what you said was focused on some of the things that carriers have said, particularly around cities. And that is really more of a small cell type of build, a lot more fixed wireless with high-frequency millimeter wave spectrum. That's not something that we see much of because we don't really participate in that business at any scale. However, our understanding -- and if you even go back to what T-Mobile said when they were talking about the announcement of the deal with Sprint, they talked about nationwide 5G. And they talked about the use of their lower-band spectrum, the 600 spectrum even towards a true nationwide 5G network. In that sort of environment, which we think is necessary frankly in order to build out true nationwide 5G, where it's not just in the urban core centers, you're going to be dependent upon macro site still. And we've seen -- I mean, it's hard for me to say that we've seen true 5G leasing. What we've seen is some antennas that would be 5G-capable in the sense that they would be capable of supporting 600 megahertz, for instance. So as we see those larger MIMO antennas, we're able to monetize that investment. But it's very early stages. What it does is it gives us encouragement as to the future as you look out a few years. Right now, we've got a lot going on that really isn't 5G-related. But the 5G opportunity that sits out there for a few years from now, we think, helps us to continue to see a very positive growth cycle going forward because it's our belief that the macro sites are going to be a fundamental part of any true nationwide upgrade network.

David William Barden - *BofA Merrill Lynch, Research Division - MD*

Is there anything about SBA now that wants to be in the small cell business at all, looking at like how significant that business is starting to become?

Brendan Thomas Cavanagh - *SBA Communications Corporation - Executive VP & CFO*

Well, it's significant in that it's going to be a meaningful component of the way that our customers deliver wireless, right? It certainly is a real component of that. The question has always been for us is whether there's a good business opportunity as the independent infrastructure provider. And I think to the extent that you have locations, such as venues and certain other locations where you have exclusivity, that's a whole different animal. Now it's very similar to a tower model. And that is something that we would have interest in. And we do have some sites and some venues where we, in fact, are deploying indoor DAS or small cell type of solutions. It's not overly material to our entire reported results, but it is a component of what we do. What we don't really have interest in is sort of the more commodity-like outdoor fiber-based business. That's not been something that we've seen as having the opportunity for us to really drive the same kind of returns that we've had in our tower business. And in fact, we have concerns at times that it can be a bit of dis-synergy in the sense that it may be used as a negotiating tool as it relates to our tower business. Because now you're dealing with the same customers and they say, "Well, you want volume here, we need to break over here on your tower assets." And that just doesn't seem like a great place to be in terms of the overall return for our shareholders.

David William Barden - *BofA Merrill Lynch, Research Division - MD*

And we have a mic. If anyone wants to ask a question, they'll be bring it around, so just raise your hand. Obviously, SBA has grown through portfolio growth over the years. The portfolio growth has mostly come from the international markets. How -- given what's going on in the international markets, is this an opportunity to get more aggressive on portfolio growth because things are all of a sudden a lot cheaper? Or is this a time to kind of pump the brakes and kind of see what the future holds for?

Brendan Thomas Cavanagh - *SBA Communications Corporation - Executive VP & CFO*

Yes, we're not really changing our approach to portfolio growth. We've always -- we've attempted to grow our portfolio 5% to 10% a year. That's something we've talked about for many, many years. We will do that this year, 2018, then we'll probably look to try to do it next year. But it's not growth at any cost, obviously only what we see as high-quality opportunities at the right price. And that's not really any different today than it's been in the past. In some of these international markets, currency moves may have made something cheaper. But there are other factors that may make its profile not as attractive. So it's really a balancing act when we look at every individual opportunity. We look at everything. We look at opportunities in markets that we're not in today because we think it's important to be aware of what's going on. And you never know when you're



going to see an opportunity that gives you a chance to add something at a good price that others maybe missed out on or you have a different view on. But we don't have a specific goal or target in mind in terms of international portfolio growth. We'll look at the opportunities and we will take them as they come.

David William Barden - BofA Merrill Lynch, Research Division - MD

And the fallback position, when kind of investment in the core business augmentation, that sort of thing, land repurchases or portfolio expansion wasn't on the cards, the fallback has been stock repurchase. Is there anything about the notion that stock repurchases kind of come and go and they're not that reliable and you could maybe get a lot of bang for your buck paying a dividend rather than spending that money on a stock buyback? And that it might commit you to a more recurring return to shareholders, but it would change the equity story potentially in a way that could be not significant. But any kind of dividend would be a change in the story that could really augment value, I think.

Brendan Thomas Cavanagh - SBA Communications Corporation - Executive VP & CFO

Yes, if we reach a point where we think the best return to our shareholders is paying a dividend, then we'll pay a dividend. We have, to this point in time, felt that we could create more value by keeping capital inside the company and investing it in quality assets would be our first choice but as a default, taking advantage opportunistically of share repurchase opportunities. And we've actually done very, very well in terms of our share repurchases over the last few years. We've returned a lot of value to shareholders through that. So we will pay a dividend. We know that at some point because we're going to run out of NOLs in a few years. And at that point, we will certainly start to pay a dividend as an obligation as a REIT. So accelerating to that, we don't see as necessary at this point in time. But we're always monitoring what the best returning option is for our shareholders. And that's the way we view it.

David William Barden - BofA Merrill Lynch, Research Division - MD

And to your point about kind of looking at markets that you haven't been in, is there -- because there's still a commitment to grow the portfolio, it's very difficult to do that domestically. A lot of your initiatives have been in Latin America. But is there a more proactive effort to kind of diversify regionally and kind of take that currency exposure and maybe try to balance it out among a couple different markets?

Brendan Thomas Cavanagh - SBA Communications Corporation - Executive VP & CFO

Yes. Although in most markets, it didn't really matter which markets you're in these days. Most of them weakened against the dollar in recent times here. So I'm not sure whether that is as effective as it's perceived to be. But that's not the primary goal. It's not to say, "Let's diversify the currency." We are open to other markets. But again, they kind of stand on their own and what we see as the opportunity within that market and at the price point that we're getting in. So if we don't expand anywhere else, we'll be fine with that. And if we do, we'll be fine with that, too. It's really going to be dependent on the specific opportunity we see.

David William Barden - BofA Merrill Lynch, Research Division - MD

And then just kind of talking about kind of the incremental opportunities at the margin. Has anyone kind of approached you guys at the -- about the CBRS opportunity or C-band? There's like new players coming in trying to explore the cost and net opportunities of being in this market.

Brendan Thomas Cavanagh - SBA Communications Corporation - Executive VP & CFO

We've had conversations with folks that involve that. There's not been -- I think we're still a little early in that game. And we'll tell you, we have our own CBRS network that we set up in our office building. So we actually are learning some things through that, that we think will be beneficial in the future for us. But I think there is opportunity to have alternative customers down the road as a result of some of those types of solutions. But

it's a little early to say for sure. And for it to really be material beyond the base of what we have, it's unlikely that it gets to that level. But as an additive item, there certainly is some opportunity, I think.

David William Barden - BofA Merrill Lynch, Research Division - MD

I mean, the theory is always that towers are the cheapest way to get capacity out in the market. Have you seen -- and we're starting to see the very early, initial trials of millimeter wave. Do you see millimeter wave as an opportunity for towers or the tower is just too remote from the core economic opportunity to be a party to that?

Brendan Thomas Cavanagh - SBA Communications Corporation - Executive VP & CFO

I think it's an opportunity but a very small one. In certain locations, a tower may be a good option for deploying a millimeter wave solution based on where they're located. But by and large, you're only covering a very small radius when you're doing that. And so the economics are not as good. But for us, if somebody wants to take advantage of tower sites that we have and use heights on those towers that are really not something that were ever considered to be leasable in the past, I think there's an opportunity for us to monetize it and for somebody else to be able to use it at a valuable pricing point.

David William Barden - BofA Merrill Lynch, Research Division - MD

Any of the Silicon Valley guys kind of toying around with experiments on wireless, on mobile?

Brendan Thomas Cavanagh - SBA Communications Corporation - Executive VP & CFO

It's too early. We have some conversations with some of those guys. But there's nothing actionable today.

David William Barden - BofA Merrill Lynch, Research Division - MD

Is DISH your customer?

Brendan Thomas Cavanagh - SBA Communications Corporation - Executive VP & CFO

No, DISH is not a customer. But DISH is -- we do have applications from DISH. We are starting to have more and more conversation with them. And I think they will be a customer. The scale is the question. But they certainly will be a customer at some level.

David William Barden - BofA Merrill Lynch, Research Division - MD

And then can you remind me, just the last thing, is how much is left on the stock buyback program right now?

Brendan Thomas Cavanagh - SBA Communications Corporation - Executive VP & CFO

I believe at the end of last quarter, we had about \$650 million, I think. Check our release to double-check me on that. But I believe it was about \$650 million.



David William Barden - BofA Merrill Lynch, Research Division - MD

All right. Any questions, last, from the audience? We had a -- how about Mark? Mark, we have a mic here.

Mark Lowenstein

Mark Lowenstein with Mobile Ecosystem. Just a question, all the operators in the U.S. major ones have announced some build-out of some version of an IoT network, either LTE Cat-M or beginnings of NB-IoT. Does that lead to any incremental business for you folks?

Brendan Thomas Cavanagh - SBA Communications Corporation - Executive VP & CFO

Yes, it does to the extent that there are incremental customers using spectrum or needing equipment that is beyond what they already have today. Certainly, as you get outside of the Big Four, any of -- some of these smaller guys that are coming, it's an opportunity. It's not a huge opportunity because frankly there's only -- they're not using a lot of capacity. Their ability to pay a lot of money is somewhat limited. But to the extent that there's a lot of volume and they're covering a lot of space, there is some opportunity there. As it relates to the bigger carriers, it's really a question of what can they do within the existing equipment rights that they have. And many of them can handle some of these initial-stage IoT type of solutions without adding incremental equipment. So it really depends on how much it expands, I think, beyond that.

Mark Lowenstein

But the IoT build does not lead into a lot of amendments, unlike something like FirstNet?

Brendan Thomas Cavanagh - SBA Communications Corporation - Executive VP & CFO

Yes, I mean, the IoT, it's not leading to a lot of amendments certainly relative to the other things that are driving amendments, which are still 4G upgrades, capacity expansion, even a little bit of 5G precursor, certainly things like FirstNet, as you mentioned. Those are much bigger drivers than an IoT solution.

David William Barden - BofA Merrill Lynch, Research Division - MD

All right. Well, that was awesome because we just ran out of time.

Brendan Thomas Cavanagh - SBA Communications Corporation - Executive VP & CFO

All right.

David William Barden - BofA Merrill Lynch, Research Division - MD

Thank you. Thank you, guys.

Brendan Thomas Cavanagh - SBA Communications Corporation - Executive VP & CFO

Thank you. Appreciate it.

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