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PRESENTATION

Michael Rollins - *Citigroup Inc, Research Division - MD and U.S. Telecoms Analyst*

For those of you joining us on the line, good morning. For those of you here, disclosures are available at the registration desk. And for those again on the webcast, I'm Mike Rollins. I cover the communication services and infrastructure categories for Citi Research. I'd like to welcome back Brendan Cavanagh, Executive Vice President and CFO of SBA Communications. He's joined by Mark DeRussy, Vice President of Finance. And thank you both for being here today.

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

Great. Thanks, Mike. It's a pleasure to be here.

QUESTIONS AND ANSWERS

Michael Rollins - *Citigroup Inc, Research Division - MD and U.S. Telecoms Analyst*

So we do have the mics around the room. So if anyone wants to ask a question, push the button, the light will go on. We'll get to you as soon as we can during the session. And Brendan, maybe just to get us started. Maybe just give us a sense of what the operating and strategic priorities are for the coming year?

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

Yes, sure. The tower business hasn't changed that much. So they're not too dissimilar to what they've been in the past. Obviously, continue to focus on superior execution across all areas of our business. One of our key focuses has always been and continues to be high-quality portfolio growth across all of our existing markets. We typically target 5% to 10% portfolio growth every year, that will be our goal again this year, but again it's more about the quality and the terms of the deals that we're able to do. And beyond that, continue to explore some new initiatives that maybe will define some of the future for SBA down the road. But other than that, it's to continue to focus on our key core business, the macro tower business.

Michael Rollins - *Citigroup Inc, Research Division - MD and U.S. Telecoms Analyst*

And so if we just think at a high level, the business has evolved a lot into this communications infrastructure category. How do you think about -- and you were investors in different part of this at different points of the company's history. How do you think about the allocation of capital, whether it's between domestic towers, international towers, data centers, fiber, small cells, is there a sort of common approach that SBA has evolved into as it looks at that portfolio growth and where to place its capital?



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

Yes. I mean our focus has been or our preference, I guess, for capital allocation has always been macro tower portfolio investment. And that continues to be our preferred place to put our capital to work. However, over time, certainly over the last so many years, the opportunities that are available, the quality of the opportunities and frankly, the competition that exists around those opportunities has shifted somewhat. And so -- and we've not necessarily been able to use all of our available capital within our kind of defined leverage structure to invest in tower assets. So we've obviously done a lot more share repurchases over the years. And I think going forward, you'll see kind of a mix of both tower growth and share repurchases. And of course, we did introduce a dividend earlier this year, it's not overly material in terms of its call in our capital at this point, but it's -- our first priority is to make sure we meet our dividend, and then beyond that, I would say, the priority continues to be tower growth. Some of the other things you mentioned, Mike, are not items that we've seen quite as attractive in terms of fiber or small cells, I think they're worthwhile businesses but at a different valuation level and sometimes are not the best fit within our organization. So towers continues to be the main focus.

Michael Rollins - Citigroup Inc, Research Division - MD and U.S. Telecoms Analyst

And as you evaluate the international opportunities, and you described it, it has to meet your cost of capital requirements or your return on capital requirements, excuse me. How do you define those return criteria and measure it against that alternative of simply just buying back stock?

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

Yes. So today, our WACC, our weighted average cost of capital is about 6.5% to 7%. It's been our goal throughout our history to invest in assets that will return something that exceeds our WACC, obviously, by as much as possible, but certainly want to exceed that. And that's something that we've done pretty consistently throughout history, and depending -- what we're targeting is what's going to have the best return. And so it's not necessarily specific to, oh, it has to be a U.S. tower, it has to be a tower in some specific international market or, frankly, a share buyback. It's which of those produces the best ultimate comparative return. And that has historically been portfolio growth if done well. And so I think just given the opportunity set, there is more opportunities internationally, so you tend to see a little bit more of that in terms of the portfolio growth these days. But it's really a simple kind of analysis based on our assumptions around the future growth of those assets, what do we think that return is going to look like relative to our cost of capital.

Michael Rollins - Citigroup Inc, Research Division - MD and U.S. Telecoms Analyst

And maybe just sticking at the high level for another moment, if you look over at the longer term for you in this industry, is there a simple way to frame how you look at domestic growth over a 5- to 10-year period? So if you sort of get all the noise of the day-to-day, quarter-to-quarter kind of stuff, and you just sort of look at that longer-term bogey, how should investors think about that and unpack that opportunity?

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

Well, we are -- there is a lot of noise, right? There's a lot of things that are happening, happening with our customers, happening in the industry, and it can affect the shorter-term fluctuations in the organic growth that we see. But I think one of the simplest ways to look at it is oftentimes to fallow the spectrum. There's a lot of fallow spectrum that's been auctioned off and some spectrum that has yet to be auctioned off, that will ultimately be deployed. In exactly whose hands it is and at exactly what time, some of that is where the noise comes in and the nuance and when it happens. But ultimately, for us, we will be the beneficiaries of that deployment over time. So I think over the next 5 years or so, it's -- I certainly can't give you a specific growth rate and tell you exactly what's going to happen at what time. But over that window of time and as we talk about 5G, a lot of people talk about 5G and what's going to happen. We would expect a steady state of investment through the deployment of that spectrum, which will require new equipment, different antennas, different equipment. Over that window of time, it will allow us to monetize that growth through new leases and amendment activity, much as has happened in the past. The trajectory of that and the timing of that can always vary a little bit, but we know that, that spectrum will ultimately be deployed by someone. And that's probably the best way to kind of evaluate what the opportunity set is over time.

Michael Rollins - Citigroup Inc, Research Division - MD and U.S. Telecoms Analyst

And so of course, if we look at what's happening in the U.S. right now, maybe you can give us a sense of what's happening in U.S. leasing? What's going on with Sprint T-Mobile and how that's impacting your business? And maybe how that would impact your business? Whether there's a deal or no deal, right?

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

I think it's really a question in terms of the deal or no-deal question. It's really a matter of timing more than anything else for us. I'm not sure that over the long term it has a material difference. In the shorter term, certainly, if the deal is approved, we would expect a rapid uptick in activity levels with T-Mobile as well as dish. They have very aggressive time lines to meet in terms of their 5G deployments that they will have committed to in order to get the deal approved. And so we expect that we would see a meaningful uptick in the activity levels with them in the short-term here.

If the deal is not approved, however, there may be a slight shift in the timing around that. But ultimately, the impact over the longer term is probably not that materially different because the carriers still have all of the spectrum, as I mentioned before to deploy there will probably have to be some resetting on exactly what their plan is and who they're partnering with or where they're buying spectrum from or whatever the case may be. But ultimately, it's all going to be deployed still, and we will benefit from that.

So I think net-net, it's not that impactful. The more impactful thing is that there's some certainty brought to it sooner. This kind of limbo that we're in and everybody's in right now is probably the biggest impact to the shorter term. To be a little more specific about that, I think we mentioned it on our last earnings call, with the last 4 months or so, there's really been very little to no activity from the parties that are involved in that merger. And so when you have that kind of slowdown in activity, and when I mean by activity is signing up new agreements, new leases, new amendments, that pause in activity will certainly impact 2020's financials because what's signed up in second half of last year has a big impact on this year. And so the growth potential as a result of that is certainly muted in the short term. But once that kind of gets released and we have that certainty, I would expect that to change materially very quickly.

Michael Rollins - Citigroup Inc, Research Division - MD and U.S. Telecoms Analyst

And what's happening on the churn side? So you've had this elevated churn from prior consolidation and you've been calling that out and breaking that out in terms of the incremental piece. Are you about to see a significant step down in that impact based on the comments that were made on the third quarter call?

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

Well, there were a couple of specific things that we have identified and given kind of our historical churn. The churn when we give it each quarter, we're really giving you what is a same-tower churn number, it's essentially a trailing-12 months impact, and so something that happened as much as 4 quarters ago can have an impact.

In the fourth quarter of 2018, we had a decent chunk of iDEN-related churn that occurred in Q4 of '18 that impacted the reported churn numbers throughout much of 2019, the first 3 quarters. That will certainly drop off in the -- when we report our fourth quarter numbers for '19 and going forward. So that's going to be an improvement that takes place.

In addition, we've separated out some consolidation-related churn associated with MetroPCS, Cricket and Clearwire specifically, and that's been something that's been winding down over time a little bit. I think we mentioned on our third quarter call that as of September 30, we had about \$5 million of annualized revenue that had yet to churn off that we expect to associate it with those guys. So that will continue to be there and wind down, it's becoming less and less material. And so I do think you'll see the component associated with those items also start to dwindle as we get into next year sometime. So that will definitely reduce churn as a whole.

Beyond that, we have our, what I'll call for lack of a better term, regular churn, although it consists of a variety of different things, some of which is, in fact, consolidation related. We still have churn, for instance, associated with Alltel and Verizon or Cingular and AT&T, believe it or not. So there are some of that, that exists within our pool. And from quarter-to-quarter, we've had periods where it's been particularly low, and other quarters where it's a little bit higher. But generally speaking, we're in that 1% to 2% range throughout our history, and we may have some that -- quarters where it's a little higher and some that's a little lower, but I would not expect that to change too much as we look out over the next several years.

Michael Rollins - Citigroup Inc, Research Division - MD and U.S. Telecoms Analyst

And when you think about the activity opportunities for you over the last couple of years, at times, the growth has maybe been a little bit below one of your competitors. And in the past, we've talked about the opportunity for some of your customers just to continue to upgrade their RAD centers, which should drive amendments over time. Is that still a nice tail of optionality for SBA, where based on what you see on your sites, you see opportunities for more upgrades of just the existing infrastructure?

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

Yes, absolutely. I mean we've continued to see that. Even this past year has been a big component of the organic growth that we've seen. And I would expect that to continue forward. It's really tied to the same thing I mentioned in the earlier part of the presentation, which is the spectrum piece of it. Every time there's a change in deploying new spectrum or modifying it, it requires a change in the equipment at the tower sites. And so those changes that take place in equipment, whether it's the replacement of some existing antenna with a new one or radio, whatever it may be, or some incremental add in all those cases because of the structure of our agreements, it allows us the opportunity to monetize that change. And I don't foresee that really changing for the foreseeable future.

Michael Rollins - Citigroup Inc, Research Division - MD and U.S. Telecoms Analyst

Are there any catalysts that could push further consolidation in the U.S. of the tower industry?

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

Well, there's always -- I mean, depending on how you're talking about consolidation. Certainly, there's smaller tower companies, private tower companies that routinely sell assets or are bought out altogether, and I would expect that, that will continue to be the case, although there's not as many as there used to be a decade ago, there definitely are some of those guys. And I do think you'll continue to see that consolidation take place.

I'm not sure if you're talking about bigger consolidation among the bigger 3 companies. I mean, it's becoming less and less likely that, that would ever occur, given the size of the companies and the fact that the primary synergy that exists from that is really SG&A or overhead related and that becomes smaller and smaller as a percentage of each of our businesses. So it's probably not as likely to occur as it may have been again, a decade ago, but who knows. I guess, there's always a possibility, but it's probably not likely to happen.

Michael Rollins - Citigroup Inc, Research Division - MD and U.S. Telecoms Analyst

Yes. And speaking of consolidation, how does the company approach just the ongoing portfolio management? So does the company routinely look at the underlying international assets, maybe even portions of your domestic tower portfolio and look at ways where there is JVs or divestiture opportunities to try to create value back for the firm?

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

Yes. I mean we do look at that. We have looked at it in time. There are some challenges that are somewhat administrative or just practical in terms of breaking up the portfolio with the idea of selling pieces of it, not the least of which are financing structures and other things that we have in place that would make it challenging. But we do look at it, but it's -- we have plenty of capital available. So it's really not necessarily about raising capital. I don't think there's any opportunity that we have that we are foregoing because of a lack of access to capital. So that's not -- that would not be the driver. The driver would be the opportunity to take advantage of a very hot tower market out there in terms of what people are willing to pay today to maybe monetize more mature assets. But I think it's not that likely that, that's something we would be doing.

Michael Rollins - Citigroup Inc, Research Division - MD and U.S. Telecoms Analyst

And if you could discuss, as the carriers move to 5G, what are you seeing in terms of the investment needs? Are you seeing any millimeter wave spectrum get deployed to your towers? Or is this going to be more of a wait for mid-band spectrum or, as you were describing earlier, just more spectrum, period?

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

Yes. I mean we're seeing very limited at the macro towers, the deployment of millimeter wave spectrum. There certainly is millimeter wave spectrum being deployed in some of the more urban markets on small cells, it's not really something that we participate in materially. We do have some buildings and venues that we manage, where that's the case. But otherwise, somewhat limited. I think the key for us will be more of the mid-band spectrum that you're referring to and kind of the unleashing of the deployment of that in the goal of deploying 5G. We've seen a limited amount of that in terms of the 2.5 spectrum being deployed by Sprint. But beyond that, it's not been much yet. However, it looks like there's great opportunity for that. I think, again, going back to the deal, once there's some resolution and certainty there as to who has what and what their obligations are, that will kind of push that forward more quickly.

Michael Rollins - Citigroup Inc, Research Division - MD and U.S. Telecoms Analyst

And as you look at just the low-rate environment that we've been in, are you seeing any pressure in the negotiations on the rate of escalation that's in the contracts? And how do you think about the interest rate sensitivity to that over time?

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

Well, if you're looking at it domestically, virtually all of our escalators are fixed escalators. We have had, I guess, pressure, that you could call it over time periodically from carriers, but it's really more around new lease agreements because the existing agreements are pretty well locked in at this point and so there's really not a lot open for discussion on that. And frankly, it doesn't really get raised that much. I know that one of the -- the pressure points in that is that inflation has lagged what those fixed escalators are for quite a few years now, and so that's a concern. But it was never really meant to specifically be an inflationary adjustment. It's also part of the original negotiation when you're setting pricing, that's a component of it that's figured in. And so I think that, that sometimes is misconstrued as having to be the same thing, that it's meant to only make us hold for inflation. That's not really the case. It was just part of the inherent embedded price.

Internationally, though, some of our leases are -- we have some that are fixed rate escalators and some that are inflationary based. Our biggest international market is Brazil. Our escalators are tied to the local CPI down there. There are some of our leases that do have floors to them, but they're all tied in some way to the local CPI. And I think in that case, it is more of an inflationary adjustment, and I would expect that to continue to reduce.

Michael Rollins - Citigroup Inc, Research Division - MD and U.S. Telecoms Analyst

When you analyze the results over time in markets like Brazil, where there's currency fluctuations as well as changes in CPI, like what do you find is the best measure of revenue growth to try to take all of those things into account?

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

Yes. I mean you can -- there's obviously the inflationary piece that we talk about, but there's also when you're talking about a market like Brazil, the foreign exchange rate exposure because, obviously, we're a U.S. dollar-based company. We finance our business in U.S. dollars, but all of our operating cash flows in a country like Brazil are in the local currency. And so as we have fluctuations in the exchange rate between the U.S. dollar and the Brazilian real, we find that, that does weigh on our results. One of the ways that we think about it in terms of the mitigation of that is that you do have a local CPI-based escalator that at times has been very high, when you've seen a little more exacerbated move in the FX rate. And so those 2 things do not -- although not perfectly offset each other, they do correlate over time together to some degree and act as somewhat of a mitigant.

So I think to the crux of your question, if you're looking at organic growth, excluding the escalators and excluding FX, you start to get maybe a better feel for what's actually happening in terms of activity levels in those markets. But every period and every year or quarter or time period is a little bit different, and sometimes the FX rate is a little worse than the escalators and sometimes it can be the opposite as well. So each time period will stand on its own.

Michael Rollins - Citigroup Inc, Research Division - MD and U.S. Telecoms Analyst

And so just leveraging on your description there, if you look at then the activity levels of what you're seeing in a market like Brazil and Latin America, what are you seeing down there? And how are you thinking about that growth potential over the coming 1 to 3 years?

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

Yes. Well, Brazil, specifically -- I mean, we love Brazil. It's actually been very, very good for us from an operational standpoint. We've got a good-sized portfolio down there. We've got good relationships with the carriers. Strong agreements. And we've had pretty successful organic leasing activity, both new leases and amendments in that market. The currency has really been kind of the only thing that's been an issue for us. But otherwise, we're very pleased with that market. And I would expect over the next 1 to 3 years, hopefully, we'll see some settling down in terms of the currency. There's been some shift, obviously, in the political environment in Brazil, and they're taking some actions now around some of the bigger issues that the country faces as a whole, such as pension reform and more specific to our industry, some of the concessionary -- concession reforms. I think all of those things will benefit us over time and will be catalysts to the carriers down there investing a little bit more in their networks. So we feel pretty good about it.

Michael Rollins - Citigroup Inc, Research Division - MD and U.S. Telecoms Analyst

And maybe flipping back to the domestic opportunities. As you look at just the nature of the site leasing that you get, new leasing, how much of that is competitive versus just natural in terms of they do their search ring and you're just the natural choice for them versus the carriers that are really playing one tower company off the other to get the best deal?

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

Yes, it's much more the former. I mean the location, in most cases -- this is -- the value of the tower business here in the U.S. in particular, but everywhere, is to a large degree, the exclusive nature of the assets that you have. And so in many cases, it's really the only true viable option that exists if they want to cover a specific targeted area. And so a lot of times, it's what -- from an RF engineering standpoint, what best suits -- what

site best suits the objective that the carrier has, and based on that objective, do we fit that search ring, as you said, that's more often how it happens, than saying, "Hey, we're going to put these tower companies against each other." Now if you're building a brand-new site or you're in an area where there's really no zoning or there happens to be a competitive site across the street, if that exists and it does exist sometimes, then it is much more of a commodity-like product and it's priced accordingly and it's more competitive, I guess, in terms of the new leasing opportunity.

Michael Rollins - Citigroup Inc, Research Division - MD and U.S. Telecoms Analyst

One of the things that's evolved at the company is the net debt leverage targets. So I think if you go back a year or 2 years ago, the conversation was, well, when you're getting ready to finally pay a dividend, you'll try to get into that, I think, mid-6s or less in terms of net debt leverage. And on the most recent conference call, the management team talked about being comfortable with the net debt leverage where it was or higher exiting the third quarter, which was, I believe, a 6.9 leverage ratio, net debt to EBITDA, which was higher than maybe prior commentary. So what drove the comfort level with the new leverage indications? And is this -- should investors view this as like the next 12-month target? Or is this something where you're getting comfortable saying, hey, for years to come, it's going to be x and maybe just unpack that a little bit?

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

I think it's more -- what we've said in the past around it coming down as a result of introducing a dividend, that's still true. However, the dividend itself today is relatively small. And so from a risk standpoint, it doesn't change our risk profile really at all. Now it will grow pretty materially over time and it will have maybe more of an impact down the road where we would want to be slightly levered or lowered -- sorry, leverage slightly lower in the future as that dividend becomes a larger percentage of the call on our capital. But right now it hasn't had any material impact to the way we think about things. And so our approach is very similar in the sense that, particularly in this environment with low interest rates, it's even more so the case, the opportunity to use that leverage, to grow our portfolio, to create value for our equity holders through share repurchases is still, we think, the right way to go. And so that's the main reason we haven't really changed our target leverage range, if you will. However, we are bigger, we do produce more cash flow, our EBITDA still grows rapidly, it's that much more capital you have to actually invest in order to keep your leverage at that level. And so it's a little more difficult to necessarily stay levered in our previous target range. But I think you'll see us in that range sometimes and sometimes we'll slip below it, but we will use the available capital to invest in both portfolio growth and share repurchases. And maybe our leverage range sort of shifts to high 6s to low 7s instead of 7 to 7.5 over time.

Mark DeRussy - SBA Communications Corporation - VP of Finance

I think, Mike, over time, we will adjust the guidance for leverage. But in the near term, with the payout being 14%, we don't think it's good to be that granular on a quarter-to-quarter basis and what the leverage is going to be because we don't want to foreclose any opportunity to take advantage of opportunities to put capital to work.

Michael Rollins - Citigroup Inc, Research Division - MD and U.S. Telecoms Analyst

And as you mentioned putting capital to work and people think about the buybacks, can you give us an update just in terms of the philosophy of how you're buying back stock? Is it share price dependent? Because there's been times where the management team has made some comments in response to questions about the share price. Is it share price dependent? Is it value dependent? Is it simply, we want to stay at a certain leverage level? Maybe you can unpack how you approach those on a regular basis.

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

Yes. It's not just about keeping leverage up certainly. If we felt like the price got to a point where it was not really additive or accretive to our AFFO per share, then I don't think you would see us do it, but that's not been the case. We've particularly been opportunistic over the last so many years and I think it's generally worked out. But basically, we are trying to -- so it's not share price-sensitive in the sense that we're really that specific to it. I think it's a good buy today. But if I saw a move that I know is not driven by anything fundamental other than noise that exists outside of SBA

and the stock price were to drop and it's steady a business as we are, we do have some volatility in our stock, it allows us the opportunity to jump in and be opportunistic and take advantage of those swings down to maybe be a little bit more aggressive in our buying at that time. But over time, we're still planning to probably deploy a certain amount of capital. And if there's not portfolio opportunities for it, it will likely go into share buybacks. And if that -- if we're going to do that, then we're going to try to be opportunistic and hopefully get the best buy we can. But over time, it'll probably average out to what the price is over that average time period. So...

Michael Rollins - Citigroup Inc, Research Division - MD and U.S. Telecoms Analyst

And just to remind people, if you have a question, just please push the light on your microphone and we'll get to you. And maybe just coming back to the competitive landscape, one of the discussion points over the last few years or some of these new entrants, infrastructure funds, private-owned tower, construction firms, standing up sites, what kind of impact are you seeing on your business from this activity? And if you noticed any kind of change in this environment as market factors, interest rates have ebbed and flowed over the last couple of years?

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

Yes. I don't know if it's changed that much in the last few years. It's certainly very competitive, but it's been competitive for the last few years. And where we see it is almost entirely around portfolio growth opportunities. I mean that's really where the biggest competition exists when you're looking at the opportunity to buy a certain portfolio of assets, particularly in most cases, it's competitively bid. And when you see that, there are people showing up at the table who didn't use to exist and they're sometimes willing to accept returns that we didn't -- we don't see as attractive or is making sense or maybe they don't know the details the way we know the industry, it could be any number of things. But that dynamic of having more and more of those folks with a lot of money certainly has driven pricing for assets up.

And so we've tried to be pretty selective in the assets that we buy, where we see opportunity where we think maybe we know a little bit more about the particular portfolio or the particular market, we will be maybe more aggressive and think that we can drive more value out of that, given our expertise in a particular situation.

South Africa was an example, where we obviously had an arrangement where we're able to buy towers, build and buy through a JV structure that we set up years ago, and we're able to do that at around 7x EBITDA. And that's a -- those opportunities, though, don't just grow on trees, and so you have to kind of make some of them happen and be pretty selective, and I think we've been able to do that.

And maybe I'll mention actually, since we're talking about taking advantage and buying opportunities where we see them as attractive. We did actually just buy some towers, some additional towers in Brazil. We talked about Brazil a moment ago as a market that we find very attractive. We bought about 1,300 towers in the month of December from a company called Grupo TorreSur, who is a company who owns approximately 6,000 towers, but sold off a small portion of their assets, again, about 1,300 towers in Brazil. We were able to buy that at a tower cash flow multiple that is below 15x next year's TCF, and we think because of our positioning in Brazil, where our existing assets sit, these assets, I think, are geographically very complementary to our towers. It created an opportunity where perhaps we could do something that -- or we could create value that we're not sure others could because of our existing relationships with the carriers down there, our knowledge of the market, our existing scale and so that type of opportunity is where we're going to jump in, I think, and find opportunities to create value at better pricing terms, but also some other advantages that we have, given our particular situation and structure.

Michael Rollins - Citigroup Inc, Research Division - MD and U.S. Telecoms Analyst

And maybe just thinking about that conceptually for a moment, do you see a lot more of these types of opportunities in a market like Brazil and in some of your key markets in Latin America, where there are opportunistic ways to expand?

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

Yes. There are -- there definitely are opportunities, they are very competitive, though, as well. And we've seen -- there have been other deals. I'm sure you've seen some smaller companies and even some of our public American tower as well as some of the private tower companies have bought assets in different markets in Latin America. We certainly have looked at all of those opportunities ourselves. When it's a large competitively bid process, it's a little bit more challenging to make that happen. But again, sometimes we have information where we feel more confident in a particular market or a particular set of assets than others do, and that can oftentimes be the difference maker. But there are plenty of opportunities. It's just whether those opportunities will come in a package with terms and price points that we are comfortable with.

Michael Rollins - Citigroup Inc, Research Division - MD and U.S. Telecoms Analyst

And have you disclosed the total price on the towers you bought from Grupo TorreSur?

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

We haven't, but I will. It's -- we paid \$460 million, U.S. dollars. The TCF for next year should be approximately USD 31 million. And of course, that's subject to impact from the FX exchange rate because everything is in -- all the contracts are denominated in BRL. I will say, though, that we actually -- just as a -- we were fortunate in that when we acquired these assets a little over a month ago, the exchange rate was materially weaker at the time, it was around 4.18, 4.19, close to a kind of historically weak FX rate. And today, that's in the low 4s. So we've actually already probably picked up some improvement there just on the positive move in the exchange rate.

Michael Rollins - Citigroup Inc, Research Division - MD and U.S. Telecoms Analyst

Maybe just shifting gears a little bit. Edge computing, how do you look at that opportunity over time? And you've done some explorations of this already, what have you learned?

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

Yes. We've spent a little bit of time on this, and we have some test cases. We've -- one thing we've learned is that it's still pretty early. There's still a long way to go, I think, before this becomes more broadly commercially used. But we're learning a lot about -- we're interacting with all the players that are involved in this space, we're learning a lot about what works and what doesn't work. What's expensive and what you can do cheaper. And I think the big question for us is what our role will be in it when and if it does materialize in the sense that should we be just a simple landlord? Should we be more involved in the actual electronics? What is our role in that process? And depending on where we fit, the economics may look different, but the risk also looks different. And so that's really what we're going through today is to kind of educate ourselves further on it. And I think it's got real promise because from our perspective, we have the most important thing, which is we already have the real estate. We already have the locations that sit right at the edge of the network. And so if it needs to be done there, we're in a very good position in terms of that going forward. But there's still time to go.

Mark DeRussy - SBA Communications Corporation - VP of Finance

But we have a strategy and technology team that we just put in place last year. And they're on a learning agenda with things like mobile edge computing. And as Brendan said, we're trying to evaluate what exactly the business model is going to be. It could potentially be as simple as pouring a pad of concrete and allowing someone else to put their unit there. It could be something where we would actually own the data center itself, the racks, kind of like the old DuPont Fabros model. And then in that case, maybe you bring someone in with the skills of someone like an Equinix to actually run it, or potentially, we could take a little bit further and sort of operate the data center itself, know the customers, do the leasing. So we're just -- we're still trying to work all that out.

Michael Rollins - Citigroup Inc, Research Division - MD and U.S. Telecoms Analyst

And in our final minute, are there other adjacencies that we should just keep in mind for the business, whether you can look at things like active RAN sharing or the age-old backup generators or other adjacencies that maybe the market really hasn't thought about yet that you guys are contemplating to drive revenue per tower over the long run?

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

Yes. I mean we're contemplating a variety of things. Some of them are tied more to connected venues, indoor options that include CBRS deployments, possibly. So things like that, that could take advantage of the existing asset pool, which includes not just the towers that we own, but certainly all of the venues and buildings that we have management rights and access rights to. That type of thing is a big focus area of ours.

To some degree, generators, we look at and consider periodically. We'll see how that plays out. It's something we've participated in many years ago, but it could be something because backup power solutions are becoming more and more important to our customers. So yes, there's a few things. There's a couple of other things I probably won't mention right now, but we're kind of evaluating where the future might lead, where our assets are going to play a critical role. That's a little different than what it's been historically. And we just want to be prepared for that.

Michael Rollins - Citigroup Inc, Research Division - MD and U.S. Telecoms Analyst

I want to thank you for returning to the conference and sharing your thoughts with us today. Thank you very much.

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

Yes. Absolutely. Happy to do it. Thank you.

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