

SBA COMMUNICATIONS CORP

Form 10-K

February 26, 2016

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from                      to

Commission file number: 000-30110

SBA COMMUNICATIONS CORPORATION

(Exact name of Registrant as specified in its charter)

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Florida 65-0716501  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

8051 Congress Avenue  
Boca Raton, Florida 33487  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (561) 995-7670

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Class A Common Stock, \$0.01 par value per share	The NASDAQ Stock Market LLC (NASDAQ Global Select Market)

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-Accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes No

The aggregate market value of the voting stock held by non-affiliates of the Registrant was approximately \$14.5 billion as of June 30, 2015.

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The number of shares outstanding of the Registrant's common stock (as of February 19, 2016): Class A common stock — 125,257,417

Documents Incorporated By Reference

Portions of the Registrant's definitive proxy statement for its 2016 annual meeting of shareholders, which proxy statement will be filed no later than 120 days after the close of the Registrant's fiscal year ended December 31, 2015, are hereby incorporated by reference in Part III of this Annual Report on Form 10-K.

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### ITEM 1. BUSINESS

#### General

We are a leading independent owner and operator of wireless communications tower structures, rooftops and other structures that support antennas used for wireless communications, which we collectively refer to as “towers” or “sites.” Our principal operations are in the United States and its territories. In addition, we own and operate towers in South America, Central America, and Canada. Our primary business line is our site leasing business, which contributed 96.8% of our total segment operating profit for the year ended December 31, 2015. In our site leasing business, we (1) lease antenna space to wireless service providers on towers that we own or operate and (2) manage rooftop and tower sites for property owners under various contractual arrangements. As of December 31, 2015, we owned 25,465 towers, a substantial portion of which have been built by us or built by other tower owners or operators who, like us, have built such towers to lease space to multiple wireless service providers. We also managed or leased approximately 5,500 actual or potential towers, approximately 500 of which were revenue producing as of December 31, 2015. Our other business line is our site development business, through which we assist wireless service providers in developing and maintaining their own wireless service networks.

#### Site Leasing Services

Our primary focus is the leasing of antenna space on our multi-tenant towers to a variety of wireless service providers under long-term lease contracts in the United States, Canada, Central America, and South America. We receive site leasing revenues primarily from wireless service provider tenants, including AT&T, Sprint, T-Mobile, Verizon Wireless, Oi S.A., Telefonica, Claro, and Digicel. Wireless service providers enter into tenant leases with us, each of which relates to the lease or use of space at an individual site. Our site leasing business generates substantially all of our total segment operating profit, representing 96.2% or more of our total segment operating profit for the past three years. Our site leasing business is classified into two reportable segments, domestic site leasing and international site leasing.

#### Domestic Site Leasing

As of December 31, 2015, we had 15,778 sites in the United States. For the year ended December 31, 2015, we generated 83.5% of our total site leasing revenue from these sites. We receive domestic site leasing revenues primarily from AT&T, Sprint, Verizon Wireless, and T-Mobile. In the United States, wireless service providers typically enter into tenant leases with us, each of which relates to the lease or use of space at an individual tower. Our tenant leases in the United States are generally for an initial term of five to ten years with five 5-year renewal periods at the option of the tenant. These tenant leases typically contain specific rent escalators, which typically average 3-4% per year, for both the initial and renewal option periods. Our ground leases in the United States are generally for an initial term of five years or more with multiple renewal terms of 5-year periods, at our option, and provide for rent escalators which typically average 2-3% annually.

#### International Site Leasing

In 2015, we continued to focus on growing our international site leasing business through the acquisition and development of towers. We believe that we can create substantial value by expanding our site leasing services into select international markets which we believe have a high-growth wireless industry and relatively stable political and regulatory environments. As of December 31, 2015, we owned 9,687 towers in our international markets, including Brazil, Canada, Costa Rica, Ecuador, El Salvador, Guatemala, Nicaragua, and Panama. We receive international site leasing revenues primarily from Oi S.A., Telefonica, Claro, Digicel, and TIM. Our operations in these countries are solely in the site leasing business, and we expect to continue to expand operations through new builds and

acquisitions.

Our tenant leases in Canada typically have similar terms and conditions as those in the United States with an initial term of five to ten years with five 5-year renewal periods at the option of the tenant. These tenant leases typically contain specific rent escalators, which average 3-4% per year. Tenant leases in our Central American and South American markets typically have an initial term of ten years with multiple five year renewal periods. In Central America, we have similar rent escalators to that of leases in the United States and Canada while our leases in South America typically escalate in accordance with a standard cost of living index. In Brazil, site leases are typically governed by master lease agreements, which provide for the material terms and conditions that will govern the terms of the use of the site. Site leases in South America typically provide for a fixed rental amount and a pass-through charge for the underlying ground lease rent. Our ground leases in Canada, Central America and South America generally have similar terms and conditions as those in the United States, except that the annual escalators in our South American ground leases are based on a cost of living index.

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### Domestic and International Expansion

We expand our tower portfolio, both domestically and internationally, through the acquisition of towers from third parties and through the construction of new tower structures. In our tower acquisition program, we pursue towers that meet or exceed our internal guidelines regarding current and future potential returns. For each acquisition, we prepare various analyses that include projections of a five-year unlevered internal rate of return, review of available capacity, future lease up projections, and a summary of current and future tenant/technology mix.

The majority of our international markets typically have less mature wireless networks with limited wireline infrastructure and lower wireless data penetration rates than those in the United States. Accordingly, our expansion in these markets is primarily driven by (i) wireless service providers seeking to increase the quality and coverage of their networks, (ii) increased consumer mobile data traffic, such as media streaming, mobile apps and games, web browsing, and email, and (iii) incremental spectrum auctions, which have resulted in new market entrants, as well as incremental voice and data network deployments. Since we first entered the Central and South American markets, we have built or acquired 9,430 towers and continue to expand in these markets to respond to growing demand.

We consider various factors when identifying a market for our international expansion, including:

- Country analysis – We consider the country’s political stability, and whether the country’s general business, legal and regulatory environment is conducive to the sustainability and growth of our business.
- Market potential – We analyze the expected demand for wireless services, and whether a country has multiple wireless service providers who are actively seeking to invest in deploying voice and data networks, as well as spectrum auctions that have occurred or that are anticipated to occur.
- Risk adjusted return criteria – We consider whether buying or building towers in a country, and providing our management and leasing services, will meet our return criteria. As part of this analysis, we consider the risk of entering into an international market (for example, the impact of foreign currency exchange rates), and how our expansion meets our long-term strategic objectives for the region and our business generally.

In our new build program, we construct tower structures (1) in locations that are strategically chosen by us or (2) under build-to-suit arrangements. Under build-to-suit arrangements, we build tower structures for wireless service providers at locations that they have identified. Under these arrangements, we retain ownership of the tower structure and the exclusive right to co-locate additional tenants. When we construct tower structures in locations chosen by us, we utilize our knowledge of our customers’ network requirements to identify locations where we believe multiple wireless service providers need, or will need, to locate antennas to meet capacity or service demands. We seek to identify attractive locations for new tower structures and complete pre-construction procedures necessary to secure the site concurrently with our leasing efforts. We generally will have at least one signed tenant lease for each new build tower structure on the day that it is completed and expect that some will have multiple tenants. During 2016, we intend to build between 590 and 610 new tower structures, domestically and internationally.

### Site Development Services

Our site development business, which is conducted in the United States only, is complementary to our site leasing business and provides us the ability to keep in close contact with the wireless service providers who generate substantially all of our site leasing revenue and to capture ancillary revenues that are generated by our site leasing activities, such as antenna and equipment installation at our towers. We earn site development services revenues primarily from the full range of end to end services we provide to wireless service providers or companies providing development or project management services to wireless service providers. Our services include: (1) network pre-design; (2) site audits; (3) identification of potential locations for towers and antennas; (4) support in buying or leasing of the location; (5) assistance in obtaining zoning approvals and permits; (6) tower and related site construction; (7) antenna installation; and (8) radio equipment installation, commissioning, and maintenance. We

provide site development services on a local basis, through regional, territory, and project offices. The regional offices are responsible for all site development operations, including hiring employees and opening or closing project offices, and a substantial portion of the sales in such area.

For financial information about our operating segments, please see Note 18 of our Consolidated Financial Statements included in this Form 10-K.

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### Industry Developments

We believe that growing wireless traffic (particularly data and video), the deployment of additional spectrum, and technology advancements will require wireless service providers to improve their network infrastructure and increase their network capacity resulting in an increase in the number of towers that they utilize and additions and changes to the equipment they deploy at existing towers. We expect that the wireless communications industry will continue to experience growth as a result of the following trends:

- As wireless traffic continues to grow, carriers are investing to increase the capacity of their networks; and we believe that the continued capacity increases will require our customers to add large numbers of additional cell sites and additional new equipment at current cell sites.
- Spectrum licensed by the Federal Communications Commission (the "FCC") has enabled continued network development. We expect the deployment of currently fallow spectrum and the potential availability of additional spectrum through a planned government auction to drive continued network development in the U.S.
- Consumers are increasing their use of wireless data services due to expansion of wireless data applications, such as video, mobile apps and games, web browsing, email and social networking, and continued wireline to wireless migration. Wireless devices such as smartphones, tablets, laptops, and other emerging and embedded devices continue to trend toward being more bandwidth-intensive. As a result, according to industry estimates, global mobile data traffic will grow at an approximately 53% compound annual growth rate from 2015 to 2020 and will grow at a rate three times faster than non-mobile data traffic over the same period.
- Consumers list network quality as one of the greatest contributors to their dissatisfaction when terminating or changing service. To decrease subscriber churn rate and drive revenue growth, wireless carriers have made substantial capital expenditures on wireless networks to improve service quality and expand coverage. For example, U.S. wireless carriers' capital expenditures have increased from an estimated \$22.9 billion in 2010 to an estimated \$31.7 billion in 2015, and we expect capital expenditures in the foreseeable future to remain elevated as wireless carriers continue to improve their networks.

We believe that the world-wide wireless industry will continue to grow and is reasonably well-capitalized, highly competitive and focused on quality and advanced services. Therefore, we expect that we will see a multi-year trend of strong additional demand for tower space from our customers, which we believe will translate into strong leasing growth for us.

### Business Strategy

Our primary strategy is to continue to focus on expanding our site leasing business due to its attractive characteristics such as long-term contracts, built-in rent escalators, high operating margins, and low customer churn. The long-term and repetitive nature of the revenue stream of our site leasing business makes it less volatile than our site development business, which is more cyclical. By focusing on our site leasing business, we believe that we can maintain a stable, recurring cash flow stream and reduce our exposure to cyclical changes in customer spending. Key elements of our strategy include:

**Maximizing Use of Tower Capacity.** We generally have constructed or acquired towers that accommodate multiple tenants and a majority of our towers are high capacity tower structures. Most of our towers have significant capacity available for additional antennas, and we believe that increased use of our towers can be achieved at a low incremental cost. We actively market space on our towers through our internal sales force. As of December 31, 2015, we had an average of 1.8 tenants per tower structure.

**Disciplined Growth of our Tower Portfolio.** We believe that our tower operations are highly scalable. Consequently, we believe that we are able to materially increase our tower portfolio without proportionately increasing selling, general, and administrative expenses. During 2016, we intend to continue to grow our tower portfolio, domestically

and internationally, through tower acquisitions and the construction of new tower structures. In connection with our international expansion, we have targeted select international markets that we believe have relatively stable political environments and a growing wireless communications industry. We intend to use our available cash from operating activities and available liquidity, including borrowings, to build and/or acquire new towers at prices that we believe will be accretive to our shareholders both in the short and long term and which allow us to maintain our long-term target leverage ratios.

Capitalizing on our Scale and Management Experience. We are a large owner, operator and developer of towers, with substantial capital, human, and operating resources. We have been developing towers for wireless service providers in the U.S. since 1989 and owned and operated towers for ourselves since 1997. We believe our size, experience, capabilities, and resources make us a preferred partner for wireless service providers both in the U.S. and internationally. Our management team has extensive experience in site leasing and site development, with some of the longest tenures in the tower and site development industries. We believe that our

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industry expertise and strong relationships with wireless service providers will allow us to expand our position as a leading provider of site leasing and site development services.

**Controlling our Underlying Land Positions.** We have purchased and/or entered into perpetual easements or long-term leases for the land that underlies our tower structures and intend to continue to do so, to the extent available at commercially reasonable prices. We believe that these purchases, perpetual easements, and/or long-term leases will increase our margins, improve our cash flow from operations, and minimize our exposure to increases in ground lease rents in the future. As of December 31, 2015, approximately 73% of our tower structures were located on land that we own or control for more than 20 years and the average remaining life under our ground leases, including renewal options under our control, was 33 years. As of December 31, 2015, approximately 5.8% of our tower structures have ground leases maturing in the next 10 years.

**Using our Local Presence to Build Strong Relationships with Major Wireless Service Providers.** Given the nature of towers as location-specific communications facilities, we believe that substantially all of what we do is done best locally. Consequently, we have a broad field organization that allows us to develop and capitalize on our experience, expertise and relationships in each of our local markets which in turn enhances our customer relationships. We are seeking to replicate this operating model internationally. Due to our presence in local markets, we believe we are well positioned to capture additional site leasing business and new tower build opportunities in our markets and identify and participate in site development projects across our markets.

#### Customers

Since commencing operations, we have performed site leasing and site development services for all of the large U.S. wireless service providers. In both our site leasing and site development businesses, we work with large national providers and smaller regional, local, or private operators.

We depend on a relatively small number of customers for our site leasing and site development revenues. The following customers represented at least 10% of our total revenues during the last three years:

Percentage of Total Revenues	For the year ended		
	December 31,		
	2015	2014	2013
AT&T Wireless (1)	24.2%	23.0%	20.5%
Sprint	19.6%	23.4%	25.0%
T-Mobile	16.0%	15.5%	17.3%
Verizon Wireless	13.8%	12.0%	11.3%

(1) Prior year amounts have been adjusted to reflect the merger of AT&T Wireless and Leap Wireless (Cricket Wireless).

During the past two years, we provided services or leased space to a number of customers, including:

AT&T Wireless	NII Holdings	Sprint
Cellular South	Ntelos	T-Mobile
Claro	Mastec	TIM
Digicel	Oi S.A.	Telefonica
Ericsson, Inc.	Overland Contracting	U.S. Cellular
Goodman Networks Sales and Marketing	SouthernLinc	Verizon Wireless

Our sales and marketing goals are to:

- use existing relationships and develop new relationships with wireless service providers to lease antenna space on and sell related services with respect to our owned or managed towers, enabling us to grow our site leasing business; and
- successfully bid and win those site development services contracts that will contribute to our operating margins and/or provide a financial or strategic benefit to our site leasing business.

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We approach sales on a company-wide basis, involving many of our employees. We have a dedicated sales force that is supplemented by members of our executive management team. Our dedicated salespeople are based regionally as well as in our corporate office. We also rely on our vice presidents, general managers, and other operations personnel to sell our services and cultivate customers. Our strategy is to delegate sales efforts by geographic region or to those employees of ours who have the best relationships with our customers. Most wireless service providers have national corporate headquarters with regional and local offices. We believe that wireless service providers make most decisions for site development and site leasing services at the regional and local levels with input from their corporate headquarters. Our sales representatives work with wireless service provider representatives at the regional and local levels and at the national level when appropriate. Our sales staff's compensation is heavily weighted to incentive-based goals and measurements.

## Competition

**Domestic Site Leasing** – In the U.S., our primary competitors for our site leasing activities are (1) the national independent tower companies including American Tower Corporation and Crown Castle International, (2) a large number of regional independent tower owners, (3) wireless service providers that own and operate their own towers and lease, or may in the future decide to lease, antenna space to other providers, and (4) alternative facilities such as rooftops, outdoor and indoor distributed antenna system (“DAS”) networks, billboards, and electric transmission towers. American Tower and Crown Castle have significantly more towers than we do, which could provide them a competitive advantage in negotiating with wireless service providers. Furthermore, these entities generally have greater financial resources than we do which may provide them with a competitive advantage in connection with the acquisition of material tower portfolios. However, we believe that tower location and capacity have been and will continue to be the most significant competitive factors affecting the site leasing business. Other competitive factors are quality of service to our tenants and price.

**International Site Leasing** – Our competition consists of wireless service providers that own and operate their own tower networks, as well as large national and regional independent tower companies.

**Site Development** – The site development business is extremely competitive and price sensitive. We believe that the majority of our competitors in the U.S. site development business operate within local market areas exclusively, while some firms offer their services nationally. The market includes participants from a variety of market segments offering individual, or combinations of, competing services. The field of competitors includes site development consultants, zoning consultants, real estate firms, right-of-way consulting firms, construction companies, tower owners/managers, radio frequency engineering consultants, telecommunications equipment vendors, which provide end-to-end site development services through multiple subcontractors, and wireless service providers' internal staff. We believe that providers base their decisions for site development services on a number of criteria, including company experience, price, track record, local reputation, geographic reach, and time for completion of a project.

## Employees

Our executive, corporate development, accounting, finance, human resources, legal and regulatory, information technology and site administration personnel, and our network operations center, are located in our headquarters in Boca Raton, Florida. Certain sales, new tower build support and tower maintenance personnel are also located in our Boca Raton office. Our remaining employees are based in our international, regional, and local offices.

As of December 31, 2015, we had 1,310 employees of which 230 were based outside of the U.S. and its territories. We consider our employee relations to be good.

## Regulatory and Environmental Matters

Federal Regulations. In the U.S., which accounted for 83.5% of our total site leasing revenue for the year ended December 31, 2015, both the FCC and the Federal Aviation Administration (the "FAA") regulate towers. Many FAA requirements are implemented in FCC regulations. These regulations, which were amended in 2014, govern the construction, lighting, and painting or other marking of towers, as well as the maintenance, inspection, and record keeping related to towers, and may, depending on the characteristics of particular towers, require prior approval and registration of towers before they may be constructed, altered or used. Wireless communications equipment and radio or television stations operating on towers are separately regulated and may require independent customer licensing depending upon the particular frequency or frequency band used. In addition, any applicant for an FCC tower structure registration (through the FCC's Antenna Structure Registration System) must certify that, consistent with the Anti-Drug Abuse Act of 1988, neither the applicant nor its principals are subject to a denial of Federal benefits because of a conviction for the possession or distribution of a controlled substance. New tower construction also requires approval from the state or local governing



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authority for the proposed site: compliance with the National Environmental Policy Act (“NEPA”); compliance with the National Historic Preservation Act (“NHPA”); compliance with the Endangered Species Act (“ESA”); and may require notification to the FAA.

Pursuant to the requirements of the Communications Act of 1934, as amended, the FCC, in conjunction with the FAA, has developed standards to consider proposals involving new or modified towers. These standards mandate that the FCC and the FAA consider the height of the proposed tower, the relationship of the tower to existing natural or man-made obstructions, and the proximity of the tower to runways and airports. Proposals to construct or to modify existing towers above certain heights must be reviewed by the FAA to ensure the structure will not present a hazard to air navigation. The FAA may condition its issuance of a no-hazard determination upon compliance with specified lighting and/or painting requirements. Towers that meet certain height and location criteria must also be registered with the FCC. A tower that requires FAA clearance will not be registered by the FCC until it is cleared by the FAA. Upon registration, the FCC may also require special lighting and/or painting. Owners of wireless communications towers may have an obligation to maintain painting and lighting or other marking in conformance with FAA and FCC regulations. Tower owners and licensees that operate on those towers also bear the responsibility of monitoring any lighting systems and notifying the FAA of any lighting outage or malfunction.

Owners and operators of towers may be subject to, and therefore must comply with, environmental laws, including NEPA, NHPA and ESA. Any licensed radio facility on a tower is subject to environmental review pursuant to the NEPA, among other statutes, which requires federal agencies to evaluate the environmental impact of their decisions under certain circumstances. The FCC has issued regulations implementing the NEPA. These regulations place responsibility on applicants to investigate potential environmental effects of their operations and to disclose any potential significant effects on the environment in an environmental assessment prior to constructing or modifying a tower and prior to commencing certain operations of wireless communications or radio or television stations from the tower. In the event the FCC determines the proposed structure or operation would have a significant environmental impact based on the standards the FCC has developed, the FCC would be required to prepare an environmental impact statement, which will be subject to public comment. This process could significantly delay the registration of a particular tower.

We generally indemnify our customers against any failure to comply with applicable regulatory standards relating to the construction, modification, or placement of towers. Failure to comply with the applicable requirements may lead to civil penalties.

The Telecommunications Act of 1996 amended the Communications Act of 1934 by preserving state and local zoning authorities’ jurisdiction over the construction, modification, and placement of towers. The law, however, limits local zoning authority by prohibiting any action that would discriminate among different providers of personal wireless services or ban altogether the construction, modification or placement of radio communication towers. Finally, the Telecommunications Act of 1996 requires the federal government to help licensees for wireless communications services gain access to preferred sites for their facilities. This may require that federal agencies and departments work directly with licensees to make federal property available for tower facilities.

As an owner and operator of real property, we are subject to certain environmental laws that impose strict, joint and several liability for the cleanup of on-site or off-site contamination and related personal injury or property damage. We are also subject to certain environmental laws that govern tower placement and may require pre-construction environmental studies. Operators of towers must also take into consideration certain radio frequency (“RF”) emissions regulations that impose a variety of procedural and operating requirements. Certain proposals to operate wireless communications and radio or television stations from tower structures are also reviewed by the FCC to ensure compliance with requirements relating to human exposure to RF emissions. Exposure to high levels of RF energy can produce negative health effects. The potential connection between low-level RF energy and certain negative health

effects, including some forms of cancer, has been the subject of substantial study by the scientific community in recent years. We believe that we are in substantial compliance with and we have no material liability under any applicable environmental laws. These costs of compliance with existing or future environmental laws and liability related thereto may have a material adverse effect on our prospects, financial condition or results of operations.

**State and Local Regulations.** Most states regulate certain aspects of real estate acquisition, leasing activities, and construction activities. Where required, we conduct the site acquisition portions of our site development services business through licensed real estate brokers' agents, who may be our employees or hired as independent contractors, and conduct the construction portions of our site development services through licensed contractors, who may be our employees or independent contractors. Local regulations include city and other local ordinances, zoning restrictions and restrictive covenants imposed by community developers. These regulations vary greatly from jurisdiction to jurisdiction, but typically require tower owners to obtain approval from local officials or community standards organizations, or certain other entities prior to tower construction and establish regulations regarding maintenance and removal of towers. In addition, many local zoning authorities require tower owners to post bonds or cash collateral to secure their removal obligations. Local zoning authorities generally have been unreceptive to construction of new towers in their communities because of the height and visibility of the towers, and have, in some instances, instituted moratoria.

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International. Regulatory regimes outside of the U.S. and its territories vary by country and locality; however, these regulations typically require tower owners and/or licensees to obtain approval from local officials or government agencies prior to tower construction or modification or the addition of a new antenna to an existing tower. Additionally, some regulations include ongoing obligations regarding painting, lighting, and maintenance. Our international operations may also be subject to limitations on foreign ownership of land in certain areas. Based on our experience to date, these regimes have been similar to, but not more rigorous, burdensome or comprehensive than, those in the U.S. Non-compliance with such regulations may lead to monetary penalties or deconstruction orders. Our international operations are also subject to various regulations and guidelines regarding employee relations and other occupational health and safety matters. As we expand our operations into additional international geographic areas, we will be subject to regulations in these jurisdictions.

## Backlog

Backlog related to our site leasing business consists of lease agreements and amendments, which have been signed, but have not yet commenced. As of December 31, 2015, we had 697 new leases and amendments which had been executed with customers but which had not begun generating revenue. These leases and amendments will contractually provide for approximately \$6.6 million of annual revenue. By comparison, as of December 31, 2014, we had 264 new leases and amendments which had been executed with customers but which had not begun generating revenue. These leases and amendments contractually provided for approximately \$3.8 million of annual revenue.

Our backlog for site development services consists of the value of work that has not yet been completed under executed contracts. As of December 31, 2015, we had approximately \$30.7 million of contractually committed revenue as compared to approximately \$66.2 million as of December 31, 2014.

## Availability of Reports and Other Information

SBA Communications Corporation was incorporated in the State of Florida in March 1997. Our corporate website is [www.sbsite.com](http://www.sbsite.com). We make available, free of charge, access to our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statement on Schedule 14A and amendments to those materials filed or furnished pursuant to Section 13(a) or 15(d) of the Securities and Exchange Act of 1934, as amended, on our website under “Investor Relations – Reports and Results – SEC Filings,” as soon as reasonably practicable after we file electronically such material with, or furnish it to, the United States Securities and Exchange Commission (the “Commission”).

## ITEM 1A. RISK FACTORS

### Risks Related to Our Business

If our wireless service provider customers combine their operations to a significant degree, our future operating results and our ability to service our indebtedness could be adversely affected.

Significant consolidation among our wireless service provider customers may result in our customers failing to renew existing leases for tower space or reducing future capital expenditures in the aggregate because their existing networks and expansion plans may overlap or be very similar, or acquired technologies may be discontinued. In connection with the combinations of Verizon Wireless and ALLTEL (to form Verizon Wireless), Cingular and AT&T Wireless (to form AT&T Mobility) and Sprint PCS and Nextel (to form Sprint), the combined companies have rationalized and may continue to rationalize duplicative parts of their networks, and, in the case of Sprint, the Nextel iDen network was discontinued, which has led and may continue to lead to the non-renewal of certain leases on our towers. During 2013, Sprint acquired Clearwire Communications and T-Mobile acquired MetroPCS, and in 2014, AT&T acquired Leap

Wireless (Cricket Wireless). This consolidation may also lead to additional non-renewal of certain of our tower leases. If our wireless service provider customers continue to consolidate as a result of, among other factors, limited wireless spectrum for commercial use in the U.S., this consolidation could significantly impact the number of tower leases that are not renewed or the number of new leases that our wireless service provider customers require to expand their networks, which could materially and adversely affect our future operating results.

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We have a substantial level of indebtedness which may have an adverse effect on our business or limit our ability to take advantage of business, strategic or financing opportunities.

As indicated below, we have and will continue to have a significant amount of indebtedness relative to our deficit. The following table sets forth our total principal amount of debt and shareholders' deficit as of December 31, 2015 and 2014.

	As of December 31,	
	2015	2014
	(in thousands)	
Total principal amount of indebtedness	\$ 8,555,000	\$ 7,870,000
Shareholders' deficit	\$ (1,706,144)	\$ (660,800)

Our substantial level of indebtedness increases the possibility that we may be unable to generate cash sufficient to pay the principal, interest, or other amounts due on our indebtedness. Subject to certain restrictions under our existing indebtedness, we and our subsidiaries may also incur significant additional indebtedness in the future, some of which may be secured debt. This may have the effect of increasing our total leverage. For example, on June 10, 2015, SBA Senior Finance II secured a new \$500.0 million senior secured Term Loan, and on October 14, 2015, we, through a New York common law trust, issued \$500.0 million aggregate principal amount of Secured Tower Revenue Securities.

As a consequence of our indebtedness, (1) demands on our cash resources may increase, (2) we are subject to restrictive covenants that further limit our financial and operating flexibility and (3) we may choose to institute self-imposed limits on our indebtedness based on certain considerations including market interest rates, our relative leverage and our strategic plans. For example, as a result of our substantial level of indebtedness and the uncertainties arising in the credit markets and the U.S. economy:

- we may be more vulnerable to general adverse economic and industry conditions;
- we may have to pay higher interest rates upon refinancing or on our variable rate indebtedness if interest rates rise, thereby reducing our cash flows;
- we may find it more difficult to obtain additional financing to fund future working capital, capital expenditures and other general corporate requirements that would be in our best long-term interests;
- we may be required to dedicate a substantial portion of our cash flow from operations to the payment of principal and interest on our debt, reducing the available cash flow to fund other investments, including tower acquisition and new build capital expenditures;
- we may have limited flexibility in planning for, or reacting to, changes in our business or in the industry;
- we may have a competitive disadvantage relative to other companies in our industry that are less leveraged; and
- we may be required to sell debt or equity securities or sell some of our core assets, possibly on unfavorable terms, in order to meet payment obligations.

These restrictions could have a material adverse effect on our business by limiting our ability to take advantage of financing, new tower development, mergers and acquisitions or other opportunities.

In addition, fluctuations in market interest rates may increase interest expense relating to our floating rate indebtedness, which we expect to incur under our Revolving Credit Facility and Term Loans, and may make it difficult to refinance our existing indebtedness at a commercially reasonable rate or at all. There is no guarantee that the future refinancing of our indebtedness will have fixed interest rates or that interest rates on such indebtedness will be equal to or lower than the rates on our current indebtedness.

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We depend on a relatively small number of customers for most of our revenue, and the loss, consolidation or financial instability of any of our significant customers may materially decrease our revenues.

We derive a significant portion of our revenue from a small number of customers. Consequently, a reduction in demand for site leasing, reduced future capital expenditures on the networks, or the loss, as a result of bankruptcy, merger with other customers of ours or otherwise, of any of our largest customers could materially decrease our revenue and have an adverse effect on our growth.

The following is a list of significant customers (representing at least 10% of revenue in any of the last three years) and the percentage of our total revenues for the specified time periods derived from these customers:

Percentage of Total Revenues	For the year ended December 31,		
	2015	2014	2013
AT&T Wireless (1)	24.2%	23.0%	20.5%
Sprint	19.6%	23.4%	25.0%
T-Mobile	16.0%	15.5%	17.3%
Verizon Wireless	13.8%	12.0%	11.3%

We also have client concentrations with respect to revenues in each of our financial reporting segments:

Percentage of Domestic Site Leasing Revenue	For the year ended December 31,		
	2015	2014	2013
AT&T Wireless (1)	31.9%	30.1%	25.5%
Sprint	22.3%	25.6%	30.9%
T-Mobile	19.0%	19.2%	20.2%
Verizon Wireless	16.3%	14.4%	13.3%

Percentage of International Site Leasing Revenue	For the year ended December 31,		
	2015	2014	2013
Oi S.A.	48.8%	44.3%	6.3%

Telefonica	24.7%	28.8%	44.2%
Digicel	4.6%	4.9%	11.2%

Percentage of Site Development Revenue	For the year ended		
	December 31,		
	2015	2014	2013
Sprint	28.5%	36.7%	1.5%
T-Mobile	17.6%	8.5%	8.4%
Ericsson, Inc.	15.3%	16.8%	34.5%
Verizon Wireless	14.8%	10.1%	4.8%

(1) Prior year amounts have been adjusted to reflect the merger of AT&T Wireless and Leap Wireless (Cricket Wireless).

We derive revenue through numerous site leasing contracts and site development contracts. Each site leasing contract relates to the lease of space at an individual tower and is generally for an initial term of five to ten years in the U.S. and Canada, and renewable for five 5-year periods at the option of the tenant. Site leasing contracts in our Central American and South American markets typically have an initial term of ten years with multiple five year renewal periods. However, if any of our significant site leasing customers were to experience financial difficulty, substantially reduce their capital expenditures or reduce their dependence on leased tower space and fail to renew their leases with us, our revenues, future revenue growth and results of operations would be adversely affected.

Our site development customers engage us on a project-by-project basis, and a customer can generally terminate an assignment at any time without penalty. In addition, a customer's need for site development services can decrease, and we may not be successful in establishing relationships with new customers. Furthermore, our existing customers may not continue to engage us for additional projects.



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Currency fluctuations may negatively affect our results of operations.

We have business operations in Canada, Central America, and South America. Our operations in Central America and Ecuador are primarily denominated in United States Dollars, while our operations in Canada and Brazil are denominated in local currencies. Our foreign currency denominated revenues and expenses are translated into United States dollars at applicable exchange rates for inclusion in our consolidated financial statements.

For the year ended December 31, 2015, approximately 15% of our total cash site leasing revenue was generated by our International operations, of which 11.2% was generated in non-US dollar currencies, including 10.5% which was generated in Brazilian Reais. The exchange rates between our foreign currencies and the United States Dollar have fluctuated significantly recently and may continue to do so in the future. For example, the Brazilian Real has historically been subject to substantial volatility and devalued 49.2% when comparing the spot rate on January 1, 2015 and December 31, 2015. This trend has adversely affected, and may in the future continue to adversely affect, our reported results of operations.

Changes in exchange rates between these local currencies and the United States Dollar will affect the recorded levels of site leasing revenue, segment operating profit, assets and/or liabilities. Volatility in foreign currency exchange rates can also affect our ability to plan, forecast and budget for our international operations and expansion efforts.

Furthermore, we have an intercompany loan agreement which permits one of our Brazilian entities to borrow amounts up to \$750.0 million. As of December 31, 2015, the outstanding balance under this agreement was \$455.8 million. In accordance with ASC 830, we remeasure foreign denominated intercompany loans with the corresponding change in the balance being recorded in Other income (expense), net in our Consolidated Statements of Operations.

Consequently, if the U.S. Dollar continues to strengthen against the Brazilian Real, our results of operations would be adversely affected. For the years ended December 31, 2015 and 2014, we recorded \$178.9 million and \$23.0 million, respectively, of foreign exchange losses on the remeasurement of intercompany loans.

If we are unable to protect our rights to the land under our towers, it could adversely affect our business and operating results.

Our real property interests relating to our tower structures consist primarily of leasehold and sub-leasehold interests, fee interests, easements, licenses, rights-of-way, and other similar interests. From time to time, we experience disputes with landowners regarding the terms of the agreements for the land under our tower structures, which can affect our ability to access and operate such towers. Further, landowners may not want to renew their agreements with us, they may lose their rights to the land, or they may transfer their land interests to third parties, including ground lease aggregators and our competitors, which could affect our ability to renew agreements on commercially viable terms or at all. In addition, the land underlying the 2,113 towers we acquired in 2013 from Oi S.A., one of Brazil's largest telecommunications providers, is subject to a concession from the Federal Republic of Brazil that expires in 2025. At the end of the term, the Brazilian government will have the right to (i) renew the concession upon newly negotiated terms or (ii) terminate the concession and take possession of the land and the tower on such land. Although Oi S.A. has entered into a non-terminable lease with us for 35 years, if the concession is not renewed, our site leasing revenue from co-located tenants would terminate prior to the end of such lease. For the year ended December 31, 2015, we generated 13.0% of our total international site leasing revenue from these 2,113 towers of which 10.2% related to Oi S.A. and 2.8% represented revenue from co-located tenants.

As of December 31, 2015, the average remaining life under our ground leases, including renewal options under our control, was approximately 33 years, and approximately 5.8% of our tower structures have ground leases maturing in the next 10 years. Failure to protect our rights to the land under our towers may have a material adverse effect on our business, results of operations or financial condition.

New technologies or network architecture may reduce demand for our wireless infrastructure or negatively impact our revenues.

Improvements or changes in the efficiency, architecture, and design of wireless networks may reduce the demand for our wireless infrastructure. For example, new technologies that may promote network sharing, joint development, or resale agreements by our customers, such as signal combining technologies or network functions virtualization, may reduce the need for our wireless infrastructure. In addition, other technologies and architectures, such as WiFi, DAS, femtocells, other small cells, or satellite (such as low earth orbiting) and mesh transmission systems may, in the future, serve as substitutes for, or alternatives to, the traditional macro site cellular architecture that is the basis of substantially all of our site leasing business. In addition, new technologies that enhance the range, efficiency, and capacity of wireless equipment could reduce demand for our wireless infrastructure. Any significant reduction in demand for our wireless infrastructure resulting from new technologies or new architectures may negatively impact our revenues or otherwise have a material adverse effect on us.

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Increasing competition may negatively impact our ability to grow our communication site portfolio long term.

We intend to continue growing our tower portfolio, domestically and internationally, through acquisitions and new builds. Our ability to meet our growth targets significantly depends on our ability to build or acquire existing towers that meet our investment requirements. Traditionally, our acquisition strategy has focused on acquiring towers from smaller tower companies, independent tower developers and wireless service providers. However, as a result of consolidation in the tower industry there are fewer of these mid-sized tower transactions available and there is more competition to acquire existing towers. Increased competition for acquisitions may result in fewer acquisition opportunities for us, higher acquisition prices, and increased difficulty in negotiating and consummating agreements to acquire such towers. For example, in 2015, we passed on more U.S. acquisitions than we did in 2014 due to asset quality, price, or lease terms. Furthermore, to the extent that the tower acquisition opportunities are for significant tower portfolios, many of our competitors are significantly larger and have greater financial resources than we do. Finally, competition regulations, domestically and internationally, may limit our ability to acquire certain portfolios or apply to us differently than they apply to our competitors. As a result of these risks, the cost of acquiring these towers may be higher than we expect or we may not be able to meet our annual and long-term tower portfolio growth targets. If we are not able to successfully address these challenges, we may not be able to materially increase our tower portfolio in the long-term.

We currently intend to build 590 to 610 new towers, domestically and internationally, during 2016. However, our ability to build these new towers is dependent upon the availability of sufficient capital to fund construction, our ability to locate, and acquire at commercially reasonable prices, attractive locations for such towers and our ability to obtain the necessary zoning and permits. Local regulations, including municipal or local ordinances, zoning restrictions and restrictive covenants imposed by community developers, vary greatly, but typically require antenna tower and structure owners to obtain approval from local officials or community standards organizations prior to tower or structure construction or modification. With respect to our international new builds, our tower construction may be delayed or halted as a result of local zoning restrictions, inconsistencies between laws or other barriers to construction in international markets. Due to these risks, it may take longer to complete our new tower builds, domestically and internationally, than anticipated, the costs of constructing these towers may be higher than we expect or we may not be able to add as many towers as we had planned in 2016. If we are not able to increase our tower portfolio as anticipated, it could negatively impact our ability to achieve our financial goals.

Our international operations are subject to economic, political and other risks that could materially and adversely affect our revenues or financial position.

Our current business operations in Canada, Central America, and South America, and our expansion into any other international markets in the future, could result in adverse financial consequences and operational problems not typically experienced in the United States. The consolidated revenues generated by our international operations were 14.9% during the year ended December 31, 2015, and we anticipate that our revenues from our international operations will continue to grow in the future. Accordingly, our business is and will in the future be subject to risks associated with doing business internationally, including:

- changes in a specific country's or region's political or economic conditions;
- laws and regulations that tax or otherwise restrict repatriation of earnings or other funds or otherwise limit distributions of capital;
- laws and regulations that dictate how we operate our towers and conduct business, including zoning, maintenance and environmental matters, and laws related to ownership of real property;

- laws and regulations governing our employee relations, including occupational health and safety matters;
- changes to existing or new domestic or international tax laws or fees directed specifically at the ownership and operation of towers, which may be applied and enforced retroactively;
- expropriation and governmental regulation restricting foreign ownership;
- laws effecting telecommunications infrastructure including the sharing of such infrastructure;
- restriction or revocation of spectrum licenses;

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- our ability to comply with, and the costs of compliance with, anti-bribery laws such as the Foreign Corrupt Practices Act and similar local anti-bribery laws;
- our ability to compete with owners and operators of wireless towers that have been in the international market for a longer period of time than we have;
- uncertainties regarding legal or judicial systems, including inconsistencies between and within laws, regulations and decrees, and judicial application thereof, and delays in the judicial process;
- health or similar issues, such as a pandemic or epidemic;
- difficulty in recruiting and retaining trained personnel; and
- language and cultural differences.

A slowdown in demand for wireless communications services or for tower space could materially and adversely affect our future growth and revenues, and we cannot control that demand.

Additional revenue growth on our towers other than through contractual escalators comes directly from additional investment by our wireless service provider customers in their networks. If wireless service subscribers significantly reduce their minutes of use or data usage, or fail to widely adopt and use wireless data applications, our wireless service provider customers would experience a decrease in demand for their services. Regardless of consumer demand, each wireless service customer must have substantial capital resources and capabilities to build out their wireless networks, including licenses for spectrum. In addition, our wireless service customers have engaged in increased use of network sharing, roaming or resale arrangements. As a result of all of the above, wireless carriers may scale back their business plans or otherwise reduce their spending, which could materially and adversely affect demand for our tower space and our wireless communications services business, which could have a material adverse effect on our business, results of operations and financial condition.

We may not be able to fully recognize the anticipated benefits of towers that we acquire.

A key element of our growth strategy is to increase our tower portfolio through acquisitions. We rely on our due diligence of the towers and the representations and financial records of the sellers and other third parties to establish the anticipated revenues and expenses and whether the acquired towers will meet our internal guidelines for current and future potential returns. In addition, we may not always have the ability to analyze and verify all information regarding title, access and other issues regarding the land underlying acquired towers. This is particularly true in our international acquisitions of towers from wireless service providers. To the extent that these towers were acquired in individually material transactions, we may be required to place enhanced reliance on the financial and operational representations and warranties of the sellers. If (i) these records are not complete or accurate, (ii) we do not have complete access to, or use of, the land underlying the acquired towers or (iii) the towers do not achieve the financial results anticipated, it could adversely affect our revenues and results of operations.

In addition, acquisitions which would be material in the aggregate may exacerbate the risks inherent with our growth strategy, such as (i) an adverse impact on our overall profitability if the acquired towers do not achieve the financial results projected in our valuation models, (ii) unanticipated costs associated with the acquisitions that may impact our results of operations for a period, (iii) increased demands on our cash resources that may, among other things, impact our ability to explore other opportunities, (iv) undisclosed and assumed liabilities that we may be unable to recover, (v) increased vulnerability to general economic conditions, (vi) an adverse impact on our existing customer relationships, (vii) additional expenses and exposure to new regulatory, political and economic risks if such

acquisitions were in new jurisdictions and (viii) diversion of managerial attention.

We may not successfully integrate acquired towers into our operations.

As part of our growth strategy, we have made and expect to continue to make acquisitions. The process of integrating any acquired towers into our operations may result in unforeseen operating difficulties and large expenditures and may absorb significant management attention that would otherwise be available for the ongoing development of our business. It may also result in the loss of key customers and/or personnel and expose us to unanticipated liabilities. These risks may be exacerbated in those circumstances in which we acquire a material number of towers. Further, we may not be able to retain the key employees that may be necessary to operate the business we acquire, and we may not be able to timely attract new skilled employees and management to replace them.

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There can be no assurance that we will be successful in integrating acquisitions into our existing business. This is particularly true in our international acquisitions of towers from wireless service providers.

Delays or changes in the deployment or adoption of new technologies or slowing consumer adoption rates may have a material adverse effect on our growth rate.

There can be no assurances that 3G, 4G, including long-term evolution (“LTE”), advanced wireless service in the 1695-1710 MHz, 1755-1780 MHz, and 2155-2180 MHz bands (the “AWS-3” bands), or other new wireless technologies such as 5G will be deployed or adopted as rapidly as projected or that these new technologies will be implemented in the manner anticipated. The deployment of 3G experienced delays from the original projected timelines of the wireless and broadcast industries, and continued deployment of 4G could experience delays. Additionally, the demand by consumers and the adoption rate of consumers for these new technologies once deployed may be lower or slower than anticipated, particularly in certain of our international markets. These factors could have a material adverse effect on our growth rate since growth opportunities and demand for our tower space as a result of such new technologies may not be realized at the times or to the extent anticipated.

Increasing competition in the tower industry may create pricing pressures that may materially and adversely affect us.

Our industry is highly competitive, and our customers sometimes have alternatives for leasing antenna space. Some of our competitors, such as (1) U.S. and international wireless carriers that allow co-location on their towers and (2) large independent tower companies, have been, and based on recent consolidations continue to be, substantially larger and have greater financial resources than we do. This could provide them with advantages with respect to establishing favorable leasing terms with wireless service providers or in their ability to acquire available towers.

In the site leasing business, we compete with:

- wireless service providers that own and operate their own towers and lease, or may in the future decide to lease, antenna space to other providers;
- national and regional tower companies; and
- alternative facilities such as rooftops, outdoor and indoor DAS networks, billboards and electric transmission towers.

We believe that tower location and capacity, quality of service, density within a geographic market and, to a lesser extent, price historically have been and will continue to be the most significant competitive factors affecting the site leasing business. However, competitive pricing pressures for tenants on towers from these competitors could materially and adversely affect our lease rates. In addition, we may not be able to renew existing customer leases or enter into new customer leases, resulting in a material adverse impact on our results of operations and growth rate. Increasing competition could also make the acquisition of high quality tower assets more costly, or limit the acquisition opportunities altogether. Any of these factors could materially and adversely affect our business, results of operations or financial condition.

The site development segment of our industry is also extremely competitive. There are numerous large and small companies that offer one or more of the services offered by our site development business. As a result of this competition, margins in this segment may come under pressure. Many of our competitors have lower overhead expenses and therefore may be able to provide services at prices that we consider unprofitable. If margins in this segment were to decrease, our consolidated revenues and our site development segment operating profit could be adversely affected.

The documents governing our indebtedness contain restrictive covenants that could adversely affect our business by limiting our flexibility.

The indentures governing the 5.75% Notes, the 5.625% Notes and the 4.875% Notes, the Senior Credit Agreement, and the Secured Tower Revenue Securities contain restrictive covenants imposing significant operational and financial restrictions on us, including restrictions that may limit our ability to engage in acts that may be in our long-term best interests. Among other things, the covenants under each indenture limit our ability to:

- merge, consolidate or sell assets;
- make restricted payments, including pay dividends or make other distributions;



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- enter into transactions with affiliates;
- enter into sale and leaseback transactions; and
- issue guarantees of indebtedness.

We are required to maintain certain financial ratios under the Senior Credit Agreement. The Senior Credit Agreement, as amended, requires SBA Senior Finance II to maintain specific financial ratios, including (1) a ratio of Consolidated Total Debt to Annualized Borrower EBITDA not to exceed 6.5 times for any fiscal quarter, (2) a ratio of Consolidated Total Debt and Net Hedge Exposure (calculated in accordance with the Senior Credit Agreement) to Annualized Borrower EBITDA for the most recently ended fiscal quarter not to exceed 6.5 times for 30 consecutive days and (3) a ratio of Annualized Borrower EBITDA to Annualized Cash Interest Expense (calculated in accordance with the Senior Credit Agreement) of not less than 2.0 times for any fiscal quarter.

Additionally, the mortgage loan relating to our Tower Securities contains financial covenants that require that the mortgage loan borrowers maintain, on a consolidated basis, a minimum debt service coverage ratio. To the extent that the debt service coverage ratio, as of the end of any calendar quarter, falls to 1.30 times or lower, then all cash flow in excess of amounts required to make debt service payments, to fund required reserves, to pay management fees and budgeted operating expenses and to make other payments required under the loan documents, referred to as “excess cash flow,” will be deposited into a reserve account instead of being released to the Borrowers. The funds in the reserve account will not be released to the Borrowers unless the debt service coverage ratio exceeds 1.30 times for two consecutive calendar quarters. If the debt service coverage ratio falls below 1.15 times as of the end of any calendar quarter, then an “amortization period” will commence and all funds on deposit in the reserve account will be applied to prepay the mortgage loan until such time that the debt service coverage ratio exceeds 1.15 times for a calendar quarter.

These covenants could place us at a disadvantage compared to some of our competitors which may have fewer restrictive covenants and may not be required to operate under these restrictions. Further, these covenants could have an adverse effect on our business by limiting our ability to take advantage of financing, new tower development, merger and acquisitions or other opportunities. If we fail to comply with these covenants, it could result in an event of default under our debt instruments. If any default occurs, all amounts outstanding under our outstanding notes and the Senior Credit Agreement may become immediately due and payable.

Our variable rate indebtedness and refinancing obligations subject us to interest rate risk, which could cause our debt service obligations to increase significantly.

Fluctuations in market interest rates may increase interest expense relating to our floating rate indebtedness, which we expect to incur under the Revolving Credit Facility and Term Loans or upon refinancing our fixed rate debt. As a result, we are exposed to interest rate risk. If interest rates were to increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. There is no guarantee that any future refinancing of our indebtedness will have fixed interest rates or that interest rates on such indebtedness will be equal to or lower than the rates on our current indebtedness. In the future, we may enter into interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility. However, we may not maintain interest rate swaps with respect to all of our variable rate indebtedness, and any swaps we enter into may not fully mitigate our interest rate risk. We currently have no interest rate swaps.

Our dependence on our subsidiaries for cash flow may negatively affect our business.

We are a holding company with no business operations of our own. Our only significant assets are, and are expected to be, the outstanding capital stock and membership interests of our subsidiaries. We conduct, and expect to continue conducting, all of our business operations through our subsidiaries. Accordingly, our ability to pay our obligations is dependent upon dividends and other distributions from our subsidiaries to us. Most of our indebtedness is owed directly by our subsidiaries, including the mortgage loan underlying the Tower Securities, the 5.75% Notes, the Term Loans and any amounts that we may borrow under the Revolving Credit Facility. Consequently, the first use of any cash flow from operations generated by such subsidiaries will be payments of interest and principal, if any, under their respective indebtedness. Other than the cash required to repay amounts due under our 5.625% Notes and 4.875% Notes, we currently expect that substantially all the earnings and cash flow of our subsidiaries will be retained and used by them in their operations, including servicing their respective debt obligations. The ability of our operating subsidiaries to pay dividends or transfer assets to us is restricted by applicable state law and contractual restrictions, including the terms of their outstanding debt instruments.

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Our quarterly operating results for our site development services fluctuate and therefore we may not be able to adjust our cost structure on a timely basis with regard to such fluctuations.

The demand for our site development services fluctuates from quarter to quarter and should not be considered indicative of long-term results. Numerous factors cause these fluctuations, including:

- the timing and amount of our customers’ capital expenditures;
- the size and scope of our projects;
- the business practices of customers, such as deferring commitments on new projects until after the end of the calendar year or the customers’ fiscal year;
- delays relating to a project or tenant installation of equipment;
- seasonal factors, such as weather, holidays and vacation days and total business days in a quarter;
- the use of third party providers by our customers;
- the rate and volume of wireless service providers’ network development; and
- general economic conditions.

Although the demand for our site development services fluctuates, we incur significant fixed costs, such as maintaining a staff and office space, in anticipation of future contracts. In addition, the timing of revenues is difficult to forecast because our sales cycle may be relatively long. Therefore, we may not be able to adjust our cost structure on a timely basis to respond to the fluctuations in demand for our site development services.

We have not been profitable and may incur losses in the future.

Historically, we have not been profitable. The following chart shows the net losses we incurred for the periods indicated:

	For the year ended December 31,		
	2015	2014	2013
	(in thousands)		
Net loss	\$ (175,656)	\$ (24,295)	\$ (55,909)

Our losses are principally due to depreciation, amortization and accretion expenses, interest expense (including non-cash interest expense and amortization of deferred financing fees), losses from the extinguishment of debt in the periods presented above, and in 2015, remeasurement losses related to a foreign currency denominated intercompany loan.

The loss of the services of certain of our key personnel or a significant number of our employees may negatively affect our business.

Our success depends to a significant extent upon performance and active participation of our key personnel. We cannot guarantee that we will be successful in retaining the services of these key personnel. We have employment agreements with Jeffrey A. Stoops, our President and Chief Executive Officer, Kurt L. Bagwell, our Executive Vice President and President—International, Thomas P. Hunt, our Executive Vice President, Chief Administrative Officer and General Counsel, and Brendan T. Cavanagh, our Executive Vice President and Chief Financial Officer. We do not have employment agreements with any of our other key personnel. If we were to lose any key personnel, we may not be able to find an appropriate replacement on a timely basis and our results of operations could be negatively affected. Further, the loss of a significant number of employees or our inability to hire a sufficient number of qualified employees could have a material adverse effect on our business.

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Our business is subject to government regulations and changes in current or future regulations could harm our business.

We are subject to federal, state and local regulation of our business, both in the U.S. and internationally. In the U.S., both the FAA and the FCC regulate the construction, modification, and maintenance of towers and structures that support antennas used for wireless communications and radio and television broadcasts. In addition, the FCC separately licenses and regulates wireless communications equipment and television and radio stations operating from such towers. FAA and FCC regulations govern construction, lighting, painting, and marking of towers and may, depending on the characteristics of the tower, require registration of the tower. Certain proposals to construct new towers or to modify existing towers are reviewed by the FAA to ensure that the tower will not present a hazard to air navigation.

Tower owners may have an obligation to mark or paint such towers or install lighting to conform to FAA and FCC regulations and to maintain such marking, painting and lighting. Tower owners may also bear the responsibility of notifying the FAA of any lighting outages. Certain proposals to operate wireless communications and radio or television stations from towers are also reviewed by the FCC to ensure compliance with environmental impact requirements established in federal statutes, including NEPA, NHPA and ESA. Failure to comply with existing or future applicable requirements may lead to civil penalties or other liabilities and may subject us to significant indemnification liability to our customers against any such failure to comply. In addition, new regulations may impose additional costly burdens on us, which may affect our revenues and cause delays in our growth.

Local regulations, including municipal or local ordinances, zoning restrictions and restrictive covenants imposed by community developers, vary greatly, but typically require tower owners to obtain approval from local officials or community standards organizations prior to tower construction or modification. Local regulations can delay, prevent, or increase the cost of new construction, co-locations, or site upgrades, thereby limiting our ability to respond to customer demand. In addition, new regulations may be adopted that increase delays or result in additional costs to us. Furthermore, with respect to our international new builds, our tower construction may be delayed or halted as a result of local zoning restrictions, inconsistencies between laws or other barriers to construction in international markets. These factors could have a material adverse effect on our future growth and operations.

Security breaches and other disruptions could compromise our information, which would cause our business and reputation to suffer.

A part of our day-to-day operations, we rely on information technology and other computer resources and infrastructure to carry out important business activities and to maintain our business records. Our computer systems could fail on their own accord and are subject to interruption or damage from power outages, computer and telecommunications failures, computer viruses, security breaches (including through cyber-attack and data theft), errors, catastrophic events such as natural disasters and other events beyond our control. If our computer systems and our backup systems are compromised, degraded, damaged, or breached, or otherwise cease to function properly, we could suffer interruptions in our operations or unintentionally allow misappropriation of proprietary or confidential information (including information about our tenants or landlords). This could damage our reputation and disrupt our operations and the services we provide to customers, which could adversely affect our business and operating results.

Our towers are subject to damage from natural disasters.

Our towers are subject to risks associated with natural disasters such as tornadoes, hurricanes and earthquakes. We maintain insurance to cover the estimated cost of replacing damaged towers, but these insurance policies are subject to loss limits and deductibles. We also maintain third party liability insurance, subject to loss limits and deductibles, to protect us in the event of an accident involving a tower. A tower accident for which we are uninsured or underinsured,

or damage to a significant number of our towers, could require us to incur significant expenditures and may have a material adverse effect on our operations or financial condition.

To the extent that we are not able to meet our contractual obligations to our customers, due to a natural disaster or other catastrophic circumstances, our customers may not be obligated or willing to pay their lease expenses; however, we would be required to continue paying our fixed expenses related to the affected tower, including ground lease expenses. If we are unable to meet our contractual obligations to our customers for a material portion of our towers, our operations could be materially and adversely affected.

We could have liability under environmental laws that could have a material adverse effect on our business, financial condition and results of operations.

Our operations, like those of other companies engaged in similar businesses, are subject to the requirements of various federal, state, local and foreign environmental and occupational safety and health laws and regulations, including those relating to the

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management, use, storage, disposal, emission and remediation of, and exposure to, hazardous and non-hazardous substances, materials, and wastes. As owner, lessee, or operator of numerous tower structures, we may be liable for substantial costs of remediating soil and groundwater contaminated by hazardous materials without regard to whether we, as the owner, lessee, or operator, knew of or were responsible for the contamination. We may be subject to potentially significant fines or penalties if we fail to comply with any of these requirements. The current cost of complying with these laws is not material to our financial condition or results of operations. However, the requirements of these laws and regulations are complex, change frequently, and could become more stringent in the future. It is possible that these requirements will change or that liabilities will arise in the future in a manner that could have a material adverse effect on our business, financial condition and results of operations.

We could suffer adverse tax and other financial consequences if taxing authorities do not agree with our tax positions, or we are unable to utilize our net operating losses.

We are periodically subject to a number of tax examinations by taxing authorities in the states and countries where we do business. We also have significant deferred tax assets related to our net operating losses (“NOLs”) in U.S. federal and state taxing jurisdictions. Generally, for U.S. federal and state tax purposes, NOLs can be carried forward and used for up to twenty years, and all of our tax years will remain subject to examination until three years after our NOLs are used or expire. We expect that we will continue to be subject to tax examinations in the future. In addition, U.S. federal, state and local, as well as international, tax laws and regulations are extremely complex and subject to varying interpretations. We recognize tax benefits of uncertain tax positions when we believe the positions are more likely than not of being sustained upon a challenge by the relevant tax authority. We believe our judgments in this area are reasonable and correct, but there is no guarantee that we will be successful if challenged by a tax authority. If there are tax benefits, including from our use of NOLs or other tax attributes, that are challenged successfully by a taxing authority, we may be required to pay additional taxes or we may seek to enter into settlements with the taxing authorities, which could require significant payments or otherwise have a material adverse effect on our business, results of operations and financial condition.

In addition, we may be limited in our ability to utilize our NOLs to offset future taxable income and thereby reduce our otherwise payable income taxes. We have substantial federal and state NOLs, including significant portions obtained through acquisitions and dispositions, as well as those generated through our historic business operations. In addition, we have disposed of some entities and restructured other entities in conjunction with financing transactions and other business activities.

To the extent we believe that a position with respect to an NOL is not more likely than not to be sustained, we do not record the related deferred tax asset. In addition, for NOLs that meet the recognition threshold, we assess the recoverability of the NOL and establish a valuation allowance against the deferred tax asset related to the NOL if recoverability is questionable. Given the uncertainty surrounding the recoverability of certain of our NOLs, we have established a valuation allowance to offset the related deferred tax asset.

Our ability to utilize our NOLs is also dependent, in part, upon us having sufficient future earnings to utilize our NOLs before they expire. If market conditions change materially and we determine that we will be unable to generate sufficient taxable income in the future to utilize our NOLs, we could be required to record an additional valuation allowance. We review our uncertain tax position and the valuation allowance for our NOLs periodically and make adjustments from time to time, which can result in an increase or decrease to the net deferred tax asset related to our NOLs.

Our issuance of equity securities and other associated transactions may trigger a future ownership change which may negatively impact our ability to utilize NOLs in the future.

The issuance of equity securities and other associated transactions may increase the chance that we will have a future ownership change under Section 382 of the Internal Revenue Code of 1986. We may also have a future ownership change, outside of our control, caused by future equity transactions by our current shareholders. Depending on our market value at the time of such future ownership change, an ownership change under Section 382 could negatively impact our ability to utilize our NOLs in the event we generate future taxable income. Currently, we have recorded a full valuation allowance against our NOLs because we have concluded that our loss history indicates that it is not “more likely than not” that such deferred tax assets will be realized.

Future sales of our Class A common stock in the public market or the issuance of other equity may cause dilution or adversely affect the market price of our Class A common stock and our ability to raise funds in new equity or equity-related offerings.

Sales of a substantial number of shares of our Class A common stock or other equity-related securities in the public market, including sales by any selling shareholder, could depress the market price of our Class A common stock and impair our ability to raise capital through the sale of additional equity securities.



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Our costs could increase and our revenues could decrease due to perceived health risks from RF energy.

The U.S. government imposes requirements and other guidelines relating to exposure to RF energy. Exposure to high levels of RF energy can cause negative health effects. The potential connection between exposure to low levels of RF energy and certain negative health effects, including some forms of cancer, has been the subject of substantial study by the scientific community in recent years. According to the FCC, the results of these studies to date have been inconclusive. However, public perception of possible health risks associated with cellular and other wireless communications media could slow the growth of wireless companies, which could in turn slow our growth. In particular, negative public perception of, and regulations regarding, health risks could cause a decrease in the demand for wireless communications services. Moreover, if a connection between exposure to low levels of RF energy and possible negative health effects, including cancer, were demonstrated, we could be subject to numerous claims. Our current policies provide no coverage for claims based on RF energy exposure. If we were subject to claims relating to exposure to RF energy, even if such claims were not ultimately found to have merit, our financial condition could be materially and adversely affected.

Our articles of incorporation, our bylaws and Florida law provide for anti-takeover provisions that could make it more difficult for a third party to acquire us.

Provisions of our articles of incorporation, our bylaws and Florida law could make it more difficult for a third party to acquire us, even if doing so would be beneficial to our shareholders. These provisions, alone or in combination with each other, may discourage transactions involving actual or potential changes of control, including transactions that otherwise could involve payment of a premium over prevailing market prices to holders of our Class A common stock, or could limit the ability of our shareholders to approve transactions that they may deem to be in their best interests.

## ITEM 2. PROPERTIES

On November 1, 2013, we purchased a new headquarters in Boca Raton, Florida where we currently own approximately 160,000 square feet of office space. We have entered into long-term leases for international, regional, and certain site development office locations where we expect our activities to be longer-term. We open and close project offices from time to time in connection with our site development business. We believe our existing facilities are adequate for our current and planned levels of operations and that additional office space suited for our needs is reasonably available in the markets within which we operate.

Our interests in towers and the land beneath them are comprised of a variety of fee interests, leasehold interests created by long-term lease agreements, perpetual easements, easements, licenses, rights-of-way, and other similar interests. As of December 31, 2015, approximately 73% of our tower structures were located on parcels of land that we own, land subject to perpetual easements, or parcels of land that have an interest that extends beyond 20 years. The average remaining life under our ground leases, including renewal options under our control, has been extended to 33 years. In rural areas, support for our towers, equipment shelters, and related equipment requires a tract of land typically up to 10,000 square feet. Less than 2,500 square feet is required for a monopole or self-supporting tower of the kind typically used in metropolitan areas for wireless communications towers. Ground leases are generally for an initial term of five years or more with five or more additional automatic renewal periods of five years, for a total of thirty years or more.

## ITEM 3. LEGAL PROCEEDINGS

We are involved in various legal proceedings relating to claims arising in the ordinary course of business. We do not believe that the ultimate resolution of these matters will have a material adverse effect on our business, financial

condition, results of operations or liquidity.

ITEM 4. MINE SAFETY DISCLOSURE

Not Applicable.

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## PART II

## ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

## Market for our Class A Common Stock

Our Class A common stock commenced trading under the symbol "SBAC" on The NASDAQ National Market System on June 16, 1999. We now trade on the NASDAQ Global Select Market, a segment of the NASDAQ Global Market, formally known as the NASDAQ National Market System.

The following table presents the high and low sales price for our Class A common stock for the periods indicated:

	High	Low
Quarter ended December 31, 2015	\$ 121.45	\$ 100.12
Quarter ended September 30, 2015	\$ 128.47	\$ 102.65
Quarter ended June 30, 2015	\$ 124.98	\$ 111.58
Quarter ended March 31, 2015	\$ 126.65	\$ 107.53
Quarter ended December 31, 2014	\$ 122.79	\$ 103.83
Quarter ended September 30, 2014	\$ 114.37	\$ 99.70
Quarter ended June 30, 2014	\$ 102.57	\$ 87.03
Quarter ended March 31, 2014	\$ 99.64	\$ 87.29

As of February 19, 2016, there were 92 record holders of our Class A common stock.

## Dividends

We have never paid a dividend on any class of common stock and anticipate that we will retain future earnings, if any, to fund the development and growth of our business. Consequently, we do not anticipate paying cash dividends on our Class A common stock in the foreseeable future. In addition, our ability to pay dividends is limited by the terms of our debt instruments.

## Issuer Purchases of Equity Securities

The following table presents information related to our repurchases of Class A common stock during the fourth quarter of 2015:

Total	Total Number of Shares	Approximate Dollar Value
-------	------------------------	--------------------------

Period	Number of Shares Purchased	Average Price Paid Per Share	Purchased as Part of Publicly Announced Plans or Programs (1)	of Shares that May Yet Be Purchased Under the Plans or Programs
10/1/2015 - 10/31/2015	—	\$ —	—	\$ 750,002,750
11/1/2015 - 11/30/2015	184,215	\$ 103.86	184,215	\$ 730,869,600
12/1/2015 - 12/31/2015	297,781	\$ 103.66	297,781	\$ 700,002,810
Total	481,996	\$ 103.74	481,996	\$ 700,002,810

(1) On June 4, 2015, we announced a new \$1.0 billion stock repurchase plan. This plan authorizes us to purchase from time to time our outstanding common stock through open market repurchases in compliance with Rule 10b-18 under the Securities Exchange Act of 1934, as amended, and/or in privately negotiated transactions at management's discretion. Shares purchased will be retired. This plan has no time deadline and will continue until otherwise modified or terminated by our Board at any time in our sole discretion.

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## Equity Compensation Plan

	Equity Compensation Plan Information (in thousands except exercise price)		Number of Securities
	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Remaining Available for Future Issuance Under of Equity Compensation Plans (Excluding Securities Reflected in first column (a)) (c)
Equity compensation plans approved by security holders			
2001 Plan (1)	346	\$ 29.97	—
2010 Plan	3,724	(2) \$ 83.45	10,188
Equity compensation plans not approved by security holders	—		—
Total	4,070	\$ 78.90	10,188

(1) This plan has been terminated, and we are no longer eligible to issue shares pursuant to the plan.

(2) Included in the number of securities in column (a) is 277,153 restricted stock units, which have no exercise price. The weighted average exercise price of outstanding options, warrants, and rights (excluding restricted stock units) is \$90.15.

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## ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth selected historical financial data as of and for each of the five years in the period ended December 31, 2015. The financial data for the fiscal years ended 2015, 2014, 2013, 2012, and 2011 have been derived from our audited consolidated financial statements. You should read the information set forth below in conjunction with our “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the related notes to those consolidated financial statements included in this Form 10-K.

	For the year ended December 31,				
	2015	2014	2013	2012	2011
	(audited) (in thousands, except for per share data)				
Revenues:					
Site leasing	\$ 1,480,634	\$ 1,360,202	\$ 1,133,013	\$ 846,094	\$ 616,294
Site development	157,840	166,794	171,853	107,990	81,876
Total revenues	1,638,474	1,526,996	1,304,866	954,084	698,170
Operating expenses:					
Cost of revenues (exclusive of depreciation, accretion, and amortization shown below):					
Cost of site leasing	324,655	301,313	270,772	188,951	131,916
Cost of site development	119,744	127,172	137,481	90,556	71,005
Selling, general, and administrative	114,951	103,317	85,476	72,148	62,828
Acquisition related adjustments and expenses	11,864	7,798	19,198	40,433	7,144
Asset impairment and decommission costs	94,783	23,801	28,960	6,383	5,472
Depreciation, accretion, and amortization	660,021	627,072	533,334	408,467	309,146
Total operating expenses	1,326,018	1,190,473	1,075,221	806,938	587,511
Operating income	312,456	336,523	229,645	147,146	110,659
Other income (expense):					
Interest income	3,894	677	1,794	1,128	136
Interest expense	(322,366)	(292,600)	(249,051)	(196,241)	(160,896)
Non-cash interest expense	(1,505)	(27,112)	(49,085)	(70,110)	(63,629)
Amortization of deferred financing fees	(19,154)	(17,572)	(15,560)	(12,870)	(9,188)
Loss from extinguishment of debt, net	(783)	(26,204)	(6,099)	(51,799)	(1,696)
Other income (expense)	(139,137)	10,628	31,138	5,654	(165)
Total other expense	(479,051)	(352,183)	(286,863)	(324,238)	(235,438)
Loss before provision for income taxes	(166,595)	(15,660)	(57,218)	(177,092)	(124,779)
(Provision) benefit for income taxes	(9,061)	(8,635)	1,309	(6,594)	(2,113)
Net loss from continuing operations	(175,656)	(24,295)	(55,909)	(183,686)	(126,892)
Income from discontinued operations, net of income taxes	—	—	—	2,296	—
Net loss	(175,656)	(24,295)	(55,909)	(181,390)	(126,892)
Net income attributable to the					

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noncontrolling interest	—	—	—	353	436
Net loss attributable to SBA Communications Corporation	\$ (175,656)	\$ (24,295)	\$ (55,909)	\$ (181,037)	\$ (126,456)
Basic and diluted per common share amounts:					
Loss from continuing operations	\$ (1.37)	\$ (0.19)	\$ (0.44)	\$ (1.53)	\$ (1.14)
Income from discontinued operations	—	—	—	0.02	—
Net loss per common share	\$ (1.37)	\$ (0.19)	\$ (0.44)	\$ (1.51)	\$ (1.14)
Basic and diluted weighted avg. number of common shares	127,794	128,919	127,769	120,280	111,595

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	As of December 31,				
	2015	2014	2013	2012	2011
	(audited) (in thousands)				
<b>Balance Sheet Data</b>					
Cash and cash equivalents	\$ 118,039	\$ 39,443	\$ 122,112	\$ 233,099	\$ 47,316
Restricted cash - current	25,353	52,519	47,305	27,708	22,266
Short-term investments	706	5,549	5,446	5,471	5,773
Property and equipment, net	2,782,353	2,762,417	2,578,444	2,671,317	1,583,393
Intangibles, net	3,735,413	4,189,540	3,387,198	3,134,133	1,639,784
Total assets	7,403,215	7,841,125	6,783,188	6,615,911	3,606,399
Total debt	8,542,305	7,860,799	5,876,607	5,356,103	3,354,485
Total shareholders' (deficit) equity	(1,706,144)	(660,800)	356,966	652,991	(11,313)

	For the year ended December 31,				
	2015	2014	2013	2012	2011
	(audited) (in thousands)				
<b>Other Data</b>					
Cash provided by (used in):					
Operating activities	\$ 737,173	\$ 671,643	\$ 497,587	\$ 340,914	\$ 249,058
Investing activities	(734,521)	(1,760,127)	(817,198)	(2,269,120)	(503,273)
Financing activities	88,937	991,838	210,837	2,110,481	237,432

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion of our financial condition and results of operations should be read in conjunction with the information contained in our consolidated financial statements and the notes thereto. The following discussion includes forward-looking statements that involve certain risks and uncertainties, including, but not limited to, those described in Item 1A. Risk Factors. Our actual results may differ materially from those discussed below. See "Special Note Regarding Forward-Looking Statements" and Item 1A. Risk Factors.

We are a leading independent owner and operator of wireless communications tower structures, rooftops and other structures that support antennas used for wireless communications, which we collectively refer to as "towers" or "sites." Our principal operations are in the United States and its territories. In addition, we own and operate towers in South America, Central America, and Canada. Our primary business line is our site leasing business, which contributed 96.8% of our total segment operating profit for the year ended December 31, 2015. In our site leasing business, we (1) lease antenna space to wireless service providers on towers that we own or operate and (2) manage rooftop and tower sites for property owners under various contractual arrangements. As of December 31, 2015, we owned 25,465



towers, a substantial portion of which have been built by us or built by other tower owners or operators who, like us, have built such towers to lease space to multiple wireless service providers. We also managed or leased approximately 5,500 actual or potential towers, approximately 500 of which were revenue producing as of December 31, 2015. Our other business line is our site development business, through which we assist wireless service providers in developing and maintaining their own wireless service networks.

#### Site Leasing Services

Our primary focus is the leasing of antenna space on our multi-tenant towers to a variety of wireless service providers under long-term lease contracts in the United States, Canada, Central America, and South America. Site leasing revenues are received primarily from wireless service provider tenants, including AT&T, Sprint, T-Mobile, Verizon Wireless, Oi S.A., Telefonica, Claro, and Digicel. Wireless service providers enter into tenant leases with us, each of which relates to the lease or use of space at an individual site. In the United States and Canada, our tenant leases are generally for an initial term of five to ten years with five 5-year renewal periods at the option of the tenant. These tenant leases typically contain specific rent escalators, which average 3-4% per year, including the renewal option periods. Tenant leases in our Central American and South American markets typically have an initial term of ten years with multiple five year renewal periods. In Central America, we have similar rent escalators to that of leases in the United States and Canada while our leases in South America escalate in accordance with a standard cost of living index.

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In our Central American markets and Ecuador, significantly all of our revenue, expenses, and capital expenditures arising from our new build activities are denominated in U.S. dollars. Specifically, most of our ground leases, tenant leases, and tower-related expenses are due and paid in U.S. dollars. In our Central American markets, our local currency obligations are principally limited to (1) permitting and other local fees, (2) utilities, and (3) taxes. In our Canadian and Brazilian operations, significantly all of our revenue, expenses and capital expenditures, including tenant leases, ground leases and other tower-related expenses, are denominated in local currency.

Cost of site leasing revenue primarily consists of:

- Rental payments on ground leases and other underlying property interests;
- Straight-line rent adjustment for the difference between rental payments made and the expense recorded as if the payments had been made evenly throughout the lease term (which may include renewal terms) of the underlying property interests;
- Property taxes;
- Site maintenance and monitoring costs (exclusive of employee related costs);
- Utilities;
- Property insurance; and
- Deferred lease origination cost amortization.

Ground leases are generally for an initial term of five years or more with multiple renewal terms of five year periods at our option and provide for rent escalators which typically average 2-3% annually, or in our South American markets, adjust in accordance with a standard cost of living index. As of December 31, 2015, approximately 73% of our tower structures were located on parcels of land that we own, land subject to perpetual easements, or parcels of land in which we have a leasehold interest that extends beyond 20 years. For any given tower, costs are relatively fixed over a monthly or an annual time period. As such, operating costs for owned towers do not generally increase as a result of adding additional customers to the tower. The amount of direct costs associated with operating a tower varies from site to site depending on the taxing jurisdiction and the height and age of the tower. The ongoing maintenance requirements are typically minimal and include replacing lighting systems, painting a tower, or upgrading or repairing an access road or fencing.

As indicated in the table below, our site leasing business generates substantially all of our total segment operating profit. For information regarding our operating segments, see Note 18 of our Consolidated Financial Statements included in this annual report.

For the year ended

Segment operating profit as a percentage of total	2015	2014	2013
Domestic site leasing	82.4%	82.8%	89.9%
International site leasing	14.4%	13.5%	6.3%
Total site leasing	96.8%	96.3%	96.2%

We believe that over the long-term, site leasing revenues will continue to grow as wireless service providers lease additional antenna space on our towers due to increasing minutes of network use and data transfer, network expansion and network coverage requirements. During 2016, we expect organic site leasing revenue in both our domestic and international segments to be consistent with our growth in 2015. We believe our site leasing business is characterized by stable and long-term recurring revenues, predictable operating costs and minimal non-discretionary capital expenditures. Due to the relatively young age and mix of our tower portfolio, we expect future expenditures required to maintain these towers to be minimal. Consequently, we expect to grow our cash flows by (1) adding tenants to our towers at minimal incremental costs by using existing tower capacity or requiring wireless service providers to bear all or a portion of the cost of tower modifications and (2) executing monetary amendments as wireless service providers add or upgrade their equipment. Furthermore, because our towers are strategically positioned and our customers typically do not relocate, we have historically experienced low tenant lease terminations as a percentage of revenue other than in connection with customer consolidation or cessations of service (e.g. iDen).

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### Site Development Services

Our site development business, which is conducted in the United States only, is complementary to our site leasing business and provides us the ability to keep in close contact with the wireless service providers who generate substantially all of our site leasing revenue and to capture ancillary revenues that are generated by our site leasing activities, such as antenna and equipment installation at our tower locations. Site development services revenues are earned primarily from providing a full range of end to end services to wireless service providers or companies providing development or project management services to wireless service providers. Our services include: (1) network pre-design; (2) site audits; (3) identification of potential locations for towers and antennas; (4) support in buying or leasing of the location; (5) assistance in obtaining zoning approvals and permits; (6) tower and related site construction; (7) antenna installation; and (8) radio equipment installation, commissioning, and maintenance. We provide site development services on a local basis, through regional, territory, and project offices. The regional offices are responsible for all site development operations, including hiring employees and opening or closing project offices, and a substantial portion of the sales in such area.

For information regarding our operating segments, see Note 18 of our Consolidated Financial Statements included in this annual report.

### Critical Accounting Policies and Estimates

We have identified the policies and significant estimation processes below as critical to our business operations and the understanding of our results of operations. The listing is not intended to be a comprehensive list. In many cases, the accounting treatment of a particular transaction is specifically dictated by accounting principles generally accepted in the United States, with no need for management's judgment in their application. In other cases, management is required to exercise judgment in the application of accounting principles with respect to particular transactions. The impact and any associated risks related to these policies on our business operations is discussed throughout "Management's Discussion and Analysis of Financial Condition and Results of Operations" where such policies affect reported and expected financial results. For a detailed discussion on the application of these and other accounting policies, see Note 2 of our Consolidated Financial Statements for the year ended December 31, 2015, included herein. Our preparation of our financial statements requires us to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of our financial statements, and the reported amounts of revenue and expenses during the reporting periods. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. There can be no assurance that actual results will not differ from those estimates and such differences could be significant.

### Revenue Recognition and Accounts Receivable

Revenue from site leasing is recorded monthly and recognized on a straight-line basis over the current term of the related lease agreements, which are generally five to ten years. Receivables recorded related to the straight-lining of site leases are reflected in other assets on the Consolidated Balance Sheets. Rental amounts received in advance are recorded as deferred revenue on the Consolidated Balance Sheets.

Site development projects in which we perform consulting services include contracts on a time and materials basis or a fixed price basis. Time and materials based contracts are billed at contractual rates and revenue is recognized as the services are rendered. For those site development contracts in which we perform work on a fixed price basis, site development billing (and revenue recognition) is based on the completion of agreed upon phases of the project on a per site basis. Upon the completion of each phase on a per site basis, we recognize the revenue related to that phase. Site development projects generally take from 3 to 12 months to complete. Amounts billed in advance (collected or

uncollected) are recorded as deferred revenue on the Company's Consolidated Balance Sheets.

Revenue from construction projects is recognized on the percentage-of-completion method of accounting, determined by the percentage of cost incurred to date compared to management's estimated total cost for each contract. This method is used because management considers total cost to be the best available measure of progress on the contracts. These amounts are based on estimates, and the uncertainty inherent in the estimates initially is reduced as work on the contracts nears completion. The asset "costs and estimated earnings in excess of billings on uncompleted contracts" represents costs incurred and revenues recognized in excess of amounts billed. The liability "billings in excess of costs and estimated earnings on uncompleted contracts," included within other current liabilities on our Consolidated Balance Sheets, represents billings in excess of costs incurred and revenues recognized. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined to be probable.

We perform periodic credit evaluations of our customers. We monitor collections and payments from our customers and maintain a provision for estimated credit losses based upon historical experience, specific customer collection issues identified, and

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past due balances as determined based on contractual terms. Interest is charged on outstanding receivables from customers on a case by case basis in accordance with the terms of the respective contracts or agreements with those customers. Amounts determined to be uncollectible are written off against the allowance for doubtful accounts in the period in which uncollectibility is determined to be probable.

### Asset Impairment

We evaluate individual long-lived and related assets with finite lives for indicators of impairment to determine when an impairment analysis should be performed. We evaluate our tower assets and current contract intangibles at the tower level, which is the lowest level for which identifiable cash flows exists. We evaluate our network location intangibles for impairment at the tower leasing business level whenever indicators of impairment are present. We have established a policy to at least annually evaluate our tower assets and current contract intangibles for impairment.

We record an impairment charge when we believe an investment in towers or related assets has been impaired, such that future undiscounted cash flows would not recover the then current carrying value of the investment in the tower and related intangible. If the future undiscounted cash flows are lower than the carrying value of the investment in the tower and related intangible, we calculate future discounted cash flows and compare those amounts to the carrying value. We record an impairment charge for any amounts lower than the carrying value. Estimates and assumptions inherent in the impairment evaluation include, but are not limited to, general market and economic conditions, historical operating results, geographic location, lease-up potential, and expected timing of lease-up. In addition, we make certain assumptions in determining an asset's fair value for the purpose of calculating the amount of an impairment charge.

### Business Combinations

We account for business combinations under the acquisition method of accounting. The assets and liabilities we acquire are recorded at fair market value at the date of each acquisition and the results of operations of the acquired assets are included with our results of operations from the dates of the respective acquisitions. We continue to evaluate all acquisitions for a period not to exceed one year after the applicable closing date of each transaction to determine whether any additional adjustments are needed to the allocation of the purchase price paid for the assets acquired and liabilities assumed as a result of information available at the acquisition date. The intangible assets represent the value associated with the current leases at the acquisition date ("Current contract intangibles") and future tenant leases anticipated to be added to the communication sites ("Network location intangibles") and were calculated using the discounted values of the current or future expected cash flows. The intangible assets are estimated to have a useful life consistent with the useful life of the related communication site assets, which is typically 15 years.

In connection with certain acquisitions, we may agree to pay contingent consideration (or earnouts) in cash or stock if the communication sites or businesses that are acquired meet or exceed certain performance targets over a period of one to three years after they have been acquired. We accrue for contingent consideration in connection with acquisitions at fair value as of the date of the acquisition. All subsequent changes in fair value of contingent consideration are recorded through Consolidated Statements of Operations.

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## RESULTS OF OPERATIONS

Year Ended 2015 Compared to Year Ended 2014

Revenues and Segment Operating Profit:

	For the year ended		Dollar	Percentage
	December 31,	2014	Change	Change
	2015			
Revenues	(in thousands)			
Domestic site leasing	\$ 1,236,758	\$ 1,157,293	\$ 79,465	6.9%
International site leasing	243,876	202,909	40,967	20.2%
Site development	157,840	166,794	(8,954)	(5.4%)
Total	\$ 1,638,474	\$ 1,526,996	\$ 111,478	7.3%
Cost of Revenues				
Domestic site leasing	\$ 252,493	\$ 247,237	\$ 5,256	2.1%
International site leasing	72,162	54,076	18,086	33.4%
Site development	119,744	127,172	(7,428)	(5.8%)
Total	\$ 444,399	\$ 428,485	\$ 15,914	3.7%
Operating Profit				
Domestic site leasing	\$ 984,265	\$ 910,056	\$ 74,209	8.2%
International site leasing	171,714	148,833	22,881	15.4%
Site development	38,096	39,622	(1,526)	(3.9%)
Revenues				

Total revenues increased \$111.5 million for the year ended December 31, 2015, as compared to the prior year, due largely to (i) revenues from 4,923 towers acquired and 848 towers built since January 1, 2014 and (ii) organic site leasing growth from new leases, contractual rent escalators, and monetary lease amendments for additional equipment added to our towers. The increase in total revenues includes the negative impact of \$43.2 million from fluctuations in foreign currency exchange rates as compared to the prior year.

Domestic site leasing revenues increased \$79.5 million for the year ended December 31, 2015, as compared to the prior year, due largely to (i) revenues from 1,007 towers acquired and 266 towers built since January 1, 2014 and (ii) organic site leasing growth from new leases, contractual rent escalators, and monetary lease amendments for additional equipment added to our towers.

International site leasing revenues increased \$41.0 million for the year ended December 31, 2015, as compared to the prior year, due largely to (i) revenues from 3,916 towers acquired, primarily from the acquisition of 3,648 towers from Oi S.A. in March 2014 and December 2014, and 582 towers built since January 1, 2014, and (ii) organic site leasing growth from new leases, contractual rent escalators, and monetary lease amendments for additional equipment added to our towers. The increase in international site leasing revenues includes the negative impact of \$43.2 million from fluctuations in foreign currency exchange rates as compared to the prior year.

Site development revenues decreased \$9.0 million for the year ended December 31, 2015, as compared to the prior year, as a result of a decrease in the volume of work performed due to the timing of our wireless carrier customers' initiatives.

#### Operating Profit

Domestic site leasing segment operating profit increased \$74.2 million for the year ended December 31, 2015, as compared to the prior year, primarily due to additional profit generated by (i) towers acquired and built since January 1, 2014 and organic site leasing growth as noted above, (ii) improving control of our site leasing cost of revenue, and (iii) the positive impact of our ground lease purchase program.

International site leasing segment operating profit increased \$22.9 million for the year ended December 31, 2015, as compared to the prior year, primarily due to additional profit generated by (i) towers acquired and built since January 1, 2014 and organic site leasing growth as noted above and (ii) the positive impact of our ground lease purchase program, partially offset by increased costs



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resulting from the integration of towers acquired in 2014. The increase in international site leasing segment operating profit includes the negative impact of \$31.2 million from fluctuations in foreign currency exchange rates as compared to the prior year.

Site development segment operating profit decreased \$1.5 million for the year ended December 31, 2015, as compared to the prior year, primarily due to lower services revenue.

Selling, General, and Administrative Expenses:

For the year ended		Dollar Change	Percentage Change
December 31, 2015	2014		

(in thousands)

Total	\$ 114,951	\$ 103,317	\$ 11,634	11.3%
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Selling, general, and administrative expenses increased \$11.6 million for the year ended December 31, 2015, as compared to the prior year, primarily as a result of an increase in personnel, salaries, benefits, non-cash compensation, and other support costs due in large part to our continued portfolio expansion. The increase in selling, general, and administrative expenses includes the positive impact of \$1.8 million from fluctuations in foreign currency exchange rates as compared to the prior year.

Acquisition Related Adjustments and Expenses:

For the year ended		Dollar Change	Percentage Change
December 31, 2015	2014		

(in thousands)

Domestic site leasing	\$ 9,975	\$ 3,351	\$ 6,624	197.7%
International site leasing	1,889	4,447	(2,558)	(57.5%)
Total	\$ 11,864	\$ 7,798	\$ 4,066	52.1%

Domestic acquisition related adjustments and expenses increased \$6.6 million for the year ended December 31, 2015, primarily as a result of an increase in the number of towers we acquired as compared to the prior year.

International acquisition related adjustments and expenses decreased \$2.6 million for the year ended December 31, 2015 primarily as a result of a decrease in the number of towers we acquired, partially offset by changes in our estimated pre-acquisition contingencies as compared to the prior year. The decrease in International acquisition related

adjustments and expenses includes the positive impact of \$0.4 million from fluctuations in foreign currency exchange rates as compared to the prior year.

Asset Impairment and Decommission Costs:

	For the year ended			
	December 31,	December 31,	Dollar	Percentage
	2015	2014	Change	Change
	(in thousands)			
Domestic site leasing	\$ 93,977	\$ 21,538	\$ 72,439	336.3%
International site leasing	806	2,263	(1,457)	(64.4%)
Total	\$ 94,783	\$ 23,801	\$ 70,982	298.2%

Asset impairment and decommission costs increased \$71.0 million for the year ended December 31, 2015, as compared to the prior year, primarily as a result of a \$56.7 million impairment charge in the third quarter of 2015 related to fiber assets acquired in the 2012 Mobilitie transaction and \$7.3 million of additional impairment charges resulting from the Company's analysis that the future cash flows would not recover the carrying value of the investment. In addition, the increase in the asset impairment and decommission costs includes \$5.5 million related to higher net book value of towers decommissioned in the current year as compared against the prior year and \$1.2 million in exit costs related to our former corporate headquarters building. The impact from fluctuations in foreign currency exchange rates as compared to the prior year was not material.

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Depreciation, Accretion, and Amortization Expense:

For the  
year  
ended  
December  
31,          Dollar    Percentage