

SBA COMMUNICATIONS CORP

Form 10-Q

August 04, 2017

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2017

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: 001-16853

SBA COMMUNICATIONS CORPORATION

(Exact name of Registrant as specified in its charter)

Florida
(State or other jurisdiction of
incorporation or organization)

65-0716501
(I.R.S. Employer
Identification No.)

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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 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 (Section 232.405 of this chapter) 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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-Accelerated filer Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Indicate the number of shares outstanding of each issuer's classes of common stock, as of the latest practicable date:
120,357,721 shares of Class A common stock as of July 26, 2017.

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PART I – FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (in thousands, except par values)

	June 30, 2017 (unaudited)	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 164,521	\$ 146,109
Restricted cash	30,093	36,786
Accounts receivable, net	75,739	78,344
Costs and estimated earnings in excess of billings on uncompleted contracts	12,304	11,127
Prepaid expenses and other current assets	53,807	52,205
Total current assets	336,464	324,571
Property and equipment, net	2,774,398	2,792,076
Intangible assets, net	3,569,045	3,656,924
Other assets	628,946	587,374
Total assets	\$ 7,308,853	\$ 7,360,945
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 29,155	\$ 28,320
Accrued expenses	96,193	61,129
Current maturities of long-term debt	772,517	627,157
Deferred revenue	98,793	101,098
Accrued interest	42,042	44,503
Other current liabilities	7,719	11,240
Total current liabilities	1,046,419	873,447
Long-term liabilities:		
Long-term debt, net	7,906,188	8,148,426
Other long-term liabilities	341,927	334,993
Total long-term liabilities	8,248,115	8,483,419
Shareholders' deficit:		
Preferred stock - par value \$.01, 30,000 shares authorized, no shares issued or outst.	—	—
Common stock - Class A, par value \$.01, 400,000 shares authorized, 120,981 and 121,004 shares issued and outstanding at June 30, 2017 and December 31, 2016, respectively	1,210	1,210
Additional paid-in capital	2,127,093	2,010,520
Accumulated deficit	(3,735,062)	(3,637,467)
Accumulated other comprehensive loss, net	(378,922)	(370,184)
Total shareholders' deficit	(1,985,681)	(1,995,921)
Total liabilities and shareholders' deficit	\$ 7,308,853	\$ 7,360,945

The accompanying condensed notes are an integral part of these consolidated financial statements.

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SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited) (in thousands, except per share amounts)

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Revenues:				
Site leasing	\$ 403,001	\$ 381,843	\$ 800,551	\$ 756,293
Site development	24,293	23,689	50,106	49,008
Total revenues	427,294	405,532	850,657	805,301
Operating expenses:				
Cost of revenues (exclusive of depreciation, accretion, and amortization shown below):				
Cost of site leasing	89,337	86,493	178,719	169,255
Cost of site development	20,007	20,074	41,595	39,907
Selling, general, and administrative (1)(2)	33,394	47,664	67,618	78,071
Acquisition related adjustments and expenses	2,306	2,821	5,274	6,003
Asset impairment and decommission costs	8,140	14,691	16,491	20,874
Depreciation, accretion, and amortization	159,520	159,723	318,551	319,524
Total operating expenses	312,704	331,466	628,248	633,634
Operating income	114,590	74,066	222,409	171,667
Other income (expense):				
Interest income	2,909	2,737	6,143	4,603
Interest expense	(78,456)	(83,682)	(156,058)	(167,486)
Non-cash interest expense	(717)	(460)	(1,421)	(915)
Amortization of deferred financing fees	(4,949)	(5,325)	(11,647)	(10,590)
Loss from extinguishment of debt, net	(1,961)	—	(1,961)	—
Other (expense) income, net	(18,793)	47,376	(3,844)	93,275
Total other expense	(101,967)	(39,354)	(168,788)	(81,113)
Income before provision for income taxes	12,623	34,712	53,621	90,554
Provision for income taxes	(3,390)	(2,001)	(6,789)	(4,206)
Net income	\$ 9,233	\$ 32,711	\$ 46,832	\$ 86,348
Net income per common share				
Basic	\$ 0.08	\$ 0.26	\$ 0.39	\$ 0.69
Diluted	\$ 0.08	\$ 0.26	\$ 0.38	\$ 0.69
Weighted average number of common shares				
Basic	121,455	125,125	121,253	125,261
Diluted	122,437	125,783	122,087	125,921

(1) Includes non-cash compensation of \$10,030 and \$8,785 for the three months ended June 30, 2017 and 2016, respectively, and \$18,856 and \$16,471 for the six months ended June 30, 2017 and 2016, respectively.

(2) Includes the impact of the \$16,498 Oi reserve for the three and six months ended June 30, 2016.

The accompanying condensed notes are an integral part of these consolidated financial statements.

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SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(unaudited) (in thousands)

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Net income	\$ 9,233	\$ 32,711	\$ 46,832	\$ 86,348
Foreign currency translation adjustments	(36,023)	76,491	(8,738)	137,184
Comprehensive (loss) income	\$ (26,790)	\$ 109,202	\$ 38,094	\$ 223,532

The accompanying condensed notes are an integral part of these consolidated financial statements.

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SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF SHAREHOLDERS' DEFICIT

(unaudited) (in thousands)

	Class A Common Stock Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
BALANCE, December 31, 2016	121,004	\$ 1,210	\$ 2,010,520	\$ (3,637,467)	\$ (370,184)	\$ (1,995,921)
Net income	—	—	—	46,832	—	46,832
Common stock issued in connection with						