

SBA COMMUNICATIONS CORP

Form 10-K

February 28, 2019

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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, 2018

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)

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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 every Interactive Data File required to be submitted 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 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, 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 checkmark 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.

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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 \$18.8 billion as of June 30, 2018.

The number of shares outstanding of the Registrant's common stock (as of February 21, 2019): Class A common stock — 112,589,177.

Documents Incorporated By Reference

Portions of the Registrant's definitive proxy statement for its 2019 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, 2018, 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 infrastructure, including tower structures, rooftops, and other structures that support antennas used for wireless communications, which we collectively refer to as “towers” and the location of the towers as “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 98.0% of our total segment operating profit for the year ended December 31, 2018. 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, 2018, we owned 29,578 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 9,700 actual or potential sites, approximately 500 of which were revenue producing as of December 31, 2018. 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.

Business Strategy

Our primary strategy is to continue to focus on expanding our site leasing business through organic growth and expansion of our tower portfolio to create shareholder value. We believe that the long-term and repetitive nature of the revenue stream of our site leasing business will permit us to maintain a stable, recurring cash flow stream and reduce our exposure to cyclical changes in customer spending which arises in our site development business. Key elements of our strategy include:

Organic Growth.

- Maximizing our 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 generate additional lease revenue and be achieved at a low incremental cost. We measure the available capacity of our existing sites to support additional tenants by assessing several factors, including tower height, tower type, wind loading, environmental conditions, existing equipment on the tower and zoning and permitting regulations in effect in the jurisdiction where the tower is located. We actively market space on our towers through our internal sales force. As of December 31, 2018, we had an average of 1.8 tenants per tower structure.
- 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 industry expertise and strong relationships with wireless service providers will permit us to continue to organically grow our site leasing and site development services.

Systematic Tower Portfolio Growth. We believe that our tower operations are highly scalable. Consequently, we believe that we are able to materially increase our domestic and international tower portfolio without proportionately increasing selling, general, and administrative expenses. Consequently, we intend to continue to grow our tower portfolio, domestically and internationally, through tower acquisitions and the construction of new tower structures. We believe that one of the best uses of our liquidity, including cash from operating activities and borrowings, is to

acquire and/or build 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.

- **Disciplined Tower Acquisitions** – In our tower acquisition program, we pursue towers from third parties, domestically and internationally, that meet or exceed our internal guidelines regarding current and future potential returns. For each acquisition, we prepare various analyses that include projections of several different investment return metrics, review of available capacity, future lease up projections, and a summary of current and future tenant/technology mix.
- **International Tower Growth** – 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 tower growth in these markets is primarily driven by (1) wireless service providers seeking to increase the quality and coverage of their networks, (2) increased consumer mobile data traffic, such as media streaming, mobile apps and games, web browsing, and email, and (3) incremental spectrum auctions, which have resulted in new market entrants, as well as incremental voice and data network deployments.

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- International Market Expansion – 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. We consider various factors when identifying a market for our international expansion, including:
  - o Country analysis – We consider the country’s economic and political stability, and whether the country’s general business, legal and regulatory environment is conducive to the sustainability and growth of our business.
  - o 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.
  - o 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 inflation, real estate, permitting, and taxation risks), and how our expansion meets our long-term strategic objectives for the region and our business generally.

New Build Program – We build new towers domestically and internationally. In our new build program, we construct tower structures (1) under build-to-suit arrangements or (2) in locations that are strategically chosen by us. 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.

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 seek to replicate this operating model internationally. Due to our presence in local markets, we believe we are well positioned to organically grow our site leasing business and to capture new tower build opportunities in our markets and identify and participate in site development projects across our markets.

Controlling our Underlying Land Positions. We believe that a primary component of a strong site leasing business is the ability to control the underlying land positions. Consequently, 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, 2018, approximately 71% 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 36 years. As of December 31, 2018, approximately 7.9% of our tower structures had ground leases maturing in the next 10 years.

## Industry Developments

We believe that growing wireless data traffic will require wireless service providers to continue to increase the capacity of their networks, and we believe that the continued capacity increases will require our customers to install equipment at new sites and add new equipment at existing sites. We expect that the wireless communications industry will continue to experience growth as a result of the following trends:

- Consumers are increasing their demand for wireless connectivity due to the adoption of bandwidth-intensive wireless data applications, such as video, social networking and enhanced web browsing, and the growth in machine-to-machine applications (such as connected cars). As a result, according to industry estimates, global mobile data traffic will grow at an approximately 46% compound annual growth rate from 2017 to 2022 and will grow at a rate two times faster than non-mobile data traffic over the same period.

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- The velocity of spectrum development is expected to remain dynamic as carriers continue to deploy new bands and optimize bands that are currently in service, both of which activities we expect will require carriers to install equipment at new sites and add new equipment at existing sites. For example, recent spectrum auctions and a new network for first responders that is being developed by AT&T for the First Responder Network Authority (“FirstNet”), an independent authority within the Department of Commerce, are expected to contribute to growth in the upcoming years. In addition, the deployment of 5G wireless technologies is expected to increase equipment installation at existing sites.
- Consumers list network quality as a key contributor when terminating or changing service. To remain competitive and to decrease subscriber churn rates, wireless carriers have made substantial capital investments into their wireless networks to improve service quality and expand coverage. We expect wireless carriers to continue to expend capital to differentiate their product offerings.

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 additional demand for tower space from our customers, which we believe will translate into steady leasing growth for us.

## Our Businesses

### 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 derive site leasing revenues primarily from wireless service provider tenants. 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 98.0% or more of our total segment operating profit for the past three fiscal 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, 2018, we owned 16,263 sites in the United States and its territories. For the year ended December 31, 2018, we generated 80.4% of our total site leasing revenue from these sites. We derive domestic site leasing revenues primarily from AT&T, Sprint, T-Mobile, and Verizon Wireless. In the United States, our tenant leases are generally for an initial term of five to ten years with multiple 5-year renewal periods at the option of the tenant. These tenant leases typically contain specific rent escalators, which average 3-4% per year. Our ground leases in the United States are generally for an initial term of five years or more with multiple 5-year renewal periods, at our option, and provide for rent escalators which typically average 2-3% annually. As of December 31, 2018, (1) no U.S. state or territory included more than 10% of our total tower portfolio by tower count, and (2) no U.S. state or territory accounted for more than 10% of our total revenues for the year ended December 31, 2018.

### International Site Leasing

We currently operate in 12 international markets throughout Canada, Central America, and South America. Our largest international market is Brazil. As of December 31, 2018, we owned 13,315 sites in our international markets, of which 28.9% of our global sites are located in Brazil and less than 3% of our global sites are located in each of our other international markets (each country is considered a market). We continue to focus on growing our international site leasing business through the acquisition and development of towers. Since we first entered the Central and South American markets, we have built or acquired 13,016 sites as of December 31, 2018 and continue to expand in these markets to respond to growing demand. Our operations in these countries are solely in the site leasing business, and

we expect to continue to expand operations through acquisitions and new builds, as well as organic lease up on our existing towers.

We derive international site leasing revenues primarily from Oi S.A., Telefonica, Claro, and TIM. In Canada, our tenant leases are generally for an initial term of five to ten years with multiple 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 5-year renewal periods. In Central America, we have similar fixed 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. In certain international markets such as Brazil, tenant 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. Tenant leases in South America typically provide a pass-through charge for the underlying ground lease rent in addition to the base tenant rent. Our ground leases in Canada, Central America and South America generally have similar terms and

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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. Our operations in Central America and Ecuador are primarily denominated in United States Dollars. In Brazil, Canada, and Chile, significantly all of our revenue, expenses, and capital expenditures, including tenant leases, ground leases, and other tower-related expenses are denominated in local currency. In Colombia, Argentina, and Peru, our revenue, expenses, and capital expenditures, including tenant leases, ground leases, and other tower-related expenses are denominated in a mix of local currency and U.S. dollars.

## 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 that generate substantially all of our site leasing revenue and to capture ancillary revenues that are generated by our site leasing activities, such as site acquisition services and the installation of antennas and other equipment 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) identification of potential locations for carrier equipment on new and existing towers, along with other wireless infrastructure; (3) support in leasing of the location; (4) obtaining zoning approvals and permits; (5) tower and related site construction; (6) antenna installation; and (7) radio equipment installation, commissioning, and maintenance. We provide site development services at our towers and at towers owned by others on a local basis, through market and regional offices. These market offices are responsible for all site development operations.

## Customers

We lease tower space to and perform 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. Internationally, we lease tower space to all the major service providers in Canada, Central America, and South America.

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,		
	2018	2017	2016
AT&T Wireless	24.0%	25.0%	25.7%
Sprint	17.9%	15.1%	16.1%
T-Mobile	16.4%	16.5%	17.0%
Verizon Wireless	14.7%	15.2%	15.2%

In addition to the Big 4 wireless carriers (AT&T, T-Mobile, Sprint, and Verizon Wireless), we have also provided services or leased space to a number of customers including:

Algar Celular	Dish	Oi S.A.
Cable & Wireless	Freedom Mobile	SouthernLinc
Cellular South	Harris Corp.	TIM
Claro	ICE	Telefonica
Digicel	NII Holdings	U.S. Cellular
Sales and Marketing		

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 towers or managed properties, 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.

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, directors, and other operations personnel to sell our services and cultivate customer relationships. Our strategy is to delegate sales efforts by geographic region or to those employees of ours who have the best

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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) large independent tower companies including American Tower Corporation and Crown Castle International, (2) a 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) owners and operators of alternative facilities such as rooftops, outdoor and indoor distributed antenna system (“DAS”) networks, billboards, utility poles, and electric transmission towers.

**International Site Leasing** – Internationally, our competition consists of wireless service providers that own and operate their own tower networks, large multinational, national and regional independent tower companies, and alternative facilities such as rooftop, outdoor and indoor DAS networks, billboards, utility poles, 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 domestic and international site leasing business.

**Site Development** – The site development business is competitive and price sensitive. We believe that the majority of our competitors in the U.S. site development business operate within local region and market areas, 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 companies, zoning consultants, real estate firms, wireless construction companies, tower owners, 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 corporate offices are located in our headquarters in Boca Raton, Florida. We also have employees located in our international, regional, and local offices. As of December 31, 2018, we had 1,347 employees of which 357 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 80.4% of our total site leasing revenue for the year ended December 31, 2018, both the Federal Communications Commission (the “FCC”) and the Federal Aviation Administration (the “FAA”) regulate towers. Many FAA requirements are implemented in FCC regulations. These regulations 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 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

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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. FCC rules establish presumptively reasonable time periods for state and local authorities to act on applications to collocate a facility or deploy a facility, such as a tower. 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. However, in August 2018, the FCC issued a declaratory ruling stating that express and de facto moratoria on deployment of telecommunications facilities violate the Communications Act. Although this FCC ruling is currently the subject of petitions for reconsideration before the FCC and petitions for review before a federal appellate court, it remains in effect.

International Regulations. 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,

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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, 2018, we had 820 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 \$15.7 million of annual revenue. By comparison, as of December 31, 2017, we had 1,205 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 \$9.2 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, 2018, we had approximately \$76.1 million of contractually committed revenue as compared to approximately \$47.5 million as of December 31, 2017.

### Availability of Reports and Other Information

SBA Communications Corporation was incorporated in the State of Florida in March 1997 and began operating in compliance with real estate investment trust (“REIT”) requirements for federal income tax purposes effective January 1, 2016. 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 (the “Exchange Act”), 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, ability to service our indebtedness, and stock price 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. AT&T, Verizon and Sprint have grown through acquisitions of other wireless service providers. As a result, the combined companies have rationalized duplicative parts of their networks, and, in the case of Sprint, the Nextel iDEN network was discontinued. These consolidations have led and may continue to lead to non-renewal of certain of our tower leases. In addition, in April 2018, T-Mobile and Sprint entered into a definitive agreement to merge, subject to regulatory approval and other closing conditions. If this potential transaction closes, it may lead to the non-renewal of certain leases as a result of the rationalization of duplicative or overlapping parts of their networks. As of December 31, 2018, T-Mobile and Sprint represented approximately 16.4% and 15.8% of our total site leasing revenue, respectively. The revenue generated from each of T-Mobile and Sprint on overlapping sites represented less than 6.5% of our total site leasing revenue for the year ended December 31, 2018, excluding, and incremental to, the impact from previously

disclosed expected consolidation churn from T-Mobile's MetroPCS and Sprint's Clearwire networks. In addition, these overlapping sites have an average remaining current term of approximately 3.6 years and 4.9 years with T-Mobile and Sprint, respectively.

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., these consolidations 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 and our ability to service our indebtedness. These risks could be exacerbated due to changes in governmental policy that may favor industry consolidation. In addition, our customers may decide not to renew certain tower leases on towers that do not have duplicative or overlapping antennas, which could further impact our operating results.

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Consolidation may also occur among wireless service provider customers in our international markets. For example, in January 2019, Claro acquired Telefonica's assets in Guatemala and El Salvador, two markets in which we own towers. Consolidations in our international markets may also lead to non-renewal of certain of our tower leases, which could adversely affect our operating results.

In addition, the market price of our Class A common stock may be affected by the economic and market perception of the announcement or consummation of wireless service provider customer consolidations and their impact on our future operating results.

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 revenue and adversely affect our financial condition.

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,		
	2018	2017	2016
AT&T Wireless	24.0%	25.0%	25.7%
Sprint	17.9%	15.1%	16.1%
T-Mobile	16.4%	16.5%	17.0%
Verizon Wireless	14.7%	15.2%	15.2%

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,		
	2018	2017	2016
AT&T Wireless	31.9%	32.7%	32.7%
T-Mobile	20.3%	19.7%	19.6%
Sprint	19.6%	18.9%	19.8%
Verizon Wireless	19.0%	19.0%	18.2%

Percentage of International Site Leasing Revenue	For the year ended		
	December 31,		
	2018	2017	2016
Oi S.A.	35.5%	42.2%	43.9%
Telefonica	26.7%	25.7%	26.4%
Claro	11.4%	10.0%	9.4%

Percentage of Site Development Revenue	For the year ended		
	December 31,		
	2018	2017	2016
Sprint	47.1%	12.9%	11.7%
T-Mobile	16.4%	26.9%	28.4%
Verizon Wireless	6.4%	12.8%	16.5%
Nokia, Inc.	3.2%	10.1%	7.1%

We derive revenue through numerous site leasing contracts and site development contracts. In the United States and Canada, 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 with multiple 5-year renewal 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 5-year renewal periods. However, if any of our significant site leasing

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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. In addition, many of our tenants in our international markets are subsidiaries of global telecommunications companies. These subsidiaries may not have the explicit or implied financial support of their parent entities, which may impact their creditworthiness. For example, in January 2018, Oi, S.A. (“Oi”), our largest customer in Brazil, emerged from bankruptcy with a reorganization plan and is expected to resolve all of its pre-petition obligations. However, if Oi is unable to successfully fulfill its reorganization obligations or cannot operate its business on a go-forward basis, it could adversely affect our future results of operations.

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.

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, 2018 and 2017.

	As of December 31,	
	2018	2017
	(in thousands)	
Total principal amount of indebtedness	\$ 10,028,000	\$ 9,405,000
Shareholders' deficit	\$ (3,376,823)	\$ (2,599,114)

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 March 9, 2018, we, through a New York common law trust, issued \$640.0 million in Tower Securities, and on April 11, 2018, we secured a new \$2.4 billion term loan, which contributed to the net \$623.0 million increase of our total indebtedness during 2018.

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 share repurchases, tower acquisition and new build capital expenditures, or to satisfy our REIT distribution requirements;
- 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.

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 or changes in central bank monetary policy may increase interest expense relating to our floating rate indebtedness, which we expect to incur pursuant to our Revolving Credit Facility and Term Loan, 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

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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.

An increase in market interest rates would increase our interest expense arising on our existing and future floating rate indebtedness or upon refinancing of our fixed rate debt. Pursuant to the terms of our Credit Agreement, the interest rate that we pay on indebtedness incurred under the Revolving Credit Facility or Term Loans varies based on a fixed margin over either a base rate or a Eurodollar rate which references the LIBOR rate. As of December 31, 2018, this represented approximately \$2.7 billion, or 27.1% of our total indebtedness. As a result, we are exposed to interest rate risk. Interest rates, including LIBOR, have recently increased and may increase in future periods. If interest rates continue to increase, our debt service obligations on the variable rate indebtedness will 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. In addition, LIBOR is the subject of recent proposals for reform, which may cause LIBOR to disappear entirely or perform differently than in the past. The consequences of these developments cannot be predicted, but could result in an increase in the cost of our variable rate debt.

Furthermore, in an environment of increasing interest rates, it is likely that any future refinancing of our indebtedness will be either at fixed interest rates higher than our current fixed interest rates or at variable rates. We have and may continue to enter into interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility. For example, on February 1, 2019, we, through our wholly owned subsidiary, SBA Senior Finance II, LLC, entered into a four-year interest rate swap on a portion of our 2018 Term Loan. We swapped \$1.2 billion of notional value accruing interest at one month LIBOR plus 200 basis points for a fixed rate of 4.495% per annum. 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.

Increasing competition in the tower industry may create pricing pressures or result in non-renewals that may materially and adversely affect us.

Our industry is highly competitive, and our wireless service provider customers sometimes have alternatives for leasing antenna space. However, 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 competitors could materially and adversely affect our lease rates. In addition, the increasing number of towers (1) may provide customers the ability to relocate their antennas to other towers if they determine that a more suitable, efficient or economical location exists, which could lead to non-renewal of existing leases, or (2) may adversely impact our ability to enter into new customer leases. This impact may be exacerbated if competitors construct towers near our existing towers. Any of these factors could materially and adversely affect our growth rate and our future operations.

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 who may be substantially larger and have greater financial resources than we do;
- international tower companies who have been in the international market for a longer period of time than we have; and

- alternative facilities such as rooftops, outdoor and indoor DAS networks, billboards and electric transmission towers.

The site development segment of our industry is also 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.

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 in the U.S. 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 2018, we passed on more U.S. acquisitions than we did in 2017 due to asset quality, price, or lease terms. Furthermore, to the extent that the tower acquisition opportunities are for significant tower portfolios, some of our competitors are significantly larger and have greater financial resources than we do. Finally, laws regulating

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competition, domestically and internationally, may limit our ability to acquire certain portfolios. 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 through acquisitions.

Our ability to build 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 than anticipated, domestically and internationally, and 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 2019. If we are not able to increase our new build 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 developing markets, 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 approximately 18.2% during the year ended December 31, 2018, 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:

- 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;
- changes in a specific country's or region's political or economic conditions, including inflation or currency devaluation;
- laws affecting telecommunications infrastructure including the sharing of such infrastructure;
- laws and regulations that tax or otherwise restrict repatriation of earnings or other funds or otherwise limit distributions of capital;
- changes to existing or new domestic or international tax laws, new or significantly increased municipal fees directed specifically at the ownership and operation of towers, which may be applied and enforced retroactively and could materially affect the profitability of our operations;
- expropriation and governmental regulation restricting foreign ownership or requiring reversion or divestiture;
- restriction or revocation of spectrum licenses;
- laws and regulations governing our employee relations, including occupational health and safety matters and employee compensation and benefits matters;

- 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;
- 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;
- challenges arising from less-developed infrastructure in certain markets; and
- difficulty in recruiting and retaining trained personnel.

We are also exposed to risks operating in countries with high levels of inflation, including the risk that inflation rates exceed our fixed escalator percentages in markets where our leases include fixed escalators and the risk that adverse economic conditions may discourage growth in consumer demand and consequently reduce our customers' demand for our site leasing services. For example, we have a subsidiary in Argentina through which we operate our site leasing business. The Argentinean economy was deemed to be "highly inflationary" from a U.S. GAAP perspective as of the second quarter of 2018. As a result, we remeasured the financial statements for those operations to the U.S. dollar as of July 1, 2018. Although this change did not have a material impact on our financial statements as our assets in and revenue from Argentina were each less than 1% of consolidated assets and revenue, respectively, as of December 31, 2018, going forward, fluctuations in the Argentinean Peso to U.S. dollar exchange rate could negatively impact our financial results.

Currency fluctuations may negatively affect our results of operations.

Our operations in Central America and Ecuador are primarily denominated in U.S. Dollars. In Brazil, Canada, and Chile, significantly all of our revenue, expenses, and capital expenditures, including tenant leases, ground leases, and other tower-related

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expenses are denominated in local currency. In Colombia, Argentina, and Peru, our revenue, expenses, and capital expenditures, including tenant leases, ground leases, and other tower-related expenses are denominated in a mix of local currency and U.S. dollars. Our foreign currency denominated revenues and expenses are translated into U.S. dollars at average exchange rates for inclusion in our consolidated financial statements.

For the year ended December 31, 2018, approximately 19.3% of our total cash site leasing revenue was generated by our international operations, of which 13.9% was generated in non-U.S. dollar currencies, including 12.5% which was denominated in Brazilian Reals. The exchange rates between our foreign currencies and the U.S. Dollar have fluctuated significantly in recent years and may continue to do so in the future. For example, the Brazilian Real has historically been subject to substantial volatility and weakened 12.0% when comparing the average rate for the years ended December 31, 2018 and 2017. This trend has affected, and may in the future continue to affect, our reported results of operations.

Changes in exchange rates between these local currencies and the U.S. 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 intercompany loan agreements which permit one of our Brazilian entities to borrow amounts up to \$1,250 million in U.S. Dollars. As of December 31, 2018, the aggregate outstanding balance under these agreements was \$536.9 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 as settlement is anticipated or planned in the foreseeable future. Consequently, if the U.S. Dollar strengthens against the Brazilian Real, our results of operations would be adversely affected. For the years ended December 31, 2018 and 2017, we recorded an \$89.1 million loss and an \$8.8 million loss, respectively, on the remeasurement of the intercompany loan due to changes in foreign currency exchange rates.

New technologies or network architecture or changes in a customer's business model may reduce demand for our wireless infrastructure or negatively impact our revenues.

Improvements or changes in the efficiency, architecture, and design of wireless networks or changes in a wireless service provider customer's business model may reduce the demand for our wireless infrastructure. In addition, as customers deploy increased capital to the development and implementation of new technologies, they may allocate less of their budgets to lease space on our towers. For example, new technologies that may promote network sharing, joint development, or resale agreements by our wireless service provider customers, such as signal combining technologies or network functions virtualization, may reduce the need for our wireless infrastructure, or may result in the decommissioning of equipment on certain sites because portions of the customers' networks may become redundant. 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 communications architecture that is the basis of substantially all of our site leasing business. The majority of our tower portfolio is comprised of traditional macro sites, and therefore is not as diversified into non-macro sites and other technologies and architectures as some of our competitors. In addition, new technologies that enhance the range, efficiency, and capacity of wireless equipment could reduce demand for our wireless infrastructure. Further, a customer may decide to no longer outsource wireless infrastructure or otherwise change its business model. Any significant reduction in demand for our wireless infrastructure resulting from new technologies or new architectures or changes in a customer's business model may negatively impact our revenues or otherwise have a material adverse effect on us. Any such event may have a disproportionate impact on our business as compared to our competitors whose portfolios may be more technologically and architecturally diversified than ours.

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 the land under 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, 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 (1) renew the concession upon newly negotiated terms or (2) terminate the concession and take possession of the land and the tower on such land. Although Oi 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, 2018, we generated 10.0% of our total international site leasing revenue from these 2,113 towers of which 6.4% related to Oi and 3.6% represented revenue from co-located tenants.

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As of December 31, 2018, the average remaining life under our ground leases, including renewal options under our control, was approximately 36 years, and approximately 7.9% 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.

A slowdown in demand for wireless communications services or delays or changes in the deployment or adoption of new technologies 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 consumers significantly reduce their minutes of use or data usage, or fail to widely adopt and use wireless data applications or new technologies, our wireless service provider customers could experience a decrease in demand for their services. In addition, delays or changes in the deployment of new technologies could further slow additional investment by our customers in their networks. There can be no assurance that 3G, 4G, including long-term evolution, advanced wireless service in certain bands, or other newer wireless technologies such as 5G will be deployed or adopted as rapidly as projected or implemented in the manner anticipated. The deployment of 3G in the United States experienced delays from the original projected timelines of the wireless and broadcast industries, the deployment of 4G in the United States has experienced delays and continued deployment of 4G in emerging markets could experience delays, and the deployment of 5G may experience similar delays. 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. Regardless of consumer demand, each wireless service provider 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 service providers 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. These factors could also have a material adverse effect on our growth rate since growth opportunities and demand for our tower space as a result of new technologies may not be realized at the times or to the extent anticipated. Any of these factors 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 are subject to a number of risks and uncertainties as a result of those acquisition activities. These activities may fail to achieve the benefits we expected from the acquisition or the acquired assets may not meet our internal guidelines for current and future returns, particularly if we are required to place greater reliance on the financial and operational representations and warranties of the sellers in individually material acquisitions. The impact of these risks is further enhanced in acquisitions of towers in international markets, where it may be more challenging to analyze and verify all relevant information with respect to the assets being acquired. These risks 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 (1) an adverse financial impact if the acquired towers do not achieve the projected financial results, (2) the impact of unanticipated costs associated with the acquisitions on our results of operations, (3) increased demands on our cash resources that may impact our ability to explore other opportunities, (4) undisclosed and assumed liabilities that we may be unable to recover, (5) an adverse impact on our existing customer relationships, (6) additional expenses and exposure to new regulatory, political and economic risks, and (7) diversion of managerial attention.

The process of integrating any acquired towers into our operations is also subject to a number of risks and financial impacts, including unforeseen operating difficulties, large expenditures, diversion of management attention, the loss of key customers and/or personnel, our inability to retain or timely find suitable replacements for key employees and management needed to operate the acquired business, and exposure to unanticipated liabilities. These risks may be exacerbated in acquisitions of a material number of towers. There can be no assurance that we will be successful in integrating domestic and international acquisitions into our existing business.

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

The indentures governing the 2014 Senior Notes, the 2016 Senior Notes, and the 2017 Senior Notes, the Senior Credit Agreement, and the agreement for the mortgage loan underlying the Tower Securities contain restrictive covenants imposing

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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 instrument limit our ability to:

- merge, consolidate or sell assets;
- make restricted payments, including pay dividends or make other distributions;
- 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 Net Debt to Annualized Borrower EBITDA not to exceed 6.5 times for any fiscal quarter, (2) a ratio of Consolidated Net 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 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 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 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 2014 Senior Notes, 2016 Senior Notes, and 2017 Senior Notes and funds to be utilized for stock repurchases, 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.

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. Although 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, these agreements do not ensure that those members will continue with us in their current capacity for any particular period of time. We do not have employment agreements with any of our other key personnel. If any of our key personnel were to leave or retire, 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, wireless radio stations, and radio and television broadcast 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 broadcast 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. In our international operations, the impact of these zoning, permitting and related regulations and restrictive covenants on our new builds, co-locations and operations could be exacerbated as some of these markets may lack established permitting processes for towers, have inconsistencies between national and local regulations and have other barriers to timely construction and permitting of towers. As a result, tower construction in some of our international markets may be delayed or halted or our acquired towers may not perform as anticipated. 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.

As 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, or those of our cloud or Internet-based providers, 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 or our vendors' computer systems and 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 and other unforeseen events.

Our towers are subject to risks associated with natural disasters such as tornadoes, hurricanes and earthquakes or may collapse for any number of reasons, including structural deficiencies. 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 and may harm our reputation.

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 may 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.

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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 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.

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 net operating losses (“NOLs”) in U.S. federal and state taxing jurisdictions. Generally, for U.S. federal and state tax purposes, NOLs generated prior to the 2018 tax year 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. NOLs generated starting in the 2018 tax year can be carried forward indefinitely but are subject to the 80% utilization limitation. 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. If our tax benefits, including from our use of NOLs or other tax attributes, are challenged successfully by a taxing authority, we may be required to pay additional taxes or penalties, or make additional distributions, which could have a material adverse effect on our business, results of operations and financial condition.

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 (“Code”). 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 and could result in us having to make additional cash distributions.

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

The U.S. and other foreign governments impose 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.

The recently adopted US tax legislation may result in additional tax liabilities that may affect our future results and profitability.

In December 2017, the U.S. government enacted comprehensive tax legislation, commonly referred to as the Tax Cuts and Jobs Act (the “Tax Act”), that significantly revised the Code by, among other things, lowering the corporate income tax rate from a top marginal rate of 35% to a flat 21%, imposing a mandatory one-time deemed repatriation of foreign earnings (commonly referred to as the “transition tax”), limiting deductibility of interest expense and certain executive compensation and implementing a territorial tax system.

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The Tax Act impacted our consolidated results of operations during the fourth quarter of 2017 and in 2018, and may impact our consolidated results of operations in future periods. In particular, the transition tax resulted in a one-time income inclusion of \$49.2 million related to previously unremitted earnings of certain non-U.S. subsidiaries, which we will elect to include in income over the next eight tax years. The inclusion will be offset by our existing NOLs to the extent possible during the eight-year recognition period. In addition, we recorded a one-time reduction to our deferred tax asset and offsetting valuation allowance in the amount of \$25.5 million, \$19.2 million related to the reduction of the U.S. corporate tax rate, and \$6.3 million related to the new limitations on the deductibility of executive compensation.

## Risks Related to Our Status as a REIT

Complying with the REIT requirements may cause us to liquidate assets or hinder our ability to pursue otherwise attractive asset acquisition opportunities.

To qualify as a REIT for federal income tax purposes, we must continually satisfy tests concerning, among other things, the nature and diversification of our assets, the sources of our income and the amounts we distribute to our shareholders. For example, to qualify as a REIT, we must ensure that, at the end of each calendar quarter, at least 75% of the value of our assets consists of cash, cash items, government securities and “real estate assets” (as defined in the Code), including towers and certain mortgage loans and securities. The remainder of our investments (other than government securities, qualified real estate assets and securities issued by a taxable REIT subsidiary (“TRS”)) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of our total assets (other than government securities, qualified real estate assets and securities issued by a TRS) can consist of the securities of any one issuer, and no more than 20% of the value of our total assets can be represented by securities of one or more TRSs. If we fail to comply with these requirements at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences. As a result, we may be required to liquidate assets.

In addition to the asset tests set forth above, to qualify and be subject to tax as a REIT, we will generally be required to distribute at least 90% of our REIT taxable income after the utilization of any available NOLs (determined without regard to the dividends paid deduction and excluding net capital gain) each year to our shareholders. Our determination as to the timing or amount of future dividends will be based on a number of factors, including investment opportunities around our core business and the availability of our existing NOLs. To the extent that we satisfy the 90% distribution requirement, but distribute less than 100% of our REIT taxable income (after the application of available NOLs, if any), we will be subject to U.S. federal corporate income tax on our undistributed taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we pay out to our shareholders for a calendar year is less than a minimum amount specified under the Code. These distribution requirements could hinder our ability to pursue otherwise attractive asset acquisition opportunities. Furthermore, our ability to compete for acquisition opportunities in domestic and international markets may be adversely affected if we need, or require, the target company to comply with certain REIT requirements. These actions could have the effect of reducing our income, amounts available for distribution to our shareholders and amounts available for making payments on our indebtedness.

Qualifying as a REIT involves highly technical and complex provisions of the Code. If we fail to qualify as a REIT or fail to remain qualified as a REIT, to the extent we have REIT taxable income and have utilized our NOLs, we will be subject to U.S. federal income tax as a regular corporation and could face a substantial tax liability, which would reduce the amount of cash available for distribution to our shareholders.

Qualification as a REIT involves the application of highly technical and complex Code provisions for which only limited judicial and administrative authorities exist. Even a technical or inadvertent violation could jeopardize our REIT qualification. Our qualification as a REIT will depend on our satisfaction of certain asset, income, organizational, distribution, shareholder ownership and other requirements on a continuing basis.

We received an opinion of our special REIT tax counsel with respect to our qualification as a REIT. Investors should be aware, however, that opinions of counsel are not binding on the IRS or any court. The opinion represents only the view of such counsel based on its review and analysis of existing law and on certain representations as to factual matters and covenants made by us, including representations relating to the values of our assets and the sources of our income. The opinion is expressed as of the date issued. Our qualification as a REIT will depend on our satisfaction of certain asset, income, organizational, distribution, shareholder ownership and other requirements on a continuing basis. Our ability to satisfy the asset tests depends upon our analysis of the characterization and fair market values of our assets, some of which are not susceptible to a precise determination, and for which we will not obtain independent appraisals.

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If we fail to qualify as a REIT in any taxable year, to the extent we have REIT taxable income and have utilized our NOLs, we would be subject to U.S. federal income tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates, and dividends paid to our shareholders would not be deductible by us in computing our taxable income. Any resulting corporate tax liability could be substantial and would reduce the amount of cash available for distribution to our shareholders, which in turn could have an adverse impact on the value of our common stock. Unless we were entitled to relief under certain provisions of the Code, we also would be disqualified from re-electing to be taxed as a REIT for the four taxable years following the year in which we failed to qualify as a REIT. If we fail to qualify for taxation as a REIT, we may need to borrow additional funds or liquidate assets to pay any additional tax liability. Accordingly, funds available for investment and making payments on our indebtedness would be reduced.

We may be required to borrow funds, sell assets, or raise equity to satisfy our REIT distribution requirements.

From time to time, we may generate REIT taxable income greater than our cash flow as a result of differences in timing between the recognition of taxable income and the actual receipt of cash or the effect of nondeductible capital expenditures, the creation of reserves or required debt or amortization payments. If we do not have other funds available in these situations, we may need to borrow funds, sell assets or raise equity, even if the then-prevailing market conditions are not favorable for these borrowings, sales or offerings, to enable us to satisfy the REIT distribution requirement and to avoid U.S. federal corporate income tax and the 4% excise tax in a particular year. These alternatives could increase our costs and our leverage, decrease our Adjusted Funds From Operations per share or require us to distribute amounts that would otherwise be invested in future acquisitions or stock repurchases.

Thus, compliance with the REIT requirements may hinder our ability to grow, which could adversely affect the value of our common stock. Furthermore, compliance with the REIT distribution requirements may increase the financing we need to fund capital expenditures, future growth, or expansion initiatives, which would increase our total leverage.

Covenants specified in our current and future debt instruments may limit our ability to make required REIT distributions.

The Senior Credit Agreement, the mortgage loan agreement related to our securitization transactions and the indentures governing our 2014 Senior Notes, 2016 Senior Notes, and 2017 Senior Notes contain certain covenants that could limit our ability to make distributions to our shareholders. Under the Senior Credit Agreement, our subsidiaries may make distributions to us to satisfy our REIT distribution requirements and additional amounts to distribute up to 100% of our REIT taxable income, so long as SBA Senior Finance II's ratio of Consolidated Net Debt to Annualized Borrower EBITDA does not exceed 6.5 times for any fiscal quarter. In addition, under the mortgage loan agreement related to our securitization transactions, or Securitization, a failure to comply with the Debt Service Coverage Ratio in that agreement could prevent our borrower subsidiaries from distributing any excess cash from the operation of their towers to us. Finally, while the indentures governing the 2014 Senior Notes, 2016 Senior Notes, and 2017 Senior Notes permit us to make distributions to our shareholders to the extent such distributions are necessary to maintain our

status as a REIT or to avoid entity level taxation, this authority is subject to the conditions that no default or event of default exists or would result therefrom and that the obligations under the 2014 Senior Notes, 2016 Senior Notes, or 2017 Senior Notes, as applicable, have not otherwise been accelerated.

If these limitations prevent us from satisfying our REIT distribution requirements, we could fail to qualify for taxation as a REIT. If these limitations do not jeopardize our qualification for taxation as a REIT but do nevertheless prevent us from distributing 100% of our REIT taxable income, we will be subject to U.S. federal corporate income tax, and potentially the nondeductible 4% excise tax, on the retained amounts.

Our payment of cash distributions in the future is not guaranteed and the amount of any future cash distributions may fluctuate, which could adversely affect the value of our Class A common stock.

REITs are required to distribute annually at least 90% of their REIT taxable income (determined before the deduction for dividends paid and excluding any net capital gain). As of December 31, 2018, \$755.4 million of our federal NOLs are attributes of the REIT. We may use these NOLs to offset our REIT taxable income, and thus any required distributions to shareholders may be reduced or eliminated until such time as the NOLs have been fully utilized. The Code places limitations upon the future availability of NOLs based upon changes in our equity. If these occur, our ability to offset future income with existing NOLs may be limited. We currently expect that we will utilize available NOLs to reduce all or a portion of our REIT taxable income and therefore we may not initially make any distributions, which may adversely affect the market value of our Class A common stock.

The amount of future distributions will be determined, from time to time, by the Board of Directors to balance our goal of increasing long-term shareholder value and retaining sufficient cash to implement our current capital allocation policy, which prioritizes investment in quality assets that meet our return criteria, and then stock repurchases, when we believe our stock price is below its intrinsic value. The actual timing and amount of distributions will be as determined and declared by the Board of Directors

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and will depend on, among other factors, our NOLs, our financial condition, earnings, debt covenants and other possible uses of such funds. Consequently, our future distribution levels may fluctuate.

Certain of our business activities may be subject to corporate level income tax and foreign taxes, which would reduce our cash flows, and would have potential deferred and contingent tax liabilities.

We may be subject to certain federal, state, local and foreign taxes on our income and assets, including alternative minimum taxes, taxes on any undistributed income and state, local or foreign income, franchise, property and transfer taxes. In addition, we could, in certain circumstances, be required to pay an excise or penalty tax, which could be significant in amount, in order to utilize one or more relief provisions under the Code to maintain qualification for taxation as a REIT. In addition, we may incur a 100% excise tax on transactions with a TRS if they are not conducted on an arm's length basis. Any of these taxes would decrease our earnings and our available cash.

Our TRS assets and operations also will continue to be subject, as applicable, to federal and state corporate income taxes and to foreign taxes in the jurisdictions in which those assets and operations are located. If we continue our international expansion, we may have additional TRS assets and operations subject to such taxes. Any of these taxes would decrease our earnings and our available cash.

We will also be subject to a federal corporate level tax at the highest regular corporate rate (currently 21%) on the gain recognized from a sale of assets occurring during our first five years as a REIT, up to the amount of the built-in gain that existed on January 1, 2016, which is based on the fair market value of those assets in excess of our tax basis in those assets as of January 1, 2016. Gain from a sale of an asset occurring after the specified period ends will not be subject to this corporate level tax. We currently do not expect to sell any asset if the sale would result in the imposition of a material tax liability. We cannot, however, assure you that we will not change our plans in this regard.

Our use of TRSs may cause us to fail to qualify as a REIT.

The net income of our TRSs is not required to be distributed to us, and such undistributed TRS income is generally not subject to our REIT distribution requirements. However, if the accumulation of cash or reinvestment of significant earnings in our TRSs causes the fair market value of our securities in those entities, taken together with other non-qualifying assets, to represent more than 20% (25% for taxable years beginning prior to December 31, 2017) of the value of our total assets, in each case, as determined for REIT asset testing purposes, we would, absent timely responsive action, fail to qualify as a REIT. If we continue our international expansion, we may have increased net income from TRSs, which may cause us to rise above these thresholds.

Legislative or other actions affecting REITs could have a negative effect on us.

The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the Treasury. Changes to the tax laws or interpretations thereof, with or without retroactive application, could materially and adversely affect our investors or us. We cannot predict how changes in the tax laws might affect our investors or us. New legislation, U.S. Treasury Regulations, administrative interpretations or court decisions could significantly and negatively affect our ability to qualify as a REIT or the U.S. federal income tax consequences to our investors and us of such qualification.

Our Board's ability to revoke our REIT qualification, without shareholder approval, may cause adverse consequences to our shareholders.

Our articles of incorporation provide that our Board of Directors may revoke or otherwise terminate our REIT election, without the approval of our shareholders, if it determines that it is no longer in our best interests to continue to qualify as a REIT. If we cease to be a REIT, we will not be allowed a deduction for dividends paid to shareholders, if any, in computing our taxable income, and to the extent we have taxable income and have utilized our NOLs, we will be subject to U.S. federal income tax at regular corporate rates and state and local taxes, which may have adverse consequences on our total return to our shareholders.

We began operating as a REIT in 2016, which may adversely affect our financial condition, results of operations, cash flow, per share trading price of our common stock and ability to satisfy debt service obligations.

We began operating as a REIT in 2016 and may not be able to continue to operate successfully as a REIT. In addition, we are required to maintain substantial control systems and procedures in order to maintain our status as a REIT. We have also incurred additional legal, accounting and other expenses that we did not incur prior to operating as a REIT and our management and other personnel have devoted additional time to comply with these rules and regulations and controls required for continued compliance with the Code. These factors may adversely affect our performance as a REIT. If our performance is adversely affected, it could affect our financial condition, results of operations, cash flow and ability to satisfy our debt service obligations.

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Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends.

The maximum U.S. federal income tax rate applicable to income from “qualified dividends” payable to U.S. shareholders that are individuals, trusts and estates is currently 20%. Dividends payable by REITs, however, generally are not eligible for the reduced rates applicable to qualified dividends. Although these rules do not adversely affect the taxation of REITs, the more favorable rates applicable to regular corporate qualified dividends could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the stock of REITs, including our common stock. REIT ordinary income distributions are generally eligible for a 20% deduction to the extent distributed out of the REIT’s taxable income.

Risks Related to Ownership of our Class A Common Stock

The REIT-related ownership and transfer restrictions may restrict or prevent our shareholders from engaging in certain transfers of our common stock.

In order for us to satisfy the requirements for REIT qualification, no more than 50% in value of all classes or series of our outstanding shares of stock may be owned, beneficially or constructively, by five or fewer individuals (as defined in the Code to include certain entities) at any time during the last half of each taxable year (other than the first year for which an election to be subject to tax as a REIT has been made). In addition, our capital stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year (other than the first year for which an election to be taxed as a REIT has been made). Our articles of incorporation contain REIT-related ownership and transfer restrictions that generally restrict shareholders from owning more than 9.8%, by value or number of shares, whichever is more restrictive, of our outstanding shares of Class A common stock, or 9.8% in aggregate value of the outstanding shares of all classes and series of our capital stock. Under applicable constructive ownership rules, any shares of stock owned by certain affiliated owners generally would be added together for purposes of the ownership limits. These ownership and transfer restrictions could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for our capital stock or otherwise be in the best interest of our shareholders.

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.

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

We own our headquarters in Boca Raton, Florida where we currently have approximately 160,000 square feet of office space. We also own or have entered into long-term leases for international and regional locations convenient for the management and operation of our site leasing activities, and in 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, 2018, approximately 71% 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

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renewal options under our control, is 36 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 multiple 5-year renewal periods, for a total of thirty years or more.

Most of our towers have significant capacity available for additional antennas. We measure the available capacity of our existing facilities to support additional tenants and generate additional lease revenue by assessing several factors, including tower height, tower type, wind loading, environmental conditions, existing equipment on the tower and zoning and permitting regulations in effect in the jurisdiction where the tower is located. As of December 31, 2018, we had an average of 1.8 tenants per tower structure.

### 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.

## 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.

As of February 21, 2019, there were 234 record holders of our Class A common stock.

#### Dividends

We have never paid a dividend on any class of common stock. As a REIT, we are required to distribute annually at least 90% of our REIT taxable income after the utilization of any available NOLs (determined before the deduction for dividends paid and excluding any net capital gain). As of December 31, 2018, \$755.4 million of the federal NOLs are attributes of the REIT. We may use these NOLs to offset our REIT taxable income, and thus any required distributions to shareholders may be reduced or eliminated until such time as our NOLs have been fully utilized. The amount of future distributions will be determined, from time to time, by the board of directors to balance our goal of increasing long-term shareholder value and retaining sufficient cash to implement our current capital allocation policy, which prioritizes investment in quality assets that meet our return criteria, and then stock repurchases when we believe our stock price is below its intrinsic value. The actual amount, timing and frequency of future dividends, will be at the sole discretion of the board of directors and will be declared based upon various factors, many of which are beyond our control.



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## Issuer Purchases of Equity Securities

The following table presents information related to our repurchases of Class A common stock during the fourth quarter of 2018:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
10/1/2018 - 10/31/2018	936,981	\$ 151.55	936,981	\$ 404,518,419
11/1/2018 - 11/30/2018	—	\$ —	—	\$ 404,518,419
12/1/2018 - 12/31/2018	1,226,357	\$ 163.08	1,226,357	\$ 204,518,536
Total	2,163,338	\$ 158.09	2,163,338	\$ 204,518,536

(1) On February 16, 2018, our Board of Directors authorized a \$1.0 billion stock repurchase plan, replacing the plan authorized on January 12, 2017. This plan authorizes us to purchase, from time to time, up to \$1.0 billion of our outstanding Class A common stock through open market repurchases in compliance with Rule 10b-18 under the Exchange Act, and/or in privately negotiated transactions at management's discretion based on market and business conditions, applicable legal requirements, and other factors. Shares repurchased will be retired. This plan has no time deadline and will continue until otherwise modified or terminated by our Board of Directors at any time in its sole discretion.

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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, 2018. The financial data for the fiscal years ended 2018, 2017, 2016, 2015, and 2014 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,				
	2018	2017	2016	2015	2014
	(audited) (in thousands, except for per share data)				
Revenues:					
Site leasing	\$ 1,740,434	\$ 1,623,173	\$ 1,538,070	\$ 1,480,634	\$ 1,360,202
Site development	125,261	104,501	95,055	157,840	166,794
Total revenues	1,865,695	1,727,674	1,633,125	1,638,474	1,526,996
Operating expenses:					
Cost of revenues (exclusive of depreciation, accretion, and amortization shown below):					
Cost of site leasing	372,296	359,527	342,215	324,655	301,313
Cost of site development	96,499	86,785	78,682	119,744	127,172
Selling, general, and administrative	142,526	130,697	143,349	114,951	103,317
Acquisition related adjustments and expenses	10,961	12,367	13,140	11,864	7,798
Asset impairment and decommission costs	27,134	36,697	30,242	94,783	23,801
Depreciation, accretion, and amortization	672,113	643,100	638,189	660,021	627,072
Total operating expenses	1,321,529	1,269,173	1,245,817	1,326,018	1,190,473
Operating income	544,166	458,501	387,308	312,456	336,523
Other income (expense):					
Interest income	6,731	11,337	10,928	3,894	677
Interest expense	(376,217)	(323,749)	(329,171)	(322,366)	(292,600)
Non-cash interest expense	(2,640)	(2,879)	(2,203)	(1,505)	(27,112)
Amortization of deferred financing fees	(20,289)	(21,940)	(21,136)	(19,154)	(17,572)
Loss from extinguishment of debt, net	(14,443)	(1,961)	(52,701)	(783)	(26,204)
Other (expense) income, net	(85,624)	(2,418)	94,278	(139,137)	10,628
Total other expense	(492,482)	(341,610)	(300,005)	(479,051)	(352,183)
Income (loss) before provision for income taxes	51,684	116,891	87,303	(166,595)	(15,660)
Provision for income taxes	(4,233)	(13,237)	(11,065)	(9,061)	(8,635)
Net income (loss)	\$ 47,451	\$ 103,654	\$ 76,238	\$ (175,656)	\$ (24,295)
Basic net income (loss) per common share	\$ 0.41	\$ 0.86	\$ 0.61	\$ (1.37)	\$ (0.19)
Diluted net income (loss) per common share	\$ 0.41	\$ 0.86	\$ 0.61	\$ (1.37)	\$ (0.19)

Weighted average common shares  
outstanding:

Basic	114,909	119,860	124,448	127,794	128,919
Diluted	116,515	121,022	125,144	127,794	128,919

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	As of December 31,				
	2018	2017	2016	2015	2014
Balance Sheet Data	(audited) (in thousands)				
Cash and cash equivalents	\$ 143,444	\$ 68,783	\$ 146,109	\$ 118,039	\$ 39,443
Restricted cash - current	32,464	32,924	36,786	25,353	52,519
Property and equipment, net	2,786,355	2,812,346	2,792,076	2,782,353	2,762,417
Intangibles, net	3,331,465	3,598,131	3,656,924	3,735,413	4,189,540
Total assets	7,213,707	7,320,205	7,360,945	7,312,980	7,748,635
Total debt	9,938,553	9,310,686	8,775,583	8,452,070	7,768,309
Total shareholders' deficit	(3,376,823)	(2,599,114)	(1,995,921)	(1,706,144)	(660,801)

	For the year ended December 31,				
	2018	2017	2016	2015	2014
Other Data	(audited) (in thousands)				
Cash provided by (used in):					
Operating activities	\$ 850,618	\$ 818,470	\$ 742,525	\$ 723,030	\$ 674,340
Investing activities	(618,347)	(605,107)	(428,235)	(737,065)	(1,764,127)
Financing activities	(148,537)	(294,574)	(288,557)	75,751	995,298

## 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 infrastructure, including 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 98.0% of our total segment operating profit for the year ended December 31, 2018. 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, 2018, we owned 29,578 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 9,700 actual or potential sites, approximately 500 of which were revenue producing as of December 31, 2018. 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. As of December 31, 2018, (1) no U.S. state or territory accounted for more than 10% of our total tower portfolio by tower count, and (2) no U.S. state or territory accounted for more than 10% of our total revenues for the year ended December 31, 2018. In addition, as of December 31, 2018, approximately 28.9% of our total towers are located in Brazil and less than 3% of our total towers are located in any of our other international markets (each country is considered a market). We derive site leasing revenues primarily from wireless service provider tenants, including AT&T, T-Mobile, Verizon Wireless, Sprint, Oi S.A., Telefonica, Claro, and TIM. 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

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tenant leases are generally for an initial term of five to ten years with multiple 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 5-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. Site leases in South America typically provide for a fixed rental amount and a pass through charge for the underlying ground lease rent.

Ground leases are generally for an initial term of five years or more with multiple 5-year renewal 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, 2018, approximately 71% 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 property taxes 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.

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 Brazil, Canada, and Chile, significantly all of our revenue, expenses, and capital expenditures, including tenant leases, ground leases, and other tower-related expenses are denominated in local currency. In Colombia, Argentina, and Peru, our revenue, expenses, and capital expenditures, including tenant leases, ground leases, and other tower-related expenses are denominated in a mix of local currency and U.S. dollars.

Cost of site leasing revenue primarily consists of:

- Rental payments on ground leases and other underlying property interests;
- Property taxes;
- Site maintenance and monitoring costs (exclusive of employee related costs);
- Utilities;
- Property insurance;
- Lease origination cost amortization; and
- 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.

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.

Segment operating profit as a percentage of total	For the year ended		
	2018	2017	2016
Domestic site leasing	81.2%	81.8%	83.6%
International site leasing	16.8%	16.9%	15.1%
Total site leasing	98.0%	98.7%	98.7%

We believe that the site leasing business continues to be attractive due to its long-term contracts, built-in rent escalators, high operating margins, and low customer churn (which refers to when a customer does not renew its lease or cancels its lease prior to the end of its term) other than in connection with customer consolidation or cessation of a particular technology. 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 2019, we expect organic site leasing revenue in both our domestic and international segments to increase over 2018 levels due in part to wireless carriers deploying unused spectrum. 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

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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 a specific technology (e.g. iDEN, MetroPCS, Clearwire, and Cricket).

### 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 on existing infrastructure; (4) support in 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 at our towers and at towers owned by others on a local basis, through regional, market, and project offices. The market offices are responsible for all site development operations.

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

### Capital Allocation Strategy

Our capital allocation strategy is to prioritize investment in quality assets that meet our return criteria and then stock repurchases when we believe our stock price is below its intrinsic value. A primary goal of our capital allocation strategy is to increase our Adjusted Funds From Operations per share. To achieve this, we expect we would continue to deploy capital between portfolio growth and stock repurchases, subject to compliance with REIT distribution requirements, available funds and market conditions, while maintaining our target leverage levels. Key elements of our capital allocation strategy include:

**Portfolio Growth.** We intend to continue to grow our tower portfolio, domestically and internationally, through tower acquisitions and the construction of new towers.

**Stock Repurchase Program.** We currently utilize stock repurchases as part of our capital allocation policy when we believe our share price is below its intrinsic value. We believe that share repurchases, when purchased at the right price, will facilitate our goal of increasing our Adjusted Funds From Operations per share.

### 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, 2018, 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 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. Revenue from site leasing represents 93% of our total revenue.

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Site development projects in which we perform consulting services include contracts on a fixed price basis that are billed at contractual rates. Revenue is recognized over time based on milestones achieved, which are determined based on costs incurred. Amounts billed in advance (collected or uncollected) are recorded as deferred revenue on our Consolidated Balance Sheets.

Revenue from construction projects is recognized over time, 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. Refer to Note 9 in our Consolidated Financial Statements included in this annual report for further detail of costs and estimated earnings in excess of billings on uncompleted contracts. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined to be probable.

The site development segment represents approximately 7% of our total revenues. We account for site development revenue in accordance with ASC 606, Revenue from Contracts with Customers, which was adopted on January 1, 2018 by applying the modified retrospective transition method. Payment terms do not result in any significant financing arrangements. Furthermore, these contracts do not typically include variable consideration; therefore, the transaction price that is recognized over time is generally the amount of the total contract. The cumulative effect of initially applying the new revenue standard had no impact on our financial results. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The adoption of the new standard had no impact to net income on an ongoing basis.

The accounts receivable balance for the years ended December 31, 2018 and 2017 was \$111.0 million and \$90.7 million, respectively, of which \$27.1 and \$20.8 million related to the site development segment, respectively. We perform periodic credit evaluations of our customers. In addition, 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 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. Refer to Note 18 in our Consolidated Financial Statements included in this annual report for further detail of the site development segment.

### Recent Accounting Pronouncements Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, Leases. The standard requires lessees to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments for all leases with a term greater than 12 months. The accounting for lessors remains largely unchanged from existing guidance. The Company has adopted this standard as of January 1, 2019. This guidance will have a material impact on the Company's consolidated balance sheet due to the recognition of lease liabilities for its ground leases of approximately \$2.3 billion to \$2.7 billion. Adoption of this guidance will not have a significant impact on the Company's lease classification, a material impact on its consolidated statement of operations, or a notable impact on its liquidity. Additionally, the standard will have no impact on the Company's debt-covenant compliance under its current agreements.

In July 2018, the FASB issued additional guidance on the accounting for leases. The guidance provides companies with another transition method that allows entities to recognize a cumulative-effect adjustment to the opening balance of retained earnings as of the date of adoption. Under this method, previously presented years' financial positions and results are not adjusted. The Company adopted this alternative transition method. The new guidance also provides lessors with a practical expedient, by class of underlying asset, to not separate non-lease components from the

associated lease component if (1) the non-lease components would otherwise be accounted for under the new revenue recognition standard, (2) both the timing and pattern of transfer are the same for the non-lease components and associated lease component, and (3) if accounted for separately, the lease component would be classified as an operating lease. The Company adopted this practical expedient in its accounting for leases.

## RESULTS OF OPERATIONS

This report presents our financial results and other financial metrics after eliminating the impact of changes in foreign currency exchange rates. We believe that providing these financial results and metrics on a constant currency basis, which are non-GAAP measures, gives management and investors the ability to evaluate the performance of our business without the impact of foreign currency exchange rate fluctuations. We eliminate the impact of changes in foreign currency exchange rates by dividing the current period's financial results by the average monthly exchange rates of the prior year period, as well as by eliminating the impact of the remeasurement of our intercompany loans.

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Year Ended 2018 Compared to Year Ended 2017

Revenues and Segment Operating Profit:

	For the year ended December 31,		Foreign Currency Impact	Constant Currency Change	Constant Currency % Change
	2018	2017			
Revenues	(in thousands)				
Domestic site leasing	\$ 1,400,095	\$ 1,308,389	\$ —	\$ 91,706	7.0%
International site leasing	340,339	314,784	(31,343)	56,898	18.1%
Site development	125,261	104,501	—	20,760	19.9%
Total	\$ 1,865,695	\$ 1,727,674	\$ (31,343)	\$ 169,364	9.8%
Cost of Revenues					
Domestic site leasing	\$ 266,131	\$ 260,826	\$ —	\$ 5,305	2.0%
International site leasing	106,165	98,701	(10,795)	18,259	18.5%
Site development	96,499	86,785	—	9,714	11.2%
Total	\$ 468,795	\$ 446,312	\$ (10,795)	\$ 33,278	7.5%
Operating Profit					
Domestic site leasing	\$ 1,133,964	\$ 1,047,563	\$ —	\$ 86,401	8.2%
International site leasing	234,174	216,083	(20,548)	38,639	17.9%
Site development	28,762	17,716	—	11,046	62.4%
Revenues					

Domestic site leasing revenues increased \$91.7 million for the year ended December 31, 2018, as compared to the prior year, primarily due to (1) revenues from 462 towers acquired and 82 towers built since January 1, 2017 and (2) organic site leasing growth, primarily from monetary lease amendments for additional equipment added to our towers as well as new leases and contractual rent escalators, partially offset by lease non-renewals primarily by MetroPCS, Leap, Clearwire, and iDEN.

International site leasing revenues increased \$25.6 million for the year ended December 31, 2018, as compared to the prior year. On a constant currency basis, international site leasing revenues increased \$56.9 million. These changes were primarily due to (1) revenues from 2,279 towers acquired and 795 towers built since January 1, 2017, (2) organic site leasing growth from new leases, amendments, and contractual escalators, and (3) an increase in reimbursable pass-through expenses. Site leasing revenue in Brazil represented 12.7% of total site leasing revenue for the period. No other individual international market represented more than 3% of our total site leasing revenue.

Site development revenues increased \$20.8 million for the year ended December 31, 2018, as compared to prior year, as a result of increased carrier activity.

## Operating Profit

Domestic site leasing segment operating profit increased \$86.4 million for the year ended December 31, 2018, as compared to the prior year, primarily due to additional profit generated by (1) towers acquired and built since January

1, 2017 and organic site leasing growth as noted above, (2) continued control of our site leasing cost of revenue, and (3) the positive impact of our ground lease purchase program.

International site leasing segment operating profit increased \$18.1 million for the year ended December 31, 2018, as compared to the prior year. On a constant currency basis, international site leasing segment operating profit increased \$38.6 million. These changes were primarily due to additional profit generated by (1) towers acquired and built since January 1, 2017 and organic site leasing growth as noted above, (2) continued control of our site leasing cost of revenue, and (3) the positive impact of our ground lease purchase program.

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Site development segment operating profit increased \$11.0 million for the year ended December 31, 2018, as compared to the prior year, primarily due to an increase in revenue from increased carrier activity as well as a change in the mix of work performed.

## Selling, General, and Administrative Expenses:

	For the year ended December 31,		Foreign Currency Impact	Constant Currency Change	Constant Currency % Change
	2018	2017			
	(in thousands)				
Domestic site leasing	\$ 72,879	\$ 67,263	\$ —	\$ 5,616	8.3%
International site leasing	27,082	24,320	(2,513)	5,275	21.7%
Total site leasing	\$ 99,961	\$ 91,583	\$ (2,513)	\$ 10,891	11.9%
Site development	16,215	15,433	—	782	5.1%
Not identified by segment	26,350	23,681	—	2,669	11.3%
Total	\$ 142,526	\$ 130,697	\$ (2,513)	\$ 14,342	11.0%

Selling, general, and administrative expenses increased \$11.8 million for the year ended December 31, 2018, as compared to the prior year. On a constant currency basis, selling, general, and administrative expenses increased \$14.3 million. These changes were primarily as a result of increases in personnel, salaries, benefits, and other support-related costs and non-cash compensation costs, partially offset by a decrease in the provision for doubtful accounts.

## Acquisition Related Adjustments and Expenses:

	For the year ended December 31,		Foreign Currency Impact	Constant Currency Change	Constant Currency % Change
	2018	2017			
	(in thousands)				
Domestic site leasing	\$ 5,268	\$ 8,171	\$ —	\$ (2,903)	(35.5%)
International site leasing	5,693	4,196	(295)	1,792	42.7%
Total	\$ 10,961	\$ 12,367	\$ (295)	\$ (1,111)	(9.0%)

Acquisition related adjustments and expenses decreased \$1.4 million for the year ended December 31, 2018, as compared to the prior year. On a constant currency basis, acquisition related adjustments and expenses decreased \$1.1

million. These changes were primarily as a result of a decrease in third party acquisition and integration related costs compared to the prior year.

Asset Impairment and Decommission Costs:

	For the year ended December 31,		Foreign Currency Impact	Constant Currency Change	Constant Currency % Change
	2018	2017			
	(in thousands)				
Domestic site leasing	\$ 18,857	\$ 29,523	\$ —	\$ (10,666)	(36.1%)
International site leasing	7,932	6,994	(277)	1,215	17.4%
Total site leasing	\$ 26,789	\$ 36,517	\$ (277)	\$ (9,451)	(25.9%)
Site Development	345	180	—	165	91.7%
Total	\$ 27,134	\$ 36,697	\$ (277)	\$ (9,286)	(25.3%)

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Domestic site leasing asset impairment and decommission costs decreased \$10.7 million for the year ended December 31, 2018, as compared to the prior year. This change was primarily as a result of a \$10.2 million decrease in the impairment charge recorded on decommissioned towers and a \$0.3 million decrease in impairment charges resulting from our regular analysis of whether the future cash flows from certain towers are adequate to recover the carrying value of the investment in those towers.

International site leasing asset impairment and decommission costs increased \$0.9 million for the year ended December 31, 2018, as compared to the prior year. On a constant currency basis, international site leasing asset impairment and decommission costs increased \$1.2 million. These changes were primarily as a result of a \$1.6 million increase in the impairment charge recorded on decommissioned towers, partially offset by a \$0.7 million decrease in impairment charges resulting from our regular analysis of whether the future cash flows from certain towers are adequate to recover the carrying value of the investment in those towers.

## Depreciation, Accretion, and Amortization Expense:

	For the year ended December 31,		Foreign Currency Impact	Constant Currency Change	Constant Currency % Change
	2018	2017			
	(in thousands)				
Domestic site leasing	\$ 511,823	\$ 498,842	\$ —	\$ 12,981	2.6%
International site leasing	151,570	135,155	(13,914)	30,329	22.4%
Total site leasing	\$ 663,393	\$ 633,997	\$ (13,914)	\$ 43,310	6.8%
Site development	2,556	2,580	—	(24)	(0.9%)
Not identified by segment	6,164	6,523	—	(359)	(5.5%)
Total	\$ 672,113	\$ 643,100	\$ (13,914)	\$ 42,927	6.7%

Depreciation, accretion, and amortization expense increased \$29.0 million for the year ended December 31, 2018, as compared to the prior year. On a constant currency basis, depreciation, accretion, and amortization expense increased \$42.9 million. These changes were primarily due to additional domestic site leasing and international site leasing depreciation and amortization associated with an increase in the number of towers we acquired and built since January 1, 2017, partially offset by the impact of assets that became fully depreciated since the prior year period.

## Operating Income (Expense):

	For the year ended December 31,	Foreign	Constant	Constant Currency
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	2018	2017	Currency Impact	Currency Change	% Change
	(in thousands)				
Domestic site leasing	\$ 525,137	\$ 443,764	\$ —	\$ 81,373	18.3%
International site leasing	41,897	45,418	(3,549)	28	0.1%
Total site leasing	\$ 567,034	\$ 489,182	\$ (3,549)	\$ 81,401	16.6%
Site development	9,646	(477)	—	10,123	(2,122.2%)
Not identified by segment	(32,514)	(30,204)	—	(2,310)	7.6%
Total	\$ 544,166	\$ 458,501	\$ (3,549)	\$ 89,214	19.5%

Domestic site leasing operating income increased \$81.4 million for the year ended December 31, 2018, as compared to the prior year, primarily due to higher segment operating profit and decreases in asset impairment and decommission costs and acquisition related adjustments and expenses, partially offset by increases in depreciation, accretion, and amortization expense and selling, general, and administrative expenses.

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International site leasing operating income decreased \$3.5 million for the year ended December 31, 2018, as compared to the prior year primarily due to the movement in foreign currency exchange rates.

Site development operating income increased \$10.1 million for the year ended December 31, 2018, as compared to the prior year, primarily due to higher segment operating profit, partially offset by increases in selling, general, and administrative expenses and asset impairment and decommission costs.

Other Income (Expense):

	For the year ended December 31,		Foreign Currency Impact	Constant Currency Change	Constant Currency % Change
	2018	2017			
	(in thousands)				
Interest income	\$ 6,731	\$ 11,337	\$ (374)	\$ (4,232)	(37.3%)
Interest expense	(376,217)	(323,749)	(6)	(52,462)	16.2%
Non-cash interest expense	(2,640)	(2,879)	—	239	(8.3%)
Amortization of deferred financing fees	(20,289)	(21,940)	—	1,651	(7.5%)
Loss from extinguishment of debt, net	(14,443)	(1,961)	—	(12,482)	636.5%
Other (expense) income, net	(85,624)	(2,418)	(81,181)	(2,025)	(32.0%)
Total	\$ (492,482)	\$ (341,610)	\$ (81,561)	\$ (69,311)	20.8%

Interest income decreased \$4.6 million for the year ended December 31, 2018, as compared to the prior year. On a constant currency basis, interest income decreased \$4.2 million. These changes were primarily due to a lower amount of interest bearing deposits held in Brazil and lower effective interest rates on those deposits as compared to the prior year.

Interest expense increased \$52.5 million, on an actual and constant currency basis, for the year ended December 31, 2018, as compared to the prior year, due to a higher weighted average interest rate and higher average principal amount of cash-interest bearing debt outstanding as compared to the prior year.

Non-cash interest expense decreased \$0.2 million for the year ended December 31, 2018, as compared to the prior year, primarily due to lower amounts of amortization of the discount related to the repayment of the 2014 Term Loan and 2015 Term Loan in April 2018, partially offset by higher amounts of amortization of the discount related to the issuance of the 2018 Term Loan in April 2018.

Amortization of deferred financing fees decreased \$1.7 million for the year ended December 31, 2018, as compared to the prior year, primarily resulting from the repayment of the 2013-1C Tower Securities in March 2018, 2013-1D Tower Securities in March 2018, 2014 Term Loan in April 2018, and 2015 Term Loan in April 2018, partially offset by the issuance of the 2018-1C Tower Securities in March 2018 and the incurrence of the 2018 Term Loan in April 2018.

Loss from extinguishment of debt was \$14.4 million for the year ended December 31, 2018 due to the write-off of the unamortized financing fees associated with the repayment of the 2013-1C Tower Securities and 2013-1D Tower Securities in March 2018, as well as the write-off of the original issuance discount and unamortized financing fees associated with the repayment of the 2014 Term Loan and 2015 Term Loan in April 2018. Loss from extinguishment of debt was \$2.0 million for the year ended December 31, 2017 due to the write-off of unamortized financing costs associated with the repayment of the 2012-1C Tower Securities in April 2017.

Other (expense) income, net includes an \$89.1 million loss on the remeasurement of U.S. dollar denominated intercompany loans with a Brazilian subsidiary for the year ended December 31, 2018, while the prior year period included an \$8.8 million loss.

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## Provision for Income Taxes:

	For the year ended December 31,		Foreign Currency Impact	Constant Currency Change	Constant Currency % Change
	2018	2017			

(in thousands)

Provision for income taxes \$ (4,233) \$ (13,237) \$ 31,608 \$ (22,604) 170.8%

Provision for income taxes decreased \$9.0 million for the year ended December 31, 2018, as compared to the prior year. On a constant currency basis, provision for income taxes increased \$22.6 million. These changes were primarily due to a \$12.0 million Brazilian deferred tax provision and a \$6.2 million accrual for deferred taxes related to the partial reversal of the permanent reinvestment on foreign earnings.

## Net Income:

	For the year ended December 31,		Foreign Currency Impact	Constant Currency Change	Constant Currency % Change
	2018	2017			

(in thousands)

Net income \$ 47,451 \$ 103,654 \$ (53,502) \$ (2,701) (2.4%)

Net income decreased \$56.2 million for the year ended December 31, 2018, as compared to the prior year. This change was primarily due to fluctuations in foreign currency exchange rates including changes recorded on the remeasurement of the U.S. dollar denominated intercompany loans with a Brazilian subsidiary (net of the tax impact), an increase in interest expense, and an increase in the loss from extinguishment of debt, partially offset by an increase in operating income.

## Year Ended 2017 Compared to Year Ended 2016

## Revenues and Segment Operating Profit:

	For the year ended		Foreign Currency Impact	Constant Currency Change	Constant Currency % Change
	2017	2016			
Revenues	(in thousands)				
Domestic site leasing	\$ 1,308,389	\$ 1,273,866	\$ —	\$ 34,523	2.7%
International site leasing	314,784	264,204	17,423	33,157	12.5%
Site development	104,501	95,055	—	9,446	9.9%
Total	\$ 1,727,674	\$ 1,633,125	\$ 17,423	\$ 77,126	4.7%
Cost of Revenues					
Domestic site leasing	\$ 260,826	\$ 260,941	\$ —	\$ (115)	(0.0%)
International site leasing	98,701	81,274	6,100	11,327	13.9%
Site development	86,785	78,682	—	8,103	10.3%
Total	\$ 446,312	\$ 420,897	\$ 6,100	\$ 19,315	4.6%
Operating Profit					
Domestic site leasing	\$ 1,047,563	\$ 1,012,925	\$ —	\$ 34,638	3.4%
International site leasing	216,083	182,930	11,323	21,830	11.9%
Site development	17,716	16,373	—	1,343	8.2%

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## Revenues

Domestic site leasing revenues increased \$34.5 million for the year ended December 31, 2017, as compared to the prior year, due largely to (1) revenues from 438 towers acquired and 97 towers built since January 1, 2016 and (2) organic site leasing growth, primarily from monetary lease amendments for additional equipment added to our towers as well as new leases and contractual rent escalators, partially offset by lease non-renewals primarily by MetroPCS, Clearwire, and Cricket.

International site leasing revenues increased \$50.6 million for the year ended December 31, 2017, as compared to the prior year. On a constant currency basis, international site leasing revenues increased \$33.2 million. These changes were primarily due to (1) revenues from 1,518 towers acquired and 739 towers built since January 1, 2016, (2) organic site leasing growth from new leases and contractual escalators, and (3) an increase in reimbursable pass-through expenses. Site leasing revenue in Brazil represented 13.4% of total site leasing revenue for the period. No other individual international market represented more than 3% of our total site leasing revenue.

Site development revenues increased \$9.4 million for the year ended December 31, 2017, as compared to the prior year, as a result of increased carrier activity.

## Operating Profit

Domestic site leasing segment operating profit increased \$34.6 million for the year ended December 31, 2017, as compared to the prior year, primarily due to additional profit generated by (1) towers acquired and built since January 1, 2016 and organic site leasing growth as noted above, (2) continued control of our site leasing cost of revenue, and (3) the positive impact of our ground lease purchase program.

International site leasing segment operating profit increased \$33.2 million for the year ended December 31, 2017, as compared to the prior year. On a constant currency basis, international site leasing segment operating profit increased \$21.8 million. These changes were primarily due to towers acquired and built since January 1, 2016 and organic site leasing growth as noted above, partially offset by increases in ground rent and repairs and maintenance costs.

Site development segment operating profit increased \$1.3 million for the year ended December 31, 2017, as compared to the prior year, primarily due to an increase in revenue from increased carrier activity partially offset by lower margins due to the type of work performed.

## Selling, General, and Administrative Expenses:

For the year ended December 31,		Foreign Currency Impact	Constant Currency Change	Constant Currency % Change
2017	2016			

(in thousands)

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Domestic site leasing	\$ 67,263	\$ 72,701	\$ —	\$ (5,438)	(7.5%)
International site leasing	24,320	35,897	1,005	(12,582)	(35.1%)
Total site leasing	\$ 91,583	\$ 108,598	\$ 1,005	\$ (18,020)	(16.6%)
Site development	15,433	13,039	—	2,394	18.4%
Not identified by segment	23,681	21,712	—	1,969	9.1%
Total	\$ 130,697	\$ 143,349	\$ 1,005	\$ (13,657)	(9.5%)

Selling, general, and administrative expenses decreased \$12.7 million for the year ended December 31, 2017, as compared to the prior year. On a constant currency basis, selling, general, and administrative expenses decreased \$13.7 million. These changes were primarily as a result of decreases in the provision for doubtful accounts, which included the \$16.5 million Oi reserve recorded in the second quarter of 2016, and REIT conversion expenses, partially offset by increases in non-cash compensation, personnel, salaries, benefits, and other support costs.

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## Acquisition Related Adjustments and Expenses:

	For the year ended December 31,		Foreign Currency Impact	Constant Currency Change	Constant Currency % Change
	2017	2016			
	(in thousands)				
Domestic site leasing	\$ 8,171	\$ 6,233	\$ —	\$ 1,938	31.1%
International site leasing	4,196	6,907	211	(2,922)	(42.3%)
Total	\$ 12,367	\$ 13,140	\$ 211	\$ (984)	(7.5%)

Acquisition related adjustments and expenses decreased \$0.8 million for the year ended December 31, 2017, as compared to the prior year. On a constant currency basis, acquisition related adjustments and expenses decreased \$1.0 million. These changes were primarily as a result of changes in our estimated pre-acquisition contingencies as compared to the prior year period and a reduction in third party acquisition costs expensed in 2017 as compared to 2016.

## Asset Impairment and Decommission Costs:

	For the year ended December 31,		Foreign Currency Impact	Constant Currency Change	Constant Currency % Change
	2017	2016			
	(in thousands)				
Domestic site leasing	\$ 29,523	\$ 26,073	\$ —	\$ 3,450	13.2%
International site leasing	6,994	1,824	318	4,852	266.0%
Total site leasing	\$ 36,517	\$ 27,897	\$ 318	\$ 8,302	29.8%
Site development	180	—	—	180	—%
Not identified by segment	—	2,345	—	(2,345)	—%
Total	\$ 36,697	\$ 30,242	\$ 318	\$ 6,137	20.3%

Asset impairment and decommission costs increased \$6.5 million for the year ended December 31, 2017, as compared to the prior year. On a constant currency basis, asset impairment and decommission costs increased \$6.1 million. These changes were primarily as a result of an \$8.9 million gain on the sale of fiber assets recorded in the prior year period, partially offset by a \$2.3 million decrease in write-off and disposal costs related to our former corporate headquarters building.

## Depreciation, Accretion, and Amortization Expense:

	For the year ended December 31,		Foreign Currency Impact	Constant Currency Change	Constant Currency % Change
	2017	2016			
	(in thousands)				
Domestic site leasing	\$ 498,842	\$ 509,108	\$ —	\$ (10,266)	(2.0%)
International site leasing	135,155	119,466	7,457	8,232	6.9%
Total site leasing	\$ 633,997	\$ 628,574	\$ 7,457	\$ (2,034)	(0.3%)
Site development	2,580	3,402	—	(822)	(24.2%)
Not identified by segment	6,523	6,213	—	310	5.0%
Total	\$ 643,100	\$ 638,189	\$ 7,457	\$ (2,546)	(0.4%)

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Depreciation, accretion, and amortization expense increased \$4.9 million for the year ended December 31, 2017, as compared to the prior year. On a constant currency basis, depreciation, accretion, and amortization expense decreased \$2.5 million. These changes were primarily due to a decrease in domestic site leasing depreciation associated with assets that became fully depreciated since the prior year period, partially offset by additional international site leasing depreciation associated with an increase in the number of towers we acquired and built since January 1, 2016.

Operating Income (Loss):

	For the year ended December 31,		Foreign Currency Impact	Constant Currency Change	Constant Currency % Change
	2017	2016			
	(in thousands)				
Domestic site leasing	\$ 443,764	\$ 398,810	\$ —	\$ 44,954	11.3%
International site leasing	45,418	18,836	2,332	24,250	128.7%
Total site leasing	\$ 489,182	\$ 417,646	\$ 2,332	\$ 69,204	16.6%
Site development	(477)	(68)	—	(409)	601.5%
Not identified by segment	(30,204)	(30,270)	—	66	(0.2%)
Total	\$ 458,501	\$ 387,308	\$ 2,332	\$ 68,861	17.8%

Domestic site leasing operating income increased \$45.0 million for the year ended December 31, 2017, as compared to the prior year, primarily due to higher segment operating profit and decreases in depreciation, accretion, and amortization expense, and selling, general, and administrative expenses, partially offset by increases in asset impairment, decommission costs, and acquisition related adjustments and expenses.

International site leasing operating income increased \$26.6 million for the year ended December 31, 2017, as compared to the prior year. On a constant currency basis, international site leasing operating income increased \$24.3 million. These changes were primarily due to higher segment operating profit and decreases in selling, general, and administrative expenses primarily resulting from the \$16.5 million Oi reserve and acquisition related adjustments and expenses, partially offset by increases in depreciation, accretion, and amortization expenses, and asset impairment and decommission costs.

Site development operating income decreased \$0.4 million for the year ended December 31, 2017, as compared to the prior year, primarily due to increases in selling, general, and administrative expenses and asset impairment and decommission costs, partially offset by an increase in segment operating profit and a decrease in depreciation, accretion, and amortization expense.

## Other Income (Expense):

	For the year ended December 31,		Foreign Currency Impact	Constant Currency Change	Constant Currency % Change
	2017	2016			
	(in thousands)				
Interest income	\$ 11,337	\$ 10,928	\$ 711	\$ (302)	(2.8%)
Interest expense	(323,749)	(329,171)	(2)	5,424	(1.6%)
Non-cash interest expense	(2,879)	(2,203)	—	(676)	30.7%
Amortization of deferred financing fees	(21,940)	(21,136)	—	(804)	3.8%
Loss from extinguishment of debt, net	(1,961)	(52,701)	—	50,740	(96.3%)
Other (expense) income, net	(2,418)	94,278	(99,624)	2,928	3.1%
Total	\$ (341,610)	\$			