

# Wireless Tower Operators Market Update | Q1 2024



## INDUSTRY HIGHLIGHTS

The US Wireless Tower Industry is estimated at \$11.3 billion in 2024, with a slight decline over the past five years with American Tower Corporation, Crown Castle, SBA Communications continuing to dominate the market.

The high-quality wireless network in the US has enabled unprecedented growth in wireless data demand over the last decade and is projected to continue at 25% per year through 2027. Demand for wireless infrastructure construction is primarily driven by data, mobile device and computer usage. Owners of wireless infrastructure will benefit from additional revenue from both new and amended leases to accommodate increased demand.

Recent changes at major tower companies might signal strategic shifts, such as diversifying into or out of fiber networks or expanding into international markets.

The US Wireless Tower Industry is undergoing a period of both **opportunities and challenges**:

### Opportunities:

- **5G rollout:** Growing demand for 5G services is driving investment in network upgrades, increasing demand for tower space and potentially boosting revenue for tower companies. This remains the key driver, pushing carriers to densify networks with small cells and upgrade existing towers for enhanced bandwidth and capacity. Expect increased demand for tower space, particularly in urban areas and along major highways.
- **Rural expansion:** Government funding and the emergence of Wireless Internet Service Providers (WISPs) are bringing connectivity to underserved areas, creating new tower needs. Government initiatives and WISPs are bringing connectivity to underserved areas. This creates new opportunities for tower construction, especially for smaller, more targeted deployments
- **Stable market:** Despite some slowdowns, the industry remains relatively stable with consistent revenue streams and established players.
- **Shared RANs and Open RAN:** These emerging technologies could reduce the need for dedicated equipment on each tower, potentially impacting demand for traditional tower space. However, the impact is still unclear and may vary depending on specific implementations.
- **Focus on data and analytics:** Tower companies are leveraging data analytics to optimize their portfolios, identify new opportunities, and improve operational efficiency.
- **Integration with other infrastructure:** Towers are increasingly seen as multi-purpose platforms, potentially integrating with smart city initiatives, connected vehicles, and other emerging technologies

### Challenges:

- **Maturing market:** Existing infrastructure might lead to slower growth as carriers consolidate equipment and optimize existing towers.
- **Consolidation and optimization:** Carriers are streamlining their networks, potentially leading to fewer new tower builds and focusing on optimizing existing infrastructure. This could impact construction companies but benefit tower owners with established portfolios.
- **Technology shifts:** New technologies like shared RANs could reduce the need for new towers in some areas.
- **Regulatory hurdles:** Permitting and siting challenges can slow down deployment, impacting construction companies. Permitting and siting challenges remain a major obstacle, particularly in urban areas. Streamlining these processes could unlock further growth potential.

## IN THE NEWS – TOWER OPERATORS

### Crown Castle Issues Open Letter to Shareholders

Inside Towers

Date: March 26, 2024

Crown Castle Inc. (NYSE: CCI) yesterday filed its preliminary proxy materials with the Securities and Exchange Commission in connection with its 2024 Annual Meeting of Stockholders to be held on May 22, 2024. In addition, Crown issued a statement that challenged a recent letter, reported by Inside Towers, from co-founder Ted Miller directed to the Board critical of its operating procedures and reaction to issues presented by disgruntled investor Elliott Management.

In connection with the filing, the company announced that the Board has nominated 12 directors to stand for election at the company's Annual Meeting. The Board's nominees, according to Crown, comprise "diverse individuals with executive and public-company board experience across a range of relevant backgrounds, including telecommunications, towers, fiber, real estate and REIT, as well as strategic planning, finance, M&A and technology, all of whom are actively engaged in overseeing the execution of the company's strategy."

### American Tower Corporation Announces Election of Neville R. Ray to Board of Directors and Declares Quarterly Distribution

Business Wire

Date: March 14, 2024

BOSTON, March 14, 2024--(BUSINESS WIRE)--American Tower Corporation (NYSE: AMT) announced that its Board of Directors (the "Board") has elected Neville R. Ray as a director.

Mr. Ray most recently served as T-Mobile's President of Technology until 2023. Mr. Ray joined T-Mobile (then VoiceStream) in April 2000, and from December 2010 to November 2019, served as its Chief Technology Officer. Prior to that, Mr. Ray served as Network Vice President for Pacific Bell Mobile Services. Mr. Ray currently serves on the board of directors, compensation committee and environmental, social and governance committee of Ziff Davis, a vertically focused digital media and internet company. He also serves on the U.S. President's National Security Telecommunications Advisory Committee (NSTAC). Mr. Ray has served as Chairperson of the Board of Governors of 5G Americas as well as the Vice Chairman of the Cellular Telecommunications Industry Association (CTIA). In addition, he has served as a member of the National Telecommunications and Information Administration's Commerce Spectrum Management Advisory Committee (CSMAC) and the Federal Communications Commission's Communications Security, Reliability and Interoperability Council (CSRIC)..

### Crown Castle Calls Litigation Brought by Ted Miller "Self-Serving"

Inside Towers

Date: March 6, 2024

UPDATE Crown Castle Inc. (NYSE: CCI) yesterday commented on what it called the "self-serving litigation" brought by Ted Miller and Boots Capital Management. The company said the lawsuit brought by Miller is "without merit and underscores that his activism campaign against Crown Castle is focused on his own self interests." Crown said those interests include Miller's appointment to the Board along with three of his "handpicked nominees" which include his son-in-law.

Crown said Miller is seeking approximately \$5 million in compensation for his Boots Management team along with an "unjustified degree of control" over Crown Castle "despite owning far less than one percent of the Company." Crown said the majority of Miller's investment position is held in the form of call options with less than one year of duration.



## IN THE NEWS – TOWER OPERATORS

### American Tower Corporation Prices Senior Notes Offering

Business Wire

Date: March 4, 2024

American Tower Corporation (NYSE: AMT) today announced the pricing of its registered public offering of senior unsecured notes due 2029 and 2034 in aggregate principal amounts of \$650.0 million and \$650.0 million, respectively. The 2029 notes will have an interest rate of 5.200% per annum and are being issued at a price equal to 99.638% of their face value. The 2034 notes will have an interest rate of 5.450% per annum and are being issued at a price equal to 99.285% of their face value.

The net proceeds of the offering are expected to be approximately \$1,281.3 million, after deducting underwriting discounts and estimated offering expenses. American Tower intends to use the net proceeds to repay existing indebtedness under its \$6.0 billion senior unsecured multicurrency revolving credit facility.

### American Tower Corp (AMT) Reports Mixed Results for Q4 and Full Year 2023

GuruFocus Research

Date: February 27, 2024

On February 27, 2024, American Tower Corp (NYSE:AMT) released its 8-K filing, detailing its financial performance for the fourth quarter and full year of 2023. The company, a leading independent owner, operator, and developer of multitenant communications real estate, reported a mixed set of results with revenue growth contrasted by a decrease in annual net income.

The fourth quarter of 2023 saw total revenue increase by 3.0% to \$2,787 million, while property revenue grew by 4.6% to \$2,766 million. However, net income showed a significant increase of 101.9% to \$13 million in Q4, despite a full-year decrease of 19.4% to \$1,367 million. Adjusted EBITDA for Q4 increased by 3.2% to \$1,761 million, contributing to a 6.7% increase for the full year to \$7,087 million.

Despite the positive growth in revenue and EBITDA, AFFO attributable to AMT common stockholders decreased by 2.1% to \$1,070 million in Q4, although it increased by 2.1% to \$4,612 million for the full year. The company's financial achievements, particularly the growth in free cash flow, which surged by 17.7% in Q4 and 61.3% for the full year, underscore the company's ability to generate cash and reinvest in its business or return capital to shareholders, which is crucial for REITs.

### SBA Reports “Strong Finish” to Fourth Quarter 2023 Results

Inside Towers

Date: January 2024

SBA Communications Corporation (NASDAQ: SBAC) last night reported results for the quarter ended December 31, 2023. Brendan Cavanagh, President and Chief Executive Officer said the company ended the year with some momentum and had exceeded several metrics.

Highlights of the fourth quarter include:

- Net income of \$109.5 million or \$1.01 per share
- AFFO per share of \$3.37, representing an 8.0 percent growth over the prior year period
- Issued a new senior secured Term Loan B and increased and extended the maturity of the senior secured revolving credit facility subsequent to quarter end

In addition, the company announced yesterday that its Board of Directors has declared a quarterly cash dividend of \$0.98 per share of the Company's Class A Common Stock, an increase of approximately 15 percent over the dividend paid in the fourth quarter. The distribution is payable March 28, 2024 to the shareholders of record at the close of business on March 14, 2024. Continue Reading



## IN THE NEWS – CARRIERS

### Telekom's T-Mobile Wants Its Own Fiber-Optic Network

Handelsblatt Reports DOW JONES

Date: March 15, 2024

--Deutsche Telekom's U.S. subsidiary T-Mobile is set for a strategic shift from its focus on mobile communications as it plans to build its own fiber-optic network, German newspaper Handelsblatt reports, citing people at Deutsche Telekom directly or indirectly involved in the decision.

--The German mobile-communications firm is planning a joint venture with partner Lumos Networks, in which T-Mobile intends to invest at least \$1 billion, according to the newspaper.

--Initially, the joint venture aims to build fiber-optic connections in Virginia, Handelsblatt says.

--Telekom declined to comment when contacted by Dow Jones Newswires.

### EchoStar exploring “many avenues” to bridge financial gap

Light Reading

Date: March 1, 2024

EchoStar CEO Hamid Akhavan said the company is 'not under the gun' to strike deals to fix EchoStar's financial structure. 'The window is long enough for us to make a sound decision' for the long term, he says.

EchoStar/Dish is reviewing paths to improve its dire financial picture following a warning that the company's ability to continue as a "going concern" is at risk if it can't meet looming debt payments.

The company is exploring "many avenues" to meet its debt obligations and ensure it will have funding to complete its 5G network build, EchoStar President and CEO Hamid Akhavan said Friday on its Q4 2023 earnings call.

### Frontier Fiber Deployment Hitting the Mark

Inside Towers

Date: March 2024

Frontier Communications (NASDAQ: FYBR) is firing on all cylinders. Three years ago, the company set a goal to become a pure fiber player (meaning, just fiber, no wireless) under its Building Gigabit America initiative with fiber-to-the-premise as its primary growth vehicle. At the end of 2023, Frontier ranked as the third largest telco fiber provider in the U.S. behind AT&T (NYSE: T) and Verizon (NYSE: VZ), according to Inside Towers Intelligence.

With a base of over 15 million premises passed by copper and fiber in its 29-state operating area, Frontier added 1.3 million fiber passings in 2023 to reach 6.5 million total fiber passings, or 65 percent of its 10 million fiber passings target by 2025. The company plans to add another 1.3 million fiber passings.

### AT&T says service has been restored after massive, nationwide outage. Authorities are investigating

CNN

Date: February 22, 2024

AT&T's network went down for many of its customers across the United States Thursday morning, leaving customers unable to place calls, text or access the internet.

By a little after 3 pm ET, roughly 11 hours after reports of the outage first emerged, the company said that it had restored service to all impacted customers.

“We have restored wireless service to all our affected customers. We sincerely apologize to them,” AT&T said in a statement. The company added that it is “taking steps to ensure our customers do not experience this again in the future.”

Later on Thursday, AT&T said an “initial review” of the outage found it may have been caused by an error within the company and not a cyberattack..



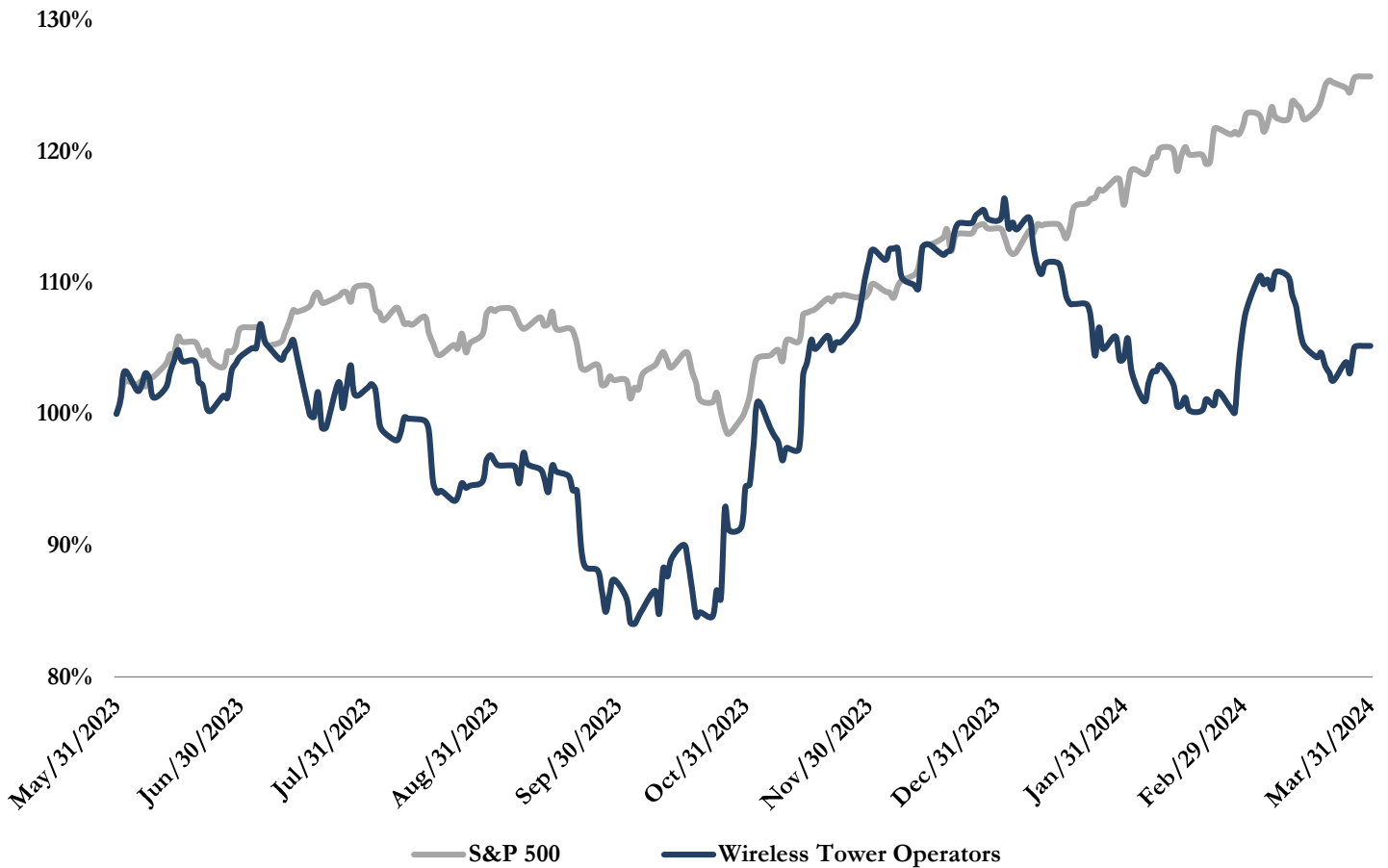
# TOWER OPERATOR - VALUATION TRENDS

## PUBLIC COMPARABLES

(\$in millions, except per share data)

TICKER	COMPANY NAME	STOCK PRICE	MARKET CAP	ENTERPRISE VALUE	GROSS REVENUE		EBITDA		EV / REVENUE		EV / EBITDA	
					LTM	NTM	LTM	NTM	LTM	NTM	LTM	NTM
NYSE:AMT	American Tower Corporation	\$197.59	\$92,147	\$143,995	\$11,144	\$11,271	\$6,897	\$7,116	12.9x	12.8x	20.9x	20.2x
NYSE:CCI	Crown Castle Inc.	\$105.83	\$45,985	\$74,694	\$6,981	\$6,587	\$4,197	\$4,166	10.7x	11.3x	17.8x	17.9x
NasdaqGS:SBAC	SBA Communications Corporation	\$216.70	\$23,427	\$37,717	\$2,712	\$2,691	\$1,791	\$1,907	13.9x	14.0x	21.1x	19.8x
NYSE:DBRG	DigitalBridge Group, Inc.	\$19.27	\$3,151	\$4,720	\$811	\$441	\$346	\$158	5.8x	10.7x	13.6x	29.9x
Median									11.8x	12.1x	19.3x	20.0x
Mean									10.8x	12.2x	18.3x	22.0x

## PUBLIC MARKET RELATIVE STOCK PERFORMANCE



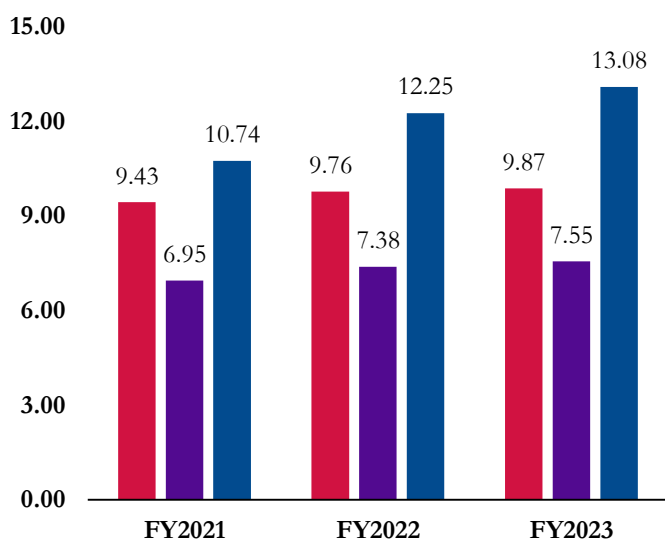
# TOWER OPERATOR - VALUATION TRENDS

## PUBLIC COMPARABLES – ADDITIONAL METRICS

(*\$in millions, except per share data; FY ends Dec. 31*)

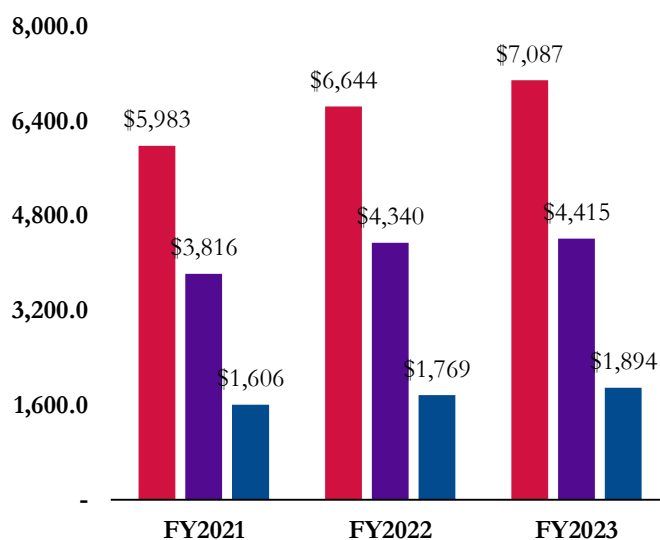
TICKER	Company	AFFO/Share			Adjusted EBITDA		
		FY2021	FY2022	FY2023	FY2021	FY2022	FY2023
NYSE:AMT	American Tower Corporation	9.43	9.76	9.87	5,983	6,644	7,087
NYSE:CCI	Crown Castle Inc.	6.95	7.38	7.55	3,816	4,340	4,415
NasdaqGS:SBAC	SBA Communications Corporation	10.74	12.25	13.08	1,606	1,769	1,894

**AFFO/Share**



- American Tower Corporation
- Crown Castle Inc.
- SBA Communications Corporation

**Adjusted EBITDA**

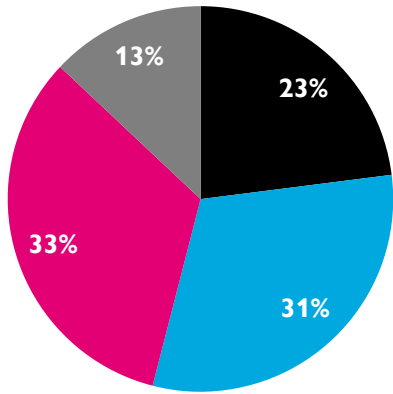


- American Tower Corporation
- Crown Castle Inc.
- SBA Communications Corporation

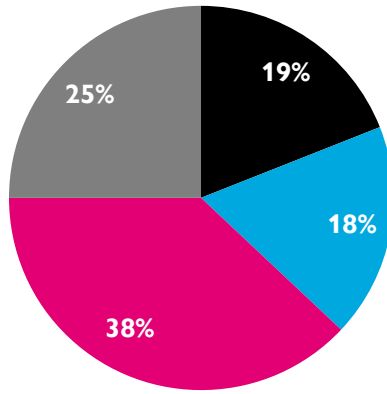
# TOWER OPERATOR – KEY OPERATIONAL METRICS

## US REVENUE BY CUSTOMER

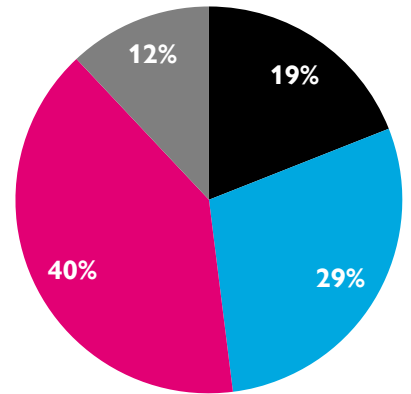
American Tower



Crown Caste Int'l

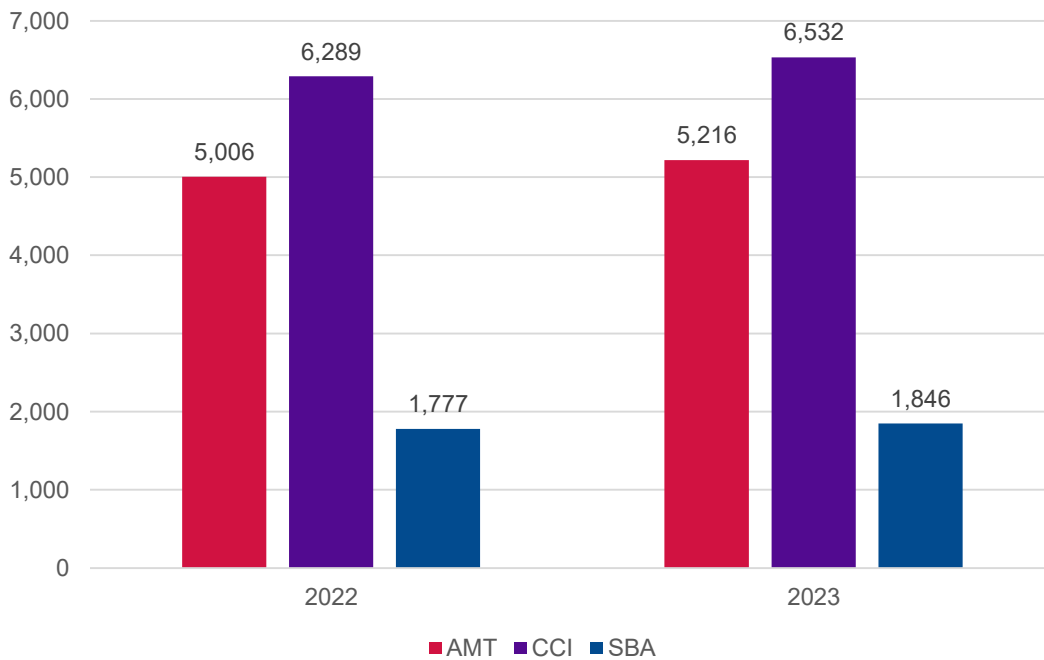


SBA Communications



■ Verizon ■ AT&T ■ T-mobile ■ Other

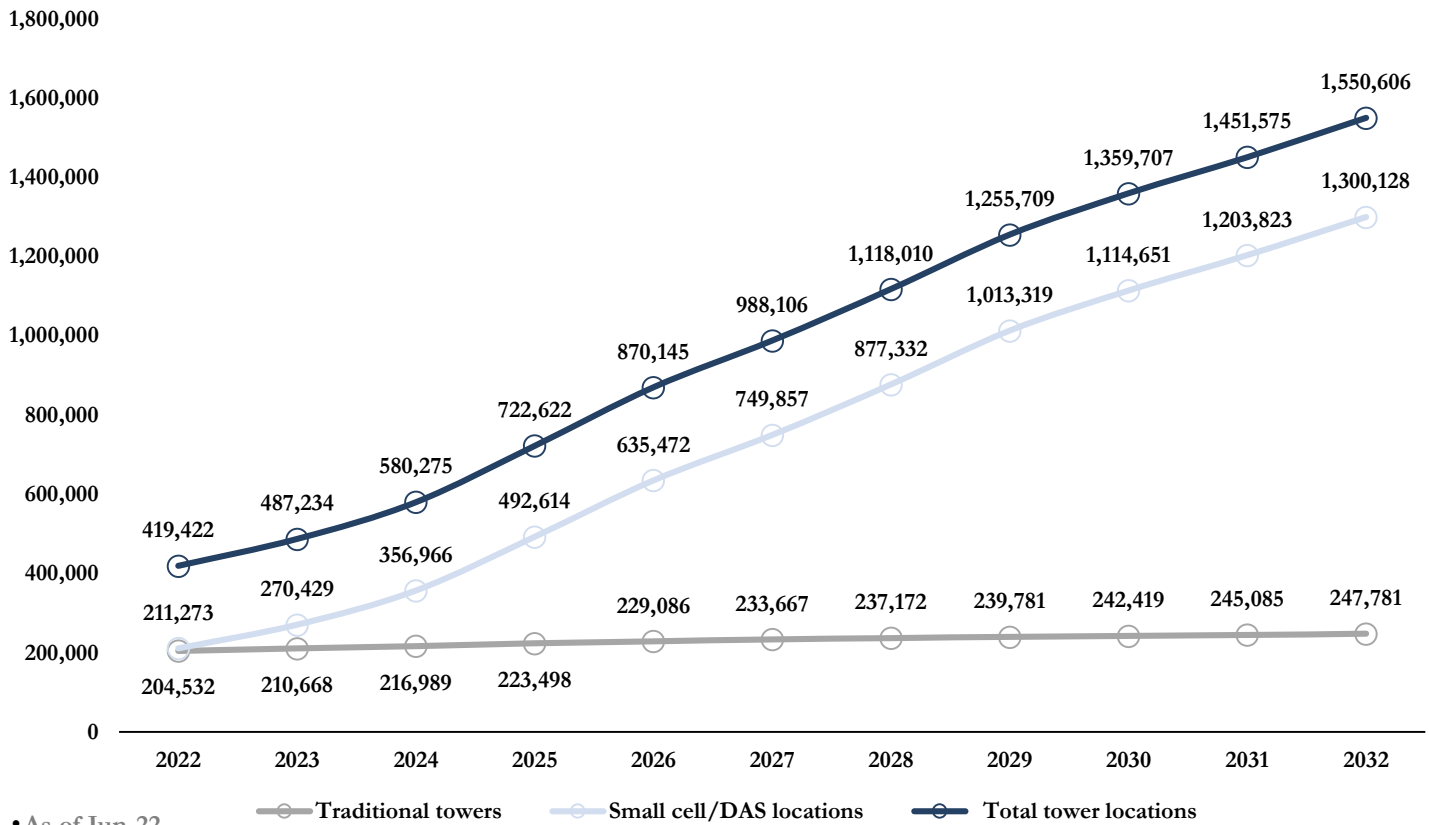
## DOMESTIC SITE REVENUE (in millions)





# TOWER OPERATOR - SELECT WIRELESS TOWER DATA

## TOTAL CELL SITE PROJECTIONS, 2022- 2032

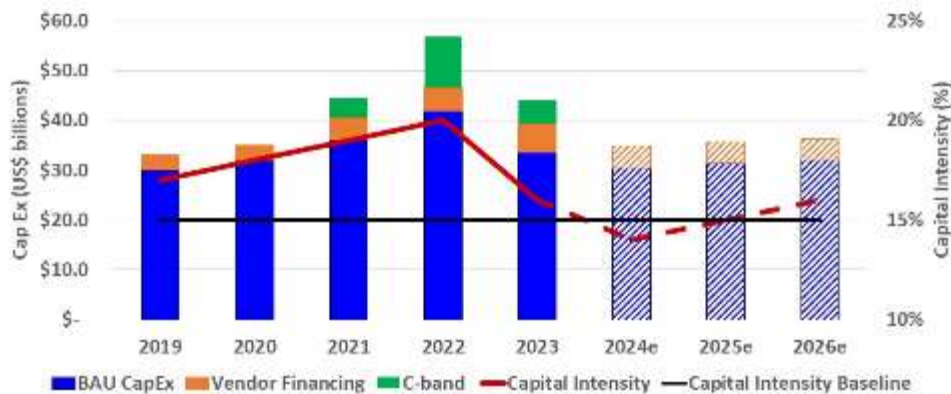


- As of Jun-22
- DAS = distributed antenna systems
- Macro, monopole, pole, guyed, stealth, water tower, self support, rooftops, etc.
- Small cells defined as indoor/outdoor antenna/radio towers that include fiber/microwave backhaul for each node/antenna. DAS have multiple nodes per single backhaul. Collocation can be part of either system if designed accordingly.

Source: S&P Capital IQ

## U.S. Wireless CapEx, 2019-2026e, YE2023 View

Source: Company reports; Inside Towers Intelligence™ estimates



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## IN THE NEWS – ACQUISITION ACTIVITY

### Phoenix Tower Acquires 1,900 Cellnex Sites in Ireland

Inside Towers

Date: March 8, 2024

UPDATE Phoenix Tower International (PTI), headquartered in Boca Raton, FL and Barcelona, Spain-based Cellnex Telecom (CLNX: MC) reached an agreement for PTI to acquire 100 percent of Cellnex's business in Ireland for nearly \$1.1 billion, equivalent to a multiple of around 24x EBITDAaL.

The transaction will expand PTI's Irish business by approximately 1,900 sites including 1,700 towers and about 200 land locations that accommodate third-party wireless sites. Cellnex has operated in Ireland since 2019, when it acquired the tower and site operator Cignal, then expanded its presence in 2020 by acquiring CK Hutchison's infrastructure portfolio in six European countries, including Ireland.

### Shentel to Sell its Towers to Vertical Bridge for \$310M

Inside Towers

Date: March 4, 2024

Shenandoah Telecommunications (NASDAQ: SHEN), based in Edinburg, VA, announced that it has entered into a Purchase and Sale Agreement with Vertical Bridge Holdco, LLC to sell its tower portfolio and operations to Vertical Bridge for \$310.3 million in cash. Shentel owns an extensive regional network in the mid-Atlantic region with approximately 9,900 fiber route miles and 219 macro cell towers.

"The proceeds from the sale of our Tower business will provide Shentel with additional growth capital to support the planned expansion of our Glo Fiber line of business to approximately 600,000 homes and business passings by the end of 2026," says Christopher E. French, Shentel President and CEO.

### CTI Towers acquires 56 wireless towers from SRT Communications

Lightwave – Sean Buckley

Date: January 3, 2024

The deal bolsters CTI Towers' footprint in the North Dakota region and signals continued consolidation of the wireless tower industry.

CTI Towers, an owner and manager of wireless towers and a portfolio company of Palistar Capital has purchased 56 towers in North Dakota from SRT Communications, the state's largest telecommunications cooperative.

This deal, which will enhance CTI's tower density in the region, will foster the deployment of rural 5G broadband services.

## M&A OUTLOOK AND INVESTMENT TRENDS

- There continues to be strong buyer appetite for towers and other wireless infrastructure in the US through Q1 2024.
- Scarcity due to deal volume and greater number of well-funded infrastructure investors has driven valuations to remain high sometimes greater than 30x enterprise value to tower cash flow (TCF).
- Our experience indicates that the following factors will continue to drive valuation metrics: 1) scarcity of opportunities on the market, 2) sites located within favorable zoning regions, 3) strong tenant leases with top three wireless carriers (Verizon, AT&T and T-Mobile), 4) capacity for new tenants (such as DISH) and modifications performed on existing tenant equipment with 5G equipment.
- The following page lists recent transactions in the industry.



## SELECT M&A TRANSACTIONS

TARGET	BUYER	LOCATION	DEAL DATE	DESCRIPTION
SRT Communications	CTI Towers, Inc.	Minot, ND	03-Jan-2024	CTI Towers, owner and manager of wireless towers, agreed to acquire 56 towers in North Dakota from SRT Communications, the state's largest telecommunications cooperative. The acquisition significantly expands CTI Towers' footprint in the region.
Charter Communications, Inc.	TowerCo LLC; Everest Infrastructure Partners, Inc.	37 states throughout the U.S	08-Dec-2023	Everest Infrastructure Partners and TowerCo announced the acquisition of 546 wireless towers from Charter Communications to be completed over multiple closings starting in December 2023. The wireless tower assets included in this transaction are located in 37 states throughout the US and collectively represent one of the largest portfolio transactions of tower assets in the U.S. during the past 10 years. In addition to financial value for the sale of towers, Charter will receive existing and future tower-use rights across the nationwide tower portfolios of Everest and TowerCo. Charter will also continue to serve as the Preferred Fiber Provider to applicable tower sites included in the transaction.
Portfolio of 72 Cell Towers in 13 US states	StratCap Wireless LLC	TX, MO, NM, WA, ND, FL, ID, LA, MT, OK, TN, AZ, MI	05-Dec-2023	An unknown buyer and StratCap Wireless acquired Portfolio of 72 Cell Towers in 13 US states. The acquisition was made as part of an institutional joint venture partnership wherein StratCap has a 51% ownership position and will manage the assets going forward.
TowerCom LLC	Fengate Capital Management Ltd.; LiUNA Pension Fund of Central & Eastern Canada	11 states across the US	04-Dec-2023	Fengate Infrastructure Yield Fund a fund managed by Fengate Capital Management and a fund managed by Labourers' Pension Fund of Central and Eastern Canada acquired Portfolio of high-quality wireless communications towers in the US from TowerCom LLC. The towers, located in 11 states across the US, will expand Fengate's communications tower portfolio to more than 200 towers in 15 states.
Antenna Sites, Inc.	Everest Infrastructure Partners, Inc.	Arizona	19-Jun-2023	Everest Infrastructure Partners acquired Portfolio of tower assets from Antenna Sites, Inc. on June 19, 2023. Kalil & Company, Inc. acted as financial advisor to Everest in this transaction.
Radius Global Infrastructure, Inc.	Public Sector Pension Investment Board; EQT AB	Bala Cynwyd, PA	01-Mar-2023	Radius Global Infrastructure, EQT and Public Sector Pension Investment Board ("PSP") entered into a definitive agreement under which EQT Active Core Infrastructure and PSP will indirectly acquire Radius for \$15.00 per share in cash, representing a total enterprise value of approximately \$3.0 billion. Radius is a leading global aggregator of real property interests underlying wireless telecommunications cell sites and other digital infrastructure assets.

**Excel Capital Advisors, LLC (“Excel”) is a leading boutique investment bank, working with businesses operating in the lower middle market.**

## **OUR APPROACH**

- Excel Capital Advisors (ECA) is a financial and sell-side advisory firm specializing in serving companies in Wireless Communications. ECA’s professionals have worked as both a buyer (i.e., Global Signal and Crown Castle) and as a broker in the tower industry and this gives us a major advantage with regard to capturing the full upside on our client’s tower assets.
- Leveraging our long-standing relationships with wireless infrastructure buyers (towers & rooftops) and capital sources, combined with our proven expertise in deal structuring and financing, ECA excels in navigating even the most complex transactions.


## **TELECOM INDUSTRY EXPERTS**

- ECA’s professionals have closed 150+ transactions valued in excess of \$1.5 billion in deal volume within the telecommunication industry.
- Deep industry experience across core telecommunication sectors, along with adaptive bankers experienced in executing all kinds of transactions.

## **CONTACT US**




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# SELECT REPRESENTATIVE TRANSACTIONS

 <p>Sale of 6 towers to</p>  <p>Tower Advisory</p>	 <p>Sale of 1 tower to</p>  <p>Tower Advisory</p>	 <p>Sale of 4 towers to</p>  <p>Tower Advisory</p>	 <p>Sale of 2 towers to</p>  <p>Tower Advisory</p>	<p>KCD Towers</p> <p>Sale of 8 towers to</p>  <p>Tower Advisory</p>
<p>KCD Towers</p> <p>Sale of 4 towers to</p>  <p>Tower Advisory</p>	<p>Gulfstream Towers</p> <p>Sale of 1 tower to</p>  <p>Tower Advisory</p>	<p>Gulfstream Towers</p> <p>Sale of 4 towers to</p>  <p>Tower Advisory</p>	<p>Gulfstream Towers</p> <p>Sale of 2 towers to</p>  <p>Tower Advisory</p>	 <p>Sale of 2 towers to</p>  <p>Tower Advisory</p>
<p>Pleasant Peak and Elsinore Peak</p> <p>Sale of 2 towers to</p>  <p>Tower Advisory</p>	<p>Squaw Mountain</p> <p>Sale of 3 towers to</p>  <p>Tower Advisory</p>	 <p>has obtained</p> <p>\$40,000,000</p> <p>Capital Raise</p>	<p>Charlie Dean Towers</p> <p>Sale of 10 towers to</p>  <p>Tower Advisory</p>	 <p>Sale of 16 towers to</p>  <p>Tower Advisory</p>
<p>Florida Mobile Telecom</p> <p>Sale of 3 towers to</p>  <p>Tower Advisory</p>	<p>Goin Mobile</p> <p>Sale of 1 tower to</p>  <p>Tower Advisory</p>	<p>Air Communications</p> <p>Sale of 3 towers to</p>  <p>Tower Advisory</p>	 <p>Sale of 8 towers to</p>  <p>Tower Advisory</p>	<p>CTS Telecom Inc.</p> <p>Sale of 4 towers to</p>  <p>Tower Advisory</p>
<p>CTS Telecom Inc.</p> <p>Sale of 10 towers to</p>  <p>Tower Advisory</p>	<p>Southern Tower Antenna</p> <p>Sale of 8 towers to</p>  <p>Tower Advisory</p>	 <p>Sale of 22 towers to</p>  <p>Tower Advisory</p>	<p>Wireless Network Management</p> <p>Sale of 60 towers to</p>  <p>Tower Advisory</p>	 <p>Acquired 12 towers from</p>  <p>Tower Advisory</p>

*\*Representative transactions may include transactions completed by Excel Capital Advisors team members at previous firms.*