

SBA COMMUNICATIONS CORP
Form 10-Q
May 07, 2008
[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2008

or

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

For the transition period from to

Commission File Number: 000-30110

SBA COMMUNICATIONS CORPORATION

(Exact name of registrant as specified in its charter)

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Florida
(State or other jurisdiction of

65-0716501
(I.R.S. Employer

incorporation or organization)

Identification No.)

5900 Broken Sound Parkway NW Boca Raton, Florida
(Address of principal executive offices)

33487
(Zip code)

(561) 995-7670

(Registrant's telephone number, including area code)

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 is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 108,661,550 shares of Class A common stock outstanding as of May 2, 2008.

Table of Contents

SBA COMMUNICATIONS CORPORATION

INDEX

	Page
<u>PART I - FINANCIAL INFORMATION</u>	
Item 1. <u>Financial Statements</u>	
<u>Consolidated Balance Sheets as of March 31, 2008 (unaudited) and December 31, 2007</u>	3
<u>Consolidated Statements of Operations for the three months ended March 31, 2008 and 2007 (unaudited)</u>	4
<u>Consolidated Statement of Shareholders' Equity for the three months ended March 31, 2008 (unaudited)</u>	5
<u>Consolidated Statements of Cash Flows for the three months ended March 31, 2008 and 2007 (unaudited)</u>	6
<u>Condensed Notes to Consolidated Financial Statements (unaudited)</u>	7
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	25
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	42
Item 4. <u>Controls and Procedures</u>	47
<u>PART II - OTHER INFORMATION</u>	
Item 6. <u>Exhibits</u>	48
<u>SIGNATURES</u>	49
<u>CERTIFICATIONS</u>	50

Table of Contents**PART I FINANCIAL INFORMATION****ITEM 1: FINANCIAL STATEMENTS****SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

(in thousands, except par values)

	March 31, 2008 (unaudited)	December 31, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 126,983	\$ 70,272
Short-term investments	11,787	55,142
Restricted cash	35,739	37,601
Accounts receivable, net of allowance of \$827 and \$1,186 in 2008 and 2007, respectively	16,369	20,183
Costs and estimated earnings in excess of billings on uncompleted contracts	20,583	21,453
Prepaid and other current assets	8,074	8,561
Total current assets	219,535	213,212
Property and equipment, net	1,197,094	1,191,969
Intangible assets, net	876,096	868,999
Deferred financing fees, net	33,788	33,578
Other assets	80,389	76,565
Total assets	\$ 2,406,902	\$ 2,384,323
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 10,641	\$ 11,357
Accrued expenses	15,443	20,964
Deferred revenue	36,608	37,557
Interest payable	3,861	3,499
Billings in excess of costs and estimated earnings on uncompleted contracts	680	1,195
Other current liabilities	1,602	1,598
Total current liabilities	68,835	76,170
Long-term liabilities:		
Long-term debt	1,945,000	1,905,000
Other long-term liabilities	67,180	65,762
Total long-term liabilities	2,012,180	1,970,762
Commitments and contingencies		
Shareholders' equity:		
Preferred stock par value \$.01, 30,000 shares authorized, none issued or outstanding		
Common stock Class A, par value \$.01, 200,000 shares authorized, 108,530 and 108,380 shares issued and outstanding at March 31, 2008 and December 31, 2007, respectively	1,085	1,084
Additional paid-in capital	1,575,163	1,571,894

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Accumulated deficit	(1,248,941)	(1,234,307)
Accumulated other comprehensive loss, net	(1,420)	(1,280)
Total shareholders' equity	325,887	337,391
Total liabilities and shareholders' equity	\$ 2,406,902	\$ 2,384,323

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

Table of Contents**SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS****(unaudited) (in thousands, except per share amounts)**

	For the three months ended March 31,	
	2008	2007
Revenues:		
Site leasing	\$ 89,375	\$ 76,510
Site development	20,542	19,298
Total revenues	109,917	95,808
Operating expenses:		
Cost of revenues (exclusive of depreciation, accretion and amortization shown below):		
Cost of site leasing	22,047	20,588
Cost of site development	18,188	16,878
Selling, general and administrative	10,491	10,824
Depreciation, accretion and amortization	47,353	40,293
Total operating expenses	98,079	88,583
Operating income	11,838	7,225
Other income (expense):		
Interest income	2,098	1,226
Interest expense	(23,655)	(22,996)
Amortization of deferred financing fees	(2,489)	(1,792)
Other (expense) income	(2,348)	35
Total other expense	(26,394)	(23,527)
Loss before provision for income taxes	(14,556)	(16,302)
Provision for income taxes	(78)	(92)
Net loss	\$ (14,634)	\$ (16,394)
Basic and diluted loss per common share amounts:		
Net loss per common share	\$ (0.13)	\$ (0.16)
Basic and diluted weighted average number of common shares	108,469	105,666

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

Table of Contents**SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENT OF SHAREHOLDERS EQUITY****FOR THE THREE MONTHS ENDED MARCH 31, 2008****(unaudited) (in thousands)**

	Class A Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
	Shares	Amount				
BALANCE, December 31, 2007	108,380	\$ 1,084	\$ 1,571,894	\$ (1,234,307)	\$ (1,280)	\$ 337,391
Net loss				(14,634)		(14,634)
Amortization of deferred gain/loss from settlement of derivative financial instruments, net					(140)	(140)
Non-cash compensation			1,569			1,569
Common stock issued in connection with stock purchase/option plans	150	1	1,700			1,701
BALANCE, March 31, 2008	108,530	\$ 1,085	\$ 1,575,163	\$ (1,248,941)	\$ (1,420)	\$ 325,887

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

Table of Contents**SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS****(unaudited) (in thousands)**

	For the three months ended March 31,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (14,634)	\$ (16,394)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation, accretion and amortization	47,353	40,293
Deferred tax benefit	(98)	
Write-down of short-term investments	2,455	
Loss (gain) on sale of assets	4	(18)
Non-cash compensation expense	1,535	1,417
Credit for doubtful accounts	(206)	
Amortization of deferred financing fees	2,489	1,792
Amortization of deferred gain/loss on derivative financial instruments, net	(140)	(142)
Changes in operating assets and liabilities:		
Accounts receivable and costs and estimated earnings in excess of billings on uncompleted contracts, net	4,376	4,714
Prepaid and other assets	(2,613)	(3,030)
Accounts payable and accrued expenses	(5,304)	(4,427)
Other liabilities	(472)	2,343
Net cash provided by operating activities	34,745	26,548
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of short-term investments	40,900	
Capital expenditures	(8,362)	(5,771)
Acquisitions and related earn-outs	(50,382)	(51,804)
Proceeds from sale of fixed assets	20	25
Payment of restricted cash relating to tower removal obligations	(617)	(257)
Net cash used in investing activities	(18,441)	(57,807)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of convertible senior notes, net of fees paid		342,125
Repurchase and retirement of common stock		(91,236)
Proceeds from issuance of common stock warrants		27,261
Purchase of convertible note hedges		(77,200)
Borrowings under senior credit agreement	40,000	
Proceeds from employee stock purchase/stock option plans	1,701	2,379
Net decrease of restricted cash relating to CMBS Certificates	1,879	1,580
Payment of deferred financing fees relating to CMBS Certificates and senior credit agreement	(3,173)	(314)
Net cash provided by financing activities	40,407	204,595
NET INCREASE IN CASH AND CASH EQUIVALENTS	56,711	173,336
CASH AND CASH EQUIVALENTS:		
Beginning of period	70,272	46,148
End of period	\$ 126,983	\$ 219,484

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the period for:

Interest	\$ 23,503	\$ 23,191
Income taxes	\$ 58	\$ 139

SUPPLEMENTAL CASH FLOW INFORMATION OF NON-CASH ACTIVITIES:

Assets acquired through capital leases	\$ 366	\$ 166
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