SBA Communications Corporation Announces 4th Quarter And 1998 Annual Results

BOCA RATON, Fla., March 26 /PRNewswire/ -- SBA Communications Corporation ("SBA") announced its financial condition and results of operations for the fourth quarter and year ended December 31, 1998. As of the end of the year, SBA owned 494 towers, compared to 364 towers owned as of September 30, 1998 and 51 towers owned as of December 31, 1997. Total revenues for the year increased 7.5% to $59.1 million from 1997 and for the quarter increased 30.5% to $17.3 million from the third quarter of 1998, due to higher site leasing and construction revenues. Gross profit for the year decreased 15.7% to $15.7 million from 1997 due to lower margins on the Company's traditional site development business. Gross profit for the quarter increased 67.3% to $5.1 million from the third quarter of 1998, due to higher site leasing and construction revenues.

Site leasing revenues increased to $12.4 million for the year and $4.3 million for the quarter, an 83.4% increase over fiscal 1997 and a 28.1% increase over the third quarter of 1998, respectively. Site leasing gross profit increased to $5.1 million for the year and $2.0 million for the quarter, a 264.6% increase over fiscal 1997 and a 43.6% increase over the third quarter of 1998, reflecting the positive impact of the towers accumulated by SBA as of December 31, 1998. Site development revenues for the year decreased 3.2% from 1997 to $46.7 million and for the quarter increased 31.3% from the third quarter of 1998 to $13.1 million. Site development gross profit for the year decreased 39.2% to $10.2 million from 1997 and for the quarter increased 88.1% to $3.0 million from the third quarter of 1998.

Contributing factors were generally lower traditional site development revenues and lower margins on such revenues, which were offset in the later part of 1998 by construction revenues.

Operating expenses excluding depreciation and amortization for the year increased 52.1% to $18.3 million from 1997, reflecting the increased cost associated with SBA's tower accumulation and ownership infrastructure. Earnings before interest, taxes, depreciation, amortization and non-cash compensation charges (EBITDA) decreased to ($2.4) million from $7.2 million in the same period last year, due primarily to lower site development gross profit and increased operating expenses, which more than offset the increase in site leasing gross profit and construction profit. EBITDA did, however, in the fourth quarter increase to ($0.1 million) from ($1.0) million in the third quarter due to increased site leasing gross profit and $0.5 million of non- cash compensation expense recognized in the fourth quarter.

Total assets increased to $214.6 million from $44.8 million at December 31, 1997, primarily due to the acquisition and construction of $138.1 million of towers and related assets. Cash and cash equivalents as of December 31, 1998 were $26.7 million, up from $6.1 million at December 31, 1997.

"We are very happy with the way we finished the year," commented Steven E. Bernstein, Chief Executive Officer. "We built 77 towers in the fourth quarter and acquired 51 other towers. We are continuing to increase, on a percentage basis, the recurring revenue portion of our total revenue base. EBITDA losses decreased from the third quarter as site leasing gross profits rose. Our backlog remains strong, and we are very pleased that our operational performance continues to result in client satisfaction and new business. With our recently closed $175 million senior credit facility, in 1999 we look forward to continuing to build upon our 1998 accomplishments."

SBA also announced that it intends to file in the second quarter of 1999 a registration statement with the Securities and Exchange Commission for an initial public offering of its Class A Common Stock. Such offering will be made only by means of a prospectus.

SBA is a leading independent provider of communication site services to the wireless communications industry. SBA's primary focus is the construction of new towers and acquisition of existing towers for its own account. The company's strategy is to utilize its leadership position in the site development business, a project revenue business, to become a leading owner and operator of communication towers, a recurring revenue business. While SBA intends to continue to offer site development services to wireless carriers where demand and profitability opportunities exist, it will emphasize its site leasing business through the construction of company-owned towers pursuant to build-to-suit programs for lease to wireless service providers, the acquisition of existing sites and the leasing, sub-leasing and management of other antenna sites. Since it was founded in 1989, SBA has participated in the development of over 10,000 antenna sites in the United States. SBA currently owns approximately 555 towers and has over 400 tower projects under various stages of development throughout the nation.

Information Concerning Forward-Looking Statements

Some information in this release is forward-looking. These forward- looking statements may be affected by the risks and

uncertainties in the company's business. This information is qualified in its entirety by cautionary statements and risk factors disclosure contained in certain of the company's Securities and Exchange Commission filings. The company wishes to caution readers that certain important factors may have affected and could in the future affect the company's actual results and could cause the company's actual results for subsequent periods to differ materially from those expressed in any forward-looking statement made by or on behalf of the company. The company undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date hereof.

SBA COMMUNICATIONS CORPORATION
SUMMARY HISTORICAL FINANCIAL DATA

	For the year ended December 31,	
	1998	1997
Operating Data:		
Revenue:		
Site development revenue	$46,704,641	$48,240,443
Site leasing revenue	12,396,268	6,759,362
Total revenues	59,100,909	54,999,805
Cost of revenues:		
Cost of site development revenue	36,499,980	31,470,203
Cost of site leasing revenue	7,280,786	5,356,160
Total cost of revenues	43,780,766	36,826,363
Gross Profit	15,320,143	18,173,442
Operating expenses:		
Selling, general and administrative	18,302,226	12,032,915
Depreciation and amortization	5,802,090	513,949
Operating income (loss)	(8,784,173)	5,626,578
Other income (expense)	(12,641,228)	236,917
Income (loss) before income taxes	(21,425,401)	5,863,495
Provision (benefit) for income taxes	(1,524,306)	5,595,998
Net Income (loss)	$(19,901,095)	$267,497
Earnings before interest taxes, depreciation, amortization and non-cash compensation charges	$ (2,377,442)	$7,154,946

	As of December 31,	As of December 31,
	1998	1997
	(IN THOUSANDS)	
Balance Sheet Data:		
Cash and cash equivalents	$26,743	$6,109
Total assets	214,573	44,797
Working capital	8,083	17
Total debt	182,573	10,184

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