SBA Communications

SBA Communications Corporation Announces Results Of Resaudit Of 2001 Financial Statements

BOCA RATON, Fla., Nov. 10 /PRNewswire-FirstCall/ -- As previously reported, SBA Communications Corporation (Nasdaq: SBAC) (including its subsidiaries, "SBA" or the "Company") is required according to SEC rules to restate its financial statements for all periods presented to reflect as discontinued operations the 2003 sale of towers to AAT Communications Corporation ("AAT") and certain other towers held for sale. In that regard, SBA engaged Ernst & Young LLP, the Company's independent accountants since 2002, to re-audit the Company's financial statements for the year ended December 31, 2001.

SBA Communications Corporation will be restating its financial statements for fiscal years 2002 and 2003 to reflect as discontinued operations the sale of towers to AAT and certain other towers held for sale, and to make certain adjustments identified through the audit process primarily related to the accounting for certain business combinations. These adjustments are primarily a result of changes in 2003 to reflect the elimination of net deferred tax liabilities and corresponding goodwill established in connection with certain business combinations, the accounting for earn out obligations settled in 2002 related to previous business combinations and certain other adjustments. As a result, reported net loss for the year 2002 is expected to be reduced by approximately $24.2 million related to a reduction in the previously reported write-off of goodwill, consisting of a $19.9 million reduction of the cumulative effect of a change in accounting principle and a $4.3 million reduction of asset impairment charges. The effects of the restatements are expected to be as follows for the years ended December 31, 2002 and 2001:

	As Previously Reported	As Restated	As Previously Reported	As Restated
	(in thousands, except per share data)			
	2002	2002	2001	2001
Revenues	$248,559	$248,836	$233,144	$229,146
Cost of revenues (exclusive of depreciation shown below)	174,384	174,709	161,777	161,777
Gross profit	74,175	74,127	71,367	67,369
Site development expenses	22,564	22,564	34,089	34,285
Selling, general and administrative expenses	47,574	47,574	44,522	44,522
Total operating expenses	70,138	70,138	78,611	78,807
Operating income (loss)	4,037	3,989	(12,244)	(11,438)
Interest income	1,111	1,111	1,111	1,111
Interest expense, net of amounts capitalized	(29,672)	(29,672)	(29,672)	(29,672)
Non-cash interest expense	(2,000)	(2,000)	(2,000)	(2,000)
Amortization of debt issuance costs	(1,485)	(1,485)	(1,485)	(1,485)
Gain on derivative financing fees	1,000	1,000	1,000	1,000
Other	(1,000)	(1,000)	(1,000)	(1,000)
Loss from continuing operations before cumulative effect of change in accounting principle	(27,009)	(27,007)	(44,290)	(43,484)
Provision for income taxes	(1,000)	(1,000)	(1,000)	(1,000)
Loss from continuing operations before cumulative effect of change in accounting principle	(28,009)	(28,007)	(45,290)	(44,484)
Loss from discontinued operations, net of income taxes	(5,758)	(5,758)	(5,282)	(5,282)
Loss before cumulative effect of change in accounting principle	(33,767)	(33,765)	(50,572)	(49,766)
Cumulative effect of change in accounting principle	(182,573)	(180,322)	(125,145)	(125,750)
Net loss	(216,340)	(214,087)	(175,717)	(175,516)
Accretion and dividends on preferred shares	(30,562)	(30,562)	(30,562)	(30,562)
Net loss applicable to common shares	$(246,902)	$(244,649)	$(206,279)	$(206,078)
Per Share Data:				
Basic and diluted loss per common share:				
Loss from continuing operations before cumulative effect of change in accounting principle	$(3.76)	$(3.66)	$(12.59)	$(12.64)
Loss from discontinued operations	(0.67)	(0.67)	(0.66)	(0.66)
Cumulative effect of change in accounting principle	(1.68)	(1.66)	--	--
Net loss per common share	$(5.43)	$(4.83)	$(13.64)	$(13.66)
Weighted average common shares outstanding	45,447	47,427	47,324	

(1) The "As previously reported" amounts have been adjusted to reflect the impact of discontinued operations and the reclassification of the loss from the early extinguishment of debt in accordance with SFAS 145.

(2) Adjusted to correct the timing of shares issuable under certain earn- out obligations.

Certain adjustments identified in the restatement of the 2002 and 2001 financial statements, primarily those related to the accounting for certain business combinations, also affect the June 30, 2003 and 2002 financial statements previously filed. In addition, the loss on sale of towers previously reported in the second quarter of 2003 will be restated to reflect additional fees associated with tower sale indemnity obligations.

Reported net loss for the six months ended June 30, 2003 will be increased by approximately $11.2 million related to the loss on the AAT tower sale, which is classified as a component of discontinued operations. The sale of the remaining 153 towers sold from July 1, 2003 through October 1, 2003, to the AAT transaction is expected to result in an aggregate gain, net of provisions for purchase price adjustments, of approximately $35 million. The Company expects its cumulative loss on the entire AAT transaction to be approximately $2 million. Reported net loss for the six months ended June 30, 2002 will be reduced by approximately $24.2 million related to a reduction to the previously reported write-off of goodwill, consisting of a $19.9 million reduction of the cumulative effect of a change in accounting principle and a $4.3 million reduction of asset impairment charges. The effects of the restatements related to the applicable six month periods are expected to be as follows:

	As Previously Reported	As Restated	As Previously Reported	As Restated
	(in thousands, except per share data)			
	For the six months ended June 30,		For the six months ended June 30,	
	2003	2003	2002	2002
Revenues	$102,052	$102,052	$124,842	$124,842
Cost of revenues (exclusive of depreciation shown below)	69,424	69,424	63,552	63,552
Gross profit	32,628	32,628	61,290	61,290
Site development expenses	10,717	10,717	17,007	17,007
Selling, general and administrative expenses	21,911	21,911	22,467	22,467
Total operating expenses	32,628	32,628	39,474	39,474
Operating income (loss)	(1,186)	(1,186)	21,816	21,816
Interest income	555	555	555	555
Interest expense, net of amounts capitalized	(14,836)	(14,836)	(14,836)	(14,836)
Non-cash interest expense	(1,000)	(1,000)	(1,000)	(1,000)
Amortization of debt issuance costs	(742)	(742)	(742)	(742)
Gain on derivative financing fees	500	500	500	500
Other	(500)	(500)	(500)	(500)
Loss from continuing operations before cumulative effect of change in accounting principle	(17,209)	(17,209)	(15,207)	(15,207)
Provision for income taxes	(500)	(500)	(500)	(500)
Loss from continuing operations before cumulative effect of change in accounting principle	(17,709)	(17,709)	(15,707)	(15,707)
Loss from discontinued operations, net of income taxes	(2,879)	(2,879)	(2,641)	(2,641)
Loss before cumulative effect of change in accounting principle	(20,588)	(20,588)	(18,348)	(18,348)
Cumulative effect of change in accounting principle	(182,573)	(180,322)	(125,145)	(125,750)
Net loss	(203,161)	(200,910)	(143,493)	(143,098)
Accretion and dividends on preferred shares	(15,281)	(15,281)	(15,281)	(15,281)
Net loss applicable to common shares	$(218,442)	$(216,191)	$(158,774)	$(158,379)
Per Share Data:				
Basic and diluted loss per common share:				
Loss from continuing operations before cumulative effect of change in accounting principle	$(1.51)	$(1.51)	$(1.46)	$(1.46)
Loss from discontinued operations	(0.25)	(0.24)	(0.25)	(0.25)
Cumulative effect of change in accounting principle	(15.84)	(15.64)	(12.02)	(12.07)
Net loss per common share	$(17.60)	$(17.39)	$(13.73)	$(13.78)
Weighted average common shares outstanding	12,410	12,433	10,365	10,295

For additional unaudited restated financial information for 2002 and 2003, together with the opinion of Ernst & Young LLP, thereon by reason of Form 8-K as soon as practicable. The independent auditors' report included in the initial issuance of the Company's 2002 consolidated financial statements contained an explanatory paragraph regarding substantial doubt about the Company's ability to continue as a going concern. The Company does not believe the conditions that raised substantial doubt about whether the Company will continue as a going concern will exist at the time the independent auditor's report on the 2002 and 2003 financial statements is issued and therefore such report will not contain a "going concern" qualification. Additionally, the Company intends to amend its Form 10-Q for the three and six months ended June 30, 2003.

SBA is a leading independent owner and operator of wireless communications towers in the United States. SBA generates revenue from two primary businesses: site leasing and site development services. The primary focus of the company is the leasing of antenna space on its multi-tenant towers to a variety of wireless service providers under long-term lease contracts. Since it was founded in 1989, SBA has participated in the development of over 16,000 antenna sites in the United States.

For additional information about SBA, please contact Pam Kline, Vice President-Capital Markets, at (561) 995-7670.

Information Concerning Forward-Looking Statements

This press release contains forward-looking statements including (i) the amount and details of adjustments being made to the Company's financial statements for the years ended December 31, 2002 and 2001 and for the three and six months ended June 30, 2003 and (ii) the Company's intent to file its 10-Q financials as soon as practicable.

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 factor disclosure contained in the Company's Securities and Exchange Commission filings, including the Company's report on Form 10-K filed with the Commission on March 31, 2003. 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. With respect to the amount and details of any adjustments and the timing of filing such financials, these statements are subject to the completion of final financial statements for the relevant periods. The Company undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date hereof.

SBA COMMUNICATIONS CORPORATION and SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Restated)
(in thousands, except par values)

	December 31, 2002	December 31, 2001
ASSETS		
Current assets:		
Cash and cash equivalents	$61,141	$13,994
Restricted cash		
Accounts receivable, net of allowance for doubtful accounts of $1,274 and $1,324 in 2002 and 2001, respectively	30,292	50,798
Costs and estimated earnings in excess of billings on uncompleted contracts	10,425	11,333
Inventory, prepaid expenses and other current assets	10,345	11,328
Assets held for sale	243,345	244,538
Total current assets	345,242	386,650
Property and equipment, net	1,000,000	1,000,000
Deferred financing fees, net	15,717	17,457
Other assets, net	15,717	17,457
Intangible assets, net	5,764	6,125
Goodwill, net	5,764	6,125
Total assets	$1,365,388	$1,407,518
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$48,848	$60,200
Accrued expenses	12,543	11,307
Deferred revenue	22,568	25,525
Interest payable	22,568	25,525
Long-term debt, current portion	40,992	365
Billings in excess of costs and estimated earnings on uncompleted contracts	2,202	2,202
Other current liabilities	2,202	2,202
Liabilities held for sale	2,005	2,005
Total current liabilities	153,330	142,709
Long-term liabilities:		
Long-term debt	964,440	640,000
Deferred revenue	1,000	1,000
Other long-term liabilities	1,000	607
Total long-term liabilities	966,330	640,904
Commitments and contingencies		
Shareholders' equity:		
Common stock-Class A par value $.01 per share, 100,000,000 shares authorized, 45,674 and 45,232 shares issued and outstanding in 2002 and 2001, respectively)	457	452
Common stock-Class B par value $.01 per share, 1,000 shares authorized, 1 share issued and outstanding in 2002 and 2001)	01	01
additional paid-in capital	487,444	483,734
accumulated deficit	(242,993)	(160,481)
Total shareholders' equity	244,908	323,706
Total liabilities and shareholders' equity	$1,365,388	$1,407,518

SBA COMMUNICATIONS CORPORATION and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (Restated)
(in thousands, except per share data)

	For the years ended December 31,	
	2002	2001
Revenues:		
Site leasing	$114,885	$ 85,488
Site development	48,951	43,658
Total revenues	148,836	129,146
Cost of revenues (exclusive of depreciation and amortization shown below):	148,836	129,146
Cost of site leasing	45,007	39,629
Cost of site development	29,702	22,148
Total cost of revenues	143,859	108,191
Gross profit	90,959	85,368
Operating expenses:		
Selling, general and administrative	51,913	41,103
Site development expenses	22,564	34,285
Asset impairment charges	45,545	
Depreciation and accretion	45,545	45,959
Total operating expenses	165,315	121,352
Operating loss from continuing operations	(66,367)	(45,571)
Other income (expense):		
Interest income	894	7,059
Interest expense, net of amounts capitalized	(54,622)	(47,700)
Non-cash interest expense	(29,000)	(25,042)
Amortization of debt issuance costs	(1,485)	(1,057)
Gain on derivative financing fees	1,000	1,000
Other	(500)	(75)
Other expense	(87,000)	(75,525)
Loss from continuing operations before provision for income taxes and cumulative effect of change in accounting principle	(164,275)	(122,067)
Provision for income taxes	(500)	(1,485)
Loss from continuing operations before cumulative effect of change in accounting principle	(164,594)	(125,550)
Loss from discontinued operations, net of income taxes	(5,758)	(5,282)
Loss before cumulative effect of change in accounting principle	(169,322)	(125,752)
Cumulative effect of change in accounting principle	(180,573)	
Net loss	$(349,895)	$(125,752)
Accretion and dividend loss per common share:		
Loss from continuing operations before cumulative effect of change in accounting principle	$(3.02)	$(2.51)
Loss from discontinued operations	(0.47)	(0.05)
Cumulative effect of change in accounting principle	(1.26)	
Net loss per common share	$(4.65)	$(2.56)
Weighted average common shares outstanding	75,000,000	47,324

SBA COMMUNICATIONS CORPORATION and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Restated)
(in thousands)

	For the years ended December 31,	
	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$(349,895)	$(125,752)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and accretion	45,004	45,959
Non-cash restructuring and other charges	45,438	45,149
Asset impairment charges	45,545	
Loss from discontinued operations		
Cumulative cumulative	10,553	12,659
Non-cash compensation expense	2,017	1,329
Non-cash interest expense	2,174	2,555
Amortization of original issue discount and debt issuance costs	31,549	29,756
Gain on derivative gain from derivative	(333)	
Write-off of deferred financing fees and extinguishment of debt		5,469
Cumulative effect of change in accounting principle	80,574	
Changes in operating assets and liabilities, net of effects of acquisitions:		
Accounts receivable	17,433	(3,972)
Costs and estimated earnings in excess of billings on uncompleted contracts	908	3,29
Inventory and other current assets	(1,017)	(3,329)
Other assets	(1,674)	1,724
Accounts payable	(10,195)	(12,165)
Accrued expenses	1,236	(1,236)
Deferred revenue	764	4,113
Interest payable	4,384	21,764
Other liabilities	(395)	(964)
Billings in excess of costs and estimated earnings on uncompleted contracts	(1,040)	450
Net cash provided by operating activities	47,007	102,729
Net cash used in investing activities		(6,753)
Proceeds from termination of interest rate swap agreement	1,999	
Capital expenditures	(94,561)	(307,037)
Acquisitions and related earn-outs	(19,724)	(159,143)
Proceeds from sale of towers	164,281	369,181
Net cash used in investing activities	(147,742)	(153,708)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from employee stock purchase/ option plans	329	3,259
Proceeds from senior notes payable, net of discount		494,123
Borrowings under senior credit facility, net of fees	143,000	150,439
Bank overdraft borrowings (repayments)	(14,527)	6,483
Repayments of senior credit facility and notes payable	(443)	(189,654)
Net cash provided by financing activities	132,140	324,674
Effect of exchange rate on cash and cash equivalents	47,237	(1,676)
CASH AND CASH EQUIVALENTS:		
Net change	13,904	14,988
End of year	$61,141	$13,994
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest, net of amounts capitalized	$50,264	$25,563
Taxes	$1,500	$2,243
NON-CASH ACTIVITIES:		
Liabilities in connections with acquisitions	$3,598	$54,035
Liabilities assumed in connection with acquisitions	$13,000)	$(3,685)
Common stock issued in connection with acquisitions	$(3,598)	$(50,350)

SBA COMMUNICATIONS CORPORATION and SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Restated)
(in thousands, except par values)

	June 30, 2003 (unaudited)	December 31, 2002
ASSETS		
Current assets:		
Cash and cash equivalents	$22,040	$61,141
Restricted cash	25,040	
Accounts receivable, net of allowance of $1,274 and $1,324 in 2003 and 2002, respectively	26,364	30,292
Costs and estimated earnings in excess of billings on uncompleted contracts	7,169	10,425
Inventory, prepaid expenses and other current assets	7,407	5,124
Assets held for sale	43,766	243,525
Total current assets	131,786	350,507
Property and equipment, net	930,143	949,953
Deferred financing fees, net	14,664	14,717
Other assets, net	14,664	14,717
Intangible assets, net	5,640	5,764
Total assets	$1,082,887	$1,365,385
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$14,314	$48,848
Accrued expenses	14,314	12,543
Deferred revenue	11,218	22,568
Interest payable	11,218	22,568
Long-term debt, current portion	6,550	40,992
Billings in excess of costs and estimated earnings on uncompleted contracts	1,551	2,202
Other current liabilities	2,233	2,565
Liabilities held for sale	2,005	2,005
Total current liabilities	67,604	145,556
Long-term liabilities:		
Long-term debt	666,138	964,108
Deferred revenue	500	764
Other long-term liabilities	3,513	1,434
Total long-term liabilities	662,542	966,556
Commitments and contingencies		
Shareholders' equity:		
Common stock-Class A par value $.01 per share, 100,000,000 shares authorized, 45,674 shares issued and outstanding in 2003 and 2002, respectively)	457	457
Common stock-Class B par value $.01 per share, 1,000 shares authorized, 1,252 shares issued and outstanding in 2003 and 2002)	01	01
additional paid-in capital	487,444	487,444
accumulated deficit	(242,993)	(249,483)
Total shareholders' equity	442,551	243,449
Total liabilities and shareholders' equity	$1,082,887	$1,365,385

SBA COMMUNICATIONS CORPORATION and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (Restated)
(in thousands, except per share amounts)

	For the three months ended June 30,		For the six months ended June 30,	
	2003	2002	2003	2002
Revenues:				
Site leasing	$31,714	$28,152	$62,713	$55,866
Site development	10,043	31,173	31,339	68,776
Total revenues	50,575	61,685	102,052	124,642
Cost of revenues (exclusive of depreciation shown below):				
Cost of site leasing	10,577	9,486	21,202	19,734
Cost of site development	16,327	26,552	35,424	53,244
Total cost of revenues	27,904	36,038	56,943	71,975
Gross profit	22,671	25,647	45,109	48,667
Operating expenses:				
Selling, general and administrative	7,242	8,713	15,452	17,742
Site development expenses	556	7,667	1,172	45,485
Asset impairment charges	45,545	8,185	45,717	45,545
Depreciation, accretion and amortization	20,719	20,024	41,486	41,889
Total operating expenses	32,623	45,586	69,847	130,672
Operating loss from continuing operations	(10,752)	(20,018)	(24,488)	(90,005)
Other income (expense):				
Interest income	124	83	263	96
Interest expense	(14,836)	(14,836)	(29,672)	(29,672)
Non-cash interest expense	(750)	(7,164)	(5,000)	(14,667)
Amortization of debt issuance costs	(1,272)	(1,484)	(2,477)	(2,968)
Financing fees and loss on extinguishments				(4,642)
Other	(35)	(118)	0	(40)
Total other expense	(16,264)	(24,752)	(52,495)	(42,898)
Loss from continuing operations before cumulative effect of change in accounting principle	(27,016)	(44,770)	(77,088)	(132,685)
Income taxes	(500)	(500)	(500)	(1,000)
Loss from continuing operations before cumulative effect of change in accounting principle	(5,440)	(42,354)	(76,485)	(133,710)
Loss from discontinued operations, net of income taxes	(2,434)	(834)	(10,598)	(1,598)
Loss before cumulative effect of change in accounting principle	(27,582)	(43,088)	(188,783)	(134,944)
Cumulative effect of change in accounting principle			(540)	(80,574)
Net loss	$(27,582)	$(43,088)	$(189,327)	$(180,988)
Basic and diluted loss per common share:				
Loss from continuing operations before cumulative effect of change in accounting principle	$(0.36)	$(0.94)	$(1.01)	$ (2.49)
Loss from				

discontinued
operations ($0.45) ($0.01) ($0.44) ($0.00)
Cumulative effect
of changes in
accounting principles — — ($0.01) ($0.24)
Net loss per
common share ($11.32) ($28.05) ($11.46) ($15.73)
Weighted average
number of common
shares 91,153 90,369 91,132 90,674
SEC COMMUNICATIONS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Received)
(Unaudited) (In thousands)
For the six months ended June 30,
2005 2004
CASH FLOWS FROM OPERATING ACTIVITIES:
Net loss ($146,327) ($148,988)
Adjustments to reconcile net loss to
net cash provided by (used in)
operating activities:
Depreciation and amortization 42,400 31,668
Non-cash restructuring and other charges 648 42,921
Loss from discontinued
operations (primarily depreciation,
non-cash charges and loss on
sale of Empetel) 45,717 29,526
Non-cash compensation expense 25,437 8,167
Non-cash interest expense 409 1,112
Amortization of deferred financing fees 4,326 4,926
Amortization of original issue discount
and debt issuance costs 7,594 48,267
Amortization of long term loan
write-off of deferred financing fees and
debt issuance costs 2,662 —
Amortization of deferred gain from derivative (334) —
Cumulative effect of changes in accounting
principle 545 66,674
Changes in operating assets and liabilities,
net of effects of acquisitions:
Accounts receivable 8,664 7,53
Costs and estimated earnings in excess of
billings on uncompleted contracts 3,238 488
Prepaid and other current assets (272) (5,565)
Other assets (3,738) (2,762)
Accounts payable (1,180) (10,284)
Accrued expenses (3,493) (242)
Deferred revenue (1,111) (1,111)
Interest payable 8,057 784
Income taxes payable 2,494 (85)
Billings in excess of costs
and estimated earnings
on uncompleted contracts (851) (1,647)
Total adjustments 146,403 195,727
Net cash provided by (used in)
operating activities 5,566 (6,634)
CASH FLOWS FROM INVESTING ACTIVITIES:
Capital expenditures (6,498) (53,814)
Purchase of restricted marketable securities (1,000) (1,000)
Proceeds from sale of Empetel 49,318 —
Proceeds from disposition of cash 104,000 7,318
Net cash provided by (used in) investing
activities 97,710 (93,496)
CASH FLOWS FROM FINANCING ACTIVITIES:
Proceeds from employee stock
purchase plan 10 212
Borrowings under senior credit facility 220,000 96,000
Repayment of senior credit facility
and other debt (335,640) (370)
Payment of financing fees (7,567) (85)
Bank overdraft repayments — (46,052)
Repayment of subordinated convertible notes (24,775) —
Net cash provided by (used in)
financing activities (143,305) 47,514
Net increase (decrease) in cash and
cash equivalents (40,481) 47,448
CASH AND CASH EQUIVALENTS:
Beginning of period 81,445 43,984
End of period $41,964 $91,344
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:
Cash paid during the period for:
Interest $22,367 $27,459
Taxes $1,244 $709
NON-CASH ACTIVITIES:
Common stock issued in connection with acquisitions $— $46,506
Liabilities assumed in
connection with acquisitions $— $13,9001
Common stock issued in connection with
debt conversion $— $13,5001
SOURCE SEC Communications Corporation