The Tower Market Report
MARKET UPDATE – Q2 2023
August 14, 2023
Carriers

T-Mobile Meets Consensus Estimates in Q2. Q2 revenue declined 2.6% y/y to $19.2B, 0.9% below consensus estimates. T-Mobile postpaid net adds were 760,000 in Q2 (vs. 723,000 in Q2 ’22).

AT&T Reports Solid Q2 Results. Q2 revenue increased 0.9% y/y to $29.9B, 0.5% below consensus estimates. AT&T postpaid phone net adds were 326,000 in Q2 (vs. 813,000 in Q2 ’22).

Verizon Q2 Results Slightly Below Expectations. Q2 revenue declined 3.5% y/y to $32.6B, 2.6% below consensus estimates. Verizon postpaid phone net adds were 8,000 in Q2 (vs. 12,000 in Q2 ’22).

Charter Communications Continues Rapid Growth. The rapid growth is largely credited to an impressive 648k mobile lines added in Q2, driven by high interest in the Spectrum One bundle offering. Revenue figures also exceeded expectations, growing nearly ~30% y/y to $539mm vs. $415mm in Q2 ’22.

Comcast Marks 7th Consecutive Quarter of 300k Wireless Line Adds. Comcast added 316,000 wireless lines in Q2 2023 for a total of just under 6 million lines nationwide, as domestic wireless revenue grew 20.4% y/y to $869mm. The MVNO service has fueled significant revenue growth for Comcast in recent years, thanks to an agreement with Verizon that some analysts are considering “too good for Comcast.”

Major Carriers Under Fire as Lead Cable Risk Grows. AT&T and Verizon were among the headliners of a list of carriers named in a WSJ story, which reported on abandoned, underground toxic lead cables that may be contaminating nearby soil and water sources. The significant scale of AT&T and Verizon’s legacy networks could backfire as the companies gear up for the possibility of lawsuits, should the cables be proven to pose a health hazard.

AT&T Partners with Boldyn Networks on SFMTA 5G Deployment. The partnership will extend and improve connectivity to millions of passengers in the Bay Area. The San Francisco Municipal Transportation Agency (SFMTA) is expected to be serviced by Boldyn’s next-generation DAS network, as part of an initiative to deliver improved wireless connectivity to subway and car riders.

UScellular Launches Mid-band Spectrum for 5G in 10 States. The initial rollout of the company’s 3.45 GHz spectrum is expected to mainly be available in Midwestern states, as well as in select communities in various areas across the country. UScellular expects to cover over one million households with its 5G deployment by the end of the year.

DISH Meets FCC Deadline for 70% 5G Coverage. DISH Wireless has met its prior commitment to the FCC to reach 70% nationwide 5G coverage, servicing nearly 240 million people in the process. Next milestone will be to expand beyond the metro areas in its current footprint and attain 75% coverage across the US by June 14, 2025.

Towers

CCI Q2 Results Meets Consensus Estimates. Site leasing revenue mix was $1,080mm towers / $648mm small cells and fiber (incl. Sprint termination payments). Net organic leasing revenue growth (excl. small cells/fiber) increased 60 bps q/q to 5.8% (6.7% gross). Leverage (Net debt/LQA EBITDA) was down to ~4.6x (vs. 5.0x in previous quarter).

AMT Beats Consensus Estimates in Q2. Q1 domestic gross organic leasing revenue decreased 10bps to 8.1% q/q. Net organic growth was 5.1% (vs. 5.6% in Q1). AMT ended Q2 with net leverage (net debt/LQA adjusted EBITDA) of ~5.3x.

SBA Reports Solid Q2 Results. Q1 domestic gross organic revenue growth declined 70bps to 7.8% (4.2% net) q/q. Churn increased to 3.6%. Leverage (net debt/LQA EBITDA) at the end of the quarter was down to 6.6x (vs. 6.9x in previous quarter).

StratCap Acquires $90mm in Communications Infrastructure Assets in Q2. The acquisitions include 13 cell towers across 5 states, many of which are tenanted by one of the three major carriers. Other assets acquired include a 127,000 sqft data centre in Toronto, acquired as part of a joint venture in which StratCap holds a minority stake. These acquisitions follow consecutive quarters of increasing M&A activity for StratCap, after spending $20mm and $35mm on acquisitions in Q4 ’22 and Q1 ’23, respectively.

America Móvil Set to Spin Off European Towers in Q3. Telekom Austria, America Móvil’s European subsidiary, has agreed to spin off its cell tower assets into a new publicly listed company on the Vienna Stock Exchange. The spin-off, set to be completed before the end of Q3, will involve the transfer of 12,900 cell towers across Central and Eastern Europe to a newly formed entity named EuroTeleSites.

Ardian Acquires 50% Stake in Mexican Towerco MXT Holdings. The French infrastructure firm has entered in co-ownership of leading Mexican tower operator MXT Holdings, alongside existing shareholder Mexico Infrastructure Partners. Ardian’s investment will be used to support MXT’s recent acquisition of digital infrastructure assets from Telefónica and eventually fuel additional growth through strategic acquisitions. MXT’s current portfolio includes about 650 cell towers, 2,200 miles of fiber, and 11 indoor DAS systems.

Cellnex Acquires Remaining 30% Stake in OnTower Poland. The transaction, valued at $554mm, will provide Cellnex with full control over the Polish company it had previously co-owned with French operator Iliad. OnTower’s portfolio currently includes 8,500 cell towers in Poland, which could rise to 11,900 sites by 2030 under current development plans.

I Squared Capital Considering Bid for 90% Stake in ATC India. After recent talks with Brookfield fell through over a gap in valuation, I Squared Capital is now considered the frontrunner in the bidding for American Tower’s Indian operations, ahead of Stonepeak Partners. Valuation may remain an impasse in the potential transaction, with bids expected to fall in the $1.8B-$2.2B range vs. AMT’s requested price of nearly $4B. Gaps in valuation stem from tenant risk related to Vodafone’s Indian joint venture VIL.

Everest Acquires Tower Portfolio in Arizona. Everest has completed the acquisition of a portfolio of wireless towers from Antenna Sites, for an undisclosed amount. The transaction includes sites in the Greater Phoenix Area as well as “high-tenanted” towers surrounding cities such as Flagstaff, Sedona, and Tucson, among others.

Everest Announces Acquisition of Portuguese Towerco. Everest is set to enter its 4th international market through its acquisition of Portuguese tower aggregator Blue Sites Telco for an undisclosed amount. The acquisition is largely fueled by capital raised from Peppertree Capital Management, whose contribution brings Everest’s total capital commitments to $1.5B. Blue Sites Telco currently manages over 310 wireless towers across Portugal.¹

Notes:
¹ Total number of wireless towers as seen on Blue Sites Telco’s website.

Revenue Grows in Top 20 Global 5G Markets. Increasing 5G penetration is driving service revenue growth, according to Ericsson’s recent Mobility Report. The June 2023 report found that in the last two years, revenue has grown at a 3.5% compounded annual growth rate, for a total of 7%, in the top 20 global 5G markets based upon the number of 5G subscriptions.

FCC Releases New Broadband Maps. Six months after the Commission’s first draft released in November, the new iteration of the FCC’s broadband coverage maps prides itself on increased detail. The new maps break down the US into 114mm census blocks serviceable by fixed broadband vs. 8.1mm in the last version. Improvements to the maps have also helped the FCC identify ~330k additional unserved locations.
Selected TowerCo Key Operational Metrics

Domestic Gross Organic Revenue Growth (Year over year)

Domestic Churn Rate

Domestic Net Organic Revenue Growth (Year over year)

Notes:
- AMT rates adjust for straight-line revenue, prepaid amortization revenue, international pass-through revenue, and foreign currency impact. Rates reflect revenues from other properties including managed sites and rooftops. Rates reflect US and Canada portfolio.
- CCI rates adjust for straight-line revenue, amortization of prepaid rent, contributions from acquisitions of less than one year, and other.
- SBAC rates adjust for straight-line revenue, pass-through reimbursable expenses, amortization of capital contributions for tower augmentations, managed and non-macro business, and other miscellaneous items.

Valuation Trends

US Tower Public Trading Multiples

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Price Aug.10/23</th>
<th>Shares Outstanding (mm)</th>
<th>Mkt. Cap. (mm)</th>
<th>Debt (mm)</th>
<th>Cash (mm)</th>
<th>Ent. Val. (mm)</th>
<th>Net Debt / LQA EBITDA</th>
<th>LTM EBITDA (mm)</th>
<th>LTM Revenue (mm)</th>
<th>Div. Yield</th>
<th>EV/EBITDA LTM</th>
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<tbody>
<tr>
<td>AMT</td>
<td>$186.94</td>
<td>466.1</td>
<td>$87,139</td>
<td>$38,795</td>
<td>$2,016</td>
<td>$123,918</td>
<td>5.3x</td>
<td>$6,862</td>
<td>$10,915</td>
<td>3.4%</td>
<td>18.1x</td>
</tr>
<tr>
<td>CCI</td>
<td>$104.69</td>
<td>434.0</td>
<td>$45,435</td>
<td>$22,583</td>
<td>$488</td>
<td>$67,530</td>
<td>4.6x</td>
<td>$4,459</td>
<td>$7,150</td>
<td>6.0%</td>
<td>15.1x</td>
</tr>
<tr>
<td>SBAC</td>
<td>$228.32</td>
<td>108.4</td>
<td>$24,746</td>
<td>$12,670</td>
<td>$274</td>
<td>$37,142</td>
<td>6.6x</td>
<td>$1,839</td>
<td>$2,716</td>
<td>1.5%</td>
<td>20.2x</td>
</tr>
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</table>

Notes:
- EBITDA figures reflect "Adjusted EBITDA".

EV / Trailing 12-Month EBITDA Tower Multiples – Historic Trend

Notes:
- Chart includes AMT, CCI and SBAC.
- EBITDA reflects TTM "Adjusted EBITDA".

Share Performance

1-Year Relative Share Price Performance

3-Month Relative Share Price Performance

CTIA 2023 Annual Survey Highlights

U.S. Wireless Investment ($B)

- 2017: $25B
- 2018: $30B
- 2019: $35B
- 2020: $40B
- 2021: $45B
- 2022: $50B

8.4% CAGR

Notes:
- Data provided by CTIA 2023 Annual Survey Highlights.

U.S. Total Small Cell Count

- 2021: 125K Small Cells, 13% Growth
- 2022: 142K Small Cells

Notes:
- Data provided by CTIA 2023 Annual Survey Highlights.

Sources:
## 5G Subscriptions & Mobile Data Traffic

### 5G Subscriptions (mm)

<table>
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<tr>
<th>Region</th>
<th>2022</th>
<th>2028</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>166</td>
<td>410</td>
<td>16%</td>
</tr>
<tr>
<td>Latin America</td>
<td>7</td>
<td>330</td>
<td>N/A</td>
</tr>
<tr>
<td>Western Europe</td>
<td>69</td>
<td>490</td>
<td>39%</td>
</tr>
<tr>
<td>Central and Eastern Europe</td>
<td>5</td>
<td>230</td>
<td>N/A</td>
</tr>
<tr>
<td>North East Asia</td>
<td>637</td>
<td>1610</td>
<td>17%</td>
</tr>
<tr>
<td>South East Asia and Oceania</td>
<td>25</td>
<td>430</td>
<td>N/A</td>
</tr>
<tr>
<td>India, Nepal, Bhutan</td>
<td>10</td>
<td>700</td>
<td>N/A</td>
</tr>
<tr>
<td>Middle East and North Africa</td>
<td>22</td>
<td>290</td>
<td>N/A</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>3</td>
<td>140</td>
<td>N/A</td>
</tr>
</tbody>
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### Notes:
- Data provided by June 2023 Ericsson Mobility Report.

### Mobile Data Traffic per Smartphone (GB per Month)

<table>
<thead>
<tr>
<th>Region</th>
<th>2022</th>
<th>2028</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>20</td>
<td>58</td>
<td>20%</td>
</tr>
<tr>
<td>Latin America</td>
<td>11</td>
<td>41</td>
<td>25%</td>
</tr>
<tr>
<td>Western Europe</td>
<td>20</td>
<td>56</td>
<td>19%</td>
</tr>
<tr>
<td>Central and Eastern Europe</td>
<td>14</td>
<td>37</td>
<td>18%</td>
</tr>
<tr>
<td>North East Asia</td>
<td>18</td>
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<td>South East Asia and Oceania</td>
<td>15</td>
<td>54</td>
<td>24%</td>
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<tr>
<td>India, Nepal, Bhutan</td>
<td>26</td>
<td>62</td>
<td>16%</td>
</tr>
<tr>
<td>Middle East and North Africa</td>
<td>12</td>
<td>37</td>
<td>20%</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>4.7</td>
<td>19</td>
<td>26%</td>
</tr>
</tbody>
</table>

### Global Average

|                  | 16   | 47   | 20%  |

### Notes:
- Data provided by June 2023 Ericsson Mobility Report.

### Sources:
5G Deployment

Speed of 5G Deployment in U.S.

4G
24 months after launch

5G
22 months after launch

Notes:
- Map provided by CTIA State of 5G report.
Macro Economics

90 Day U.S. LIBOR

U.S. GDP per Capita

5 Year US Treasury Yield

U.S. CPI Inflation

U.S. Treasury Yield Curve

U.S. Unemployment Rate

Notes:
1) As at August 7, 2023.

Pinpoint Capital Advisors is a leading boutique investment bank focused exclusively on the mid-market digital infrastructure sector including wireless towers, fiber and data centers. Pinpoint advises companies on transactions (business sales) and raises capital for growth from longer-term, lower cost institutional investors.

We would be delighted at the opportunity to discuss your tower business with you, and would be happy to provide further information on our approach and process.

Please feel free to connect with our experienced team. We'd love to hear from you!

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