

SBA COMMUNICATIONS CORP  
Form 10-Q  
November 09, 2006  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**  
For the quarterly period ended September 30, 2006

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)

**Florida**  
(State or other jurisdiction of incorporation or organization)

**65-0716501**  
(I.R.S. Employer Identification No.)

**5900 Broken Sound Parkway NW**  
(Address of principal executive offices)

**Boca Raton, Florida**  
**(561) 995-7670**

**33487**  
(Zip code)

(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, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

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Large accelerated filer

Accelerated filer

Non-Accelerated filer

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: 104,645,927 shares of Class A common stock as of November 8, 2006.

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

(in thousands, except par values)

	September 30, 2006 (unaudited)	December 31, 2005
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 40,415	\$ 45,934
Short term investments		19,777
Restricted cash	11,507	19,512
Accounts receivable, net of allowances of \$1,754 and \$1,136 in 2006 and 2005, respectively	22,544	17,533
Costs and estimated earnings in excess of billings on uncompleted contracts	21,562	25,184
Prepaid expenses and other current assets	7,371	4,248
<b>Total current assets</b>	<b>103,399</b>	<b>132,188</b>
Property and equipment, net	1,106,702	728,333
Intangible assets, net	724,016	31,491
Deferred financing fees, net	16,155	19,931
Other assets	51,857	40,593
<b>Total assets</b>	<b>\$ 2,002,129</b>	<b>\$ 952,536</b>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 10,948	\$ 17,283
Accrued expenses	18,348	15,544
Deferred revenue	16,960	11,838
Interest payable	1,288	3,880
Billings in excess of costs and estimated earnings on uncompleted contracts	1,006	1,391
Other current liabilities	16,900	2,207
<b>Total current liabilities</b>	<b>65,450</b>	<b>52,143</b>
Long-term liabilities:		
Long-term debt	1,505,000	784,392
Deferred revenue	597	302
Other long-term liabilities	43,117	34,268
<b>Total long-term liabilities</b>	<b>1,548,714</b>	<b>818,962</b>
Commitments and contingencies		
Shareholders' equity:		
Preferred stock - \$.01 par value, 30,000 shares authorized, none issued or outstanding		
Common Stock - Class A par value \$.01, 200,000 shares authorized, 104,502 and 85,615 shares issued and outstanding at September 30, 2006 and December 31, 2005, respectively	1,045	856

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Additional paid-in capital	1,429,431	990,181
Accumulated deficit	(1,040,959)	(924,066)
Accumulated other comprehensive (loss) income	(1,552)	14,460
Total shareholders' equity	387,965	81,431
Total liabilities and shareholders' equity	\$ 2,002,129	\$ 952,536

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 September 30,		For the nine months ended September 30,	
	2006	2005	2006	2005
<b>Revenues:</b>				
Site leasing	\$ 74,412	\$ 41,104	\$ 181,755	\$ 118,380
Site development	23,760	24,917	72,597	69,192
Total revenues	98,172	66,021	254,352	187,572
<b>Operating expenses:</b>				
Cost of revenues (exclusive of depreciation, accretion and amortization shown below):				
Site leasing	20,882	11,694	50,380	35,431
Site development	21,272	23,311	66,213	65,547
Selling, general and administrative	11,044	6,725	31,467	21,037
Asset impairment and other (credits) charges	(357)	15	(357)	288
Depreciation, accretion and amortization	39,015	21,673	93,195	64,960
Total operating expenses	91,856	63,418	240,898	187,263
Operating income	6,316	2,603	13,454	309
<b>Other income (expense):</b>				
Interest income	1,038	244	2,846	988
Interest expense	(27,085)	(10,230)	(55,783)	(30,661)
Non-cash interest expense		(6,028)	(6,845)	(20,771)
Amortization of deferred financing fees	(4,494)	(701)	(8,743)	(2,045)
Loss from write-off of deferred financing fees and extinguishment of debt	(34)		(53,872)	(9,730)
Other income	112	19	324	475
Total other expense	(30,463)	(16,696)	(122,073)	(61,744)
Loss from continuing operations before provision for income taxes	(24,147)	(14,093)	(108,619)	(61,435)
Provision for income taxes	(194)	(354)	(564)	(931)
Loss from continuing operations	(24,341)	(14,447)	(109,183)	(62,366)
Gain (loss) from discontinued operations, net of income taxes		3		(46)
Net loss	\$ (24,341)	\$ (14,444)	\$ (109,183)	\$ (62,412)
<b>Basic and diluted loss per common share amounts:</b>				
Loss from continuing operations	\$ (0.24)	\$ (0.19)	\$ (1.14)	\$ (0.89)
Loss from discontinued operations				
Net loss per common share	\$ (0.24)	\$ (0.19)	\$ (1.14)	\$ (0.89)
Weighted average number of common shares	103,733	74,487	95,922	70,060

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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 NINE MONTHS ENDED SEPTEMBER 30, 2006****(unaudited) (in thousands)**

	Common Stock Class A		Additional Paid-In Capital	Accumulated Other Comprehensive	Accumulated	Total
	Shares	Amount		Income (loss)	Deficit	
BALANCE, December 31, 2005	85,615	\$ 856	\$ 990,181	\$ 14,460	\$ (924,066)	\$ 81,431
Cumulative effect of adoption of SAB 108			8,444		(7,710)	734
Non-cash compensation			5,192			5,192
Common stock issued in connection with acquisitions	18,311	183	421,513			421,696
Common stock issued in connection with stock purchase/option plans	576	6	4,715			4,721
Fees relating to issuance of common stock			(614)			(614)
Amortization of deferred gain from settlement of derivative financial instrument				(2,011)		(2,011)
Change in fair value in derivative financial instrument				(14,001)		(14,001)
Net loss					(109,183)	(109,183)
BALANCE, September 30, 2006	104,502	\$ 1,045	\$ 1,429,431	\$ (1,552)	\$ (1,040,959)	\$ 387,965

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



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**SBA COMMUNICATIONS CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT**