

# First Quarter 2016 Earnings Conference Call

April 29, 2016



**AMERICAN TOWER®**



# Agenda

## Introduction

Leah Stearns  
*Senior Vice President, Treasurer and Investor Relations*

## Financial Results

Tom Bartlett  
*Executive Vice President, Chief Financial Officer*

## Closing Remarks

Jim Taiclet  
*Chairman, President and Chief Executive Officer*

## Q&A

# Forward-Looking Statements

“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995: This presentation contains forward-looking statements concerning our goals, beliefs, strategies, future operating results and underlying assumptions. Actual results may differ materially from those indicated by these forward-looking statements as a result of various important factors, including those described in the appendix attached hereto, Item 1A of our Form 10-K for the year ended December 31, 2015 under the caption “Risk Factors.” We undertake no obligation to update the information contained in this presentation to reflect subsequently occurring events or circumstances. Definitions are provided at the end of the presentation and reconciliations to GAAP measures are available on our website at [www.americantower.com](http://www.americantower.com).

# Consolidated Results Highlights

<i>\$ in millions, except per share data</i>	<b>1Q16</b>	<b>1Q15</b>	<b>Y/Y Change</b>
<b>Total Property Revenue</b>	<b>\$1,268</b>	<b>\$1,062</b>	<b>19.3%</b>
<b>Total Revenue</b>	<b>\$1,289</b>	<b>\$1,079</b>	<b>19.4%</b>
<b>Adjusted EBITDA</b>	<b>\$833</b>	<b>\$724</b>	<b>15.1%</b>
<i>Adjusted EBITDA Margin</i>	<i>64.6%</i>	<i>67.1%</i>	
<b>Adjusted Funds From Operations</b>	<b>\$602</b>	<b>\$514</b>	<b>17.3%</b>
<b>Net income attributable to ATC Common Stockholders</b>	<b>\$248</b>	<b>\$183</b>	<b>35.4%</b>
Per diluted share attributable to ATC	\$0.58	\$0.45	28.9%





# Financial Results

Tom Bartlett

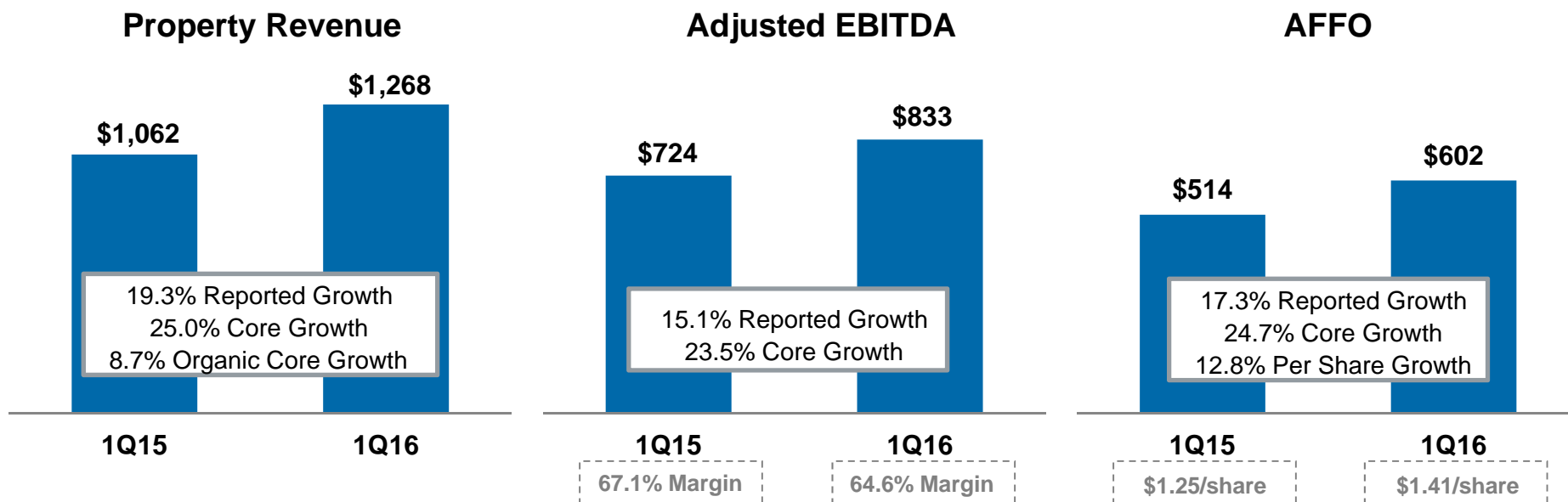
Executive Vice President, Chief Financial Officer



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# 1Q 2016 Results

(\$ in millions)

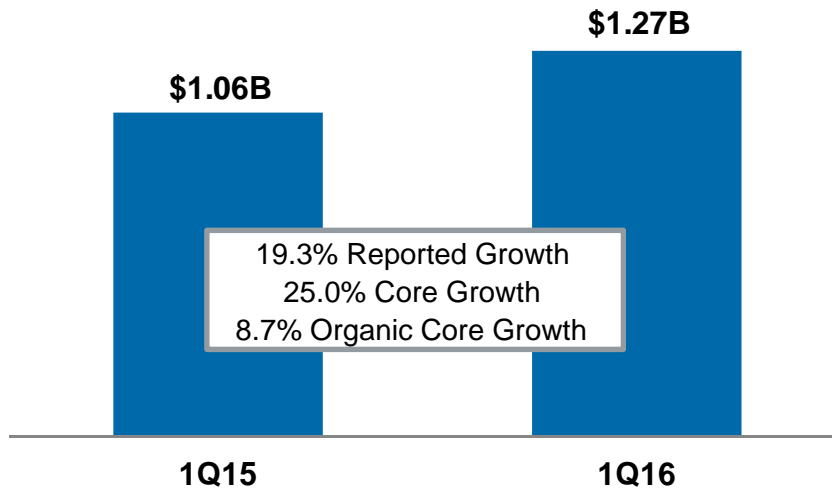


- Revenue growth driven by strong organic trends across our global base as well as contributions from recent Verizon, Airtel Nigeria and TIM Brazil transactions
- Gross Margin percentage excluding pass-through of over 80%
- AFFO Core growth of nearly 25%

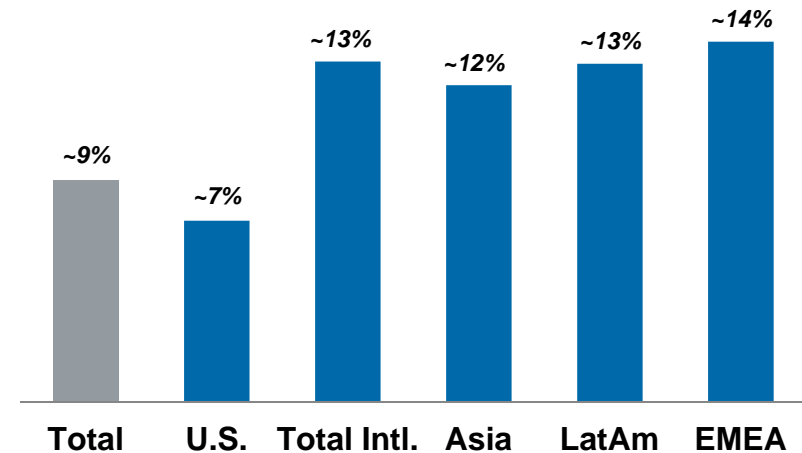


# 1Q 2016 Property Revenue Growth

Property Revenue



Organic Revenue Growth

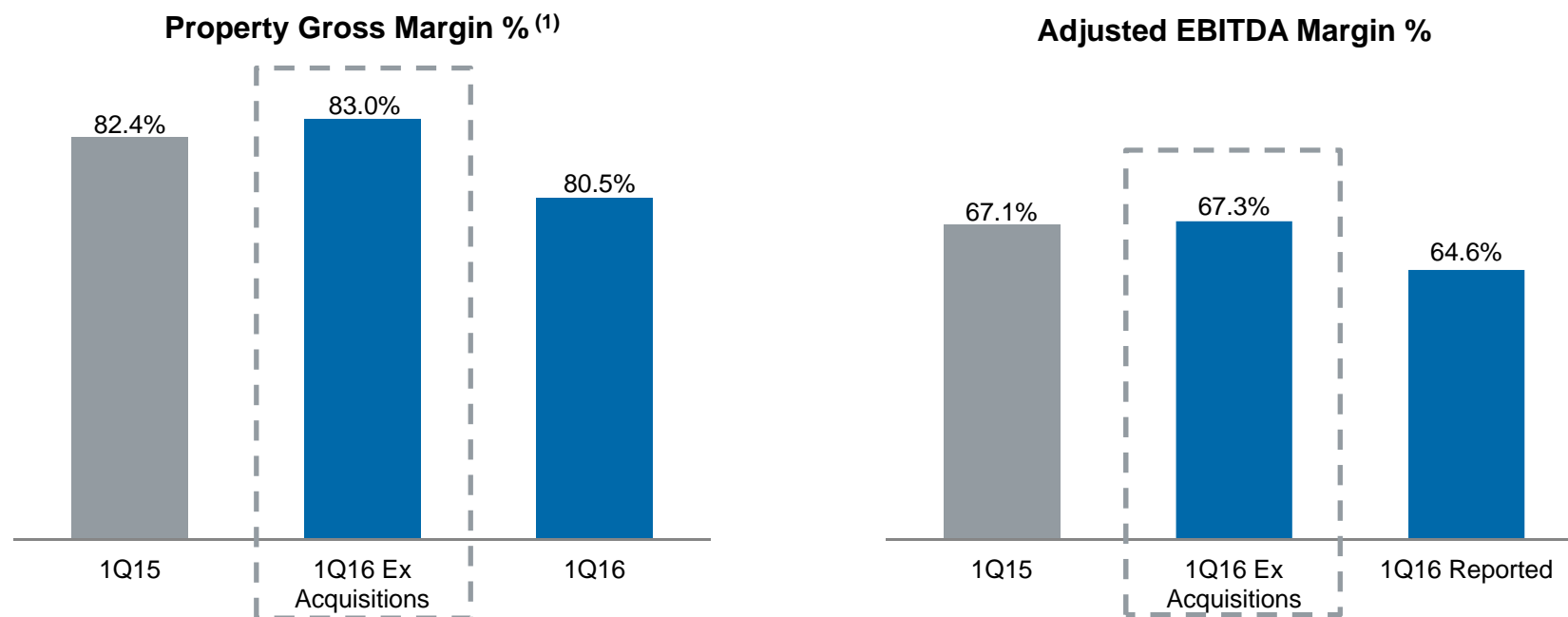


- Total Property revenue growth of over 19% during the quarter
- Consolidated Organic Core Growth of nearly 9%, or over 8% on a run-rate basis
  - International contribution benefitted consolidated Organic Core Growth by ~160 basis points
  - Total international delivered double digit organic growth; ~3.5% higher than Q1 2015
- Diversification enabling strong global revenue growth trajectory





# 1Q 2016 Margin Performance



- > Organic Gross Margin conversion ratio excluding pass-through of ~90%<sup>(2)</sup>
- > Excluding acquisitions, Gross Margin excluding pass-through increased by about 60 basis points, and our Adjusted EBITDA margin increased by about 20 basis points
- > Cash SG&A as a percent of revenue decreased 30 basis points to 8.4%

(1) Excludes impact of pass-through revenue in both periods.

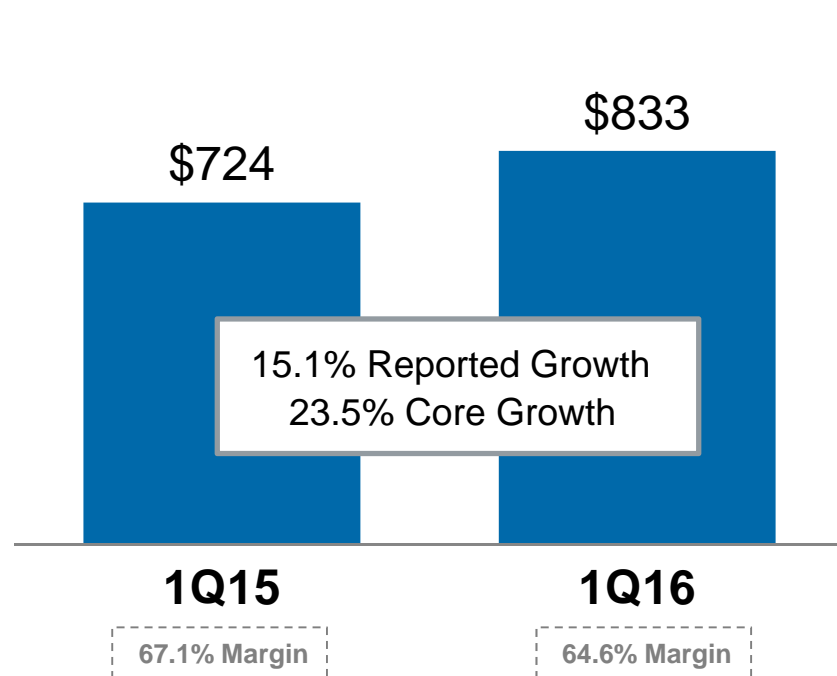
(2) Organic Gross Margin conversion ratio excludes sites added to the portfolio after December 31, 2014.



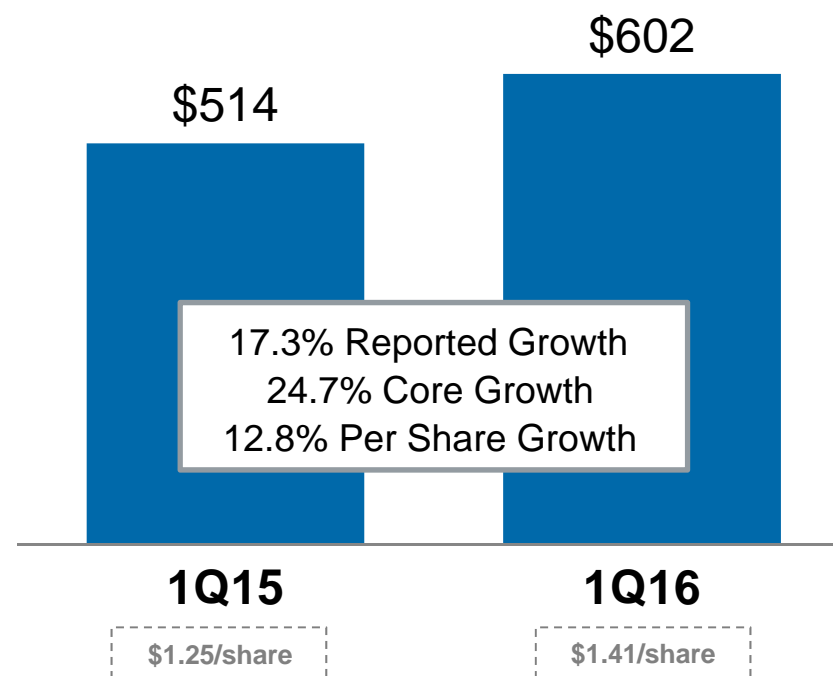
# 1Q 2016 Adjusted EBITDA and AFFO

(\$ in millions)

## Adjusted EBITDA



## AFFO

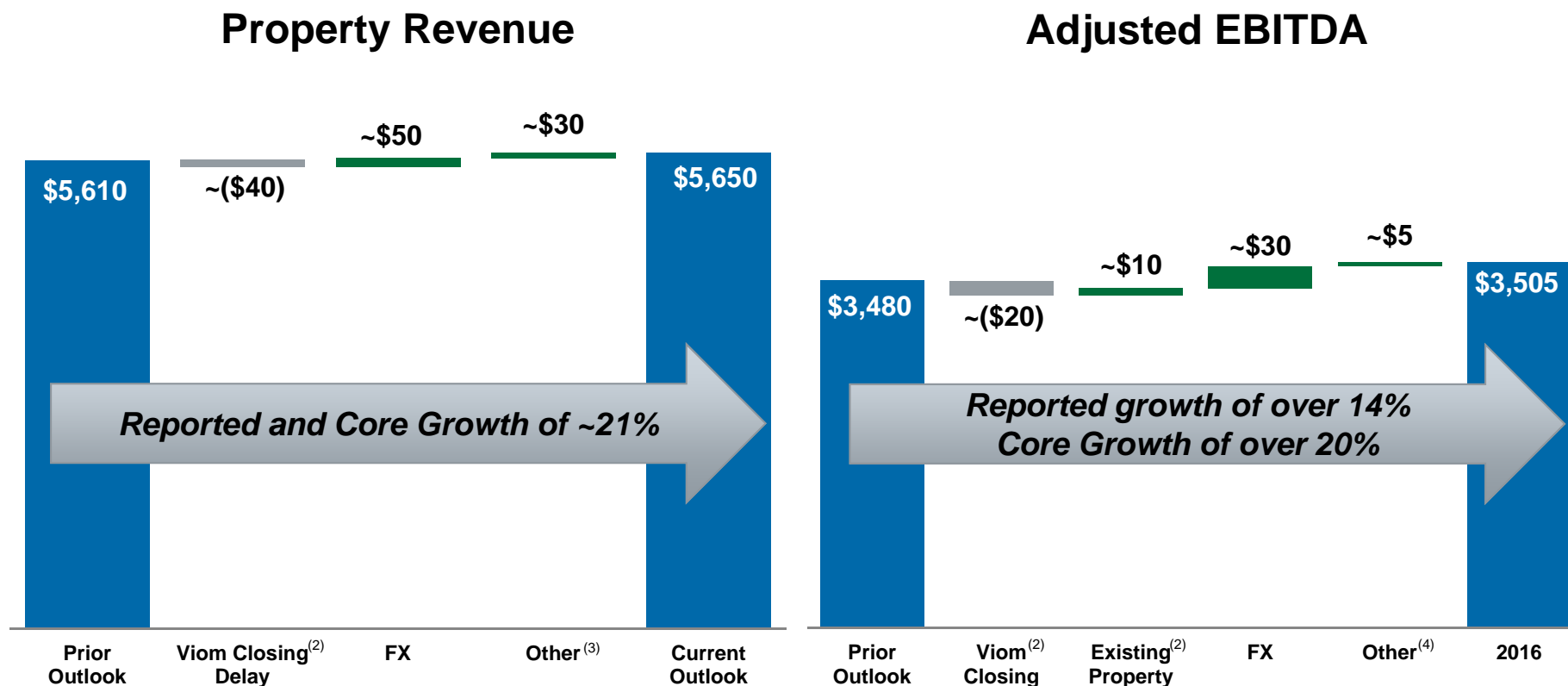


**Double Digit Growth in Adjusted EBITDA and AFFO per Share**



# Increasing 2016 Outlook - Revenue & Adjusted EBITDA<sup>(1)</sup>

(\$ in millions)



**Raising Outlook for Both Property Revenue and Adjusted EBITDA by Nearly 1%**

(1) Prior outlook reflects initial 2016 outlook midpoints, as reported in the Company's 8-K, dated February 26, 2016. Current outlook reflects 2016 outlook midpoints, as reported in the Company's 8-K, dated April 29, 2016.

(2) Excludes estimated impact from foreign exchange fluctuations and straight-line.

(3) Includes estimated impact from straight-line and legacy pass-through revenue.

(4) Includes estimated straight-line impact and services impact.

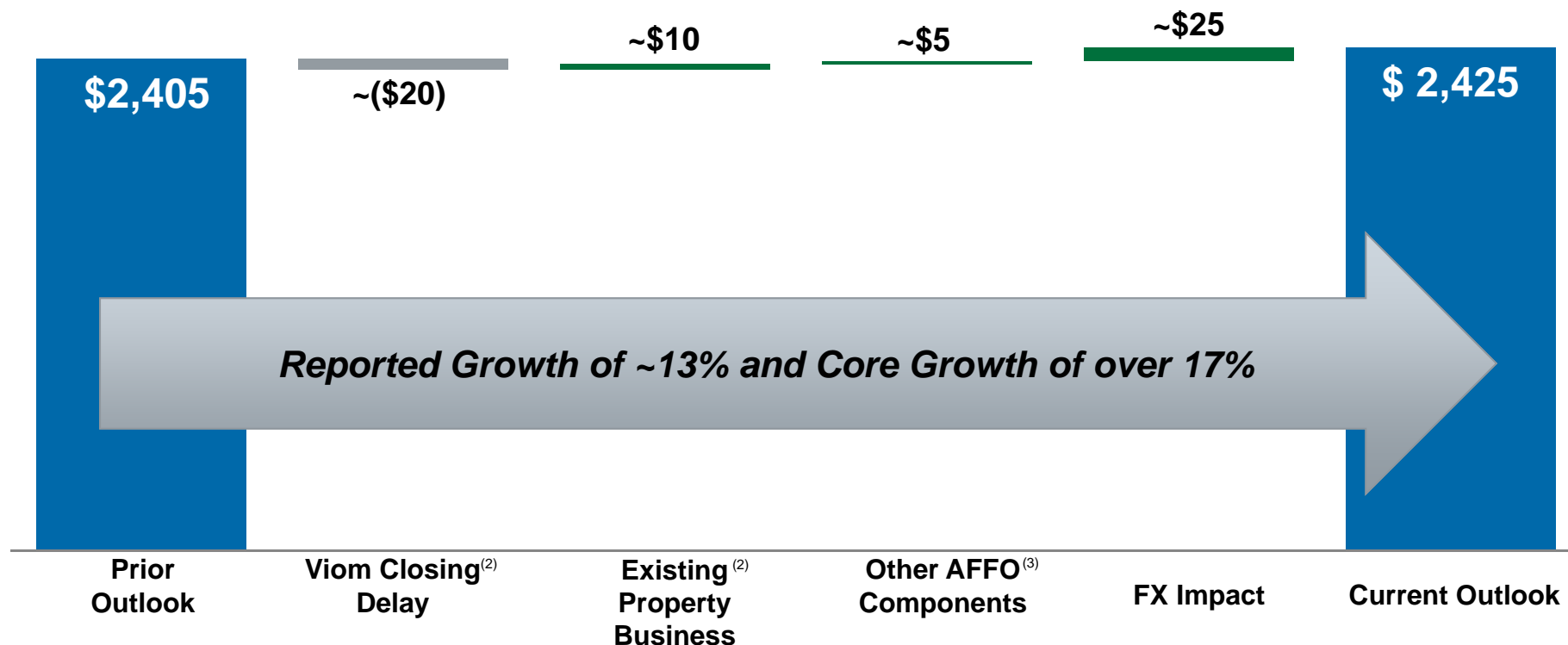
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# Increasing 2016 Outlook - AFFO<sup>(1)</sup>

(\$ in millions)

## AFFO Growth Components



**Expect 2016 AFFO per Share of ~\$5.65 at midpoint, or a 0.8% increase from prior outlook<sup>(4)</sup>**

(1) Prior outlook reflects initial 2016 outlook midpoints, as reported in the Company's 8-K, dated February 26, 2016. Current outlook reflects 2016 outlook midpoints, as reported in the Company's 8-K, dated April 29, 2016.

(2) Includes impact from changes in FX neutral cash EBITDA. Excludes estimated straight-line impact, foreign exchange fluctuations, cash interest expense, cash taxes and capital improvement expenditures.

(3) Represents primarily interest expense and cash taxes. Excludes impact of foreign exchange fluctuations.

(4) Assumes share count of approximately 429 million shares.

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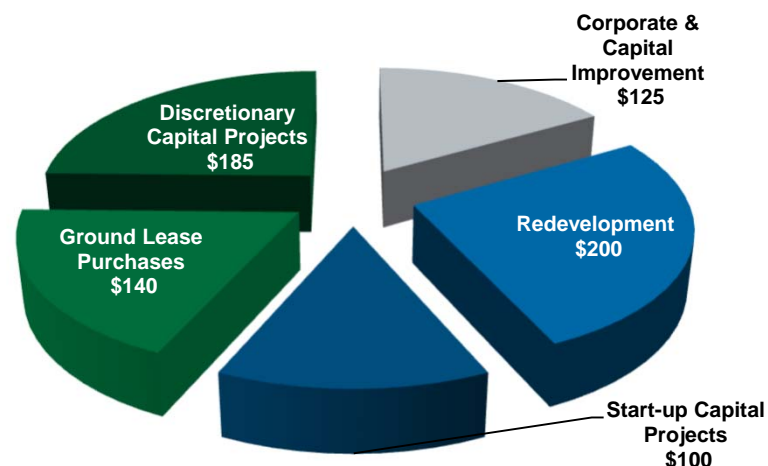


# 2016 Capital Allocation Priorities<sup>(1)</sup>

(\$ in millions)

- › REIT distribution expected to grow by over 20%<sup>(2)</sup>
- › Capital expenditure plan of \$700-800 million
  - › 83% discretionary
  - › 2,500-3,000 new build towers worldwide, including ~100 in the U.S.
- › Focused on maintaining investment grade credit rating while funding continued growth
  - › Expect to be at 5x net leverage by year end 2016

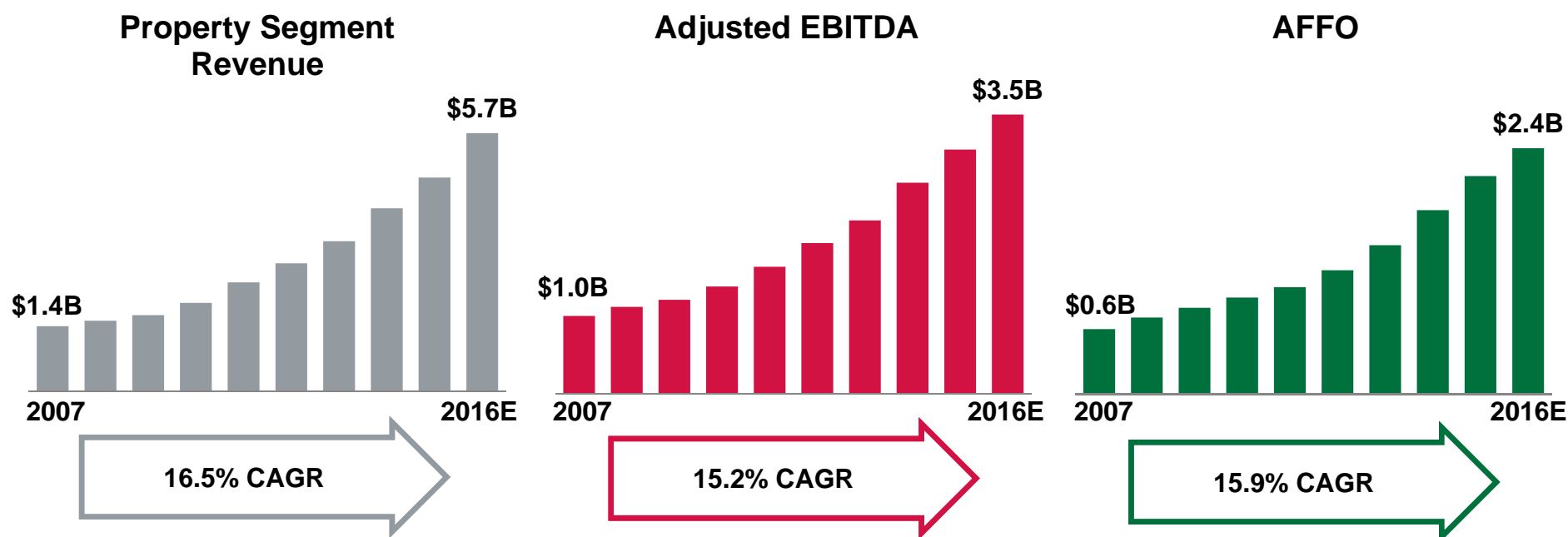
2016E Capital Expenditures



(1) Reflects midpoint of 2016 outlook, as reported in the Company's 8-K, dated April 29, 2016.

(2) Subject to the discretion and determination of the Company's Board of Directors.

# We Have Generated Strong, Consistent Results Over the Long Term While Maintaining ROIC<sup>(1)</sup>



Maintained ROIC over 9% despite adding over 25,000 sites since the beginning of 2015

(1) 2016E reflects midpoint of 2016 outlook, as reported in the Company's 8-K, dated April 29, 2016.

# In Summary

## 1Q 2016 Highlights

- › Continued solid growth in property revenue, Adjusted EBITDA and AFFO
- › Generated strong Organic Core Growth across global footprint
- › Announced pending market entry into Tanzania
- › Declared common stock distribution of \$0.51 per share, or ~\$217 million
- › Closed Viom transaction in April

## Full Year 2016 Expectations

- › Increasing outlook for all key financial metrics, driven both by solid new asset and organic performance and improving foreign exchange rates
- › Expect increasingly diversified revenue base
- › Anticipate reaching 5x net debt to Adjusted EBITDA by year-end 2016
- › Project ending the year with nearly 150,000 sites worldwide





# Definitions

**Adjusted EBITDA:** Net income before income (loss) from equity method investments; Income tax benefit (provision); Other income (expense); Gain (loss) on retirement of long-term obligations; Interest expense; Interest income; Other operating income (expense); Depreciation, amortization and accretion; and Stock-based compensation expense.

**Adjusted EBITDA Margin:** the percentage that results from dividing Adjusted EBITDA by total revenue.

**Adjusted Funds From Operations, or AFFO:** NAREIT Funds From Operations before (i) straight-line revenue and expense, (ii) stock-based compensation expense, (iii) the non-cash portion of our tax provision, (iv) non-real estate related depreciation, amortization and accretion, (v) amortization of deferred financing costs, capitalized interest, debt discounts and premiums and long-term deferred interest charges, (vi) other income (expense), (vii) gain (loss) on retirement of long-term obligations, (viii) other operating income (expense), and adjustments for (ix) unconsolidated affiliates and (x) noncontrolling interest, less cash payments related to capital improvements and cash payments related to corporate capital expenditures.

**AFFO per Share:** Adjusted Funds From Operations divided by the diluted weighted average common shares outstanding.

**Churn:** Revenue lost when a tenant cancels or does not renew its lease or, in limited circumstances, when the lease rates on existing leases are reduced.

**Core Growth:** (Property revenue, Adjusted EBITDA, Gross Margin, Operating Profit and AFFO) the increase or decrease, expressed as a percentage, resulting from a comparison of financial results for a current period with corresponding financial results for the corresponding period in a prior year, in each case, excluding the impact of pass-through revenue (expense), straight-line revenue and expense recognition, foreign currency exchange rate fluctuations and material one-time items.

**NAREIT Funds From Operations:** Net income before gains or losses from the sale or disposal of real estate, real estate related impairment charges, real estate related depreciation, amortization and accretion and dividends on preferred stock, and including adjustments for (i) unconsolidated affiliates and (ii) noncontrolling interest.

**Net Leverage Ratio:** Net debt (total debt, less cash and cash equivalents) divided by last quarter annualized Adjusted EBITDA.

**NOI Yield:** the percentage that results from dividing gross margin by total investment.

**New Property Core Growth:** (Property revenue) the increase or decrease, expressed as a percentage, on the properties the Company has added to its portfolio since the beginning of the prior period, in each case, excluding the impact of pass-through revenue (expense), straight-line revenue (expense), foreign currency exchange rate fluctuations and significant one-time items.

# Definitions

**Organic Core Growth:** (Property revenue) the increase or decrease, expressed as a percentage, resulting from a comparison of financial results for a current period with corresponding financial results for the corresponding period in a prior year, in each case, excluding the impact of pass-through revenue (expense), straight-line revenue and expense recognition, foreign currency exchange rate fluctuations, significant one-time items and revenue associated with new properties that the Company has added to the portfolio since the beginning of the prior period.

**Segment Gross Margin:** segment revenue less segment operating expenses, excluding stock-based compensation expense recorded in costs of operations; depreciation, amortization and accretion; selling, general, administrative and development expense; and other operating expenses. Latin America Property segment includes interest income, TV Azteca, net.

**Segment Gross Margin Conversion Rate:** the percentage that results from dividing the change in gross margin by the change in revenue.

**Segment Operating Profit:** Segment gross margin less segment selling, general, administrative and development expense attributable to the segment, excluding stock-based compensation expense and corporate expenses. Latin America Property segment includes interest income, TV Azteca, net.

**Pass-through Revenues:** In several of our international markets we pass through certain operating expenses to our tenants, including in Latin America where we primarily pass through ground rent expenses, and in India and South Africa, where we primarily pass through fuel costs. We record pass-through as revenue and a corresponding offsetting expense for these events.

**Property revenue Run-Rate Organic Growth:** the increase or decrease, expressed as a percentage, of Run-Rate Revenue resulting from property revenue growth as compared to the prior-year period, excluding growth attributable to day-one Run-Rate Revenue on new sites added after the beginning of the prior-year period. Excludes the impact of foreign currency exchange rate fluctuations, significant one-time items, straight-line revenues and the impact of other non-Run Rate Revenue.

**Return on Invested Capital:** Adjusted EBITDA less improvement and corporate capital expenditures and cash taxes, divided by gross property, plant and equipment, goodwill and intangible assets.

**Run-Rate Revenue:** Primarily cash-based, recurring revenues, typically tied to long-term tenant lease agreements that in the absence of churn at the end of the contract term should continue in the future, excluding pass-through revenue.

**Straight-line expenses:** We calculate straight-line ground rent expense for our ground leases based on the fixed non-cancellable term of the underlying ground lease plus all periods, if any, for which failure to renew the lease imposes an economic penalty to us such that renewal appears, at the inception of the lease, to be reasonably assured. Certain of our tenant leases require us to exercise available renewal options pursuant to the underlying ground lease, if the tenant exercises its renewal option. For towers with these types of tenant leases at the inception of the ground lease, we calculate our straight-line ground rent over the term of the ground lease, including all renewal options required to fulfill the tenant lease obligation.

**Straight-line revenues:** We calculate straight-line rental revenues from our tenants based on the fixed escalation clauses present in non-cancellable lease agreements, excluding those tied to the Consumer Price Index or other inflation-based indices, and other incentives present in lease agreements with our tenants. We recognized revenues on a straight-line basis over the fixed, non-cancellable terms of the applicable leases.

# Risk Factors

This presentation contains “forward-looking statements” concerning our goals, beliefs, expectations, strategies, objectives, plans, future operating results and underlying assumptions, and other statements that are not necessarily based on historical facts. Examples of these statements include, but are not limited to, statements regarding our full year 2016 outlook, foreign currency exchange rates, our expectation regarding the leasing demand for communications real estate and the impact of recently closed acquisitions. Actual results may differ materially from those indicated in our forward-looking statements as a result of various important factors, including: (1) decrease in demand for our communications sites would materially and adversely affect our operating results, and we cannot control that demand; (2) if our tenants share site infrastructure to a significant degree or consolidate or merge, our growth, revenue and ability to generate positive cash flows could be materially and adversely affected; (3) increasing competition for tenants in the tower industry may materially and adversely affect our pricing; (4) competition for assets could adversely affect our ability to achieve our return on investment criteria; (5) our business is subject to government and tax regulations and changes in current or future laws or regulations could restrict our ability to operate our business as we currently do; (6) our leverage and debt service obligations may materially and adversely affect us, including our ability to raise additional financing to fund capital expenditures, future growth and expansion initiatives and to satisfy our distribution requirements; (7) our expansion initiatives involve a number of risks and uncertainties, including those related to integration of acquired or leased assets, that could adversely affect our operating results, disrupt our operations or expose us to additional risk; (8) our foreign operations are subject to economic, political and other risks that could materially and adversely affect our revenues or financial position, including risks associated with fluctuations in foreign currency exchange rates; (9) new technologies or changes in a tenant’s business model could make our tower leasing business less desirable and result in decreasing revenues; (10) a substantial portion of our revenue is derived from a small number of tenants, and we are sensitive to changes in the creditworthiness and financial strength of our tenants; (11) if we fail to remain qualified for taxation as a REIT, we will be subject to tax at corporate income tax rates, which may substantially reduce funds otherwise available, and even if we qualify for taxation as a REIT, we may face tax liabilities that impact earnings and available cash flow; (12) complying with REIT requirements may limit our flexibility or cause us to forego otherwise attractive opportunities; (13) if we are unable to protect our rights to the land under our towers, it could adversely affect our business and operating results; (14) if we are unable or choose not to exercise our rights to purchase towers that are subject to lease and sublease agreements at the end of the applicable period, our cash flows derived from such towers will be eliminated;



# Risk Factors

*(continued)*

(15) restrictive covenants in the agreements related to our securitization transactions, our credit facilities and our debt securities and the terms of our preferred stock could materially and adversely affect our business by limiting flexibility, and we may be prohibited from paying dividends on our common stock, which may jeopardize our qualification for taxation as a REIT; (16) our costs could increase and our revenues could decrease due to perceived health risks from radio emissions, especially if these perceived risks are substantiated; (17) we could have liability under environmental and occupational safety and health laws; and (18) our towers, data centers or computer systems may be affected by natural disasters and other unforeseen events for which our insurance may not provide adequate coverage. For additional information regarding factors that may cause actual results to differ materially from those indicated in our forward-looking statements, we refer you to the information contained in Item 1A of our Form 10-K for the year ended December 31, 2015, under the caption “Risk Factors”. We undertake no obligation to update the information contained in this press release to reflect subsequently occurring events or circumstances.