

**Announcement: Moody's: US cell tower industry supported by sustained, credit-positive trends**

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Global Credit Research - 10 Sep 2014

New York, September 10, 2014 -- Five key trends in wireless telephony, over-the-top (OTT) video streaming and mobile media will support earnings and cash-flow growth for US cell tower operators for at least the next three to four years, Moody's Investors Service says in a new report. Companies' fundamentals should remain strong over that timeframe, a credit positive for the sector.

"We expect cell tower operators' organic revenue and earnings to grow by 7%-10% per annum over the next few years," says Vice President -- Senior Analyst, Gregory Fraser. "The cell tower business model benefits from good operating leverage, and companies can generally add one or two additional revenue-paying tenants to a tower without much extra expense, resulting in better margins and cash flow."

Among rated operators, American Tower Corporation, Crown Castle International Corporation and SBA Communications Corporation are set to benefit from demand for new lease-ups on both existing and new towers, despite their leveraged balance sheets, Fraser says in the new report, "Five Secular Trends Supporting Continued Earnings and Cash Flow Growth for the US Cell Tower Sector."

Among the five, credit-positive trends for cell tower companies are upcoming spectrum auctions, which should prompt carriers to add equipment such as antenna and microwave dishes to towers. Spectrum sold at a government auction in November, for example, will allow users of smartphones, tablets and other mobile devices to download video and other data-intensive content from the Internet faster. If Sprint and T-Mobile USA purchase spectrum at that auction, they're likely to accelerate equipment adds in an effort to catch up with the two largest carriers, Verizon and AT&T.

In addition, Moody's expects wireless data traffic to surge over the coming years, as carriers compete for subscribers by offering consumers cheaper data plans. Although Verizon's and AT&T's 4G networks are mostly complete, both companies need more capacity to accommodate surging consumer demand for mobile broadband and ensure a consistent user experience. This means they'll need to infill their existing 4G networks, primarily by adding more towers.

Third, online and mobile video streaming will continue to grow strongly. "A deluge of low-priced, unbundled options with high-demand content from a growing list of OTT providers has many households choosing Internet-based video streaming over cable TV," says Fraser. "By 2018, mobile video is expected to account for nearly 70% of total mobile-data traffic, compared with around 53% today."

Fourth, as more premium content becomes available in the cloud, consumers will likely access more content from cloud libraries rather than purchase it outright. So-called "cord-shaving" will therefore present growth opportunities in the OTT, video-on-demand and mobile-video-streaming markets, with increased demand for wireless broadband requiring carriers to deploy more equipment on existing towers and add new towers.

Finally, "cord-nevers," or those who have never subscribed to pay TV and never intend to, consume much higher levels of mobile data and media. "The rise of the 'cord-never' generation is a further positive for cell tower operators," Fraser says. "Mostly millennials, they adopt technology early and rely on the Internet and mobile social media much more than others, readily exploiting the availability of high-speed Internet and smartphones, tablets and other low-cost Internet-connected devices."

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