

SBA Communications to buy tower sites for \$1.45 billion

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(Reuters) - Wireless tower operator SBA Communications Corp will buy 3,252 mobile phone tower sites in the United States and Puerto Rico from privately held TowerCo for about \$1.45 billion to benefit from an explosion in data traffic.

TowerCo will get \$1.2 billion in cash and 4.6 million SBA common shares, the companies said in a statement.

SBA shares closed at \$55.64 on the Nasdaq on Monday.

The Boca Raton, Florida-based company said the deal will immediately add to adjusted funds from operations on closing. TowerCo assets will add about \$93 million to \$95 million to its cash flow for the calendar year 2013.

A mobile tower can host antennas for multiple operators leading to lower cost for the customers and more profit for the tower owner.

"We believe the TowerCo assets are high quality, well located and have ample capacity for additional tenants," SBA Chief Executive Jeffrey Stoops said in a statement.

The company expects the deal, which will take its tower count to over 15,000, to close in the fourth quarter.

SBA, valued at \$6.64 billion, is the smallest of the three major U.S. tower companies. But it is growing quickly as competition among the existing players is limited and entry barriers are high for new players.

None of the 21 analysts covering SBA has a "sell" rating on the stock. Nineteen rate it a "buy" or a "strong buy," according to Thomson Reuters StarMine data.

The deal with TowerCo is SBA's second billion-dollar acquisition after it agreed in February to buy more than 2,300 tower sites from Mobilitie LLC for about \$1.09 billion.

SBA and rivals American Tower Corp and Crown Castle International Corp are scrambling to increase capacity to meet the growing demand for data from users of mobile devices such as Apple Inc's iPhone and iPad.

American Tower spent \$500 million to buy 2,500 towers from Telefónica's Mexican unit in December. Crown Castle swiftly followed by snapping up NextG Networks Inc to expand its small antenna business.

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SBA said it will fund the deal with cash on hand, existing credit facilities and up to \$900 million in financing commitments from J.P. Morgan.

J.P. Morgan was the financial adviser to SBA while Wells Fargo Securities LLC advised TowerCo, which was founded in 2004 by current CEO Richard Byrne along with Scot Lloyd and Tailwind Capital.

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