

Stock Report | November 13, 2016 | NYS Symbol: **AMT** | **AMT** is in the S&P 500



American Tower Corp

S&P Capital IQ Recommendation **BUY** ★★★★★
S&P Capital IQ Equity Analyst **A. Zino-CFA**

Price \$105.71 (as of Nov 11, 2016 4:00 PM ET) **12-Mo. Target Price** \$130.00 **Report Currency** USD **Investment** Large-Cap

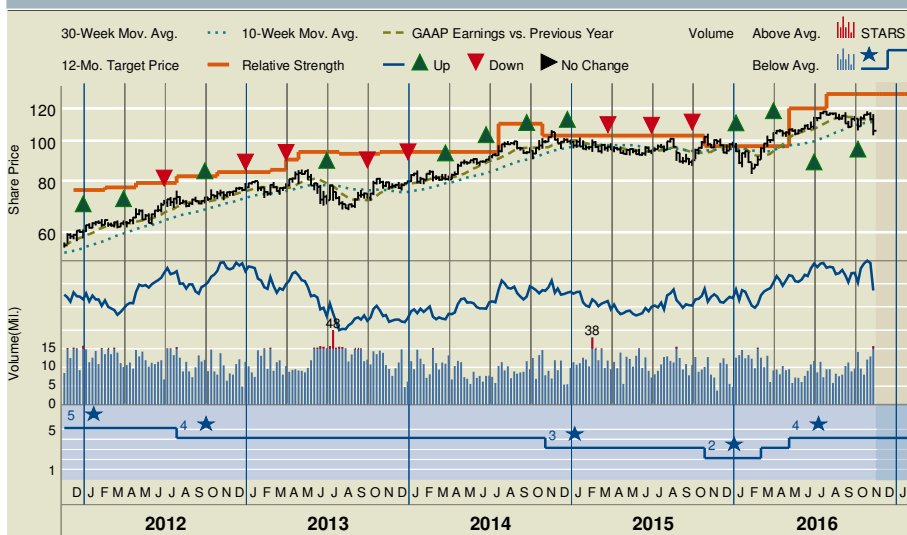
GICS Sector Real Estate
Sub-Industry Specialized REITs

Summary This company operates the largest independent portfolio of wireless communications and broadcast towers in North America.

Key Stock Statistics (Source S&P Capital IQ, Vickers, company reports)

52-Wk Range	\$118.26–83.07	S&P Oper. EPS 2016E	2.31	Market Capitalization(B)	\$44,999	Beta	
Trailing 12-Month EPS	\$2.00	S&P Oper. EPS 2017E	2.72	Yield (%)	2.08	S&P 3-Yr. Proj. EPS CAGR(%)	
Trailing 12-Month P/E	52.9	P/E on S&P Oper. EPS 2016E	45.8	Dividend Rate/Share	\$2.20	S&P Quality Ranking	
\$10K Invested 5 Yrs Ago	\$19,616	Common Shares Outstg. (M)	425.7	Institutional Ownership (%)	95		

Price Performance



Past performance is not an indication of future performance and should not be relied upon as such.

Analysis prepared by Equity Analyst **A. Zino-CFA** on Oct 27, 2016 11:50 AM, when the stock traded at **\$115.69**.

Highlights

- ▶ We estimate revenue increases of around 10% in 2017, following our outlook for a 21% increase in 2016 and a 16% rise in 2015. We anticipate growth being driven by higher lease activity and more new towers, specifically within the U.S. We believe that AMT will benefit from higher demand from U.S. wireless carriers as growth in mobile data traffic remains robust and as AWS-3 spectrum deployments take place. We think AMT will also benefit from the need for carriers to improve their network quality and coverage. Despite recent challenges in Latin America, we are optimistic about longer-term trends in the region. We expect AMT to continue to expand internationally in Mexico, Brazil, India, Chile, Colombia, Peru, South Africa and Ghana.
- ▶ We expect EBITDA margins between 60% and 61% in both 2016 and 2017. We anticipate double-digit EBITDA growth over the next two years, driven by both organic growth and from additional tower acquisitions.
- ▶ We estimate EPS of \$2.31 for 2016 and \$2.72 in 2017. We anticipate more favorable currency trends going forwards.

Investment Rationale/Risk

- ▶ Our recommendation is Buy, which reflects our view of valuation and expectation that fundamentals will improve through 2017. AMT is a market leader in the wireless tower industry, and further tower purchases will enable it to continue to achieve greater economies of scale, we think. The network upgrades to 4G, notably LTE, will provide an additional revenue boost over the next several years, we believe. We believe the company is capable of generating healthy free cash flow growth through 2017, which should aid strategic purchases and dividend increases. We note a recent dividend yield of around 1.7%.
- ▶ Risks to our recommendation and target price include slower demand in the tower lease business if carriers begin to cut back on spending, and difficulty servicing AMT's \$8.9 billion of debt obligations.
- ▶ Our 12-month target price of \$130 is largely based on an enterprise value-to-EBITDA multiple of 19.3X to our 2017 estimate, near comparable peers. This compares to AMT's three-, five- and ten-year historical averages all of which are between 20X to 21X.

Analyst's Risk Assessment

LOW **MEDIUM** **HIGH**

Our risk assessment reflects the company total debt to total capitalization ratio, offset view of its steady cash flow and sufficient and investments to meet its working capital expenditure, and debt requirement

Revenue/Earnings Data

Revenue (Million \$)		1Q	2Q	3Q	4Q
2017	1,289	--	--	--	--
2016	1,289	1,442	1,515	1,280	1,046
2015	1,079	1,174	1,238	1,046	942.0
2014	984.1	1,031	1,038	942.0	768.4
2013	802.7	808.8	807.9	942.0	
2012	696.5	697.7	713.3	768.4	

Earnings Per Share (\$)

	2017	2016	2015	2014	2013	2012
0.58	E0.61	E0.69	E0.72			
0.58	0.37	0.55	E0.57			
0.45	0.30	0.18	0.49			
0.51	0.58	0.50	0.42			
0.43	0.25	0.45	0.25			
0.56	0.12	0.58	0.34			

Fiscal year ended Dec. 31. Next earnings report expected February. EPS Estimates based on S&P Capital IQ Operate Earnings; historical GAAP earnings are as reported in C reports.

Dividend Data

Amount (\$)	Date Decl.	Ex-Div. Date	Stk. of Record	
0.490	Dec 3	Dec 14	Dec 16	Je
0.510	Mar 9	Apr 8	Apr 12	Aj
0.530	Jun 2	Jun 15	Jun 17	J
0.550	Sep 16	Sep 28	Sep 30	O

Dividends have been paid since 2011. Source: Company

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