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American Tower Corp. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator's instruction) Your first question comes from the line of David Barden - BAS-ML.

David Barden - BAS-ML

If I could maybe two questions, just the first, Jim, thanks for the color on the international kind of higher our targets. Is it possible maybe to just walk through maybe the basic mathematics of how you guys are seeing the Indian tower market looking based on their revenue per minute, it is very, very low. The expectation is that the site rental revenues are lower for lease but that the tower construction or purchase costs are lower but there is not a lot of granularity on that from here. It will be great if you could give us some more numbers to put around the Indian business as we start to think about it and model it out.

The second would be we saw a relatively strong slowdown in the pacing of CapEx spend from the wireless carriers, AT&T, Verizon for instance this quarter. Could you talk about how you are seeing tower lease at demand pacing, developing over the course of the year?

James Taiclet

Sure, David. I will go ahead and start talk on both and Tom can definitely had some especially on the second piece. First of all on the economics of the India tower market, you really did hit the high points. Tower costs are substantially lower to build in India and I think it is fair for us to give you a range there that were, as it make cost upwards of \$220,000 to \$250,000 to build the tower in the US in a typical area. The costs in India are down around \$75,000 to \$85,000 and those are for ground-base towers. Rooftop-base towers there are even less expensive.

And as you correctly noted as a result of low cost, we do very well in an environment where there is low ARPU and therefore a cost oriented approach by the carrier and you are right, monthly lease cost alone in the US but also ground rents are quite a large deal lower than they are in the US over there. So, you got some matching ongoing cost that is much lower that helps support lower revenue based.

Other cost such as insurance and etc, taxes are also lower so we have got a very low build of cost, lower run rate cost in general to match a lower revenue stream. And then the growth rate which is the really interesting reason why I think companies like us ought to be looking hard at India is the real differentiator frankly. India is the fastest growing wireless market in the world. It does not have any data service yet. There are over a billion people in the country. It is maybe 20% penetrated at

this point. There is a huge growth upside there. It is going to take years and years for that to be fully enriched and we want to be there for that.

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