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CCI - Q4 2017 Crown Castle International Corp Earnings Call

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OVERVIEW:

Co. reported 2017 results. Expects 2018 AFFO per share to be $5.50 at the midpoint.

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PRESENTATION

Operator

Good day, everyone, and welcome to the Crown Castle International Fourth Quarter 2017 Earnings Conference Call. Today's conference is being recorded. At this time, I would like to turn the conference over to Ben Lowe. Please go ahead.

Benjamin R. Lowe - *Crown Castle International Corp. (REIT) - VP of Corporate Finance*

Thank you, April, and good morning, everyone. Thank you for joining us today as we review our fourth quarter 2017 results. With me on the call this morning are Jay Brown, Crown Castle's Chief Executive Officer; and Dan Schlanger, Crown Castle's Chief Financial Officer. To aid the discussion, we have posted supplemental materials in the Investors section of our website at crowncastle.com, which we will refer to throughout the call this morning.

This conference call will contain forward-looking statements, which are subject to certain risks, uncertainties and assumptions, and actual results may vary materially from those expected. Information about potential factors which could affect our results is available in the press release and the Risk Factors sections of the company's SEC filings. Our statements are made as of today, January 25, 2018, and we assume no obligations to update any forward-looking statements.

In addition, today's call includes discussions of certain non-GAAP financial measures. Tables reconciling these non-GAAP financial measures are available in the supplemental information package in the Investors section of the company's website at crowncastle.com.

With that, let me turn the call over to Jay.

Jay A. Brown - *Crown Castle International Corp. (REIT) - CEO, President and Director*

Thanks, Ben, and good morning, everyone. Thanks for joining us on the call. As you saw from our earnings release yesterday afternoon, we finished 2017 on a strong note, delivering another quarter of solid financial results that capped off a terrific year for Crown Castle and its shareholders.

We generated significant growth across our business by leveraging our leading portfolio of assets and focusing on our customers' evolving network needs, with this growth translating to an 8% increase in dividends per share compared to 2016. This growth was at the high end of our long-term annual dividends per share growth target and contributed significantly to the total return of 31% we generated for our shareholders, which compares favorably to the 22% returned by the S&P 500 in 2017.

We generated these returns while investing over $10 billion to expand our leading portfolio of communications infrastructure assets and financed those investments in a manner that allowed us to reduce our leverage ratios, increase our maturity profile and lower our overall cost of capital. Further, we closed the acquisition of Lightower, the largest in our history, 2 months sooner than expected, and our early view of the operating performance of the business is in line with our expectations.

As we turn the page on a great 2017, we believe the Crown Castle story remains compelling. We have positioned the company to benefit from a digital world, where massive amounts of data traverse networks. Based on this position, we are able to offer investors a unique value proposition of near-term returns consisting of a 4% dividend yield with 7% to 8% targeted annual growth while investing in assets and capabilities that we believe position us to generate growth for decades to come. Our leading portfolio of communications infrastructure assets has significant capacity to support future organic growth as our customers look to access our assets to meet the increasing demand for data.

In 2017, we strengthened our leadership position with the acquisitions of FiberNet, Wilcon and Lightower that operate in top U.S. markets where we see the greatest demand for network investment by our customers. These investments reflect our strong belief that owning fiber is fundamental to delivering small cell solutions to our customers in a period of significantly increasing cell site densification. Our belief is informed by our significant experience building 50,000 small cell nodes, which is why we now own approximately 60,000 route miles of fiber, including in 23 of the top 25 markets in the U.S. We believe these capital allocation decisions will drive significant long-term growth in our dividend per share as we add small cell and fiber solutions customers to these high-capacity metro fiber assets.

Turning to 2018. We increased our outlook for site rental revenues and adjusted EBITDA to reflect 2 long-term customer agreements signed during the quarter. These agreements included contracted new leasing activity and term extensions on existing leases. We continue to see increasing levels of investment activity from our major customers that is resulting in an expected increase in 2018 new leasing activity across towers, small cells and fiber solutions as compared to the new leasing activity we saw in 2017.

As we look beyond 2018, we're excited by the opportunity we see ahead to leverage our unique portfolio of assets to drive long-term growth as our customers make significant investments to keep pace with the rapid growth in data demand.

With mobile data demand expected to double every 2 years, we see this level of network investment across towers and small cells continuing for years to come. Similar to the wireless industry, the expected 20% annual growth in wired data traffic is driving additional demand across our dense metro fiber assets. To meet this demand, our strategy is to provide differentiated fiber solutions that serve high-bandwidth, multi-location customers such as large enterprise, health care providers and educational institutions. This strategy allows us to enhance our competitive position in small cells by increasing the opportunities we serve with the underlying fiber assets, thereby improving the already attractive shared economic model we see in our small cell business.

Importantly, we have underwritten our fiber investments based on existing applications, and the development of future technologies has the potential to further extend the runway of growth. Emerging technologies, including 5G, autonomous vehicles, augmented or virtual reality and Internet of Things applications, will require mission-critical network infrastructure that provides availability anywhere, at any time, on any device.

Looking out over the next decade, we expect our customers will increasingly rely on a hyper dense network of towers and small cells connected by high-capacity fiber to provide these new services, which require faster speeds and significantly lower latency. With our distributed real estate of more than 40,000 towers, 50,000 small cells on air under contract and approximately 60,000 route miles of high-capacity fiber, we believe Crown Castle is in a unique position to benefit from these trends longer term.

While businesses globally are trying to emulate companies like Uber, who are driving efficiencies by sharing resources, we have shown for 2 decades that the sharing of our infrastructure across multiple parties provides the lowest cost and fastest time-to-market for our customers while delivering compelling financial returns for our company. While we have positioned Crown Castle for the future, we remain focused on consistently delivering value to our shareholders by converting the demand for our assets into growth in dividends. Our ability to consistently generate near-term operating performance and shareholder returns while investing in the future growth of our company is a testament to the quality of our business, assets and people, and we believe it sets us apart.

Our focus on creating value for shareholders has resulted in a 14% compound annual growth in AFFO per share since we adopted that metric in 2007. Over that same period, we have delivered a 13% total annual return, more than doubling that of the S&P 500.

Looking forward, Crown Castle remains a compelling investment opportunity. We are focused on generating attractive near-term returns for our shareholders, consisting of a high-quality dividend that we expect to grow 7% to 8% annually, while investing in assets and capabilities we believe are necessary to convert data demand growth into cash flow growth for decades to come.

And with that, I'll turn the call over to Dan.

Daniel K. Schlanger - *Crown Castle International Corp. (REIT) - CFO and SVP*

Thanks, Jay, and good morning, everyone. Our solid fourth quarter results punctuated another very successful year for Crown Castle on several fronts. We increased our dividend per share by 8%, reflecting the underlying growth in our business and our commitment to return capital to shareholders. We further extended our leadership position in the U.S. as a shared infrastructure provider of choice with continued investment in our assets, including the acquisitions of FiberNet, Wilcon and Lightower. And we managed this while proactively improving our balance sheet flexibility, increasing the average maturity on our debt, lowering our average interest rate and reducing our leverage.

Turning first to fourth quarter 2017 results on Slide 4. I want to walk through a few items that should be considered when comparing the results to our prior outlook, including the Lightower acquisition that closed earlier than expected on November 1 and was not included in that outlook. When compared to prior outlook, Lightower contributed approximately $140 million, $83 million and $79 million to site rental revenues, adjusted EBITDA and AFFO, respectively. Backing out the incremental contribution from Lightower, fourth quarter site rental revenues would have been $910 million, adjusted EBITDA would have been $624 million, and AFFO would have been $433 million. Additionally, site rental revenues and adjusted EBITDA benefited from approximately $5 million of straight-line impacts associated with the customer agreements that Jay mentioned earlier. And finally, adjusted EBITDA and AFFO were impacted by approximately $10 million of costs associated with additional accruals for annual bonuses relating to our 2017 outperformance as well as some severance-related expenses that were not included in our prior outlook.

When considering the impact of these items, fourth quarter and full year 2017 results were within the ranges provided in our prior outlook for site rental revenues, adjusted EBITDA and AFFO. For the full year 2017, site rental revenues increased approximately 13% or $436 million as compared to full year 2016, including approximately 5% growth in organic contribution to site rental revenues.

Moving on to investment activities during the year. We invested approximately $9 billion in acquisitions and approximately $1.2 billion in capital expenditures, inclusive of approximately $85 million of sustaining capital expenditures.

From a balance sheet perspective, we continue to improve our financial flexibility while focusing on maintaining our investment-grade credit profile. We ended the year at approximately 5.3x leverage pro forma for a full quarter's contribution from Lightower, which is down nearly 0.5 turn in the past 6 months.

We also continue to proactively extend maturities while reducing our borrowing costs. Following our successful bond offering earlier this month, the weighted average term remaining on our debt is approximately 6.5 years, with an average interest cost of under 4%. Additionally, we have approximately $3 billion of available borrowing capacity under our revolving credit facility.

Turning now to Slide 5. We increased our outlook for site rental revenues and adjusted EBITDA by approximately $36 million due to the straight-line revenues associated with the customer agreements that Jay referenced earlier.

Turning to Slide 6. We expect between $910 million and $955 million of growth in site rental revenues from 2017 to 2018. As you can see on the slide, when compared to the prior outlook, there are no changes to either the organic contribution to site rental revenues or the contribution to growth from acquisitions in 2018. Looking at the far-right side, the expected growth in site rental revenues is approximately $30 million higher when compared to the prior outlook, which is related to the higher straight-line revenues I just discussed.

Turning now to Slide 7. You can see the 2018 outlook for AFFO growth remains unchanged at $360 million to $400 million. As a result, the 2018 outlook for AFFO per share at the midpoint is also unchanged at $5.50, representing approximately 10% growth when compared to 2017 AFFO per share after adjusting for the impact of Lightower and related financing transactions.

To wrap up, 2017 was a very successful year for Crown Castle, and we remain excited about the opportunity to generate significant growth in cash flows across our asset portfolio and deliver on our 7% to 8% annual growth target in dividends per share.

With that, April, I'd like to open the call to questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And we'll first hear from Simon Flannery of Morgan Stanley.

Simon William Flannery - *Morgan Stanley, Research Division - MD*

I wonder if you could sort of characterize the level of activity around applications. Obviously, you haven't got the leases signed to put, say, FirstNet into your guidance yet, but how are the application volumes generally compared to, say, this time last year? And then if there's any KPIs or anything you could share with us on the small cell and fiber business to get a better look under the hood there, appreciate that.

Jay A. Brown - *Crown Castle International Corp. (REIT) - CEO, President and Director*

Sure, Simon. We mentioned this, I believe, last quarter as well and continuing to see this play itself out. As we look at the activity around towers, small cells and fiber solutions, the activity that we would expect in full year 2018 is greater than what we experienced during full year 2017. And they're early days. I mean, we're just now a couple of weeks into January, and our experience so far has been consistent with that expectation as we came into this year. So we've seen increase in activity across all 3 areas.

Simon William Flannery - *Morgan Stanley, Research Division - MD*

Okay. And anything you can do -- give us in terms of, say, the lease-up on the fiber on the small cell side per node, et cetera? I know you've given some of that color in the past.

Jay A. Brown - *Crown Castle International Corp. (REIT) - CEO, President and Director*

Now what we've seen in terms of leasing the fiber for small cells continues to be at a pace of about twice what our historical experience has been for towers. So as we were previously adding, and have for a long period of time, in the neighborhood of about 1 tenant per tower over a 10-year period of time on the tower side, we're going at about twice that pace as we've seen lease-up on small cells. So directionally, we're continuing to see the sharing of the asset and the resulting economics pace -- at a pace faster than what we've historically seen on the towers side.

Daniel K. Schlanger - *Crown Castle International Corp. (REIT) - CFO and SVP*

And the only other thing I'd add on that, Simon, is that our pipeline for small cell nodes does continue to creep up a little bit even as we are delivering certain nodes within a quarter or period. So we're still seeing good activity across the board.

Operator

Next, we'll hear from David Barden of Bank of America.

David William Barden - *BofA Merrill Lynch, Research Division - MD*

I guess the first one is just on the long-term contract extensions and the new business that got done in the fourth quarter. I guess some industry chatter out there suggests that maybe the terms and conditions are changing around that, specifically around escalators. I was wondering if you could kind of just address kind of what the contract kind of terms and conditions look like relative to history. And then second, I guess, Dan or Jay, last quarter, when you were talking about the guide-up of, I think, about $190 million to $220 million, you broke it down into towers, fiber and small cells. I think towers was $110 million, and fiber and small cells were roughly half each of the balance. Could you kind of revisit that? Is that still the same? And then could you kind of talk about the churn and how each of those 3 buckets are contributing to the churn numbers that we're looking at here in the guide for 2018?

Jay A. Brown - *Crown Castle International Corp. (REIT) - CEO, President and Director*

Thanks, Dave. On your first question, we're not going to get into the specifics of what we did around these agreements for obvious reasons. On the wireless side, there's obviously 4 customers. So we're going to maintain sort of our historical practice of not commenting directly. But I think directly in answer to a part of your question, though, that as we extended the terms, the escalations remained the same. So broadly, in the pricing environment that we have seen, and we've talked about this, I think, over the last several quarters, the pricing environment, whether it's for new leases, amendments to leases or the underlying base escalator on those contracts, we've not seen any change in the pricing environment. And I think that's reflected in the leasing activity and the growth in revenues that we've been showing on an organic basis.

Daniel K. Schlanger - *Crown Castle International Corp. (REIT) - CFO and SVP*

So to get at the second part of your question there, David, the breakdown of our new leasing activity between towers, small cells and fiber solutions hasn't changed any. It's still $110 million at towers, $55 million at small cells and $45 million at fiber solutions. So we still see, like I said before, really good activity across the board, and I think that it's going to continue to translate into new leasing activity, as we did in our prior outlook. In regard to churn, we're about 1% to 2% on the towers side, and we think that that's a pretty good long-term view of what the churn is and pretty good for what it would be in 2018. On small cells, it's in the same ballpark, 1% to 2%. And then on the fiber solutions business, it's in the upper single digits on a per-year basis as a percentage of revenues. And that really hasn't changed much either in our expectation for our outlook or longer term.

David William Barden - *BofA Merrill Lynch, Research Division - MD*

Okay, great. And just one follow-up on that, Dan. I noticed you guys took out the disclosure in the supplemental regarding the churn related to the Clearwire, Leap and PCS. Can we still look back at last quarter's disclosures? And kind of is that still the same? Or is that -- been any major changes in that?

Daniel K. Schlanger - *Crown Castle International Corp. (REIT) - CFO and SVP*

There haven't been any really major changes. The reason we did that is that was to try to get some insight into a multiyear period of increased churn due to acquired networks. And where we are now, where the tower churn is back in the 1% or 2% range, we don't think it adds a lot of benefit to say where -- what it is. We think that 1% to 2% range is good for a longer-term basis, so no real reason to continue to break out specific acquired network, but there's no change either from what we've disclosed last time.

Operator

Next, we'll hear from Brett Feldman of Goldman Sachs.

Brett Feldman - *Goldman Sachs Group Inc., Research Division - Equity Analyst*

It's obviously good to hear that the funnel of small cell nodes continues to grow. During this earnings season, we've heard from one of your large customers who's doing a lot of fiber, and they've indicated they're increasingly less interested in using leased fiber solutions because they're looking to deploy fiber that has multiple use cases for themselves. And so they feel like doing it themselves is a better option. Could you maybe talk a bit about how your customers are using your fiber, why you feel confident that you have assets in the right places? And are you actually finding that some of your tenants are, indeed, using your fiber for more than one reason? Or is this still very much targeted towards small cell solutions?

Jay A. Brown - *Crown Castle International Corp. (REIT) - CEO, President and Director*

Sure, Brett. I would say across all 4 of the operators, we're seeing them use the asset in multiple different ways, so not just for small cells but, as we've talked about, some of the other offerings that we have on the fiber solutions side. Those are products that they're interested in and are using in various ways. To the question of the addressable market, which I think really goes to the heart of your question, we certainly don't anticipate or expect that as the usage continues to grow and site densification continues and the use of small cells becomes increasingly important to some of the comments that I made in my prepared remarks, the carriers are going to self-perform some portion of the need for small cells. We believe the addressable market here for small cells and the pie, so to speak, is expanding rapidly and is going to continue to expand. We're going to own fiber in places where we think there's economic returns of sharing it across multiple parties. Our experience to date has shown that the carriers want to share it because it is their lowest cost and fastest time-to-market. And on top of that, we're going to see carriers, I think, invest and self-perform, and we'll probably have other infrastructure providers come into the market and provide solutions in places where we don't. So I take -- and I don't believe it's just one carrier who's saying this. Multiple carriers in the market talking about how big the opportunity here is for small cells, and the need for fiber is core to that. So I think you're going to continue to see others beyond just us invest in fiber and then use that fiber for things like small cells.

Operator

Matthew Niknam of Deutsche Bank.

Matthew Niknam - *Deutsche Bank AG, Research Division - Director*

Just 2, if I could. First, on FirstNet, I think one of your peers has actually talked about starting to see applications for FirstNet activity. You mentioned in last night's release your guide is unchanged. If you could just maybe give us some high-level comments or update on how you think FirstNet could impact your business in '18. And then secondly, on tax reform, just wondering if you've seen any change in plans or tone from customers, whether it's wireless customers or enterprise customers, on the fiber side in light of corporate tax reform late last year.

Jay A. Brown - *Crown Castle International Corp. (REIT) - CEO, President and Director*

On the first question, we obviously noted in the press release and mentioned in our remarks that we did not include impact of FirstNet into our outlook for 2018. I'll pass on commenting on what I think the potential impacts could be. We obviously believe that FirstNet will ultimately be deployed, and we believe that will be positively impacting our growth characteristics once it does turn. And if we have visibility and update to that, we'll certainly let you know when we know. On the second question, I don't know how to tie it directly to tax reform. I think to the comments that we've made, we're certainly expecting across towers, small cells and fiber solutions that we're going to see increased investments. And that's what's driving the increase in our expected leasing activity across all 3 of those areas, but we need to -- you'd need to probably talk to our customers about what's driving that. I don't know whether it's tied directly to the tax reform or, more broadly, some of the secular trends that we've talked about with increasing usage by the consumer, which is driving the need for network investment.

Operator

Ric Prentiss of Raymond James has our next question.

Richard Hamilton Prentiss - *Raymond James & Associates, Inc., Research Division - Head of Telecommunication Services Equity Research*

A couple of questions. I think a follow-up on David's. You mentioned the breakdown of the new leasing activity between tower, fiber, small cells. Can you help us understand the escalator -- and you did that with churn as well. Can you help us understand maybe the different dynamics of escalators on those 3 segments?

Daniel K. Schlanger - *Crown Castle International Corp. (REIT) - CFO and SVP*

Sure. I can do that. All right. On the towers side, the escalator is still in the 3% range generally is what we're looking at. On small cells, it's generally about half of that on a per-year basis. And on the fiber solutions business, there really isn't any escalator at all.

Richard Hamilton Prentiss - *Raymond James & Associates, Inc., Research Division - Head of Telecommunication Services Equity Research*

Okay. And then with Lightower closing earlier, nice to see the deal done, that means, I would expect, in November, December of 2018, any activity will move into the new leasing activity. So just wondering, should we be expecting a change? Because that was unchanged, I think, from initial guidance to new guidance. Should we think that there could be a movement to the higher end of the leasing activity and maybe the higher end of churn now that Lightower will have 2 months out of the newbuild acquisition category?

Jay A. Brown - *Crown Castle International Corp. (REIT) - CEO, President and Director*

Yes, Ric. Our attempt was -- given the change in timing and the movement that that had on the numbers, we were trying to keep things simple. So I think our plan, and as we go through the course of the year, maybe we'll rethink this, but our current plan was for calendar year 2018 to just leave the disclosure and the plan the same. So for all of '18, we leave new leasing from Lightower in the acquired bucket. And then as we roll into

2019, that would move from acquisitions over to the new leasing activity. That was our current plan. We thought that was a little more streamlined and simple in terms of understanding, so we didn't have too many moving pieces.

Richard Hamilton Prentiss - *Raymond James & Associates, Inc., Research Division - Head of Telecommunication Services Equity Research*

That makes sense. I think when you provided initial Lightower guidance, you said here's what you thought calendar '18 would be anyway, right?

Jay A. Brown - *Crown Castle International Corp. (REIT) - CEO, President and Director*

Correct. That's correct.

Richard Hamilton Prentiss - *Raymond James & Associates, Inc., Research Division - Head of Telecommunication Services Equity Research*

Okay. All right. And then one other question. I appreciate the sensitivity on the long-term contracts. Not to get into was it escalators or pricing, but clearly, the carrier wants to get something out of it. You guys want to get something out of it. So should we expect that one of your asks would have been long-term contracts, help us mitigate any longer-term churn? And was that done thinking about potential for M&A down the road or potential overbuilding? Just trying to think of -- obviously, 2 parties came to the table. Both sides wanted to make sure the economics work. Kind of help us understand what, on your side, you wanted to make sure you achieved out of that.

Jay A. Brown - *Crown Castle International Corp. (REIT) - CEO, President and Director*

I think probably fundamental to the conversation is our belief that when you look at the macro tower sites, as we have seen for several decades, those macro tower sites don't move. So we obviously value long-term extensions, which are reflected in the results as we push the escalator out over longer periods of time and has the uplift to site rental revenues associated with that straight-line impact. But we certainly don't believe, over the long term, that the carriers are going to move macro tower sites. So we would assume, in due course, leases on macro tower sites get extended, and that would not be a big driver in terms of our thinking of value that's traded there. That value is going to enure to the asset over a long period of time regardless of when ultimately you roll into the next term renewal. Around leasing activity, we just value what is going to go on the site and what's the price of that space that's being used and type of equipment that's going to be put on the tower, and then run that out in order to figure out how to price any given contract. And we've talked about this over a long period of time. Whether it's committed or not committed, the value of doing some of these is that it gives some certainty and some line of sight to the carriers and reduces some paperwork, which, in turn, creates a little bit more speed for them. And so we found this to be valuable at points in time given the right set of circumstances and, in this case, the same thing. But I'll go back to the point I'd said earlier. We carried forward the base escalators and haven't seen anything changing in the broader pricing environment around the way we're pricing new leases, amendments or escalations in the contracts.

Richard Hamilton Prentiss - *Raymond James & Associates, Inc., Research Division - Head of Telecommunication Services Equity Research*

And the moat, if you will, of the tower is still holding as well as far as protected good asset, not worried about the overbuilding.

Jay A. Brown - *Crown Castle International Corp. (REIT) - CEO, President and Director*

Not at all. The barriers to entry in this business are extremely high. And once the investment has been embedded into an individual site, it is -- it becomes a part of a designed network. And we see that very stable and have seen it over multiple renewals across multiple carriers for a long period of time.

Operator

Next, we'll hear from Michael Rollins of Citi Investment Research.

Michael Rollins - *Citigroup Inc, Research Division - MD and U.S. Telecoms Analyst*

Could you talk a bit about what the specific tower organic site leasing growth rate was for the fourth quarter and maybe put that into perspective with where you see the industry right now?

Daniel K. Schlanger - *Crown Castle International Corp. (REIT) - CFO and SVP*

The fourth quarter was around 5% on the tower side, and I think it's in line generally with what the industry is doing. I think we're seeing our fair share of the activity given our portfolio of 40,000 assets across the U.S. And we think that that's going to continue for the next -- into 2018 and then beyond because, as Jay was mentioning, our carrier customers are investing to try to keep pace with the demand that's coming. We think our assets are extremely well positioned to benefit from that. And I think that is also reflected in these agreements that we were just talking about a second ago, is that all of those characteristics of our business come out with our customers continuing to renew with us at the terms that we've seen and at the activity levels that are increasing as we're seeing this growth in demand.

Michael Rollins - *Citigroup Inc, Research Division - MD and U.S. Telecoms Analyst*

And what's the -- in your minds, if you look at the growth of your small cell and fiber business, what's the biggest constraint for that to grow faster? Is it just getting the booking? Is it just the time and labor to get small cells built? Is it capital? If you had to kind of rank order where you see things that may hold back growth in that business relative to sort of the broader commentary on small cells and fiber.

Jay A. Brown - *Crown Castle International Corp. (REIT) - CEO, President and Director*

Well, it feels like the growth is running pretty fast at the moment, so it doesn't feel constrained. And I think that's reflected in kind of the numbers that we're talking about in terms of the growth that we're seeing with small cells and fiber. I would tell you, really big picture, if you go up 40,000 feet, we have a combination of 2 things that are happening around our fiber plant currently. There's a mix of the leasing that's going on that's related to adding additional, whether it's fiber solutions or small cells, to the assets that we've owned for a period of time and have built. And then there's activity that's driving revenue related to building new fiber plant. To the extent that we get orders from customers to go into markets that we don't have existing fiber or there's not existing fiber in that market for us to utilize, then we go down the path of constructing new networks there. And as we talked about, that build cycle for us is about a 2-year build cycle from start to finish. So to some of the point that Dan was making earlier around us continuing to see the pipeline for new small cells continuing to build, some of those are going on fiber that's existing for which we can expeditiously get those tenants on the fiber. And then some of this is we're continuing to expand our footprint, and that's a 2-year cycle. So we're continuing -- to the points that I made in my comments earlier, we're continuing to expand what is the future opportunity as we're building additional assets. And by far, if you're really at a high-level, talk about what's the biggest constraint to growth, it's the time it takes to own enough assets, but then you benefit from step 2, which is going back and adding additional leases to that existing footprint. And then at that point, you'll start to see the benefit of the returns as the assets age and we're able to incrementally add revenues to that existing plant.

Operator

Colby Synesael of Cowen.

Colby Alexander Synesael - *Cowen and Company, LLC, Research Division - MD and Senior Research Analyst*

Regarding the 2 long-term agreements that you signed in the quarter, I was curious if those included the opportunity for those 2 companies to add additional cell sites on Crown towers where they may not currently reside. And therefore, is that already reflected in, I guess, the step-up we saw in GAAP rent? Or is it included, at least, in your new leasing activity guidance? And then secondly, when I look at the Lightower revenues in the fourth quarter, if you just kind of try to assume a full quarter benefit, call it, about $210 million of revenue or $840 million on an annualized basis versus your guidance of $850 million to $870 million for 2018, it seems like if you're going to be growing at high-single digits, which is what you've stated that business should be doing, that your $850 million to $870 million guidance is actually pretty conservative. And I'm just trying to make sure I'm looking at the numbers correctly.

Jay A. Brown - *Crown Castle International Corp. (REIT) - CEO, President and Director*

Colby, on your first comment, again, we're hesitant to get into any specifics around the lease agreements that we sign with our customers for lots of reasons. So I'm probably going to beg off to...

Colby Alexander Synesael - *Cowen and Company, LLC, Research Division - MD and Senior Research Analyst*

Can I ask you differently then? Because...

Jay A. Brown - *Crown Castle International Corp. (REIT) - CEO, President and Director*

Yes, go ahead.

Colby Alexander Synesael - *Cowen and Company, LLC, Research Division - MD and Senior Research Analyst*

Do you typically, when you sign a holistic agreement, assume in that additional cell sites? Or is it typically just focused on amendments of current cell sites?

Jay A. Brown - *Crown Castle International Corp. (REIT) - CEO, President and Director*

I think what I would describe it as, generally, when we're talking to the customers, they're focused on trying to understand what the cost of a certain activity is, and then we're trying to give them the clarity of that, and then they're trying to go for speed. In most cases, the clarity and the speed element of why they would be interested in doing that would relate to locations where they already are because they have more of a sense of where their network is and what needs to happen to that network. So again, I don't want to speak specifically to the circumstances of these, but generically, I would tell you it's more likely to be related to amendment activities than it would be new leases. But if a customer wanted to come to us and commit to certain levels of new leasing activity, we'd certainly be open to talking to them about that conversation. So again, I don't want to get into specifics about what we did or didn't do, but we'd be open to both. With regards to Lightower, I think you've done the math correctly, or you've repeated the numbers that we've given accurately. So we'll see how the year plays out and then update based on our performance and what our outlook is for future periods.

Operator

Next, we'll hear from Jonathan Atkin of RBC.

Jonathan Atkin - *RBC Capital Markets, LLC, Research Division - MD and Senior Analyst*

So a couple of things. I was interested in just sort of the traditional enterprise fiber business going back to, say, Sunesys and how that has trended, and then prospectively or how things are going kind of on the Lightower side, and broader, just kind of the non-telecom -- or the non-mobile infrastructure fiber assets and how to think about the growth path there. And then secondly, I was interested in your thoughts on the DISH spectrum and opportunities for seeing some activity on your towers from that deployment.

Jay A. Brown - *Crown Castle International Corp. (REIT) - CEO, President and Director*

Now on the first question, the activity that we've seen, whether you go back and look at Sunesys or Wilcon, FiberNet, others, had been in line with what we talked about with regards to our expectations around Lightower. And I've talked about it a couple of times on the call this morning. We've seen that play out over the period of time that we've owned the assets, both in terms of the new leasing activity as well as the churn levels. And the financial returns on incremental investment of capital around that business has played out in line with what our expectations have been and in line with what we're talking about with regards to Lightower, specifically. On your second question around DISH, again, I don't want to get into any specific customers, and so I won't speak to the conversations that we're having with them. I would tell you, broadly, we haven't included anything in our 2018 outlook related to the deployment of that spectrum. There is a meaningful amount of spectrum that's laying fallow in the hands of various potential users of wireless network. Some of those -- some of that spectrum has periods of time that starts to come to fruition here in the next couple of years, where, in order to maintain the license, the spectrum has to be deployed and developed on towers. We think we'll benefit from the deployment of that spectrum as it's deployed in the coming years, but it's not included in our 2018 outlook.

Daniel K. Schlanger - *Crown Castle International Corp. (REIT) - CFO and SVP*

And Jon, I think it just plays into the overall theme that we're talking about, which is to meet the demand and the growth in demand that we're seeing and what our customers are seeing, they're going to look to using more spectrum, densifying the network and using as much technology as they can. And no matter how that plays out, we're in position to take advantage of it. So we're just looking out and seeing that all the trends are moving in the right direction. And whether DISH, like you're talking about specifically, or anybody else is going to use more spectrum or cell densification or newer technologies is going to play to our benefit.

Jonathan Atkin - *RBC Capital Markets, LLC, Research Division - MD and Senior Analyst*

And then on the last call, we discussed a little bit Vapor IO. Is there any update that you can provide on that project?

Jay A. Brown - *Crown Castle International Corp. (REIT) - CEO, President and Director*

Well, we're continuing to do some work in trials at the edge. To the point that I made earlier around towers and small cells being connected with high-capacity fiber, a part of that is driven by the need to push computing power to the very edge of the network. So we're continuing to see opportunities to trial activities and learn about that business. We believe that part of the driver of the devices that are going to be used, whether it's augmented reality, virtual reality, autonomous cars, a lot of the Internet of Things applications, the latency required in order to make those devices work effectively is going to require not only high-speed fiber, dense fiber networks in close proximity to the locations where the RF is distributed from things like small cells, but it's also going to require computing power at the very edge of the network. So we're continuing to work on that. We believe that will be a long-term driver of the need for our infrastructure, and so we're still in the learning and trial phase.

Operator

Next, we'll hear from Nick Del Deo of MoffettNathanson.

Nicholas Ralph Del Deo - *MoffettNathanson LLC - Analyst*

First, it looks like new leasing activity in the quarter was a bit shy of the expectation you laid out in the third quarter, with full year new leasing activity coming at $166 million versus the $172 million midpoint you indicated last quarter. Can you give some detail around what might have happened, if it was in any way related to the extensions you signed or if there's anything else we should bear in mind?

Daniel K. Schlanger - *Crown Castle International Corp. (REIT) - CFO and SVP*

Yes. Nick, what happened there is we typically have some -- at the end of the year, some -- in every quarter, some nonrecurring or cleanup-type items that come in. That includes things like back billing for periods in the past and things of that nature, and we just didn't see that in the fourth quarter this year. So that's what caused that $6 million reduction. But as you can see, when you look at 2018, we have everything that is remaining the same, both in terms of the new leasing activity and the overall growth in revenues for organic site -- contribution to site rental revenues and otherwise. And so it didn't impact the jumping-off point in order to impact the 2018 guidance.

Nicholas Ralph Del Deo - *MoffettNathanson LLC - Analyst*

Okay, got it. That's helpful. And second, now that you've owned Lightower for almost 3 months, I mean, still a short period of time, but you've kind of been able to look under the hood. Can you talk about anything you might have encountered or observed that you didn't expect, whether positive surprises or maybe some challenges? And can you also touch on management retention?

Jay A. Brown - *Crown Castle International Corp. (REIT) - CEO, President and Director*

Sure. So far, from an operating results expectation and as well as the outlook, everything is in line with what our expectations were as we went through the diligence period. As you know, we get asked these questions a lot about the team. And if you remember, when we announced the transaction, we didn't assume or model any synergies associated with any of these transitions. And a great -- as we look at the team, we have a great deal of respect for what they've been able to build and develop as a business over a long period of time. And I would put into this category not just the Lightower team but each of the fiber acquisitions that we've done over the last several years. And our experience has been, with each of the acquisitions, including, most recently, Lightower, these acquisitions bring with them a tremendous amount of talent and experience and insight into the business. And so we're planning to grow and build those businesses because we think the platforms that they have and the markets in which they operate are valuable and able to be expanded. And the revenue synergy here of us being able to add that kind of activity across not just the 30,000 miles of fiber that came from each of those -- from the totality of those fiber companies but the 30,000 miles of fiber that we brought to the mix has extraordinarily -- an extraordinary amount of potential revenue synergies there, and so we're looking to capture that opportunity. So we're working hard at the moment to welcome about 900 new employees to Crown Castle and talk to them about why Crown Castle is a great place to be and why there's a lot of opportunity for them personally to work on the opportunity ahead for us as a company. So I know probably a bunch of them are listening to the call this morning, and we're certainly glad to have them and hope that they'll stay for a long period of time and help us build the business that I was articulating earlier in the call.

Operator

Phil Cusick of JPMorgan has our next question.

Yong Choe - *JP Morgan Chase & Co, Research Division - VP in Equity Research*

This is Richard for Phil. I wanted to follow up on the long-term contracts, the activity and extensions. One, were these one-offs? And two, how long does it take to put these together? Can they come together pretty quickly? Then I have another follow-up.

Jay A. Brown - *Crown Castle International Corp. (REIT) - CEO, President and Director*

Yes. Richard, again, I don't think we're going to comment specifically on the customer agreements. So we're in constant dialogue, as you would expect, with each of our customers, and these things develop as they do in the normal course of conversation.

Yong Choe - *JP Morgan Chase & Co, Research Division - VP in Equity Research*

And then, I guess, the tower services business seems to have picked up a little bit. Is that indicative of what we should expect kind of going forward? Or is the activity more in-quarter? Or is it kind of showing that tower growth in the future can ramp?

Jay A. Brown - *Crown Castle International Corp. (REIT) - CEO, President and Director*

The services business is tied to new leasing activity, and so as -- leasing activity, as we're suggesting in 2018, slightly up on the tower side from 2017. Generally, that is directionally followed by the services business.

Operator

Amir Rozwadowski of Barclays.

Amir Rozwadowski - *Barclays PLC, Research Division - Director and Senior Research Analyst*

I wanted to touch upon or go back to some of the prior questions around how you're looking at sort of co-location opportunities versus self-fulfillment. We've seen a number of announcements in which carriers, one in particular, are working with cable providers in order to provide additional densification. One, do you see that as a -- does that fall under the banner of sort of the self-fulfillment opportunity that you guys mentioned? And obviously, you folks have made very strong investments into the fiber world. Do you believe that those types of assets can provide the necessary backhaul capacity that you expect to need to support the kind of traffic growth that you're expecting down the future?

Jay A. Brown - *Crown Castle International Corp. (REIT) - CEO, President and Director*

Sure, Amir. I would say that that's an example of self-fulfillment, where the carriers are looking for opportunities. Given the scale and number of small cells that are coming and the investment that's going to have to happen around cell site densification, I believe you're going to see them search for and find a number of different partnerships. And that is an example of a party that's providing capital, and they're using it to deploy small cells and would be an example of what I was speaking to earlier around self-performing the deployment of small cells.

Amir Rozwadowski - *Barclays PLC, Research Division - Director and Senior Research Analyst*

Okay. That's helpful. And then one follow-up, if I may. I think last spring or summer, there was a notable pickup in discussions around various technology or Silicon Valley types that we're looking at how they could leverage your assets. Any update there on any potential developments that have taken place or any color that you can provide?

Jay A. Brown - *Crown Castle International Corp. (REIT) - CEO, President and Director*

Well, in the litany of things that I mentioned, whether it's autonomous cars, virtual and augmented reality, Internet of Things, across virtually every business and all industries, people are looking to utilize wireless as a means by finding cost efficiencies inside of their business. And so the conversations have continued with many of the parties that we talked about last year and broadened. And I think we like where we're positioned, where our infrastructure sits in that ecosystem because the infrastructure is necessary for any of those devices to ultimately work and fulfill their function. What's exciting to us is, in most cases, the applications that are being looked at, they require faster speeds and lower latency, which --

there's 2 ways to solve that: additional spectrum can be owned, for which that's a very limited resource; and additional infrastructure across which to deploy that spectrum. And we sit in a very good place on the infrastructure side of that. As the carriers want to deploy spectrum in order to provide -- not just carriers, but more broadly, as people look to try to figure out how we can get consumers to use devices that have lower latency and greater speeds, the infrastructure is required to accomplish that. So we feel like we sit in a sweet spot there from fiber and towers because both are going to be necessary in order to provide those kind of services to the consumer.

Daniel K. Schlanger - *Crown Castle International Corp. (REIT) - CFO and SVP*

And I think importantly, on the fiber side, we do see that, that is a differentiator there in that -- one of your questions around whether the existing fiber could withstand all of the demand that's coming, I think it's pretty clear from our actions we don't believe so, because what we're looking for is to continue to add dense, deep metro fiber in the top markets in the U.S. because we don't see that what's there now is going to be able to carry all of the data that's going to be required to move -- to get these applications to people wherever they are. So we feel really good about our investment and what it looks like going forward because of that.

Operator

Next, we'll hear from Spencer Kurn of New Street Research.

Spencer Harris Kurn - *New Street Research LLP - Analyst of Towers and Infrastructure*

So Sprint has recently signed 2 deals with Altice and Cox to leverage their backhaul infrastructure for small cells. I just want to get your impression on any thoughts around how these agreements impact your view on the lease-up potential for your -- the fiber that you've been acquiring.

Jay A. Brown - *Crown Castle International Corp. (REIT) - CEO, President and Director*

I would take it as testimony against my PowerPoint, that it means that small cells are necessary, and there's going to be a lot of them, and carriers are going to use self-perform and multiple co-location infrastructure providers to do that. So I think it's a testimony of exactly all the things that we've been saying on the call and have for several years now, that small cells are going to be needed by all carriers across all markets, and there's going to be a lot of them.

Daniel K. Schlanger - *Crown Castle International Corp. (REIT) - CFO and SVP*

And also a validation that the fiber-fed small cell is the preferred method at this point given the data that's going to have to be moved across the small cell network. So I think that what it shows, like Jay is saying, is there's a lot of activity. Most of it's going to be fiber-fed or fiber backhaul, and we're in the best position, we think, in the markets where we have that fiber to take up that lease-up opportunity. But we'll always see that our customers will look at various alternatives. There's just too much work to go around to expect that we're going to get all of it, nor would we want to necessarily. So we're working with our customers to try to figure out where we make the most sense and understand there are going to be places where that may not be true.

Spencer Harris Kurn - *New Street Research LLP - Analyst of Towers and Infrastructure*

Got it. And just one follow-up, if I may. Have you had many discussions around using your infrastructure for fixed wireless broadband with any of your customers?

Jay A. Brown - *Crown Castle International Corp. (REIT) - CEO, President and Director*

We have had that conversation, yes.

Operator

Tim Horan of Oppenheimer.

Timothy Kelly Horan - *Oppenheimer & Co. Inc., Research Division - MD and Senior Analyst*

Just back to the Verizon question on the fiber. I guess Verizon's kind of arguing they're using a new generation of passive optical technology with multiple wavelengths and a lot more speeds. And they don't want to just serve the wireless market. They want to serve multiple markets. They also want to have kind of unique infrastructure, that they feel, historically, if they have unique infrastructure, they can create -- sell new services and gain market share. And I guess there's also some questions the cable -- separately, the cable companies are basically saying they have unique power at the edges of the network that are difficult for other people to kind of replicate what they have. I guess just curious, can your network support that type of service offering that Verizon's talking about as it's currently structured, either the fiber or the conduits? And how do you argue against the uniqueness that they're kind of looking for?

Jay A. Brown - *Crown Castle International Corp. (REIT) - CEO, President and Director*

Yes. I think I would go back to the basic premise of our business is that our carrier customers as well as, more broadly, all customers, they're looking for the lowest-cost solution, and they want it as fast to market as possible. We're not going to be the infrastructure builder of fiber everywhere in the United States. We have focused -- as we've talked about, the vast majority of our investment has been in kind of the top 25 markets. We've got significant plants in 23 of the top 25 markets in the U.S., and we are very well positioned to provide that fiber at a -- on a very timely basis at a very attractive cost profile to the customers. And I believe you will see, over a long period of time, that low cost and speed will win, as it has on the tower side and on the small cell side for a period of time. With regards to the technologies that are put at either end of the fiber, we're building high-capacity fiber. So there are numerous strands and lots of capacity on the fiber that we're putting in the ground. And if we get to the point where we've filled up and used up all of the fiber that we're putting in, the returns that we will have achieved on that basis will be in excess of what we're underwriting, and then it will be a great outcome for our company and for our shareholders. So I feel like we're well positioned for what's coming.

Timothy Kelly Horan - *Oppenheimer & Co. Inc., Research Division - MD and Senior Analyst*

And Jay, just a follow-up. Can you just compare how this leasing activity for either LTE advanced 5G compares to the original LTE buildouts a few years ago? Maybe what stage are we in? Do you think it will progress in kind of a similar way, that we ramp up for a couple of years?

Jay A. Brown - *Crown Castle International Corp. (REIT) - CEO, President and Director*

In the 3G, 4G environment, if you try to compare that to 5G today, it's difficult to make the comparison. One, we're at the conversation stage around 5G, so we don't believe hardly any of the activity that we're currently seeing is really 5G-related. We underwrote the world and our investments, as I talked about earlier, based on existing applications, which would be a 4G wireless world, and did not project what 5G could mean. In a 5G environment, the densification that's required is a stair-step change from what has happened in the past. Most of what happened when we went from 3G to 4G was around increasing some capacity in the network by adding additional cell sites, but most of the activity actually occurred on the sites where they're already existing, and we saw additional co-location on new tower sites. The densification that's, at least, envisaged in a 5G world requires not just macro sites but additional sites in the form of small cells that fill in and increase the overall capacity of the network. And that's very different than anything we've ever seen in any of the technology moves from 1G to 2G, 3G, 4G. We believe, fundamentally, the infrastructure is going to change as we move into a 5G world, and we're seeing the benefit of that in 4G. If 5G ultimately comes to fruition like we believe it will, we've positioned the company to benefit in the same way with small cells and fiber that we benefited over the last couple of decades from the macro tower investments that we made.

Operator

Brandon Nispel of KeyBanc.

Brandon Lee Nispel - *KeyBanc Capital Markets Inc., Research Division - Research Analyst*

Dan, I'm wondering if it makes -- if you think about the business and how you're segmenting it now, if it makes sense to break up the fiber and small cell segment from a reporting standpoint to help investors get a better view on the business. It seems like there's certainly different characteristics between the customer bases and the churn. And then maybe another question. What percentage of total capital investments do you think carriers are going to spend on macro versus small cells -- macro towers versus small cells today? And where does it go in the future? I mean, Verizon essentially guided to flat CapEx year-over-year but also has plans for a significant fiber build. I'm just trying to get a sense of how the mix could shift over time.

Daniel K. Schlanger - *Crown Castle International Corp. (REIT) - CFO and SVP*

Yes. Thanks, Brandon. I'll start with the first question. The key to our business is actually the asset that underlies the services we provide, and that asset is towers and fiber. And so what we're going to do going forward is what we've done up to date, which is give more color around the revenue source because we can break that out pretty easily between small cells and fiber. But once you get past that, it's hard to break anything else out because we're using the same asset to deliver a very similar service to multiple customers. So what we're trying to do, as Jay pointed out, that it works so well on towers, you just leverage that infrastructure again and again. So we actually believe that the appropriate breakdown of this business is what we've done now, which is towers and fiber, and we don't see that changing going forward. What we will continue to do is give more color, like we have, around the revenue, the new leasing activity, the escalators and churn associated with each of the towers, fiber solutions and small cell businesses to try to give more color for investors to be able to see.

Jay A. Brown - *Crown Castle International Corp. (REIT) - CEO, President and Director*

To your second question, the investment, you can look at our operating results, as we've mentioned a couple of times on the call, around new leasing activity. New leasing activity around towers in calendar year 2018 is about $110 million is what our expectation is for the year. Small cells is about $55 million of new leasing activity in 2018. I don't want to give any expectation beyond calendar year 2018, but we do expect there's going to continue to be meaningful investment and leasing activity across both components of our business, both towers and small cells, for a long period of time. And I think at a minimum, one of the things that you could read into are customer agreements that we talked about. We talked about, from a pricing environment, the pricing environment continues. The escalation provisions are carried forward on the same terms, that the sites that are being used by the carriers today are going to continue to need to be used for a long period of time and into the future, and there's more activity coming on them to the point that they're willing to contract and commit to that. So I think you will continue to see strong activity across both segments, the growth rates, as we've talked about, being higher on small cells than they are on towers.

Daniel K. Schlanger - *Crown Castle International Corp. (REIT) - CFO and SVP*

I think one of the benefits of our company as we've set ourselves up to where, if that mix changes from year to year, it doesn't really impact our business positively or negatively because we're getting a good portion of them. So we feel, like we were talking about earlier, however our customers choose to try to improve their networks to meet their demand, that we're positioned to get that spend. And that's what I think has been kind of a unique position that we put Crown Castle in.

Operator

Robert Gutman of Guggenheim.

Robert Ari Gutman - *Guggenheim Securities, LLC, Research Division - Senior Analyst*

In the fourth quarter, we saw construction CapEx jump up meaningfully to $336 million. That's like 40% sequentially and 30% year-over-year. What was driving that? And does it reset to a lower rate going forward? Or will it stay at an elevated -- relatively elevated level?

Jay A. Brown - *Crown Castle International Corp. (REIT) - CEO, President and Director*

Robert, that construction business tends to be heavily weighted towards the back half of the year. So part of what you saw in the quarter-over-quarter moves in calendar year 2017, I would tell you it's not an unreasonable expectation. As you look at the business, I would expect later quarters in the year to have more CapEx than earlier quarters, just generally speaking. The move year-over-year has to do with the scale of the business and how much bigger our business is because of the amount of activity. As a forecast for what to expect going forward, it's really going to come down to how much activity do we see and how big is the pipeline of activity to be built in future periods. And if we see a meaningful step-up in terms of what that pipeline is and what that looks like, we'll certainly update you on that as we go.

Robert Ari Gutman - *Guggenheim Securities, LLC, Research Division - Senior Analyst*

And I've got one follow-up. I also noticed that the acquisition -- now with several months of Lightower under your control, it looks like you've lowered the acquisition and integration expense by about $19 million. I was just wondering what you've seen that underlies that.

Jay A. Brown - *Crown Castle International Corp. (REIT) - CEO, President and Director*

I think that's because a portion of it came in, in 2017, when we previously had expected it was all going to be in '18 because we weren't closing until January of 2018. So no change in overall dollars.

Operator

We'll take that from Batya Levi of UBS.

Batya Levi - *UBS Investment Bank, Research Division - Executive Director and Research Analyst*

Just a couple of quick follow-ups. First, can you maybe provide a little bit more color on how much in total CapEx you're budgeting for this year? And maybe if you could break it into buckets. And the second question on Lightower integration. As you integrate the assets, are you finding any maybe synergy opportunities on the cost side, maybe procurement, best practices? And how long do you think that it would take to fully integrate the assets that you might be willing to look at more M&A opportunities?

Daniel K. Schlanger - *Crown Castle International Corp. (REIT) - CFO and SVP*

Yes, Batya. Starting with the CapEx conversation. We're going to be, in '18, around $1.5 billion of CapEx. And what we've said, it'd be in the same neighborhood of what we've done historically in terms of land purchases and sustaining capital, so around $100 million each for those. It will be up a little bit on sustaining because we've incorporated Lightower in 2018 versus 2017. But as Jay pointed out earlier, majority of that is really going to be into building new assets and putting it into small cell deployments that we've been talking about to meet the pipeline that we have in place as well as to expand the fiber footprint with regard to the fiber solutions business.

Jay A. Brown - *Crown Castle International Corp. (REIT) - CEO, President and Director*

On your second question around synergies, we don't see any synergies at this point, to I think a question earlier on the call, around people. We may find, over time, as we integrate the asset and start to expand, that there are some cost synergies that we're able to achieve from suppliers and other sources. But our focus is really on the growth opportunity that is in front of us, and we believe the revenue synergies here are really the greatest opportunity in front. So we're focused on having conversations around how do we grow the business and capture the opportunity that's in front of us. And over time, we may find that there are some cost synergies, but we'd certainly expect, with regards to the people that we've gained over these various acquisitions, that there really are not any cost synergies there around people, which is a significant portion of the cost structure. With regards to future activities and investment, it's going to take us a little bit of time to invest -- to digest the assets that we've acquired, Lightower being the most recent large acquisition. As I mentioned in the comments, we've done 2 other large acquisitions in 2017 that we're in the middle of integrating into the portfolio. So it's going to take us a little bit of time to digest. Our criteria in terms of how we think about assets and things that would be interesting to us has remained the same. We're focused on markets where we think we can share the asset across multiple parties. It needs to be high-capacity fiber in dense urban areas, and that is a relatively limited targeted set of assets. And I don't know that there will be another asset that will be of interest to us. But in the short term here, I think we're going to be digesting the assets that we found. We're pleased with what we found so far and glad the assets are performing in line with our expectations as we went through diligence.

Well, with that, I'll wrap up the call this morning. Appreciate everyone joining. Obviously, I want to thank all of our employees who worked incredibly hard over 2017 not only to deliver on the results that we delivered but also the significant activities that are going on related to the integration of the assets that we've acquired. Appreciate everyone's help on that and excited about what's in store for Crown Castle. Thanks so much.

Operator

That does conclude today's conference. Thank you all for your participation. You may now disconnect.