

# AMT- EQUITY RESEARCH

## Overview

American Tower Corporation (NYSE: AMT) is a leading global Real Estate Investment Trust (REIT) specializing in communications infrastructure. Founded in 1995 and headquartered in Boston, Massachusetts, the company owns, operates, and develops multitenant communications real estate, including wireless and broadcast towers, distributed antenna systems (DAS), and data centers.

|                       |  |
|-----------------------|--|
| <b>Price</b>          | <b>220.97</b><br><b>(April 22, 2025)</b> |
| <b>Market Cap</b>     | <b>\$104.23 B</b>                        |
| <b>P/E Ratio</b>      | <b>32.3</b>                              |
| <b>Dividend Yield</b> | <b>3.14%</b>                             |
| <b>52 Week Range</b>  | <b>\$170.46 – \$243.56</b>               |

AMT Price and Moving Averages



## Quarterly Multiples

|                | TEV/LTM EBITDA |        |        |        |
|----------------|----------------|--------|--------|--------|
| <b>Average</b> | 16.07x         | 17.74x | 16.89x | 16.68x |
| <b>High</b>    | 16.74x         | 18.80x | 18.23x | 18.38x |
| <b>Low</b>     | 15.19x         | 16.30x | 15.39x | 15.07x |
| <b>Close</b>   | 16.42x         | 18.25x | 15.61x | 18.35x |

|                | TEV/LTM Total Revenue |        |        |        |
|----------------|-----------------------|--------|--------|--------|
| <b>Average</b> | 12.45x                | 13.73x | 13.07x | 13.11x |
| <b>High</b>    | 12.99x                | 14.54x | 14.10x | 14.74x |
| <b>Low</b>     | 11.79x                | 12.65x | 11.91x | 11.66x |
| <b>Close</b>   | 12.74x                | 14.12x | 12.08x | 14.71x |

|                | P/LTM EPS |        |        |        |
|----------------|-----------|--------|--------|--------|
| <b>Average</b> | 47.58x    | 44.07x | 46.17x | 38.95x |
| <b>High</b>    | 60.69x    | 48.62x | 51.50x | 46.58x |
| <b>Low</b>     | 38.81x    | 40.90x | 40.87x | 29.05x |
| <b>Close</b>   | 43.97x    | 43.62x | 44.17x | 31.20x |

## Quantaco Recommendation



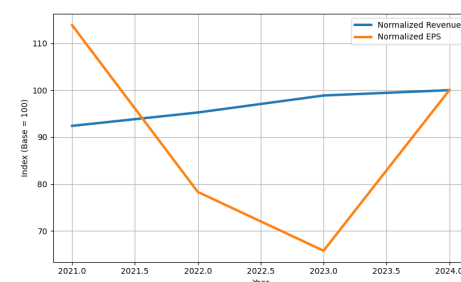
Long term investment- Positive (strong buy)



Risk Hedge Portfolio recommendation- Moderate

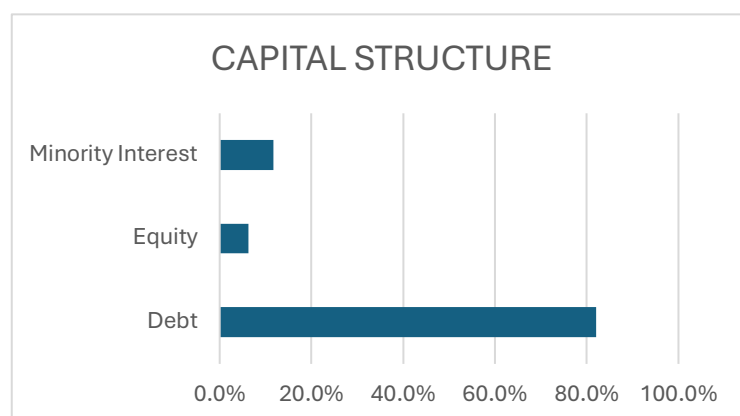


Short term Arbitrage stock- Low - moderate



## DCF Valuations and Comparables

The WACC for AMT was initially set at 7%, reflecting the blended cost of its equity and debt financing. This rate captures the risk and return expectations of both investors and creditors, considering AMT's heavy reliance on debt. Incremental increases in WACC were applied to account for rising debt levels and associated financial risk. Conversely, the WACC was adjusted downward after improvements in debt management and refinancing strategies. These changes reflect AMT's capital structure optimization and its impact on valuation.



| Mean Equity Value Across Multiples | Equity Value | Price Per Share |
|------------------------------------|--------------|-----------------|
| High                               | 203,663.1    | 435.07          |
| Low                                | 13,164.13    | 28.12           |
| Mean                               | 110,168.89   | 235.34          |
| Median                             | 108,877.64   | 232.59          |

The comparable company analysis (233) for AMT is primarily influenced by relative valuation multiples such as EV/EBITDA, P/E, and Price-to-Book ratios. AMT's higher debt ratios, including Debt-to-Equity and Net Debt/EBITDA, suggest that its valuation is compressed compared to peers with more conservative capital structures. This undervaluation stems from market caution towards AMT's leverage, despite its strategic use of debt for network tower expansion and global acquisitions. The market's focus on debt metrics may obscure the company's strong future forecasted cash flows, particularly as AMT scales its infrastructure to meet growing 5G demands. If AMT successfully capitalizes on these growth initiatives, the current valuation derived from comps may significantly underestimate its long-term earnings potential.

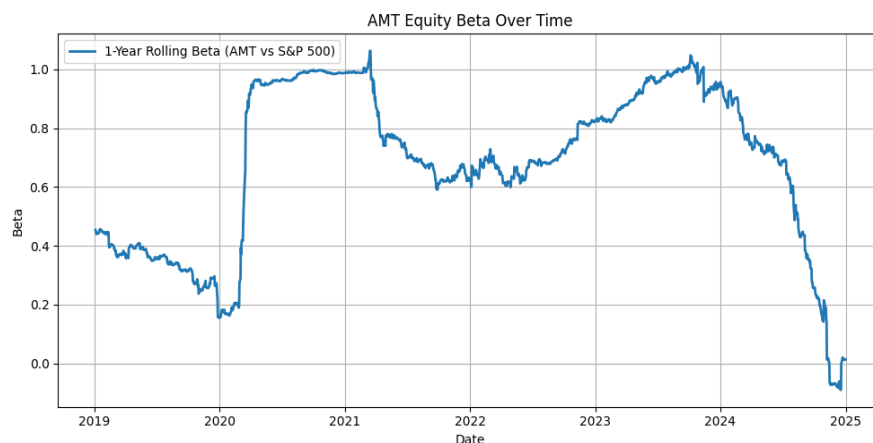
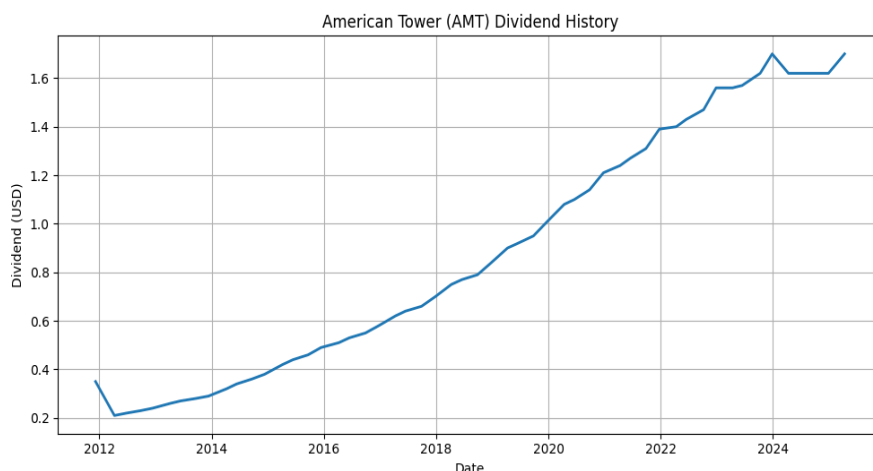
| Implied Share Price                |           |
|------------------------------------|-----------|
| PV of Projected                    | 19,142.3  |
| PV of Terminal                     | 113,811.0 |
| (-) Net Debt at t=0                | 419.5     |
| Implied Equity Value               | 132,533.8 |
| Shares Outstanding (Fully Diluted) | 467.0     |
| Implied Share Price                | 283.80    |
| Current Share Price                | 223.81    |
| Implied Upside                     | 26.8%     |

| Selected: Base Case     | FY2019 | FY2020 | FY2021  | FY2022 | FY2023 | FY2024 | FY2025 | FY2026 | FY2027 | FY2028 |
|-------------------------|--------|--------|---------|--------|--------|--------|--------|--------|--------|--------|
| Revenue Growth          | n.a.   | 6.5%   | 14.5%   | 3.2%   | 4.9%   | 0.7%   | 6.0%   | 6.7%   | 7.4%   | 8.1%   |
| Cost of Revenue as a %  | 62.2%  | 60.6%  | 62.0%   | 69.8%  | 64.5%  | 54.5%  | 74.9%  | 75.0%  | 75.0%  | 75.0%  |
| Implied Tax Rate        | NM     | 7.1%   | 9.3%    | 5.4%   | 5.9%   | 10.1%  | 21.0%  | 21.0%  | 21.0%  | 21.0%  |
| D&A as a % of Revenue   | 23.5%  | 23.4%  | 24.9%   | 32.8%  | 29.2%  | 20.0%  | 2.1%   | 2.1%   | 2.1%   | 2.0%   |
| CAPEX as a % of Revenue | -39.6% | -47.8% | -211.9% | -5.8%  | -1.7%  | -1.2%  | 2.0%   | 2.0%   | 2.0%   | 2.0%   |
| Net Working as a % of R | -2.5%  | -3.2%  | -3.0%   | -3.3%  | -2.7%  | -2.9%  | -3.0%  | -3.0%  | -3.0%  | -2.9%  |
| Debt growth rate        | 0.0%   | 1.0%   | 25.1%   | 22.4%  | -12.6% | 187.6% | 10.4%  | 9.6%   | 8.8%   | 8.3%   |
| Interest Expense as a % | 5.2%   | 5.1%   | 4.1%    | 3.7%   | 3.8%   | 7.4%   | 7.4%   | 7.4%   | 7.4%   | 7.4%   |
| Debt to EBITDA          | 6.27   | -      | 5.78    | -      | 5.41   | -      | 1.25   | 1.33   | 1.42   | 1.50   |

## Dividends and Risk

American Tower Corporation (AMT) currently offers an annual dividend of \$6.80 per share, resulting in a forward dividend yield of 3.10%. The company's payout ratio stands at 174.58%, indicating that it distributes more in dividends than its net earnings. This elevated payout ratio is characteristic of Real Estate Investment Trusts (REITs), which are mandated to distribute a significant portion of their taxable income to shareholders.

In terms of market volatility, AMT has a 5-year beta of 0.88, suggesting that its stock price is less volatile than the broader market. This lower beta reflects the company's stable cash flows derived from long-term lease agreements with tenants. AMT's strategy involves expanding its global tower portfolio to capitalize on the growing demand for wireless communication infrastructure. While this expansion requires substantial capital investment, the company aims to maintain its dividend payouts, balancing growth initiatives with shareholder returns.



|      |        | Terminal Growth |          |          |          |          |
|------|--------|-----------------|----------|----------|----------|----------|
|      | \$0.00 | 15.00%          | 16.00%   | 17.00%   | 18.00%   | 19.00%   |
| WACC | 6.30%  | \$303.49        | \$303.49 | \$303.49 | \$303.49 | \$303.49 |
|      | 7.30%  | \$275.29        | \$275.29 | \$275.29 | \$275.29 | \$275.29 |
|      | 8.30%  | \$254.08        | \$254.08 | \$254.08 | \$254.08 | \$254.08 |
|      | 9.30%  | \$237.15        | \$237.15 | \$237.15 | \$237.15 | \$237.15 |
|      | 10.30% | \$223.05        | \$223.05 | \$223.05 | \$223.05 | \$223.05 |

|                      |       | Explicit Horizon Growth Rate (bull) |          |          |          |          |        |
|----------------------|-------|-------------------------------------|----------|----------|----------|----------|--------|
|                      |       | 283.80                              | 6.00%    | 7.00%    | 8.00%    | 9.00%    | 10.00% |
| Terminal Growth Rate | 6.00% | \$315.03                            | \$283.80 | \$260.87 | \$242.85 | \$228.00 |        |
|                      | 7.00% | \$315.03                            | \$283.80 | \$260.87 | \$242.85 | \$228.00 |        |
|                      | 8.00% | \$315.03                            | \$283.80 | \$260.87 | \$242.85 | \$228.00 |        |
|                      | 9.00% | \$315.03                            | \$283.80 | \$260.87 | \$242.85 | \$228.00 |        |