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PRESENTATION

Operator

Good day and welcome to the Crown Castle Q1 2022 Earnings Call. Today's conference is being recorded. At this time, I'd like to turn the conference over to Mr. Ben Lowe, Senior Vice President of Corporate Finance. Please go ahead, sir.

Benjamin Raymond Lowe ***Crown Castle International Corp. - Senior VP of Corporate Finance & Treasurer***

Great. Thank you, Cody, and good morning, everyone. Thank you for joining us today as we discuss our first quarter 2022 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 that will be referenced throughout the call this morning.

This conference call will contain forward-looking statements, which are subject to certain risks, uncertainties and assumptions, and the 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, April 21, 2022, and we assume no obligation 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. - President, CEO & Director***

Thanks, Ben, and good morning, everyone. Thanks for joining us on the call. As you saw from our first quarter results yesterday and our increased full year outlook, the strength of the U.S. market continues to stand out. We are seeing the benefits of a strong leasing environment as we support our customers' deployment of 5G. As a result, we expect to deliver another year of 6% organic tower revenue growth in 2022, once again leading the tower industry in the U.S. I'm also excited about the progress our team is making to scale our small cell capabilities to accelerate the pace of deployments from approximately 5,000 nodes we expect to deliver this year to more than 10,000 per year starting in 2023.

Looking further out, I believe our strategy, an unmatched portfolio of more than 40,000 towers and approximately 115,000 small cells on air or under contract and 80,000 route miles of fiber concentrated in the top U.S. markets, have positioned Crown Castle to generate 7% to 8% growth in dividends per share for years to come.

Dan will discuss the financial results and increased outlook, so I'll concentrate my comments on our strategy to deliver the highest, risk-adjusted returns for our shareholders by growing our dividend and investing in assets that will generate future growth. Consistent with our long-held view, we remain focused on the U.S. because we believe it represents the best market in the world for wireless infrastructure ownership when considering both growth and risk.

As you can see on Slide 3, this strategy has produced tremendous results for shareholders with a combination of significant growth and a high-quality dividend. Since the establishment of the 5G standards and the start of the associated network upgrade in 2017, we have delivered double-digit annual AFFO per share growth, which, when added to our approximately 3% dividend yield over that same time period, generated returns of approximately 14% per year to our shareholders, which has led the tower industry over this time period.

Our growth has been driven by our customers investing $30 billion to $40 billion annually in their network, with the deployment of more spectrum and cell sites to keep pace with the rapid growth in mobile data demand. Because the market fundamentals are so compelling, the U.S. market continues to attract an outsized amount of capital investment by network operators. According to industry estimates, wireless operators in North America are expected to account for more than 30% of global mobile network investment through 2025, which is staggering when you consider those same operators address less than 5% of the world's population. This outside investment in the U.S. is understandable when you look at the fundamentals in the U.S. relative to other markets.

As you can see on Slide 4, the amount of data consumed monthly per user and the ability for wireless operators to charge for that data consumption, therefore, justifying further investments, are significantly higher in the U.S. This slide illustrates the virtuous circle that has developed in the U.S. wireless market and that we believe is sustainable over the long term. Over the last couple of decades, U.S. carriers have invested hundreds of billions of dollars to develop wireless networks, which has created a platform for innovation and ubiquitous connectivity. As a result of the quality of the network and the user experience, U.S. consumers have used their wireless devices more and more, and they have been willing and able to pay more for that improving mobile experience. In turn, U.S. carriers have taken the higher cash flows generated from customers and invested in their networks, and the cycle continues as evidenced by U.S. carriers investing more than $200 billion into their networks, including spectrum and CapEx over the last 4 years.

We believe we are best positioned to benefit from this virtuous cycle in the U.S. with towers, small cells and fiber, all of which are necessary for the deployment of 5G. With the 3 established network operators and a new intranet scale in DISH, all upgrading and developing nationwide 5G networks, the fundamentals in the U.S. market are as positive as I can remember during my 20-plus years at Crown Castle. We have invested more than $40 billion of capital to date in towers, and more recently, small cells and fiber that are mission-critical for wireless networks to pursue this opportunity.

We are currently generating a 10% return on our total invested capital, with the opportunity to increase that return over time as we add customers on our tower and fiber assets and grow our cash flow. To that point, we are seeing significant demand for our infrastructure solutions with our customers upgrading thousands of tower sites for 5G while also preparing for the next phase of network densification that will require tens of thousands of small cells as reflected in our record backlog of 60,000 small cell nodes.

Importantly, we benefit from these superior growth trends while being leveraged solely for the favorable dynamics in the U.S. wireless market. As compared to international markets, we believe the U.S. not only has the best growth profile as I just discussed, but it also has the lowest risk, resulting from a supportive market structure that incentivizes carriers to spend on improving their networks as they compete on network quality, resulting in less churn on our assets, no exposure to loss of value from foreign currencies and social and governmental policies that are stable and supportive of improving connectivity and expanding broadband access.

Because we believe the U.S. has both greater growth potential and lower risk, we are focusing our investments solely in the U.S. We have an unmatched portfolio of assets that is producing growing cash flows by providing access to existing and new customers that are building 5G networks, and we are investing in new small cell and fiber assets that our customers need for their wireless networks, which we believe increases our ability to capitalize on 5G growth trends.

As a result of these actions, I believe Crown Castle offers shareholders a unique opportunity to benefit from the deployment and development of wireless networks in the U.S. In the near to medium term, we expect to, once again, deliver the highest tower revenue growth rate in the U.S. with 6% organic growth, and we are preparing for an acceleration in small cell deployments beginning in 2023 following the recent inflection in demand from our customers.

Longer term, we believe we are the only communications infrastructure company positioned for the future of 5G networks that will require network densification with small cells at scale. By continuing to invest in small cell and fiber assets, we believe we will be able to extend the runway of 7% to 8% annual growth in dividends per share.

When I consider the durability of the underlying demand trends we see in the U.S. that provides significant visibility into the anticipated future growth for our business, the deliberate decisions we have made to reduce the risks associated with our strategy and our history of steady execution, I believe Crown Castle stands out as an excellent investment that will generate compelling returns over time. And with that, I'll turn the call over to Dan before we take some questions.

Daniel K. Schlanger ***Crown Castle International Corp. - Executive VP & CFO***

Thanks, Jay, and good morning, everyone. As Jay mentioned, we are encouraged by the continued high activity levels we are experiencing, which are driven by our customers' 5G upgrade and densification initiatives.

Starting with our first quarter results on Page 5, we began the year on a very positive note, with AFFO per share growth of 9% and adjusted EBITDA growth of 22% that were driven by strong demand from our customers. As I mentioned last quarter, we are now reporting organic revenue growth exclusive of the impact of prepaid rent amortization or what we refer to as organic contribution to site rental billings.

In the first quarter, we generated 6% core organic revenue growth, driven by more than 9% from core leasing activity and contracted escalators, net of approximately 3% from nonrenewals. Revenues were also positively impacted by approximately $15 million from items not expected to recur in 2022, with approximately $10 million in fiber solutions and the balance in towers.

Turning to Page 6. I want to briefly walk through the increase to our full year 2022 outlook. As a result of higher tower activity levels, we are experiencing -- we are increasing our expectations for site rental revenues by $40 million due to higher expected straight-lined revenues as well as increasing the expected contribution from our services business by $20 million. These changes result in a $60 million increase to adjusted EBITDA, while the outlook for AFFO remains unchanged because the higher straight-lined revenue does not contribute to AFFO, and the additional contribution from our services business is offset by a $20 million increase in expected interest expense resulting from higher interest rates.

Turning to Page 7. Expected organic growth to site rental billings remains unchanged at 5% for the full year 2022, consisting of approximately 6% growth from towers, 6% growth from small cells and 3% fiber solutions growth. Because organic growth to site rental billings is a new metric, we have included a comparison of this metric to our previous organic growth in site rental revenues on Pages 10 and 11 of our supplemental materials.

Turning to the balance sheet. We finished the quarter with 4.8x debt to adjusted EBITDA, approximately 9 years of weighted average term remaining, a weighted average interest rate of 3% and 85% of our debt tied to fixed rates. We expect our discretionary CapEx to be approximately $1.1 billion to $1.2 billion for the year or $700 million to $800 million on a net basis when factoring in $400 million of prepaid rent contributions from our customers. We are managing the balance sheet so we can continue to pursue investment opportunities consistent with our strategy that we believe will add to long-term dividend growth while reducing the overall risk profile of the business to further enhance the value created for shareholders over time.

With that in mind, we were able to opportunistically access the bond market during the first quarter to increase our financial flexibility while locking in attractive, long-term cost of capital. As a result, we finished the quarter with more than $3 billion of available liquidity under our credit facility and only $750 million of debt maturities over the next 18 months.

So to wrap up, we have invested over $40 billion in mission-critical network infrastructure assets in the U.S. to position ourselves to take advantage of the favorable growth and risk profile of the best market in the world for communications infrastructure ownership. We are excited about the demand we are seeing across our shared infrastructure offering as our customers deploy 5G at scale. We expect to, once again, generate industry-leading organic tower revenue growth in the U.S., and we believe our comprehensive set of solutions across towers, small cells and fiber, which are all necessary to build wireless networks, will allow us to deliver on our annual target of 7% to 8% growth in dividends per share.

And with that, Cody, I'd like to open the call to questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) We'll take our first question from David Barden with Bank of America.

David William Barden ***BofA Securities, Research Division - MD***

So I guess the first one, Jay, since you called them out, DISH being a new carrier at scale, could you elaborate a little bit on what you mean when you say that -- I think that when we look at the national carriers, each probably spending something on the order of $10-plus billion on the networks in the next year or 2. I'm wondering if you could give us a picture of kind of how you see DISH unfolding relative to them as a contributor to potential growth directionally in 2022, '23.

And then just, I guess, a question, Dan, on the $15 million onetimer, you didn't call it out as a moving part in the AFFO guidance. I think that's because maybe that onetimer was already included in your outlook for 2022 when you set it. I wonder if you could kind of elaborate a little bit more on what it is and why it got called out now as opposed to not being called out previously.

Jay A. Brown ***Crown Castle International Corp. - President, CEO & Director***

Thanks for the questions. On the first question around DISH, we have obviously seen a significant commitment from them as they've committed to go on 20,000 of our towers nationwide. So in terms of behavior, that's a significant number of our sites, nearly half the sites that we have in the U.S., they have a commitment to go on. So that's significant in terms of the scale of the commitment that they've made. And then as we look at the activity that we're working on them with, they're certainly behaving as a company that we would expect would get to nationwide coverage. So it's been a really long time in the U.S. since there has been a new nationwide deployment of a network from scratch, and the activity that we're seeing from DISH is consistent with their desire to build out nationwide.

Daniel K. Schlanger ***Crown Castle International Corp. - Executive VP & CFO***

Yes. And David, to address the second question on the $15 million onetime or nonrecurring in the first quarter. As I mentioned in the prepared remarks, it's $10 million in the fiber solutions business and $5 million in towers is related to network integration activities that are going on around T-Mobile and the Sprint consolidation. And we expected that to happen over the course of 2022, and it was therefore included in our guide. We just didn't expect it all to happen as quickly as it did and hit the first quarter. And the reason we called it out now is we didn't want people to think that, that was part of our growth that could be annualized for the year and then look like our year was going to be better than we expected it to be. So we wanted to make sure everybody understood that while it was expected for the full course of the year, we didn't want it to be a first quarter event that would be recurring every quarter and how people are thinking about 2022.

David William Barden ***BofA Securities, Research Division - MD***

And Dan, just a quick follow-up. If I was looking at the new leasing guide, $230 million to $270 million now adjusted for the elimination of the amortization of upfront CapEx, is that midpoint $250 million a good starting point for thinking about 2023? Or does that $250 million have the $15 million of nonrecurring stuff in it, and so the reality is it's actually $235 million?

Daniel K. Schlanger ***Crown Castle International Corp. - Executive VP & CFO***

No. I think $250 million is a good starting point for 2023. We have nonrecurring revenues in our business on a consistent basis. We just -- so it's kind of a weird nomer, but they're just small. And so it's not something that we're going to call out every time we give the guidance. It's just in this particular case, we wanted to make sure that you understood that it happened faster. So it didn't really impact overall what 2022 is going to look like.

Operator

We'll take our next question from Simon Flannery with Morgan Stanley.

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

There was a helpful chart looking at the U.S. in a global context. Perhaps just layer in the impact of fixed wireless. We saw some really good numbers out of T-Mobile earlier this week. Have you seen any change in behavior from the carriers about maybe accelerating densification to address that opportunity? And perhaps just a little bit more color on the capital raise and the comments about looking for incremental investment opportunities. How are you thinking about what you're going to be spending that on over the course of the year?

Jay A. Brown ***Crown Castle International Corp. - President, CEO & Director***

On the first question around fixed wireless, we're certainly seeing the behavior of the carriers, and I've talked publicly T-Mobile did this week, as you mentioned, about the opportunity there. I would put that in the broader category of the speeds that we're seeing with 5G and the very low latency opens up the opportunity for a vast variety of new applications and innovation. And I think, ultimately, 5G -- this is where 5G becomes so important as a platform for future investment. And in order to fully realize the value of that, the applications have to come. And so fixed wireless, I think, is one of those applications that's using the 5G spectrum that's really pretty compelling, again, with the high speeds and the low latency of the network and what we'll be able to accomplish.

So it is a driver. And I think as we talk about things like the need for fiber in the network as well as small cells, network densification in order to get to that ubiquitous experience for the consumer is just critical. And so we think we're going to be through a multiyear growth and densification activity from the carriers as they build out 5G and then densify the network based on the expected growth in traffic that's coming across that network. So I think we're really well positioned for where they're headed and excited to see some of the early returns and applications that 5G is enabling.

On your second question around our capital spend, everything that we do goes through a really rigorous process internally of evaluating what we think the return on every dollar of capital is going to be. And so we're focused -- as we talked about in both Dan and my comments, the majority of the capital spending at the moment is focused around fiber and small cells in particular, as we're building small cells for the wireless carriers. We think it's going to remain in that category for a number of years to come. And we're evaluating those opportunities to invest in fiber and small cells around what we believe the long-term lease-up will be for those assets.

So picking the locations where we have a carrier committed to go initially as our anchor tenant and then choosing to go into places where we think there's going to be additional lease-up, and therefore, additional return on that capital, that will ultimately drive returns to our shareholders, much like what we've done in the tower business for years and years. So the way we're thinking about the capital spend and the opportunity is that it's growing, and we'll update you on the scale of that in the years to come. But as I mentioned in my comments...

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

Is that an existing metros or in new metros?

Jay A. Brown ***Crown Castle International Corp. - President, CEO & Director***

No. The majority of what we're doing now is still in the top 30 markets, the NFL markets. What we see at the moment is mostly opportunities in the top 50, top 100 markets in the U.S. As it expands beyond that, we'll just have to look at what the returns are in those markets and what the opportunity for lease-up is to determine whether or not it justifies capital investment.

Daniel K. Schlanger ***Crown Castle International Corp. - Executive VP & CFO***

Simon, let me hit on one of the questions you asked on the capital raise itself. I think you were equating that with investment opportunities. We -- whenever we look at our balance sheet, we look at long term versus short-term, fixed versus floating, all those things. What we did earlier this year in the first quarter was term out some of the borrowings on our revolver by accessing long-term capital at a fixed rate. And that was -- and then part of that also was to pay down some debt maturities that were coming due in the next 12 to 18 months, just to prepare ourselves for a rising interest rate environment, not to prepare ourselves for incremental investments that we saw coming.

Operator

We'll hear next from Matt Niknam with Deutsche Bank.

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

So we've heard each of the national carriers, I know they're investing very aggressively right now, but I think each have telegraphed CapEx declines, either starting in 2023 or '24. So with that in mind, I'm just wondering how you think about Crown Castle's ability to continue delivering on that 7% to 8% AFFO per share growth target over the next several years in light of these, at least, contemplated CapEx clips that are coming? And then on the services strength that you called out and the increased outlook this year, just wondering if you can shed any light on whether it's a single carrier that drove the upside or whether the strength is a little bit more broad-based?

Jay A. Brown ***Crown Castle International Corp. - President, CEO & Director***

Sure. Thanks for the questions. On the CapEx around network improvement, I think I would step back and look at what has been invested by the carriers. I made reference to the fact that over the last 4 years, they've invested over $200 million -- $200 billion in both capital spending for network deployment as well as the acquisition of additional spectrum. That's about half and half roughly between investment in new spectrum and investment in CapEx. And most of that spectrum that's been acquired has been acquired inside of the last 12 to 18 months.

So there's a significant amount of investment that the carriers have made in spectrum. And the absolute best environment for us as the infrastructure provider with the carriers is times when they have fallow spectrum, new spectrum and capital in order to deploy that spectrum. And so as we look at the long-term opportunities here for deployment of additional network resources by the carriers, we think the environment sets up really nicely for an extended period of time and a long runway of growth. And so when we look at our 7% to 8% growth in the dividend over the long term, we're obviously looking at a number of different scenarios as to how it plays out. But the length of time that we believe it will take as the carriers build out 5G is a very long period of time. So we think about it in terms of decades more than we think about it in terms of quarters or a year or 2. And so we think the environment sets up nicely for an extended period of time of us being able to build on our dividend growth of 7% to 8%.

I will mention, we talked about this last quarter just briefly here that we have -- in 2025, we have the tower churn of about $250 million related to the T-Mobile agreement. And so in that 1 year, we do expect that the 7% to 8% -- we won't get all the way to 7% to 8% in that year. But other than that, in the environment that we're in, we think there's plenty of investment that will continue to run the network in order for us to be able to drive that 7% to 8% annually.

On your second question around services, it's broad-based. We're seeing an uplift in terms of activity around the tower business across the board from all of our carrier customers. And as I mentioned in my comments, the environment is very attractive with all 3 of them deploying and DISH in addition to that. So...

Daniel K. Schlanger ***Crown Castle International Corp. - Executive VP & CFO***

Just wanted to clarify one thing. Jay said $250 million in 2025. It's $200 million. So before everybody starts to spin up on that, it's $200 million. And there has been no change since we announced it last time.

Jay A. Brown ***Crown Castle International Corp. - President, CEO & Director***

Thanks, Dan.

Daniel K. Schlanger ***Crown Castle International Corp. - Executive VP & CFO***

Yes.

Operator

We'll take our next question from Ric Prentiss with Raymond James.

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

First, appreciate more disclosure in the supplement on the prepaid -- amortization of prepaid rent history on Page 18. It's an item I'm always interested in. Two questions along those lines. Obviously, amortization of prepaid rent had grown from '19 to '20 to '21. We're expecting it kind of flattish year-over-year from '21 to '22. It then shows drops in '23, '24, '25, '26. I assume part of that is just you don't have new contracts coming in. But are we thinking that the amortization of prepaid rent should drop down into more like the $300 million to $400 million level? Or is there new business expected maybe to come in that would keep it up elevated?

Daniel K. Schlanger ***Crown Castle International Corp. - Executive VP & CFO***

Yes. Ric, I'll take that. First, I'm glad that you like the new disclosure. We do try to respond when people give us some of that input, and that's what you're seeing with this -- the concepts that we're throwing in now.

We do get new business, and therefore, get contributions from our customers that add to prepaid rent amortization over time. It's just that we had so much of that historically, especially in our tower business, that the amount rolling off is bigger than the amount that's being added on, which is why you're seeing a reduction over time in prepaid rent amortization in those years that you're talking about. We do not anticipate spending enough money in our tower business to make up for that in those years just because the demand for the amount of increased activity on our towers isn't such that we would have that much capital to spend.

But that, I think, is just ultimately a sign of a really good business that people were willing to pay for all of the upgrades we did a long time ago. And what you're seeing now is a tremendous increase in the revenue and cash flow generation on the assets without any incremental capital going in, which is why you're seeing the returns and yields on the tower business growing as fast as they are on a year-over-year basis.

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

Okay. And the line of no good deed goes unpunished, any thoughts of being able to break out that amortization of prepaid rent then between tower and small cell, fiber as you think about into the future to help us kind of model the different segments and your growth rates.

Daniel K. Schlanger ***Crown Castle International Corp. - Executive VP & CFO***

Yes. And as you know, we do it on an actual basis to try to give you a lot of sense for what that is. And we -- as we've talked about now with the concept of billings as opposed to revenues and then putting the prepaid rent amortization into other, you can get a lot of that information. We give a lot of that information for the current year. We're not going to break it out for every year going forward.

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

Okay. Related question, the prepaid rent received, I think you called out you're expecting it probably to be about $400 million this year. Any thoughts into the future -- just not asking for an actual forecast, but '18 and '19, it was more like $600 million. Now it's in the $400 million range. Any thoughts on where that might head over time? Is $400 million a better number? Is $600 million a better number as you think about what that contribution back to you might run at?

Daniel K. Schlanger ***Crown Castle International Corp. - Executive VP & CFO***

As Jay mentioned earlier, a lot of the capital that we're spending right now is on our fiber and small cell business, and therefore, a lot of the contribution is happening in that business. As we ramp up, the nodes that we'll be putting on air, we've talked about it will likely lead to an increase in the capital that's associated with that. And I think that would potentially come with additional capital contributions. So I can't tell you that $400 million is the right number or $600 million is the right number because it's really going to depend on how quickly those -- that capital ramps up and how much we're going to get back from our customers. But there's no set level that I would say is something that you can expect. It's really tied to the amount of capital that we're spending to invest in our assets.

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

Makes sense. One more for me...

Jay A. Brown ***Crown Castle International Corp. - President, CEO & Director***

Yes. Ric, I know you...

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

Yes, go ahead, Jay.

Jay A. Brown ***Crown Castle International Corp. - President, CEO & Director***

Yes. I was just going to go back up to a 40,000-foot level when we think about straight lining the benefit of receiving some of the upfront capital from the customers and how we how we think about it. That upfront capital from customers ultimately is in essence offsetting our CapEx demand in any given year. And one of the reasons why when we talk about the story and what we think the long-term prospects of the business are, we spend so much time talking about the dividend per share growth because we're looking at the cash flow capability of the entire enterprise over a long period of time.

And so as we think about managing capital, investment of capital, the questions that you're asking are in essence like an offset to the initial investment that we make. And then we're thinking about what is that going to mean over a long period of time in terms of actual cash receipts in future periods and what are the impacts of that of dividends. And so we're providing the disclosure, I think, to try to help everyone reconcile from the financial statements through the metrics. But as we talk about it and think about what the opportunity for return is, we tend to go back all the way down to the bottom line of dividends because we think it's the best predictor of what long-term shareholder value creation is and moves us away from trying to do all of the ins and outs.

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

Makes great sense. We love cash. We love returns. We love dividends. Last one quick one probably on me is the interest rate update as far as interest expense up by $20 million versus prior guidance. What's your assumption now baked into -- what do you assume interest rates are going to be that trigger that? Or what was the delta that caused that change? And obviously, interest rates continue to be fairly volatile.

Daniel K. Schlanger ***Crown Castle International Corp. - Executive VP & CFO***

When we -- the assumption is the forward LIBOR curve. And what that impact really is, is the 15% of our debt that is floating rate debt and how much that LIBOR curve impacts that 15%. So when we gave guidance in October to now, that LIBOR curve is up between 100 and 150 basis points.

Operator

We'll hear next from Jon Atkin with RBC Capital Markets.

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

A couple of questions. One is you kind of beat estimates on core leasing revenues, but absent the straight-line adjustments, you kind of maintained the guidance. So I just wondered what leads to kind of your parent incremental caution on the rest of the year for site leasing.

And then the second question is, as we think about fiber solutions, so ex small cells or just kind of classic fiber light tower and those sorts of revenue streams, what are the -- how is that trending? How is your outlook difference in terms of things that you see greater opportunities for and maybe areas where you don't see as much growth ahead?

Daniel K. Schlanger ***Crown Castle International Corp. - Executive VP & CFO***

Yes, Jon, I'll take the first one. I'm not sure I got the full extent of your question. So if I don't answer it directly, will you just ask it again? But we kept the core leasing going forward because we think that the demand in our business is going to be very similar to what we anticipated in October. The beat in the first quarter was mostly due to those nonrecurring items, which is why we called them out. If you remove that from the tower business, the growth in site rental billings was around 6% for the quarter, and that's what we're expecting for the year. So I don't think there's a change in that at all. And it will result in kind of similar growth in the tower business going forward as the year lays out. Did that answer your question?

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

In terms -- putting percentages aside, but looking at the volume in dollars of the amount that you beat, even if you were to include the onetimers, it seems like that would flow through to your outlook going higher. But absent straight-line adjustments, your outlook stayed the same. So within dollars, not percentages, I'm not nitpicking here, but it does appear that implicitly, the guide is just a bit more cautious.

Daniel K. Schlanger ***Crown Castle International Corp. - Executive VP & CFO***

Yes. I actually think the guide is not cautious. We're really excited about the level of activity that we see coming in and the growth that we're seeing in our business. And what we've talked about is an industry-leading growth in the tower business.

We don't guide on a quarterly basis. So it's hard to reconcile to the number you're talking to. But -- and the reason we don't guide to a quarterly basis is that we really do think about this business, as Jay talked about, in terms of decades, not quarters. So the best we can get to is about a year.

And what we're seeing, again, is just a robust level of activity that's leading to tower-leading growth. And we're -- we actually don't feel like it's conservative. We feel like it's a really good outlook going into 2022, and we're maintaining it because we see that activity level continuing.

Jay A. Brown ***Crown Castle International Corp. - President, CEO & Director***

Yes. On your second question, Jon, around -- I'm sorry, did you want to ask Dan another question on that?

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

No, no, fair point. And then I was going to listen to you. Sorry to interrupt, go ahead.

Jay A. Brown ***Crown Castle International Corp. - President, CEO & Director***

No worries. On your second question around what we're seeing from a fiber solution standpoint, we continue to think that we'll grow that business in and around that 3% level on a year-over-year basis. We've seen good opportunities in the space, and I feel like the team has done a great job continuing to run that business well. And it creates a great base of assets as we've seen for us to be able to add small cells to those assets.

And so back to my comments earlier around the way that we think about capital spending, that fiber investment that we've made, both in terms of acquisitions as well as what we've built, is based on what we believe will be future lease-up for small cells. And the activity that we've won thus far as well as activity that we see the carriers investigating that will lead to future business, we believe, looks like the assets are really well positioned for that. So business is performing well, and the opportunity for lease-up is intact.

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

Anything -- and then lastly, anything on MLAs to sort of call out as things kind of roll off? Or just anything in general around MLAs that you've announced in the past we should be mindful of that might change in the future?

Jay A. Brown ***Crown Castle International Corp. - President, CEO & Director***

There's nothing to call out in the quarter or that we believe will be in the guide for 2022.

Operator

We'll take our next question from Nick Del Deo with MoffettNathanson.

Nicholas Ralph Del Deo ***MoffettNathanson LLC - Senior Analyst***

Jay, you mentioned in your prepared remarks that scaling your small cell deployment capabilities to get from 5,000 nodes a year to 10,000 plus in the coming years is really a focus for you guys. Can you talk about some of the specific steps you need to take and the areas you need to beef up to build up that deployment capability? And maybe comment a bit on the degree to which any associated costs are baked into your '22 outlook.

Jay A. Brown ***Crown Castle International Corp. - President, CEO & Director***

Sure. Part of the scaling activity, frankly, is us going ahead and doing work in this year for nodes that we will turn on next year. And so it's a reference to the activity that's ongoing while the nodes won't turn on in calendar year 2022. The work that we need to do in order to prepare to turn them on in '23 is under -- is already underway, and we feel good about our ability to get above that 10,000 nodes in 2023 and for years beyond that.

We believe, generally speaking, that the scale of folks that we have in the organization are sufficient to meet the backlog that we have currently. Should that grow beyond and accelerate even further, we'd have to revisit the cost structure. But in general, we believe the cost structure, as laid out in the guidance, is sufficient to handle that level of volume.

Nicholas Ralph Del Deo ***MoffettNathanson LLC - Senior Analyst***

Okay. Okay. Great. And then you have a prepaid rent question kind of to follow up on what Rick was asking about earlier. When do you typically receive prepaid rent for small cells relative to the on-air date? And do the large small cell contracts you've signed over the past year or so contemplate prepaid rent contributions consistent with history? I'm just trying to understand how prepaid rent for these new nodes is going to flow through your financials as the installation cadence picks up?

Jay A. Brown ***Crown Castle International Corp. - President, CEO & Director***

And generally speaking, the prepaid rent would be received in and around when they're installed. So when we're counting them as on-air in the metrics that we're giving you, the prepaid rent would come in commensurate with that.

In terms of how we structure the recent agreements and what we're seeing, we haven't seen any change in the pricing of the way that we've transacted with carriers. Keep in mind that generally, these things are priced on a return basis, and we've seen the pricing hold over the many years that we've been in the business now. The pricing in the new nodes that we've recently contracted is consistent with that.

Operator

We'll take our next questions from Michael Rollins with Citi.

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

Two questions, if I could. The first, in the past, the team has outlined that your tower locations skewed more urban, and that would be an advantage for colocation, whether it's C-band or DISH deployments. I'm just curious if you can give us an update on how that might be playing out through your financial performance and your leasing performance and if there's a way to quantify the advantage for Crown, whether it's timing or in share.

And then just as a separate topic, you have fiber, you have towers. Is there a path for Crown to take a more aggressive and active role in building out metro data centers or O-RAN hubs to go after carriers, clouds and enterprise for this emerging mobile edge compute opportunity?

Jay A. Brown ***Crown Castle International Corp. - President, CEO & Director***

Sure. Thanks for the questions, Mike. On your first question, I think the activity as it has historically, whenever there's an upgrade to a new technology, it tends to -- the dollars tend to be spent in the areas that are the most densely populated in the U.S. first. And we've certainly seen that trend in -- as 5G has started to be deployed. I think that's one of the reasons why we have industry-leading tower revenue growth at 6%.

I also think it's indicative of what we're going to see on the small cell side. The vast majority of the investment that we've made in fiber and small cells has been in those top 30 markets in the U.S. It's the locations where we believe the vast majority of the capital will be going for the densification efforts, at least in the near to medium term. And over the long term, we think those assets, much like towers have in those urban areas, the investment will skew towards that urban activity and future densification. So some of the best assets are in those dense urban areas. We think we'll see a similar thing with fiber and small cells that we've seen historically with towers and are experiencing as we move into 5G already with the tower footprint.

On your second question, we certainly believe that there's an opportunity around edge data centers and have positioned ourselves several years ago with our investment in Vapor to take advantage of that opportunity. I would put that in the category of -- that's an upside case for us. If data traffic gets to the point where edge data centers become a meaningful component of the overall wireless network, an upside case in our investment in small cells and fiber. We did not underwrite that in our base case nor are we underwriting it day to day as we invest in fiber and small cells. But if you're a believer that ultimately, there's going to be so much data traffic in the network that these metro data centers or edge data centers are going to be necessary for wireless, we're going to be in the upside outcomes for our small cells and fiber.

And so we're certainly positioned well for that opportunity. And I would say, today, it seems more probable that, that's a likely outcome than what we would have said several years ago, but it's not in our base case underwrite as we think about what the growth and returns will be on the assets. But there are certainly some signs as referenced earlier in some of the questions -- in the question around fixed wireless that would suggest maybe that opportunity is growing and becoming more likely. And I would start first with the benefit we're going to get out of fiber and small cells as a result of that. And I think we're really well positioned vis-à-vis the fiber and our investment in Vapor to benefit if we get all the way to the upside cases where these edge data centers are necessary and critical components for the wireless networks.

Operator

We'll hear next from Phil Cusick with JPMorgan.

Philip A. Cusick ***JPMorgan Chase & Co, Research Division - MD and Senior Analyst***

Just a summary, and I apologize if you [discussed] a few of these already. But as you think about the activity through this year, do you expect activity to be ramping through this year? It sounds like it. And then do you think that can be maintained next year? Or are there other carriers that are sort of going to be coming down, do you expect?

Jay A. Brown ***Crown Castle International Corp. - President, CEO & Director***

Phil, as we think about any given year, and I think we've talked about some on the call as we've tried to point to some of the onetime items in the first quarter. When we think about the guidance and the outlook on an annual year-over-year basis because we think it's the best way to look at the business, as we get further into the back half of the year, maybe we can be a little bit more descriptive about the ramp in activity and what we're seeing is falling into the first half versus the second half of the year. But in general, this is shaping up to be a pretty normal year in terms of the way the activity is loaded into a calendar year.

I don't want to really get into giving guidance for 2023. We typically or historically have done that in October, and we would expect to do that again this year. So we're 2 calls away from giving you an outlook for 2023.

Operator

We'll take our next question from Sami Badri with Credit Suisse.

Ahmed Sami Badri ***Crédit Suisse AG, Research Division - Senior Analyst***

Could you provide any color on what level of activity that may be falling outside of your MLA structures with the carriers?

Jay A. Brown ***Crown Castle International Corp. - President, CEO & Director***

Sami, there's always some of this activity that we're doing that will fall outside of the MLA structures. We talked about this a little bit last quarter. The carriers historically, as we've worked with them, will give us a base level of commitment of areas that they know for sure that they're going to deploy, but there's always activity -- has been historically always activity that has fallen beyond and outside of those agreements. So probably not going to get to the place where we reconcile that down to the agreements versus what we're actually seeing. But there is activity that falls outside of that both in the tower business, the small cell business as well as the services business. So we have more activity than was contemplated. As we talked about, that's continued to grow as we've gone into this calendar year, and excited about what the implications are to our results for the year.

Ahmed Sami Badri ***Crédit Suisse AG, Research Division - Senior Analyst***

And then some of these MLAs were signed quite a bit -- quite some time ago. When you look at 2022 and 2023, is it becoming increasingly likely that there's a lot of business activity that falls outside of these MLA structures that I think the majority of the investment community actually thought was going to be more in scope to the MLAs? Has there kind of -- has there been a big change or at least something incremental than what a lot of maybe people internally at Crown have thought and have seen?

Jay A. Brown ***Crown Castle International Corp. - President, CEO & Director***

I think I want to be careful. Again, we'll talk about 2023 guidance as we get into October. Broadly though, if you look at what's happening in terms of demand for 5G networks, the devices being available and the way consumers are using them, the benefit of lower latency and higher speeds are driving more traffic. And we think that is a trend that we will see continue for multiyears into the future. And it's what gives us confidence that our 7% to 8% growth in the dividend is going to continue for periods beyond just the near term.

So we think we've positioned ourselves in a place where we own the assets that are going to be necessary for that 5G deployment with both towers and small cells and certainly see opportunities that could drive beyond our 7% to 8% growth. But we'll wait until we get to those periods to start to give you more specific guidance around when and if that activity shows up.

Operator

We'll take our next question from Walter Piecyk with LightShed.

Walter Paul Piecyk ***LightShed Partners, LLC - Partner & TMT Analyst***

Jay, I wanted to go back to your comments on, what do you call it, I guess, this is the traditional enterprise fiber stuff, fiber solutions, I guess, is what you call it. You talked about 3% growth, but it looks like growth was more elevated in the first quarter. Can you talk about kind of what the components are there? And are you just basically being conservative in terms of your 3% growth outlook? Or is my math just wrong?

Jay A. Brown ***Crown Castle International Corp. - President, CEO & Director***

Your math is not wrong. We were elevated in the first quarter. Again, we give the guidance on an annual basis based on the timing of certain things, the ins and outs that happen over the course of the year. We mentioned last quarter that as a part of the -- some of the integration work, we would expect about $10 million of churn in that business in the back half of the year. So that will have an impact on how the business runs for the balance of the year and will bring us back into a little bit lower. So that will be in the back half of -- we think it will be kind of midyear or back half of the year as we spoke to last quarter.

But all in all, the business is performing as we would expect in and around that 3% growth. And importantly, it becomes kind of a base of return and yield on that fiber asset that -- upon which we can add small cells. So proud of the team and how they've done managing the business. And most importantly, in terms of what drives the return on that asset over the long term, obviously, the small cells have started to show up in significant scale, and using that same fiber asset will drive the returns and the yield on the assets.

Daniel K. Schlanger ***Crown Castle International Corp. - Executive VP & CFO***

And Walt, the only other thing I would add to that is that there was -- sorry, go ahead.

Walter Paul Piecyk ***LightShed Partners, LLC - Partner & TMT Analyst***

No, no, no, go ahead. Go ahead.

Daniel K. Schlanger ***Crown Castle International Corp. - Executive VP & CFO***

The only thing I would add is that the $10 million of onetime that we talked about in fiber solutions hit in the first quarter. If you back that out, I think that probably gives you a better baseline from which to do the math that you're talking about and see what the growth rate looks like. And you'll see that, that is closer to around that 3% than what -- just on the face of it, the numbers look like for the first quarter.

Walter Paul Piecyk ***LightShed Partners, LLC - Partner & TMT Analyst***

Got it. And then when you just look at that business, just a qualitative question, are you seeing any interest from fiber overbuilders that -- like smaller guys, private equity funded or venture funded, that are looking for some of your strengths in order to take fiber to the home? Has that been an element of your business that you've seen yet that's been picking up or is different than historically?

Jay A. Brown ***Crown Castle International Corp. - President, CEO & Director***

I would say there are some opportunities where we can use our fiber as backbone for some of those builds that would go into places that would not be core to our business. We have seen some of those opportunities and have captured some of those. They're tangential really to the places where we would have fiber for government, enterprise, universities, the kind of the core of our fiber solutions business or the places where we would typically be building small cells. But our network can be a backbone component of the build into more residential areas, and we've seen some of those opportunities.

Operator

We'll take our next question from Greg Williams with Cowen.

Gregory Bradford Williams ***Cowen and Company, LLC, Research Division - Director***

First one, just on small cells and the CapEx next year. How many new nodes are you building in 2022 and 2023? You mentioned the 5,000 installs and then the 10,000-plus installs, but how many new actual physical nodes versus colocation on existing nodes?

Second question is just on your MLA structure, in particular as it's concerned with Verizon. They're accelerating their C-band deployment. It looks like their BC category might come in a little sooner. Will you be able to recognize incremental revenues and EBITDAs from that? Or it's structured in the MLA where that sort of spend and that sort of higher activity is already baked in?

Jay A. Brown ***Crown Castle International Corp. - President, CEO & Director***

On your first question, the nodes that we'll put on air in '22 and '23 are a mix of anchor build and colocations. And we'll get into -- as time passes, we'll continue to give you the CapEx update in both this calendar year and 2023. But I think for planning purposes, you should think about as a mix of activity as what we have done historically. And we've talked about this in prior quarters, but we would expect CapEx to ramp as we're ramping towards higher volume of activity.

One other thing, and I think you understand this, Greg, from the way you asked the question. But when we're talking about nodes, we're not making -- we're not distinguishing nodes that are the anchor-built node versus the colocated node. We would refer to both those, the initial node as well as the colocated node, as a small cell node. So those 5,000 would be a mix of both anchor and colocated nodes when we talk about 5,000 in 2022 and more than 10,000 in 2023.

On your second question around the MLA structure and the activity that we're seeing, that's probably a level of detail beyond what we want to go in terms of discussing the way customers are thinking about their builds and activity. Generally, I refer to my prior comments around there's a significant amount of committed activity over multiyears that we have from our customers, and we believe there will be activity beyond those committed levels that we'll see from the carriers as they build out their 5G networks.

Operator

We'll take our final question from David Guarino with Green Street.

David Anthony Guarino ***Green Street Advisors, LLC, Research Division - Senior Analyst of Data Centers & Towers***

So Crown Castle was mentioned in the news last month about expressing interest in a tower portfolio in India. And I know you probably don't want to comment on market rumors, which is fine. But could you maybe talk about -- does your team underwrite international acquisitions internally? And then also, if you could just share your openness to international expansion, if that's changed at all in the past few quarters?

Jay A. Brown ***Crown Castle International Corp. - President, CEO & Director***

Thanks for the questions, David. I think I'd refer you to the comments that I made at the opening of the call. We're focused solely on the United States and the opportunities that we see in the U.S. We believe it has the most attractive growth profile in the world as well as the lowest risk. And for the reasons that we -- I laid out at the beginning of the call, we think the vast majority, if not all, of our investment will be allocated here in the U.S.

The growth prospects as 5G is -- are being deployed are incredibly attractive and believe the returns from that investment of capital are just going to be terrific for shareholders. So we think it's the best place in the world to be putting capital and investment and believe that the dynamics of the U.S. market because of that virtuous cycle that I was referring to of consumers are willing to pay for it and the operators are continuing to invest the capital in greater ways and they have a lot of spectrum to continue to do that.

So I think we're looking at multiyear growth in the U.S. with lots of opportunities. So we're focusing the capital, whether it be for builds or acquisitions, we're focused solely in the U.S. market. So thanks for the questions, and thanks for everyone joining us. Did you have a follow-up?

Thanks, everyone, for joining the call this morning, and just want to say thank you to our team who have done a terrific job as we launched off into 2022 here. Well done in the first quarter and look forward to catching up with all of you in the balance of the year. Talk soon.

Operator

Thank you. And that does conclude today's conference. We do thank you all for your participation, and you may now disconnect.