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PRESENTATION

Operator

Good day, and welcome to the Crown Castle Q4 2019 Earnings Call. Today's call is being recorded. At this time, I would like to turn the conference over to Ben Lowe. Sir, please go ahead.

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

Thank you, Katie, and good morning, everyone. Thank you for joining us today as we review our fourth quarter 2019 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 call -- 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, February 27, 2020, and we assume no obligation to update any forward-looking statements.

As you saw from our press release yesterday, we've restated our historical financials. Of the financial information we discuss in this call includes the expected effect of the restatement. 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.

So with that, let me turn the call over to Jay.

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

Thanks, Ben, and thank you, everyone, for joining us on the call this morning. As you saw from our results, we closed out another year of solid growth in 2019, which included generating the highest level of tower leasing activity in more than a decade. I believe our strategy and unmatched portfolio of more than 40,000 towers and approximately 80,000 route miles of fiber concentrated in the top U.S. markets has positioned Crown Castle to generate growth in cash flows and dividends per share, both in the near term and for years to come.

Dan will discuss the results for full year 2019 and the full year 2020 outlook in a bit more detail. So I want to focus my comments this morning on 2 key points. First, we expect 2020 to be another year of significant growth in cash flows and dividends per share. And secondly, I'm excited about the long runway of growth for Crown Castle as we are sitting on the doorstep of another investment cycle by our customers as they deploy 5G.

On the first point, we expect to grow AFFO per share in 2020 by approximately 8% supported by similar levels of growth in our tower and fiber segments when compared to 2019. We expect the elevated level of growth that we expect -- that we experienced in 2019 to continue with similar levels of tower leasing this year as our customers respond to the ongoing growth in mobile data demand.

Uncertainty around the outcome of the pending merger between T-Mobile and Sprint caused a decrease in activity during late 2019 and early 2020. However, we believe this slowdown will ultimately prove temporary and short-lived as we anticipate a significant increase in industry activity in second half of this year as clarity around the merger drives a ramp in 5G investments.

Within our small cell and fiber businesses, 2019 was a terrific year as we've successfully deployed approximately 10,000 small cell nodes, making the -- making it the highest year of production in our company's history. We expect to deploy another 10,000 small cell nodes this year as we continue to respond to the significant increase in demand from our customers while, at the same time, navigating ongoing hurdles that remain challenging with many municipalities and utilities. We finished 2019 with more than 40,000 small cells on air and another approximately 30,000 in our construction pipeline as we remain the leading U.S. small cell provider in terms of scale and capabilities.

Adding to the returns we are generating from attaching small cells to approximately 80,000 route miles of fiber, we generated 3% revenue growth from our fiber solutions business in 2019, and we anticipate similar levels of growth this year. We see a path to further improve our returns over time by sharing the same fiber asset across this larger addressable market of fiber solutions customers that require high bandwidth connectivity, including large enterprises, health care institutions and government agencies.

Simply put, 2019 was a great year of growth. And 2020 is shaping up to be similar, albeit potentially more back-end loaded than we previously expected. And as excited as I am about 2019 and 2020, I'm even more excited about the bigger picture. We have positioned Crown Castle with the right assets in the right market with market-leading capabilities to deliver value to our customers and generate shareholder returns for decades to come. As is often the case, the natural tendency is to overestimate what is possible in any given 12-month stretch while underestimating the dramatic change that can occur over a 10-year period.

Looking back over the last decade, we have significantly expanded our tower business from approximately 22,000 towers in the U.S., generating approximately $1.5 billion in annual site rental revenue in 2009 to where we are today with 40,000 towers generating nearly $3.5 billion in annual site rental revenue. We also established a common stock dividend during that time that provides a consistent return of capital to our shareholders, currently totaling $2 billion on an annual basis or nearly 35% of our total revenues. Further, we have built a market-leading position in small -- in the small cells industry and have invested approximately $15 billion of capital to establish fiber footprints in prime locations across the top U.S. markets where we see the greatest long-term demand.

While making those significant investments in assets and capabilities that we believe will expand our future growth opportunity as 5G is deployed, our equity market capitalization has increased from less than $10 billion to over $60 billion, generating a compound annual total return of greater than 18% for our shareholders during the last 10 years. And the combination of the market dynamics and our unique portfolio of assets sets us up for a long runway of continued growth as the wireless industry embarks on an investment cycle to deploy 5G. This has the potential to make the next 10 years look a lot like the last 10.

The current demand environment that is generating the highest levels of tower leasing activity in more than a decade is largely tied to our customers investing heavily in their 4G networks to keep pace with the 30% to 40% annual data demand growth. On top of that continued investment, we anticipate significant long-term demand for our infrastructure as 5G becomes a reality and wireless networks expand from connecting everyone to connecting everything.

Adding to my optimism, I believe recent industry developments will help to accelerate the deployment of 5G in the U.S. We believe the new T-Mobile, along with AT&T and Verizon, are in a great position to leverage their scale and valuable spectrum assets, ultimately promoting more investment across the industry. Adding to the opportunity, this is the first time in more than a decade that we have had visibility into a potential new customer entering the wireless market at scale with DISH networks looking to deploy nearly 100 megahertz of spectrum over the next several years in order to compete with the established operators and meet significant build-out requirement.

And finally, there are several large spectrum auctions on the horizon that we believe will bode well for the future tower and small cell demand. With our unmatched asset base and expertise operating in the best market in the world for communications infrastructure ownership, I believe Crown Castle is in a great position to capture these substantial long-term opportunities and consistently deliver a return of capital to our shareholders through a high-quality dividend that we expect to grow 7% to 8% annually.

And with that, I'll turn the call over to Dan to go through some of the more specifics of the quarter and the last year.

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

Thanks, Jay, and good morning, everyone. We delivered another great year of financial performance in 2019 with several highlights. We grew dividends per share by approximately 7%, reflecting the underlying growth in our business and our commitment to returning capital to our shareholders. We generated the highest level of tower leasing in more than a decade. We accelerated the deployment of small cell nodes by delivering approximately 10,000 small cells last year, the highest annual production in our history, and we continued to improve our financial flexibility by increasing commitments under our revolving credit facility to $5 billion while also lowering our weighted average borrowing cost and increasing the average maturity on our debt by refinancing $1.9 billion of debt at attractive long-term rates.

As I walk through our full year 2019 results and our updated outlook for 2020, please note that, where applicable, all financial figures reflect the impact of the restatement we disclosed in our earnings release yesterday, which I will discuss shortly.

Turning to our full year 2019 results on Slide 3 of the presentation. Relative to the midpoint of our prior outlook, the outperformance in site rental revenues was primarily offset at the adjusted EBITDA and AFFO lines by lower contribution from services tied to a slowdown in activity during the quarter -- fourth quarter. As Jay mentioned, uncertainty around the outcome of the pending merger between T-Mobile and Sprint led to lower activity levels in late 2019 that we believe will continue through early 2020 before rebounding later this year. As a result, we expect our financial performance in 2020 to be more back-end loaded than we previously anticipated, particularly in our services business.

Turning to Slide 4 and looking at full year 2019 in more detail. Site rental revenues increased by $298 million, inclusive of $290 million in organic contribution to site rental revenues. That equates to just over 6% growth. That 6% growth is comprised of approximately 6% growth in towers, 17% in small cells and 3% in fiber solutions.

Moving on to investment activities during the year. We deployed approximately $2.1 billion in capital expenditures, including $1.9 billion of revenue-generating capital expenditures comprised of $1.4 billion in fiber and approximately $450 million in towers. Additionally, during 2019, we returned significant capital to our shareholders through our quarterly common stock dividend totaling $1.9 billion in the aggregate or $4.58 per share, representing growth of approximately 7% compared to full year 2018. From a balance sheet perspective, we ended 2019 at approximately 5.5x debt to EBITDA. We remain committed to our investment-grade credit rating and anticipate a glide path back to our target leverage of approximately 5x by the end of 2020 based on the expected EBITDA growth throughout the year.

Turning to our full year 2020 outlook. Starting on Slide 5 of the presentation. You can see our outlook remains unchanged, apart from the effect of the restatement.

To wrap up, 2019 was another very successful year for Crown Castle. We are excited about the growth opportunity going forward as 5G deployments are just beginning and are expected to drive significant demand for our tower and fiber infrastructure. Currently, we are seeing the benefits from the investments our customers are making in wireless networks to keep pace with increasing data demand, which allows us to provide near-term returns through a high-quality dividend that we expect to grow 7% to 8% annually. At the same time, we're making significant investments in our small cell and fiber business that we believe will position Crown Castle to take advantage of the long-term growth trends Jay discussed earlier and generate shareholder returns for decades to come.

Before opening the call up to questions, I'd like to spend a minute addressing the restatement of our previously reported financial statements as described and detailed in our press release yesterday. In connection with our year-end procedures and after receiving the previously disclosed subpoena from the SEC, we engaged in a review internally and with our independent auditors of our accounting policies for our tower installation services. Following that review, we decided with our auditors to seek additional input from the Office of the Chief Accountant of the SEC, also referred to as the OCA, regarding whether a portion of our tower -- of our installation services revenues should be recognized over the term of the lease of the installation work -- of the lease the installation work is associated with.

After consulting with the OCA, we determined that our historical practice of recognizing the full transaction price as service revenue upon completion of the installation was not acceptable under GAAP. Instead, a portion of the transaction price for our installation services, specifically the amounts associated with permanent improvements recorded as fixed assets, represents a modification to the lease to which the service work is related and, therefore, should be recognized on a ratable basis as site rental revenues over the associated remaining lease term. To be clear, this restatement only impacts the results in our tower segment and has no effect on our fiber segment.

It is important to note 2 key facts as it relates to the restatement. First, over the term of customer lease contracts, we will recognize the same cumulative amount of total revenue and total gross margin as our historical practice. And second, the new accounting treatment will have no impact on our net cash flows, our business operations or our expected dividend per share growth going forward.

As noted in our release, our consultation with the OCA was not part of the previously disclosed SEC investigation or subpoena. Based on our internal review, we continue to believe that our capitalization and expense policies, which were the subject of the subpoena, are appropriate. We will, of course, cooperate fully with the SEC, including in connection with the review of those policies.

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

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question will come from Philip Cusick with JPMorgan.

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

A couple, first on the restatement. Can you give us some examples of the types of projects where the accounting on revenue has changed and why you're confident that the cost should be capitalized versus expensed in a ratio where they are today?

And then second, can you give us any update on progress in the small cell business on applications and permitting timing?

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

Sure, Phil. I'll take the first part of that and leave Jay for the second one. The types of projects we're talking about is when we do services work, in essence, what we're doing is putting new equipment on to our towers. In order to do that, we have to add some permanent improvement to those towers. So think of something like a bracket or a mount that holds the antenna in place. As we do that, we're creating a permanent asset that we believe adds to the value and the revenue-generating potential of that tower going forward.

And as we do that, we have to capitalize -- we believe we need to capitalize those because those are permanent improvements, as I just said. That capitalization leads to the deferral of revenue of that portion of the services work that is associated with the capital. So as we put that piece of equipment on the tower that adds value to the tower, we defer the revenue associated with that and we capitalize the cost associated with it.

The reason we're comfortable with that and remain comfortable with our capitalization policy is we do believe that we're adding to the permanent revenue-generating potential of the tower going forward, and therefore, it is a capitalized portion of the work to add to the fixed asset base that we have in place.

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

And does this now more closely match the expensing versus capitalization on the cost side?

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

Yes. It does. It defers the revenue and capitalizes and then it depreciates that over time.

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

How are those roughly related in terms of size?

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

How are those -well, you can see that what we do is the capital is around -- for 2019, it was around $210 million. That's the revenue that we are removing from the services business. And then we get about $110 million of the amortization of prior and 2019 work in 2019 related to what we had done historically and then amortize up through 2019.

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

Sorry, I meant more on the cost side, the relative ratio of expense versus capitalization of those costs. How are those similar or different to the revenue side?

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

I'm sorry, Phil, I'm having a hard time following the question. The relative ratio of the capitalization to the expense?

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

On the cost side, if you -- in terms of the cost you're generating, how much of it are you capitalizing or versus expensing immediately alongside the revenue?

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

Yes. So the amount of cost that we're capitalizing is a little higher than the amount -- on a percentage basis, a little higher than the amount of revenue that we're deferring just because we have margin associated with some of that. So it's pretty close, but it's probably slightly higher on the cost capitalization percentage of expense as it is the deferred revenue as a percent of revenue. But it's pretty close.

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

Okay. And then on the applications and permit timing?

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

Yes. Happy to take that one. I think we made great progress during 2019 clearing a number of different hurdles around municipalities and utilities, and we're getting better in terms of how we approach the projects, how we -- some of the work -- the pre-work that we do in order to get ready to launch a new project in a market. Certainly, the the feedback and help that we received during the calendar year from the FCC and their new policy was helpful. As I've mentioned in past calls, their help was mostly effective in markets where we were at a complete standstill, and they clarified the time line to be able to go through the process as well as the cost associated with doing that.

So that was helpful and I think reflective of the comments that both Dan and I made around put 10,000 of these nodes on air during calendar year 2019. We would've loved to have done more, obviously, but that was the highest level of production we've ever done in the company's history. And so our team worked incredibly hard to get to the place where we could deliver at that kind of scale. And we think 2020 plays out very similar to that, about 10,000 nodes that we'll put on this year but we're continuing to work on the broader efforts around the best way to overcome some of the continuing hurdles and challenges of getting through municipalities and utilities.

And every time this question comes up, one of the things that I think is important to keep in context is a lot of the hurdles associated with this, I don't think, are ever going to go away. So I don't ever anticipate that our time line today of between 18 and 36 months to get these small cell nodes on air, I doubt that there's ever a time when we're telling you that we're able to get these done inside of a calendar year on average. The time lines are long because we have to work with the municipalities and the utilities, both to navigate some of the existing infrastructure but just to make sure that these assets comply with the desired aesthetics in the community. And the barriers to that entry are incredibly high, just like the tower business.

So I think long term, we will always be overcoming the hurdle or the challenge of getting these things on quickly. That's largely a relational work that we need to do with municipalities and communities that we're putting this infrastructure into and making sure that we balance appropriately the need for the infrastructure and the desired aesthetics of the community in which the infrastructure is going into.

Operator

Our next question comes from Simon Flannery with Morgan Stanley.

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

Great. Just continuing on the small cell. Maybe you could just share a little bit of the kind of same-store sales, what's happening on a nodes per mile and your ability to lease it up. And does that -- is there any change there in the permitting if you already have the fiber deployed and somebody wants to add another node?

And then just on the enterprise fiber business. Any changes in your go to market and kind of your sales force or anything like that to help drive the bookings engine?

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

You bet. On the first questions around small cells, we're seeing similar levels of lease-up to the existing assets that we've seen over the last few months that we've talked about -- I guess the last couple of quarters that we've talked about. We're continuing to see a desire from the wireless operators to go on fiber that we built originally for an anchor tenant in mostly top 10 markets in the U.S., where the preponderance of the investment has been made. We're still seeing significant activity and lease-up on that legacy fiber.

And then the density of new nodes, when a carrier ask us to construct additional fiber to build, has stayed relatively similar. So we're in the neighborhood of 2 to 2.5 nodes per mile. And then as we see a carrier come back and want to go on that existing fiber, I'd say, generally across the country, the build-out is similar to that.

I think you could -- and in a more upside case, as we think about long term, both from what's currently being driven for 4G as well as what we expect in 5G, when Dan and I talk about kind of the upside opportunity that we have and why we're so excited about the quality of these assets over a decade, I think back to the learnings around towers. And in the early days of towers 20 years ago when the assets were built, we looked at the landscape and saw that there was going to be some lease-up associated with the assets. But we sit here today, 20 years later, and the lease-up was far in excess of anything that we underwrote when we made those initial investments.

And I think the parallel on the small cell side is we're underwriting these investments assuming current levels of data traffic and the need for these assets in 4G and, at the same time, the underlying drivers for the need of the asset, data growth, which is continuing to grow at 30% to 40% per annum, and 5G coming, we believe, give us the opportunity that the underwriting criteria and the underwriting assumptions that we've made on these assets may prove to be much lower than the actual usage of the assets over the long term and, therefore, creates lots of opportunity for additional return well beyond what we're underwriting.

And everything that we're seeing in the market today, what we saw throughout 2019 and all the conversations that we're having currently in 2020 and as the carriers, we think, were starting to see the early glimpses of real 5G activity as we head towards the end of 2020 give us a great deal of comfort that the lease-up is coming and the density with which we've underwritten these assets will be at least as good as what we've expected.

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

And just building on that a little bit, Simon, we're still building about on activity levels, about 70% anchor builds and 30% lease-up. So we're continuing to add miles of fiber to accommodate the type of lease-up Jay is talking about. And what we think we're doing is getting those as kind of the first-mover advantage. So when we go into a market, we build that fiber, we're there. It does provide us a competitive advantage for getting that lease-up. And if we're right that the lease-up could be significantly more than what our underwriting has been, then we're just building more and more of that upside into our asset base as we go along.

And therefore, one of the questions you asked is the node per mile, that really hasn't changed much. It's been in that neighborhood of 1 node per mile, on average, if you look at just the fact that we have 80,000 miles and about 70,000 nodes on air under construction. It hadn't change much because we keep building miles of fiber that we think is just embedding more and more of that upside that Jay was talking about.

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

Simon, did you have another question on that topic before I go on to fiber solutions?

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

No. No. Go on, on the fiber, yes.

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

Okay. On the fiber solutions side, we continue to, I think, get better at running that business. As we talked about and Dan talked about specifically in the guidance for 2020, we're assuming similar level of net growth as we had in 2019, so about 3% growth in the business. We continue to believe that, that -- those are a very attractive form of -- and sources of revenues in the -- across the fiber assets as they add to the incremental yield across the assets.

So we're getting -- I think we're getting better at both identifying and building a pipeline of future tenancy, and the strategy is playing out exactly as we thought. We're focused on the small cell opportunity. We think that's the biggest driver of the long-term returns of the fiber business. And along that -- as we're chasing the biggest opportunity and the biggest driver of returns, we want to supplement that with the opportunity of putting enterprise clients on the -- on that same fiber plant, and that's playing out similar to what we expected as we talked about it both last year and then going into 2020.

Operator

Your next question comes from David Barder -- Barden from Bank of America.

Joshua Matthew Frantz ***BofA Merrill Lynch, Research Division - Associate***

It's Josh on for Dave. Verizon said they expect to deploy about 5x more small cells in 2020 versus last year. Maybe if you could provide any sort of insight as to what role you're playing in that, and maybe you can also speculate on how you think that's possible kind of given the permitting issues and the steady deployment volumes you guys are having.

And then secondly, is there any relationship between the SEC subpoena and the restatement you did yesterday?

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

On your first question, Josh, I think -- I'm not going to comment specifically on Verizon or their plans. At least we try as much as we can to avoid speaking specifically to any one customer, what their build-out plans are. So I'd refer you there, to Verizon, to get more color on what they're expecting for '20.

I would say, more broadly, I think their comments match what you hear from all of the wireless carriers, and that is the historical pace at which we've been doing small cells is nowhere close to the long-term demand for small cells and the need for small cells. The reality of the networks today, given the data traffic and the amount of spectrum that is today available or will in the future be available, the density required in the network is just not possible without the use of small cells. So macro sites continue to be the lowest cost, most efficient way for them to deploy spectrum and to handle data demand. But the density of those sites, we -- you just can't get them dense enough in order to meet the total market demand, which is why small cells are necessary. So I think you're going to see comments similar to Verizon, and others have made those kind of comments about the large-scale necessity of small cells. I know a lot of industry observers have made comments like, there's going to need to be well over 1 million small cells built over the next decade, and we certainly believe that to be the case.

The last thing I'll say about that topic is we're not underwriting that we're going to continue to capture the same level of market share that we have historically. I think as we've talked about the business, we've been pretty clear that we've been capturing about 50% of the total activity in the market for small cells. We're not going to build fiber in every location in the U.S. in order to continue to keep pace with it. And I think from the carrier comments, I think there's an expectation that we have that the carriers are going to build small cells well beyond the top 100 markets in the U.S. in terms of total number of nodes that will ultimately get built. We may not follow them to all of those markets. The vast majority of our capital thus far has been invested in the top 25 markets and particularly in the top 10 markets in the U.S. And I think over time, the driver of our revenues and continued investment is more likely to be biased towards those top markets in the U.S. than it is everywhere in the U.S.

And so as a -- as you see the total addressable market grow, and I think you will see it grow, we're going to be selective in terms of where both we invest the capital, and that investment of capital will drive kind of the subsequent view of how many nodes do we end up on our fiber. The trajectory, though, I think, is right in line with everything that I said in my prepared remarks about the drivers of 4G and 5G and the growth in data necessitates a significant increase in the number of small cell deployments relative to where we are today. So those kind of multipliers, when I hear our customers talk about that, I'm really encouraged about how we've positioned our business and give rise to the comment that I made around the optimism that I have, not just for 2020. But over the next decade, there's going to be a lot of growth. And I think we're very well positioned to capture a significant portion of that, both in terms of towers and on the fiber side as they spend on small cells.

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

Yes. And Josh, let me just address the second part of your question, which was the relationship between the subpoena and the restatement. The clearest answer is they really don't have to do with each other. The subpoena is ongoing, and we will update when we have something to update. And it had to do -- as I mentioned in my statement, had to do with the capitalization policies we have in place around our installation services business.

On the restatement, what I would say, though, is when we've gone through our year-end review and after having received that subpoena, we looked at all the policies around our installation services business. And like I mentioned, we remain comfortable with the capitalization policies we have in place. But what we did in conjunction with our independent auditor was we found a part of the installation services revenue recognition that was sufficiently technical and nuanced enough that we, with our internal auditor, decided that we needed to go seek some input from the Office of the Chief Accountant of the SEC. And having done that, we then figured out that we needed to restate because of a change -- or the way we had done it historically was not acceptable. So like I said, they're not related, but it did drive us down the path that led us to the OCA.

Operator

Our next question comes from Jon Atkins with RBC.

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

I wondered if you could maybe give a little bit of an update on edge compute and Vapor and kind of thoughts around those opportunities.

And then as it pertains to your tower business, and I think we're still kind of working through the math as it pertains to the restatement, but you appear to be guiding towards a healthier leasing year this year compared to last year despite it being back-half weighted. So am I correct in that assertion? And if so, what's driving that given the back-end nature of this year?

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

Sure. On the first question around edge and Vapor, Vapor IO is a company that we made an investment in a couple of years ago. They're focused on edge computing and providing an ability to put small-scale data centers, if you will, at the very edge of the network, namely at the edge of the network means the tower sites. We made an investment in that a number of years ago because we believe there's significant opportunity in both managing data traffic and reducing the cost of the movement of that traffic as traffic grows and the interconnectivity of people who want to connect at the very edge of the network. And I think as we move towards 5G, it's going to open up even more opportunities at the edge, both for compute power and for connectivity of folks who want to get at the very edge of the networks.

I think our tower sites are very well positioned to capture that opportunity. If you think about it on a base level around just a real estate play, the tower sites provide a location for the equipment to be located and to build these colocation facilities at the edge of the network. So I think tower sites are well positioned for that. And a significant amount of the overall wireless traffic is going to be going across those towers. So it makes logical sense to put these facilities at the edge of it, when you're putting them at the edge of the network to put them at the tower sites.

The other component of our business, though, that I think will equally benefit is the fiber that we have. And I think as we move towards the 5G world and even as we're seeing in 4G, fiber becomes a vital inseparable part of the wireless networks. And the link, as the world moves much more towards C-RAN and O-RAN is to connect sites with fiber, both the macro sites and the small cells over fiber. And I think the assets that we have will grow in increasing value as that happens. And the synergies around those 2 assets, I think, open up opportunities for us uniquely for things like Vapor, and that's why we made the investment.

I would say just as a -- the one cautionary part of this is it's still really early. So we're getting revenues from Vapor, and we've deployed a number of colocation facilities, but it's not a meaningful portion of our revenues. It's not driving our guidance yet, but we do think the returns and the opportunity are worthy of the investment that we made and the opportunity that lies ahead. If the world helps as we think it will, could 1 day be meaningful. So we're pretty excited about that.

Your second question around the tower update, and Dan can step in if -- maybe a little more specifics, if that's where your question is going. The change in tower revenue is related to the effect of restatement. And we have maintained our assumption in terms of total leasing -- for total tower leasing activity for 2020 is the same as what we had previously when we gave our guidance for 2020. So we've shifted it to be a little bit more back-end loaded. But in terms of total activity, we don't actually see a slowdown year-over-year when compared to 2019, and that's pretty exciting.

As I mentioned in my comments, 2019 was the highest level of tower leasing activity that we've had in a decade, more than a decade. And we think 2020 is shaping up to be similar in terms of its level of activity. So the uplift that you're referring to, I think, is just the effect of the restatement and the amortization of the deferred revenues that Dan was walking through in his earlier comments.

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

And then on small cell tenancy growth as well as kind of build-to-suit activity, you talked about the 30-70 split. Is that relatively weighted evenly across national carriers? Or is it more of a narrower subset given the emphasis that one of your customers has on its One Fiber initiative?

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

Similar levels of activity across the industry. There is -- as I was making the comment in my -- a minute ago, I think, to Josh, as the carriers think about the deployment, they are focused, as our capital is focused, largely in the top 25, top 10 markets in the U.S. is where a preponderance of the focus and capital is going currently. So they're colocating. That's where most of the colocation would be.

To the extent that we're making investments beyond that, the ratios would be a little bit higher in terms of new assets being built relative to colocation. So our more legacy assets would have higher levels of additional tenancy, and then our newer assets, as we go out from that core, obviously, would increase. But I wouldn't draw -- I would draw a distinction geographically rather than drawing a distinction among customers in terms of the type of activity that we're seeing.

Operator

Our next question comes from Colby Synesael with Cowen & Company.

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

Great. Two questions. One is, Jay, if you look out a year plus from now and you think about the T-Mobile-Sprint merger and what's happening with DISH, do you think there's a bigger opportunity for Crown specifically as it relates to your fiber business opposed to your tower business just given where those companies are in terms of their fiber build-outs and what they actually own?

And then secondly, your commentary around this year being potentially more back-end loaded, when would you have to see the imprint in activity for that ultimately proved correct in terms of translating into revenue? And if we don't see that by that period of time, is there actually a risk that you might have to end up producing your 2020 guidance?

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

Sure. Colby, on your question, I think the opportunity, if you look at kind of the assets that we have and the scale of those assets and as we move from 4G into 5G, there's going to be a tremendous amount of opportunity on the tower side. And from -- just purely from a scale standpoint, nominal dollars, I think towers will still outpace what we see from a fiber and small cell standpoint.

I do think, though, as we move towards -- as we move towards 5G and my comments around the density required in the networks, the returns, the incremental returns and the total returns on the assets over time, yes, I think we will be benefiting on fiber disproportionately relative to towers because of the total amount of activity relative to the size of the capital investment that we've made there.

And that leads to kind of the upside opportunity that Dan and I have spoken a lot about and why we're in the business. Our returns on invested capital today of about 6% to 7% initially get pretty close to covering our cost of capital out of the gate. The incremental returns beyond that are very attractive. And as we've got these assets that we think are unique and very valuable over time as -- whether it's T-Mobile and Sprint or Verizon-AT&T or others, as they come across those assets, I think we're going to see a really nice increase in the yield on those assets over time. And that incremental change from kind of the 6% to 7% to the step to more than covering our cost to capital and delivering an equity return, that change in yield, I think, will be more significant around fiber and small cells than what it is in towers but believe towers is going to continue to do well as we see growth on the tower side.

To your second question about the back-end nature of the year, I would go back to kind of a real basic of the way our business operates and how we think about our guidance for any given year. There are 3 buckets of revenue for which we're always looking forward to the next year and making sure that we sort of count them in order to come up with our outlook. The first bucket is leases that we signed in the previous year. So your question related to 2020, we look at all of the leases that we signed during 2019 and then turned on air during 2019 but only received a portion of the full year's revenues during 2019. So we turned to lease on in October of 2019. We only received 3 months of rent from that lease in 2019 but we'll receive 12 months of rent in calendar year 2020. So that looks like significant growth in 2020 from those leases that were turned on.

The second bucket of activity is related to leases that we signed during 2019, and we know they're going to turn on air in 2020. And given the timing of how long it takes to turn on tower leases, now that sort of takes us through about halfway through calendar year 2020. So those leases have already been signed. We know where they're going. We know what we're going to be paid on those leases and we're just scheduling out those rents to be turned on. They had no contribution to 2019, but they're known today.

And then the third bucket, which is by far the smallest bucket, is leases that we're working on today that ultimately will be turned on and will make some contribution to our revenues. Those generally will come on air the back half of this year, if not the fourth quarter of this year, as we go through the process. And we may not have perfect visibility of those, but that's why we give a range of revenue outcomes for the calendar year. It basically is making up for that third bucket of, okay, if we do really well, we come in at the high end of it. If we don't do quite as well, we come in towards the lower end of it. But that's a relatively small portion of the guidance. And relative to the activity level, the spread on the guide or the outlook is pretty wide in terms of what could happen with those leases because of the timing of them. And in totality, though, most of the revenues that we turn on this year are more known at this point. So that's probably the best way to think about how we gave our outlook and why we're comfortable saying we think the total leasing activity for calendar year 2020 is going to be pretty similar to 2019.

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

So your point totally being that in that if you are -- go ahead.

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

No, go ahead, please.

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

I was just kind of -- just make sure I understood it. So you -- the point Jay was making was that if you guys don't see the back -- the increase in activity, if you will, in the next quarter or 2 that translates into that more back-end loaded year come through the way that you're anticipating, you still are likely to be at that lower end [is it] that range being as wide as it is.

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

That's the way we think about putting together our outlook, correct. And it's why when we get on these calls and we start to talk about the business, we tend to zoom out really quickly. So we'll talk about the year, and then we start to talk about much more the long-term nature of the business, because whether those -- whether a license turns in -- on in October of 2020 or January of 2021, has very little impact on the total return.

And it's why we talk about kind of our dividend growth of 7% to 8% annually over a long period of time and the reason why I circle back on kind of a decade-long look. Any one quarter is really not determinative in terms of how the business operates. We're much more driven by the macro trends of what are -- what is the need for investment, i.e., what is data growth, mobile data growth and then how are assets positioned relative to that. And as I look at the landscape, things like additional spectrum coming, the growth in data, a new entrant, all of those signs point towards much greater activity.

And we'll kind of see how the year plays out. We think the range that we've given is a pretty good outlook of what we think the incremental activity will be towards the back half of the year. But regardless of where we fall in that range of the outlook, I think the dynamics and the underlying trends of the business look really positive over the long term.

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

Colby, the only thing I was going to add is that there's more volatility on our services business than what Jay was talking about on the tower leasing. So if that comes to be, where the activity gets pushed out, it would come into our services business and may -- and that could impact 2020. And that's where we would -- if anything happen, it would be there. So we don't -- we actually see the activity coming back. We feel pretty comfortable with it. Otherwise, we wouldn't have affirmed our guidance, but that's where it would come -- you would see the impact.

Operator

Our next question comes from Michael Rollins with Citi.

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

Two, if I could. The first one is just going back to the economics of the network services business. If we walk away from the income statement and just think about for every $100 that a customer gives you for the full complement of network services, including any augmentations or reinforcements of your tower, how much of that -- after all those investments, all the people expenses, like on a net to cash basis, how much of that $100 do you get to keep in your pocket?

And then the second question is that you mentioned the glide path to get back to 5x net debt leverage. Have you contemplated using equity to try to accelerate that glide path or increase your flexibility to augment other investments?

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

Yes. So on the first one, Mike, I would say some in the neighborhood of $40 is what we would make after that $100, if you just say that's the cash that we come out with regard to the services business.

On the glide path, I -- what I would say is we're committed to investment-grade rating, and we will get back to our 5x debt to EBITDA. We believe, as we pointed out, that based on the year that we have and the EBITDA growth that we expect throughout 2020, that we will get back to that 5x by the end of the year. If something changes, then we might have to use equity, as we've always said, as a way to fill any gap that happens between the amount of capital expenditures and dividends we have and the amount of leverage capacity we generate by increased EBITDA and the cash flow we generate through our AFFO. So we always have that option open, but we believe, at this point, that we have leveraged capacity and that the glide path works. But we are committed to investment-grade rating, and we'll do what we need to do in order to maintain it.

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

And Mike, you asked the question, the first question there, around kind of stepping back, which I think is -- I think it's helpful. I want to just take the question, step back even -- maybe even a step further from just the economics around services and talk a little bit about how do we think about services and the site rental components of our business.

We pay our current dividend from the recurring cash receipts from site rentals. The services, and whether it's the deferred revenue amortization that Dan was discussing earlier in his comments or prepaid rent, all of those are related to activities that enable us to grow the dividend from its current level. As you know, and we've referenced it several times, we think we can grow the dividend over the long term 7% to 8% annually based on all the positive industry trends that I've been mentioning in my comments during the call.

But with that growth comes the need for us to spend CapEx to both improve our existing assets and to build new assets. And we pass a portion of these CapEx costs to our customers in the form of upfront payments and services and other things, thereby, in essence, reducing our net required investment for growth. These upfront payments, they are not necessary to fund our dividend. So the cash margin, if you will, we don't think about that as funding our dividend. Or maybe said another way, if the growth in our business were to stop entirely, I would expect our dividend would continue at its current level. And then the CapEx, associated reimbursement, services, all of those would come down to a much lower level than what we're currently experiencing.

So there's nothing about the restatement here that changes that dynamic. We sized historically and our current -- we size the dividend and we'll size the dividend payout based on the recurring cash components of our business. And then the elements that are more volatile or the net cash, as you kind of asked the question, those are just indications of growth that help offset the net capital investment that we need to make.

Operator

Our next question comes from Ric Prentiss with Raymond James.

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

Two quick ones, I think, on the restatement and then one more strategic question. On the revenue side of the restatement, it goes into amortization of prepaid rent, amortization of deferred rent. Am I right in thinking that, that level in 2019 was now like $460 million, up $50 million year-over-year? And how much do we expect amortization of prepaid rent then would grow from 2019 to 2020?

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

So first, the answer to your question is, yes, you're right. It goes through prepaid rent amortization. And to further, yes, you're right for $460 million in 2019, and that is $50 million of growth over 2018. We would anticipate that it grows in the neighborhood of $60 million to $65 million again into 2020. So the amount of prepaid rent amortization into 2020 is around $525 million.

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

Makes sense. And the other question, the restatement, is on the cost side. To Phil's question, you talked a little bit about how it is, capitalize those items you put on because it does help make the tower a better asset long term. But I assume that CapEx goes into growth CapEx and then gets depreciated, which would not be an AFFO, correct?

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

That is true.

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

Okay. And then the more strategic one for Jay or whoever, CBRS is another interesting topic. You've talked about auction bands coming out. A lot of people looking at the CBRS auction coming up in June as a potential to see more indoor systems developed. What is your thoughts on CBRS and indoor? And would that be someplace that you might put capital to work? Or is there just so much opportunity in outdoor, not that interested?

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

Yes. We're really excited about the long-term opportunity that CBRS brings. And I would say we think there's opportunity, both indoor and for outdoor applications. I think initially, you're right, and the bias will be towards indoor applications initially. It's going to be interesting to watch these -- the private auctions for some of these licenses and what the opportunity is there. We also think that the open spectrum, the public spectrum that will be deployed, that there's opportunity for us to use the infrastructure that we own, both on the fiber, small cell and tower side, that there's going to be opportunities around that long term.

The component of CBRS, that's the same. As you know, Ric, from everything that's happened in the past in terms of the deployment of spectrum is the broad deployment of spectrum, regardless of what name it gets, needs the infrastructure that we own. So we look at it and think maybe, initially, it may be more biased towards indoor, but we think there's outdoor applications. And over time, that spectrum will be used to meet the growing demand for mobile data, and that's likely to benefit well beyond venues or indoor applications.

Operator

Our next question comes from Nick Del Deo with MoffettNathanson.

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

First, as we look ahead, is there any reason to think that you won't be able to monetize the coming wave of integration-related amendment activity at the same level as your peers? I know you don't like to comment on specific customers. But to put a finer point on it, I'm trying to understand if the capacity rights you granted to T-Mobile back in 2012 as a part of that acquisition remain a relevant consideration today.

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

Sure, Nick. No, I don't believe there's any reason why we won't be able to monetize that. It's been a few years since this was a significant topic of conversation on our earnings calls. But for the most part, we've burned through the space rights that our anchored tenants had on those transactions. And so I think it was somewhere in the 2018 time frame that we started talking about that, virtually, every new tenant that we had was generating additional revenues as they touch the tower, and that's still the case today. We haven't done any transactions that would've changed that.

So I think as we see incremental touches, whether that's the form of -- in the form of first-time installments or new amendment activity, that's going to be driving revenue. And I think you can see from our results and expectations around 2019, 2020, that those elevated levels of activity are coming as a result of both amendments and new first-time installs.

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

Okay. That's good to hear. Second one on small cells. Can you talk a bit about the mix of spectrum bands that are underpinning the small cell bookings that you're taking today versus what it was a few years ago? I guess I'm trying to understand the degree to which deployment, just given the pipeline today, are primarily in higher frequency bands like millimeter wave versus midband.

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

I think initially, when we first went into the business, many people thought that the only areas where spectrum bands would be used on small cells were the millimeter wave. The reality is the carriers are using the small cells across all of the bands that they owned. And we will see in a, given geography, a carrier will oftentimes start their initial deployment with one spectrum band, build out small cells for that band and then come back and add additional nodes across that same run of fiber, thereby providing lease-up for us, if you will, and adding additional spectrum bands beyond their initial deployment.

But the vast majority, as we talked about the number of small cell nodes that we both have built, the 40,000 that we've built and the 30,000 that are in the pipeline, almost all of those would be midband spectrum. We're not at the point yet where we're deploying significant numbers of millimeter wave small cells. I think that would be unmodeled upside, if you will. When we talk about the fact that we underwrote 4G deployments and build-outs, that's under the assumption that small cells would only be used for kind of midband spectrum. So millimeter wave and things that will be used for 5G, those are unmodeled upside in the way that we underwrote the assets.

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

Yes. I think part of that, Nick, is because the carriers use small cells to offload some of the tower congestion. So whatever bands are on those towers can go onto the small cells because when a lot of people gather in one area, it takes up all the capacity the tower has, and putting small cells there then allows the tower to become useful again. And that does require a similar band and similar coverage that would happen with the tower. So we're seeing it across all spectrum bands, as Jay is talking about.

Operator

Our next question comes from Batya Levi with UBS.

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

A couple of questions, first on the restatement. Can you just explain why the amortization of the tower installation work goes onto the site rental side as opposed to staying on the service side? And how much of the 5.9% organic growth for the quarter came from that amortization piece?

And then secondly, you mentioned the services business being a little bit lumpier and soft right now. Can you talk about the profitability of it in the quarter, if there were any onetime expenses that really lowered the margin contribution?

And lastly, on churn. I think churn picked up about 50 bps sequentially. Any items to call out there?

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

Sure, Batya. I'll start with the first question you asked on site rental revenue versus services. Because the portion of the services that we are now deferring become a modification of the lease, they, therefore, become a portion of the site rental revenue as opposed to services. So it's the way the accounting works. It's how we were -- part of the reason that we went and discussed this with our auditors and ultimately with the OCA is because this is a nuanced accounting treatment. And where we end up is that to defer -- once we defer these revenues where we recognize that amortization is in site rental revenues.

With regard to the amount of growth that's happening in site rental revenues in the fourth quarter, it's probably 50 basis points or so that's related to this restatement.

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

You want to do services profitability?

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

Services.

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

Yes. On the services side, there weren't any onetimers in the quarter that drove an outcome either to the positive or to the negative for what we reported. We did not have any onetimers in the quarter. And I think the profitability we -- that you can see from the historical statements is what we would expect going forward.

And then on the last question that you asked around churn, that -- we talked about it, I think, last quarter. Most of the churn has worked its way through in terms of we've received notice of the churn, but it wasn't reflected yet in the results. So the uptick was expected. And similar to the comments that I made around the buckets of revenue, those would be leases that went away late in the year that will have a full year impact in 2020. After you get -- through 2020, we expect that the amount of churn that we see in the business comes back down towards the lower end of our guide of 1% to 2% annually of churn. So we're working off the very end of the consolidation churn that happened from the carriers several years ago, and we think it'll go back to a more normalized level beyond that.

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

And just to be clear on that, that is all tower churn that we're talking about there. So that increment came because the activity was on the towers, and everything that Jay said was around the tower side of business.

Operator

Our next question comes from Tim Horan with Oppenheimer.

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

Can we just focus on the fiber a little bit? Can you talk about the ability to leverage the conduit and fiber on the ground, maybe with other services? And what are you seeing from a competitive environment?

And I guess by other services, are you trying to build out in areas where you can tie into office buildings, apartment buildings, [gay] centers? And are you seeing anyone kind of overbuild in the areas that you're building out at this point? And I just had a quick follow-up.

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

Sure. When we decide to take on fiber projects, we look at holistically what we think total return on that fiber could be. The primary driver, as we said, of our strategy around fiber is based on what we believe will be necessary for the wireless networks, specifically what will be necessary for small cells. And as we look at that opportunity, that determines what markets, what areas of the country are of interest to us in terms of owning fiber assets, so heavily driven by what we believe the wireless opportunity is.

As a component of that, though, we then start to look at -- once we've determined whether or not it's interesting from a wireless standpoint, then we want to capture as much revenues as we possibly can along that route path from universities, hospitals, large financial institutions or other enterprises that may need to use that fiber. But the strategic decision around where is driven by our assessment of what's necessary for wireless. And then from there, we want to maximize the return on the assets. So it's many customers as we can possibly get to use that asset, increases the yields and return on the asset, it makes sense for us to do.

We're not seeing an overbuild of any material nature. The assets are really expensive to build. And to the extent there's existing assets there, we find that people allocate their capital to other places where the assets don't exist. I think what has become increasingly clear because of the amount of fiber that's necessary in order to build out small cells is there's no plant in the ground that can meet this need today. And so there needs to be a significant investment broadly across the entire U.S. in places where we will build and we won't build for dense, high-capacity fiber to be built because it doesn't exist today. And it's why our strategy, in terms of what we think the growth opportunities are, is much more leveraged towards the opportunity for us to build new fiber. We just don't see any opportunities to go out and acquire the fiber because it just -- it doesn't exist.

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

And just a clarification, your 50% flow share on small builds, is that where you have infrastructure? Or is that -- do you think the entire market?

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

We think it's the entire market as we've measured it over the last several years.

And we have time for one more question, operator.

Operator

Our final question will come from Spencer Kurn with New Street Research.

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

So you disclosed your total share of revenue from your tenants. You've got about 20% from each of Verizon, AT&T and T-Mobile, about 15% for Sprint. I was wondering if you could provide some color on how that breaks down for small cells specifically. And do you skew towards any of the carriers?

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

The general answer is it's very similar in terms of small cells is what it is on the tower side. We're -- we've seen activity across all of the carriers on the small cell side.

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

Okay. And then one follow-up. It seems that T-Mobile and Sprint are likely to shift their focus towards macro towers over the next few years as they integrate their networks. Could you just provide some thoughts on how the merger impacts your view of your ability to ramp your small cells backlog over the next couple of years? Would it potentially stall growth? Or are you seeing enough demand outside of Sprint and T-Mo that you can grow through it?

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

Yes. You bet. I think there's 2 factors that -- in terms of broad assessment of what will happen with Sprint and T-Mobile over a long period of time, I think they will -- as they said publicly, they'll look to rationalize some sites where they have overlap, where both of them are located on the same site. I think they will rationalize some macro sites over time. As you know, we have pretty long-dated leases there, and some portion of those sites probably will be rationalized as they think about the network.

But we think the amount of new sites that they will take on in order to build out and broadcast the spectrum bands that they'll be acquiring from Sprint as a part of the transaction, they're going to need a lot more macro sites, both because of spectrum that they're acquiring that is not currently broadcast today by Sprint and spectrum that is being broadcast that they may adjust the way their network plays out. And that broadcast of that spectrum will happen through a combination of both macro sites and small cells. And we think we're very well positioned to capture components of both of those and certainly very well positioned on the small cell side.

As I think about kind of the broad opportunity with them, I would really go back to the comments that I made around the whole industry and the way that our assets are positioned relative to the demands coming from 4G build-out and 5G build-outs. And I think we're very well positioned with what we've done with T-Mobile to help them accomplish their goals of building out 5G.

Well, I want to just thank, everyone, for joining the call this morning. Obviously, we expect 2020 to be another significant year of growth in cash flows and dividends that we're excited about and even more excited about the long runway of growth that sets up for us as we're sitting on the doorstep of another big investment cycle by our customers as 5G is coming.

So thanks for joining the call this morning. Look forward to talking to you soon.

Operator

Thank you, ladies and gentlemen. This concludes today's call. Thank you for your participation. You may now disconnect.

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