



QUANTA

4Q19 and Full-Year 2019 Earnings Call Presentation

February 27, 2020



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Call Participants and Agenda

Duke Austin

President and Chief Executive Officer

Derrick Jensen

Chief Financial Officer

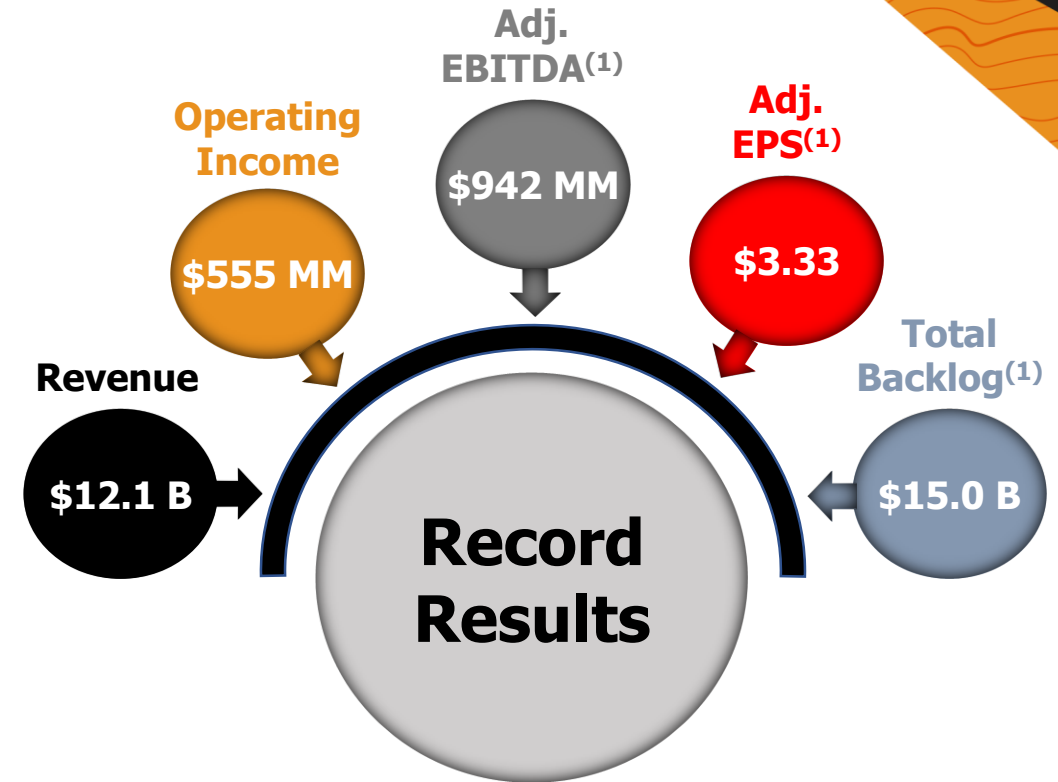
Kip Rupp

Vice President, Investor Relations

- Introduction and Forward Looking Statements Disclaimer
- Fourth Quarter and Full-Year 2019 Review
- Operational, Strategic and Industry Commentary
- Financial Review and Discussion
- Outlook
- Q&A

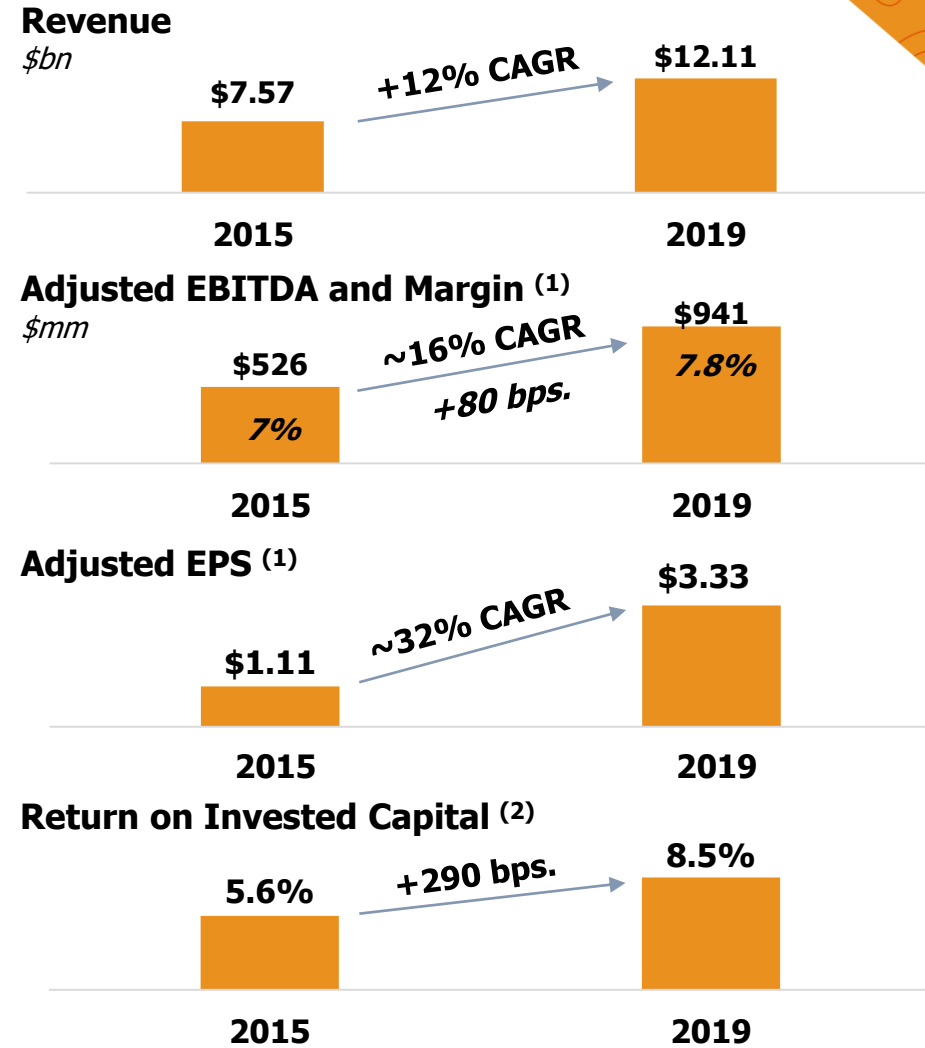
2019 Highlights

- 2019 was another record year for Quanta
- Four consecutive years of growth and record results
- Strategic position in the marketplace remains strong
- Believe we are well positioned for continued profitable, multi-year growth
- Our results over the last several years and positive multi-year forward outlook are driven by the successful execution of our five key objectives



SOLID EXECUTION OF PLAN DROVE RECORD 2019 RESULTS

Strong, Consistent Financial Improvement Driven by Key Objectives



SOLID EXECUTION OF PLAN DROVE STRONG MULTI-YEAR RESULTS IMPROVEMENT

Select Full-Year Accomplishments

- Achieved a great deal in 2019, but remain focused on getting better

Grow Base Business

- Base business revenue increased 19%
- Base business revenues accounted for 87% of 2019 revenues
- Generated > \$12 billion in total revenue for the first time
- Ended the year with record backlog⁽¹⁾ of \$15 billion

Improve Margins

- Pipeline and Industrial segment operating income margin reached 6.7%
- Highest segment operating income margin in five years
- Opportunity for margin expansion in both Electric Power and Pipeline and Industrial segments going forward

Expand Service Offerings

- Acquired The Hallen Construction Company – leading gas utility services provider in northeast U.S.
- Grew communications services revenue +40%; YE backlog of ~\$770 million
- Acquired companies that strategically enhance our self-perform capabilities

Develop Craft Skilled Labor

- Continued to advance and invest in training and industry leadership in safety
- Trained more than 9,900 employees in 2019
- Year-end 2019 employee count of +40,300 employees

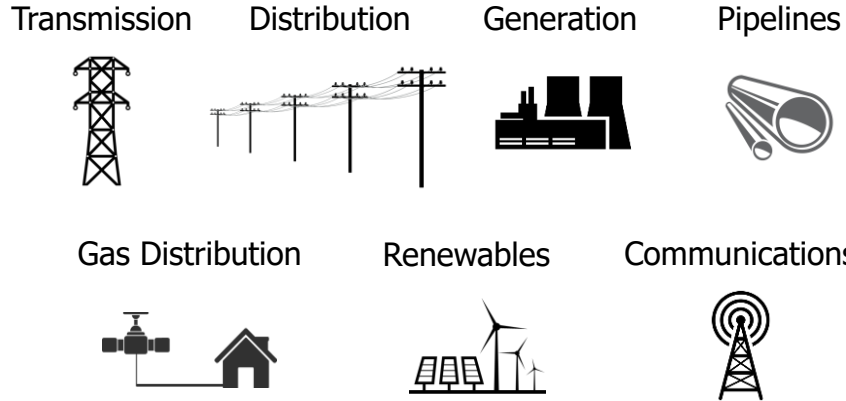
Disciplined & Value Creating Capital Deployment

- Invested ~\$400 million in strategic acquisitions
- Began paying quarterly dividend for first time
- Increased dividend 25% in Dec. 2019
- Acquired ~\$20 million of Quanta stock
- ~\$287 million remaining under stock repurchase authorization program

SOLID EXECUTION OF PLAN DROVE RECORD 2019 RESULTS

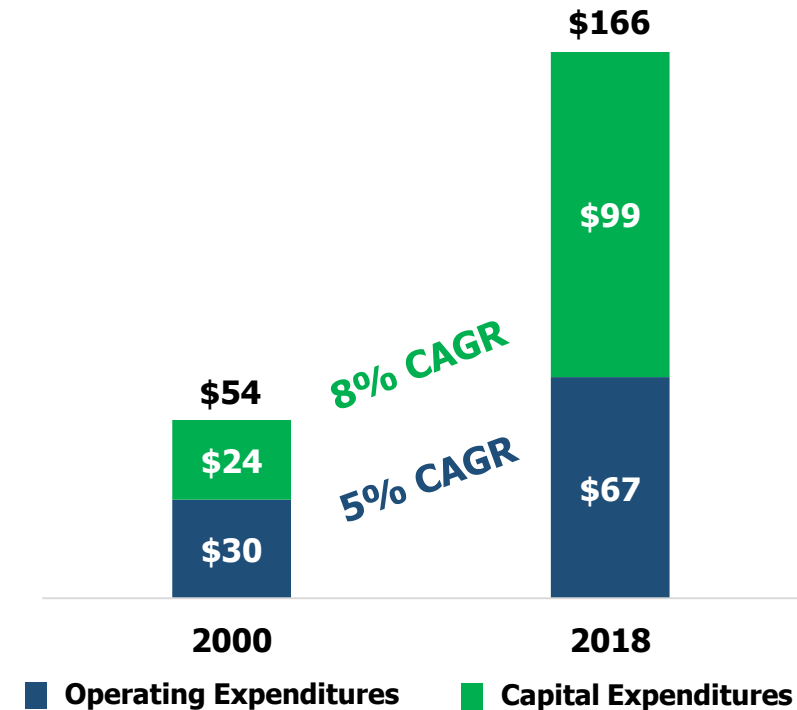
Transition to Advanced Utility Model Has Driven Spending

Advanced Integrated Utility Model



- Heavy investment focus on transmission and distribution
- Reduced fossil fuel generation investment in favor of renewable generation
- Electric utilities acquiring gas utilities for grid modernization/growth opportunities
- Aging utility workforce and historically high spending increasing outsourcing – estimated to increase to >50% over next 5 years⁽²⁾
- Some utilities investing in mainline pipeline infrastructure
- Expanding service territory via M&A

Top 25 Quanta Utility Customers in 2018⁽¹⁾
(\$ in billions)

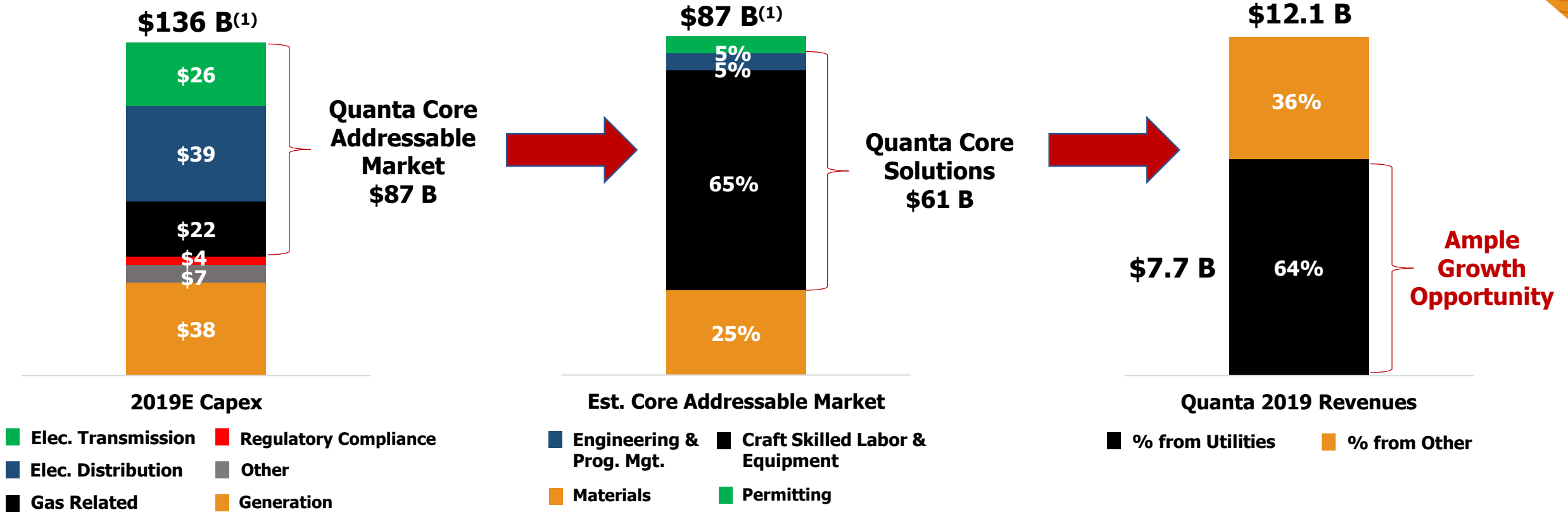


MULTI-YEAR GROWTH FROM VIBRANT END MARKETS & QUANTA'S STRATEGIC ALIGNMENT

Utility Industry is Large, Attractive and Visible Addressable Market

“Our [utility] industry remains the most capital-intensive industry in America. For the eighth consecutive year, we expect another industry record, with total capital expenditures projected at \$135.6 billion in 2019.”

- Edison Electric Institute, Oct. 2019

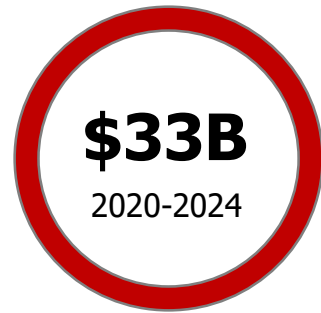


LARGE, VISIBLE, CONSISTENT AND GROWING MARKET WITH AMPLE OPPORTUNITY FOR QUANTA

Continued Multi-Year Growth Opportunity

- Utilities continue to shift capital investment towards electric transmission and distribution infrastructure, with increasing focus on gas distribution investment
- Approximately 65% of Quanta’s revenue is tied to regulated electric and gas utility customers

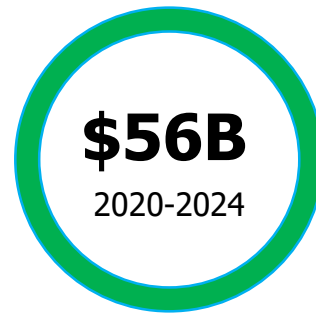
Select Utility Multi-Year Capex Programs



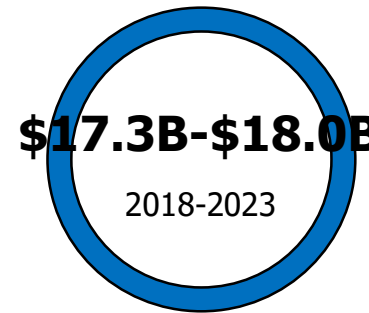
- 78% allocated to wires
- Electric Transmission 47%
- Electric Distribution 31%
- Renewables 6%



- Electric Power Infrastructure 39%
- Gas Distribution 15%
- Pipeline 12%



- Electric T&D and Maintenance 61%
- Gas distribution 9%
- Midstream 4%



- Electric Transmission ~43%
- Electric Distribution ~57%
- +\$20 billion of transmission capex opportunities beyond 2023



- Represents aggregate electric transmission and distribution capex for Florida Power and Light and Gulf Power



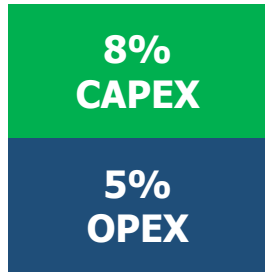
- Unprecedented level of system investments
- Accelerated wildfire mitigation efforts
- Continued execution of gas safety commitments

UTILITIES CONTINUE TO INVEST IN ELECTRIC T&D AND GAS DISTRIBUTION SYSTEMS

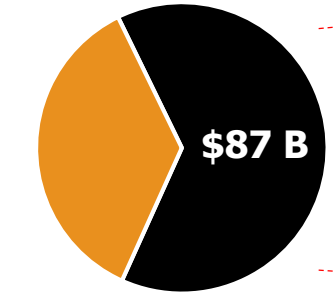
Long-Term Drivers Provide Long-Term Growth Opportunity



Top 25 Quanta Utility Customer Spend CAGR: 2000-2018
(\$ in billions)

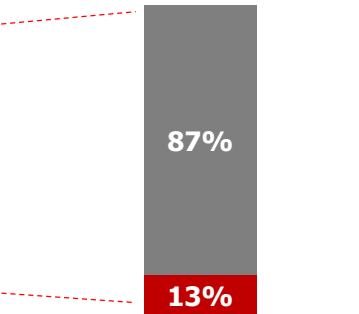


2019E Utility Capex = \$136 B



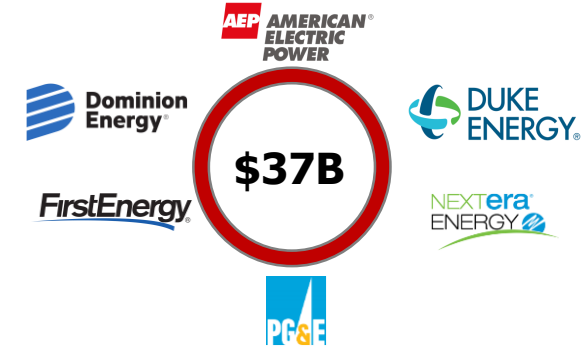
■ **Quanta Core Addressable Market**

Quanta Core Solutions = \$61 B



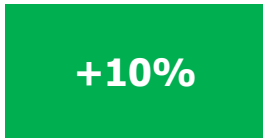
■ **Quanta Est. 2019 Share** ■ **Opportunity**

Aggregate Select Utility Multi-Year Avg. Annual Capex Spend

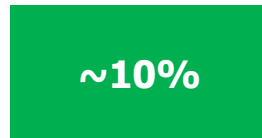


Provides Large, Visible and Growing Opportunity with Strong Historical Execution

Quanta Utility* Revenue CAGR 2010-2019



Quanta Utility* Operating Income Margin 2010-2019

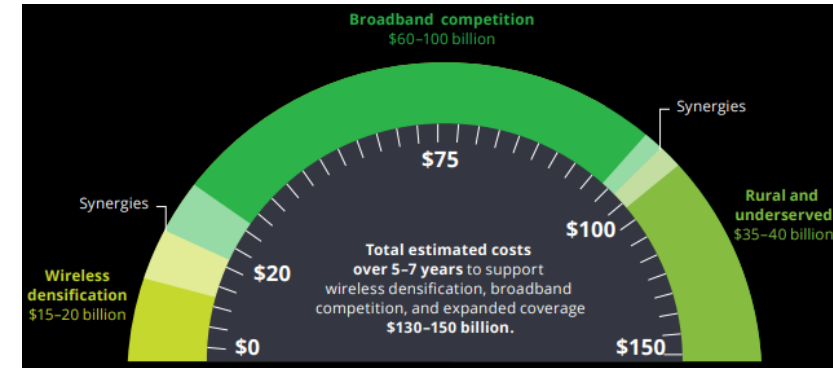


QUANTA IS EMBEDDED IN THE FABRIC OF THE UTILITY INDUSTRY

Communications *(within Electric Power Segment)*

- Total communications services revenue increased +40% in 2019, led by our U.S. operations
- Expect strong double digit revenue growth in 2020 with upper single-digit to double digit operating income margin
- Ongoing fiber densification initiatives for wireline and wireless
- **Quanta is uniquely positioned for 5G deployments on electric utility infrastructure**
- Believe \$1 billion in revenues with +/-10% operating income margin is achievable over the medium-term

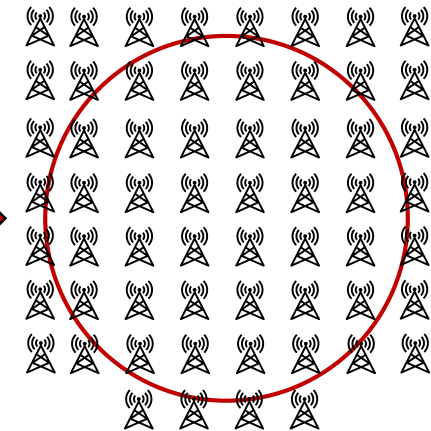
To Meet Future Broadband Needs, The U.S. Needs Est. \$130-\$150B of Fiber Infrastructure Investment⁽¹⁾



Today's 4G Network



Future 5G Network⁽²⁾



○ = 1 Square Mile

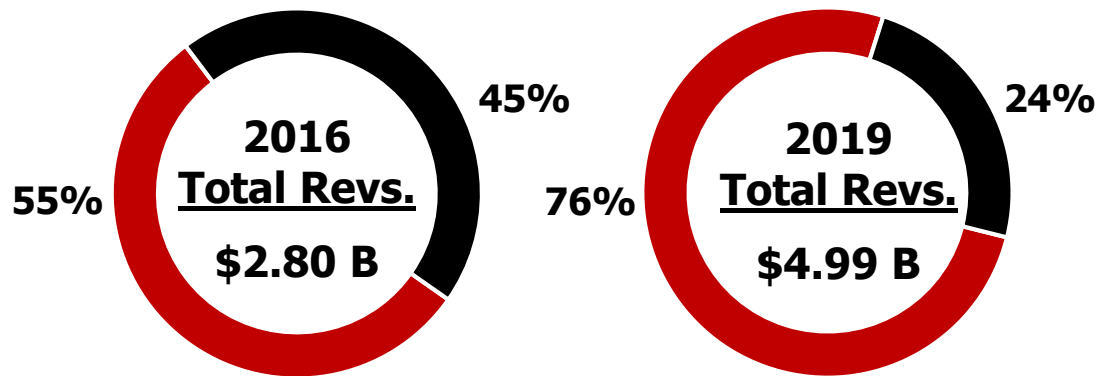
QUANTA IS UNIQUELY POSITIONED FOR 5G DEPLOYMENTS

Pipeline and Industrial

- Revenue grew in 2019 despite meaningfully less larger pipeline project revenue as compared to 2018
- Double digit base business growth in 2019
 - Driven by strength in gas utility, pipeline integrity and industrial services
- Margin improvement initiatives delivered results in 2019
 - Segment margin of 6.7% was highest in five years
 - Opportunity for further margin improvement in 2020
- Strategic focus on gas utility services provides visible, recurring and growing long-term opportunity for base business
- Quanta is actively pursuing a number of larger pipeline projects throughout North America that could provide upside to current expectations

Strategic Focus on Base Business Expansion

■ Base Business Revenues ■ Larger Project Revenues



Segment revenue growth CAGR +21%

Base business revenue growth CAGR ~35%

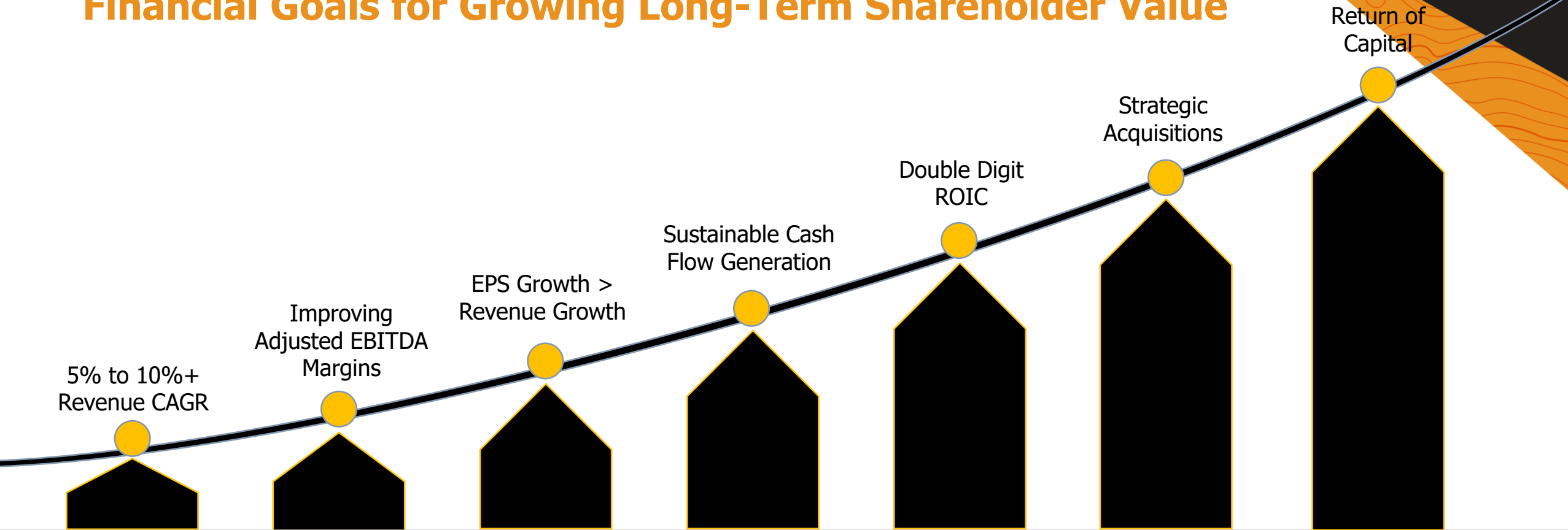
FOCUSED ON BASE BUSINESS GROWTH AND MARGIN IMPROVEMENT

2020 Guidance Considerations

- Reflects favorable end market trends, execution of strategic initiatives, strength of operations, ability to safely execute and strong competitive position
- Expect improved profitability and continued growth in revenues, adjusted EBITDA and earnings per share. Opportunity for record backlog
- Reflects strength of base business and long-term strategy
 - Expect upper single-digit base business growth in 2020
- Expect to self perform ~85% of 2020 revenues
- Currently pursuing +\$6 billion of larger project opportunities
- Executing orderly exit of Latin American operations

GUIDANCE DEMONSTRATES STRENGTH OF BASE BUSINESS AND LONG-TERM STRATEGY

Financial Goals for Growing Long-Term Shareholder Value



← **Actual Performance Through the Cycle, 2010 – 2019:** →

- Revs. CAGR of +14%
- Adj. EBITDA CAGR⁽¹⁾ of ~9%
- Avg. Adj. EBITDA Margin⁽¹⁾ of 9%
- Adj. EPS⁽¹⁾ CAGR of +15%

WELL POSITIONED FOR A RECORD YEAR IN 2020 AND MULTI-YEAR PROFITABLE GROWTH

4Q 2019 Segment Results versus 4Q 2018

(\$MMs)	Revenues	Op Inc % Change (bps)	Commentary
Electric Power	\$1,847 <i>Up 11%</i>	8.7% <i>Down 110</i>	<ul style="list-style-type: none"> + Base business driving revenue growth as utilities invest in infrastructure hardening and grid modernization; aggregate communications revenues, included in the electric segment, up 28% versus 4Q18 - Margins negatively impacted by permitting delays on certain larger Canadian transmission projects - Margins negatively impacted by aggregate communications operations due to two projects; one that experienced cost increases due to schedule uncertainty and another that encountered funding challenges which was reserved for in the quarter due to potential collectability concerns
Pipeline & Industrial	\$1,265 <i>Down 13%</i>	7.0% <i>Up 330</i>	<ul style="list-style-type: none"> - \$390MM decline in revenues from larger pipeline projects, partially offset by increased levels of base business activities, particularly gas distribution and industrial services, and approximately \$125MM from acquired companies + Solid margins were led by continued execution across our gas distribution and industrial operations, plus favorable settlements on certain outstanding claims which helped to offset negative impacts attributable to wet weather challenges encountered on several larger Canadian pipeline projects - \$10MM of impairment charges, a roughly 80 basis point impact, associated with the winding down and exit of certain oil influenced operations and assets (4Q18 included a \$49MM asset impairment charge impacting margins by 340 basis points)
Corporate & Non-Allocated	N/A	(3.3%) <i>Up 110</i>	<ul style="list-style-type: none"> - \$21MM increase due to acquisition related activities (\$9MM higher amortization cost, \$9MM change vs 4Q18 associated with fair value of contingent consideration liabilities, \$3MM increase in acquisition and integration costs) - \$10MM increase vs 4Q18 attributable to \$8MM higher deferred compensation expense associated with increases in the market value of participants' investment elections and \$2MM software impairment

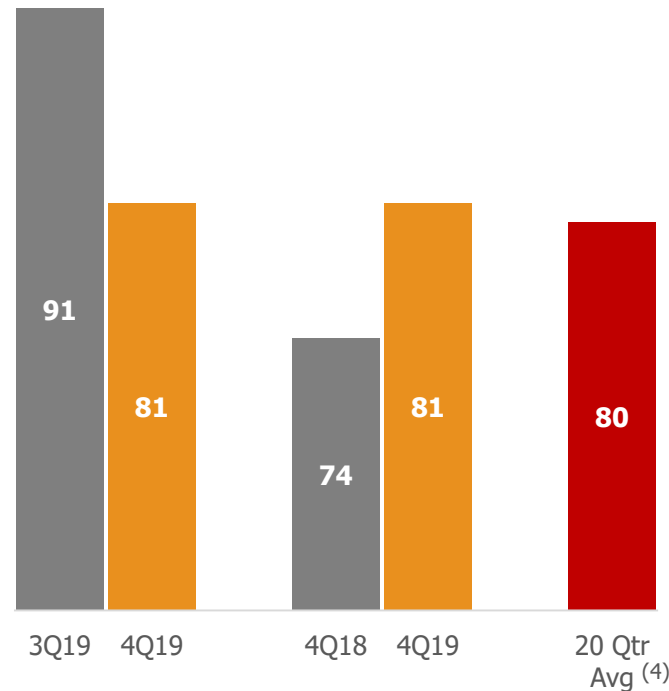
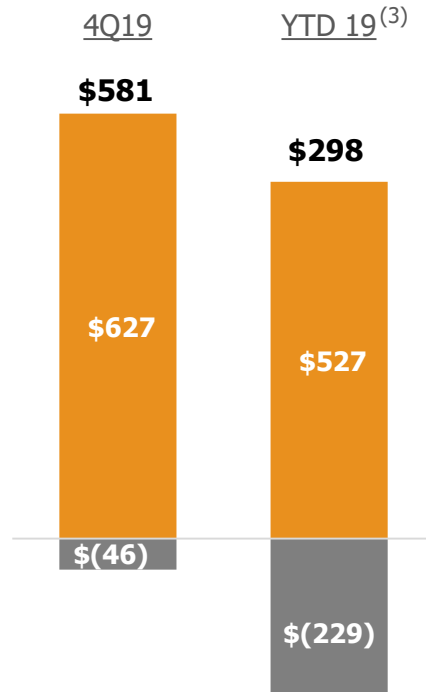
RECORD 4Q ELECTRIC POWER REVENUES & IMPROVED P&I MARGINS

Free Cash Flow & DSO

4th Quarter Recap

Free Cash Flow ⁽¹⁾ (\$MMs)

Days Sales Outstanding ⁽²⁾



■ Cash provided by operations
■ Net CapEx

Free Cash Flow driven by:

- Improved billings and collections with several customers that had negatively impacted DSO levels in prior quarters
- Collection of approximately \$100MM of pipeline project retainage balances and the collection of retainage from the Fort McMurray transmission project
- Collection of approximately \$34MM from the sale of certain outstanding pre-petition receivables due from PG&E

DSO of 81 was:

- 10 days lower than 3Q19 due to improved collection efforts with several customers, collection of pipeline project retainage balances, and collection of the retainage from the Fort McMurray transmission project discussed on the 3Q19 earnings call
- 7 days higher than 4Q18 due to 4Q18 benefiting from favorable billing positions on several larger pipeline projects as well as certain utility customers with favorable DSO levels compared to 4Q19

STRONG CASH GENERATION LED BY DSO REDUCTION FROM 3Q19

(1) Refer to the appendix for the definition of Free Cash Flow, a non-GAAP measure, and a reconciliation to Net Cash Provided by Operating Activities

(2) Refer to the appendix for the definition of Days Sales Outstanding

(3) Included in YTD 19 is \$112MM of cash outflow associated with bond payments on the terminated project in Peru

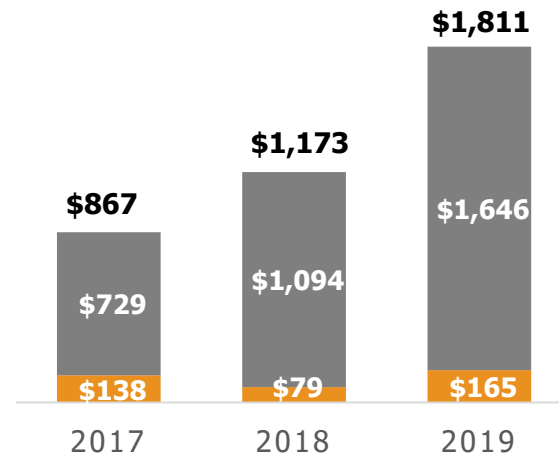
(4) 20 quarter average from January 1, 2015 through December 31, 2019

Balance Sheet & Liquidity

As of December 31, (\$MMs)	2017	2018	2019
Cash	138	79	165
Debt			
Term Loans	-	593	1,241
Credit Facility	668	479	105
Other	4	34	21
Total Debt	672	1,106	1,367
Operating Lease Liabilities	-	-	289
Total Debt including Operating Lease Liabilities	672	1,106	1,656
Debt / EBITDA ⁽¹⁾	1.4x	1.6x	1.6x

Liquidity ⁽²⁾ (\$MMs)

Available Credit Facility
Cash & Equivalents



Liquidity Highlights

- Amended our senior secured credit agreement in 2019, adding term loan and increasing borrowing capacity on the revolving credit facility to expand liquidity
- Bank-defined leverage ratio of approximately 1.6x, which is within our target range of 1.5x – 2.0x
- Exceeded a 2.0x leverage profile in 3Q19, which we have previously commented we were willing to do with a path to de-lever, which we achieved successfully in the fourth quarter

CONSERVATIVE LEVERAGE & AMPLE LIQUIDITY FOR STRATEGIC INITIATIVES

Electric Power Progression (excluding Latin America operations)⁽¹⁾

	2017	Δ	2018	Δ	2019	Δ	GUIDANCE 2020 Range
Revenues ⁽¹⁾	\$5.5B	<ul style="list-style-type: none"> + Increased larger projects + Telecom expansion + Double digit base electric growth 	\$6.3B	<ul style="list-style-type: none"> + Continued base electric growth + Fire hardening ramp in California + Telecom expansion - Larger project reduction 	\$7.1B	<ul style="list-style-type: none"> + Continued base electric growth + U.S. telecom growth + Larger projects increase - Fire hardening normalizes 	\$7.6B - \$7.8B
Op Inc % ⁽¹⁾	9.4%	<ul style="list-style-type: none"> + Strong contribution from Canadian larger projects + Double digit execution across U.S. operations - Dilution from telecom expansion 	10.1%	<ul style="list-style-type: none"> - Canadian larger project reduction & pressure from permit delays - Dilution from telecom expansion + Double digit execution across U.S. operations 	9.6%	<ul style="list-style-type: none"> + Canada improvement with larger projects commencing + Telecom improvement + Continued U.S. execution - Fire hardening normalizes 	9.5% - 10.0%

STEADY ELECTRIC GROWTH & EXECUTION AS TELECOM RAMP CONTINUES

Pipeline & Industrial Progression

	2017	Δ	2018	Δ	2019	Δ	GUIDANCE 2020 Range
Revenues	\$3.9B	<ul style="list-style-type: none"> + Full year of Stronghold (acquired in July 2017) + >20% base growth excluding Stronghold - ~\$100MM larger project reduction 	\$4.8B	<ul style="list-style-type: none"> + Partial year of Hallen (acquired in September 2019) + Double digit base growth excluding Hallen - ~\$300MM larger project reduction 	\$5.0B	<ul style="list-style-type: none"> + Full year of Hallen + Continued base business growth - ~\$700MM larger project reduction 	\$4.6B - \$4.8B
Op Inc % excluding impairments ⁽¹⁾	4.8%	<ul style="list-style-type: none"> + Stronghold improvement with no storm impact + Gas distribution margin improvement - Processing facility impacts 	5.4%	<ul style="list-style-type: none"> + Gas distribution margin improvement + Larger project execution + Elimination of oil influenced operations - Processing facility impacts 	6.9%	<ul style="list-style-type: none"> + Continued base business improvement + Accretive Hallen margins + Further elimination of oil influenced assets - Larger project reduction 	6.8% - 7.2%

STRONG BASE BUSINESS GROWTH & MARGIN IMPROVEMENT

2020 Financial Guidance Summary

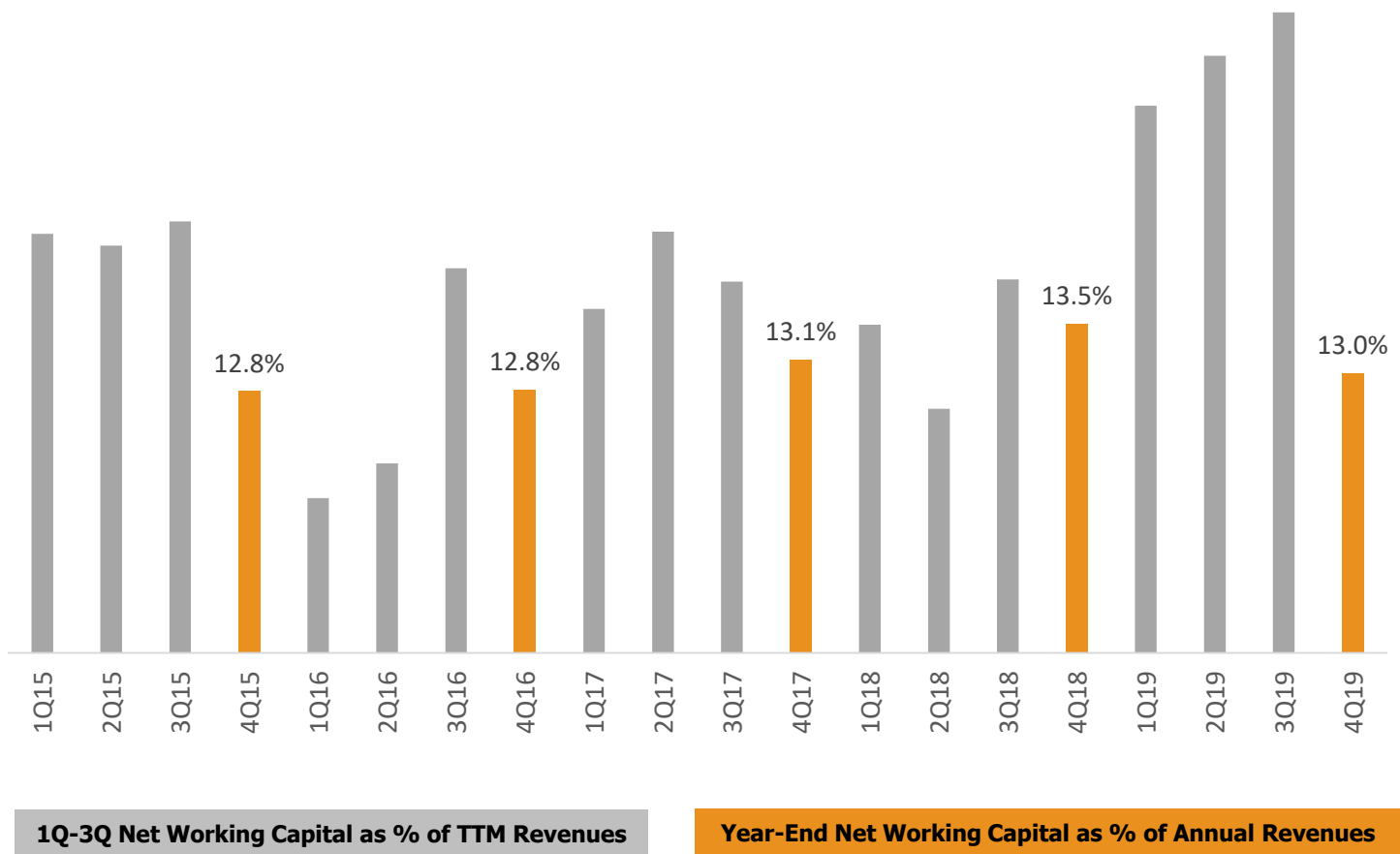
(\$MMs except per share data)

	LOW	MID POINT	HIGH
Revenues	\$12,200	\$12,400	\$12,600
Adj. EBITDA⁽¹⁾	\$1,029	\$1,072	\$1,115
Free Cash Flow⁽²⁾	\$400	\$500	\$600
Net Income	\$439	\$469	\$499
Diluted EPS (GAAP)	\$2.93	\$3.13	\$3.33
Adjusted Diluted EPS⁽³⁾	\$3.62	\$3.82	\$4.02

Net Income and Adjusted EBITDA guidance includes an estimated \$15MM - \$20MM of operating losses associated with our orderly exit of Latin America, an impact to both Diluted EPS (GAAP) and Adjusted Diluted EPS between \$0.10 and \$0.13.

GROWING REVENUES, ADJ EBITDA, EPS & ADJ EPS

Historical Net Working Capital⁽¹⁾ as % of TTM Revenues



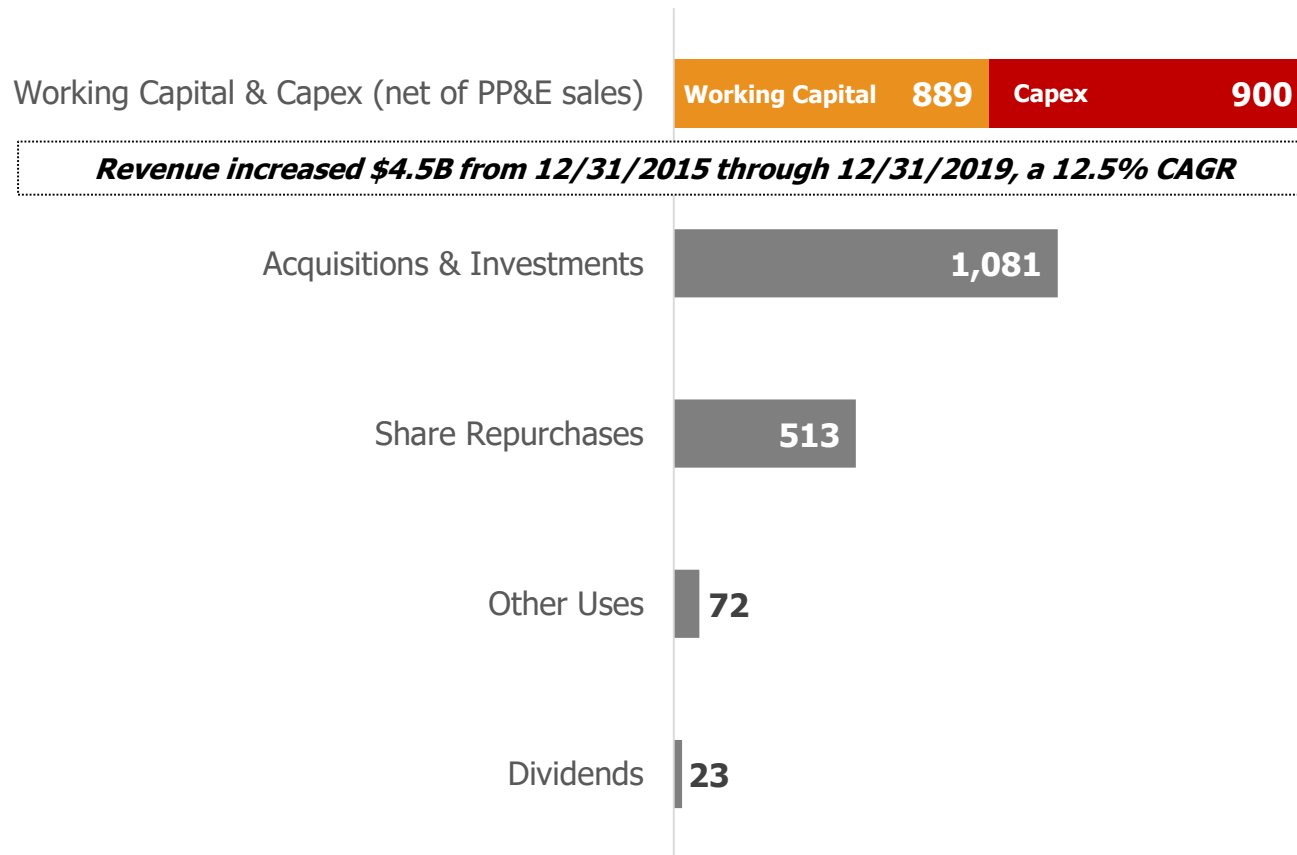
N.W.C. Highlights

- Net working capital as a percentage of trailing twelve month (TTM) revenues is subject to material changes throughout the year
- Over the last 20 quarters, net working capital has averaged 13.9% of TTM revenues
- Due to normal seasonality and annual budget cycles, net working capital has historically been around 13% of annual revenues at year-end

NET WORKING CAPITAL – CONSISTENTLY AROUND 13% OF REVENUES AT 4Q

Capital Allocation Priorities

Capital Deployment – 2016 through 2019 (\$MMs)

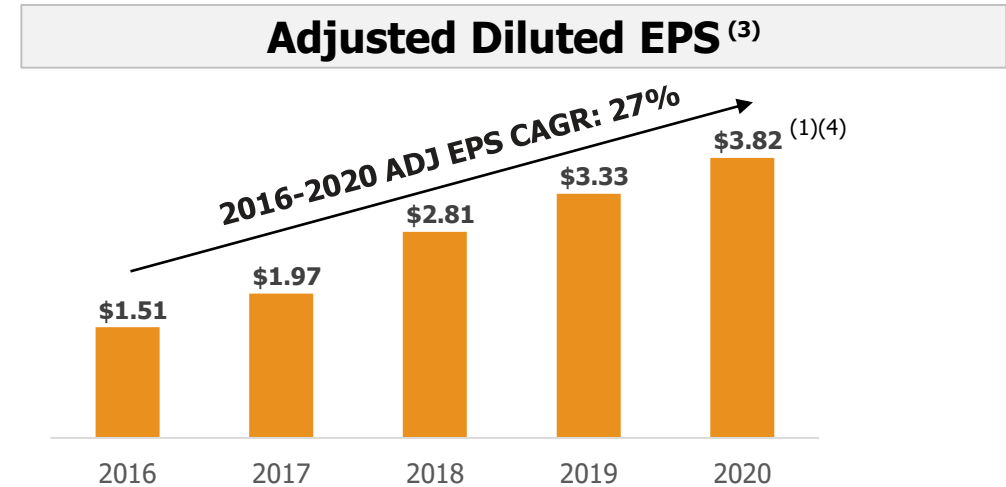
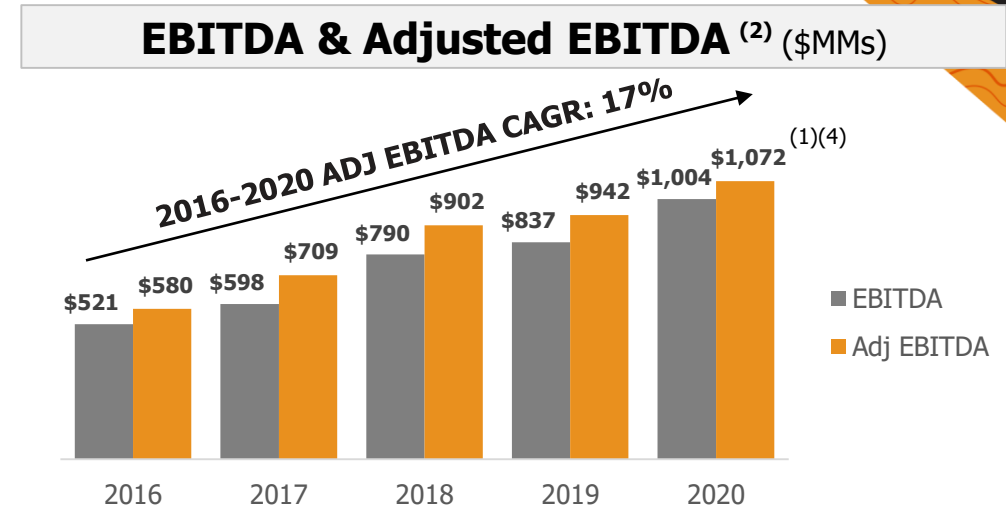
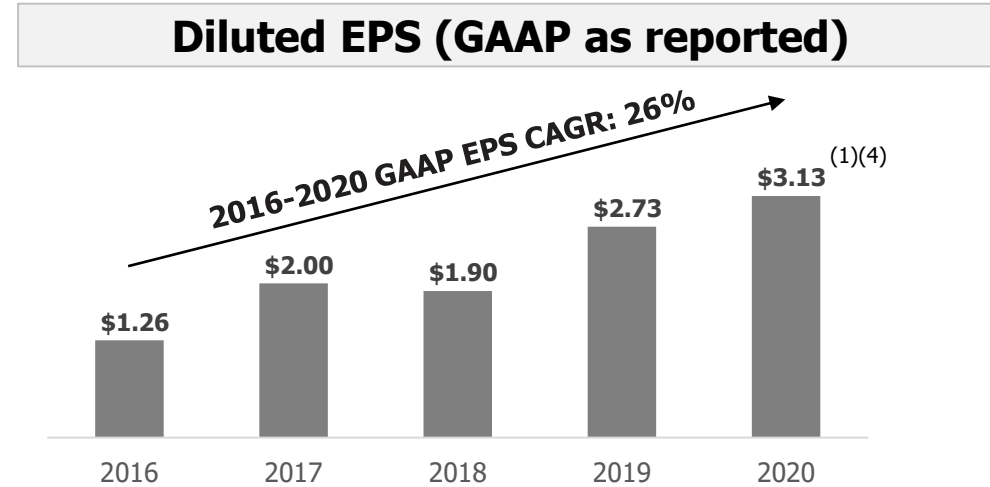
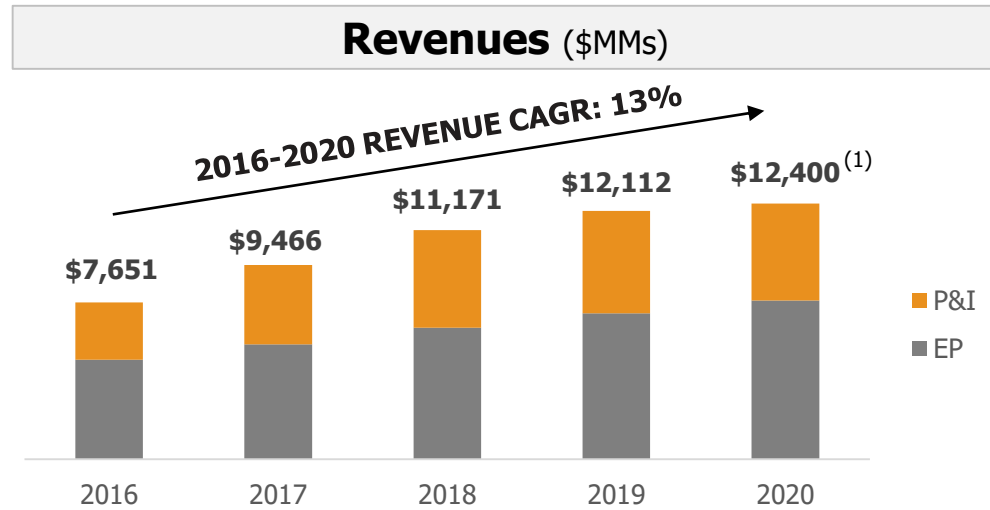


Capital Allocation

- Working capital and capex required to support the organic growth of the business remain our first priority and have been the largest use of capital from 2016 to 2019
- Acquisitions and strategic investments totaled approximately \$1.1B from 2016 to 2019, led by the acquisitions of Stronghold in 2017 and Hallen Construction in 2019, which strategically bolstered our base business capabilities in the Pipeline & Industrial segment
- We are committed to the deployment of capital to shareholders through stock repurchases, repurchasing 15.7MM shares at an average price of \$32.74 during the period, and quarterly dividends, which we commenced in 1Q19 and increased 25% in 1Q20

WORKING CAPITAL & CAPEX #1 PRIORITY

2016 – 2020⁽¹⁾ Financial Performance



EPS GROWTH > EARNINGS GROWTH > REVENUE GROWTH

(1) Represents mid-point of guidance

(2) Refer to the appendix for the definition of EBITDA and Adjusted EBITDA, non-GAAP measures, and a reconciliation to Net Income Attributable to Common Stock

(3) Refer to the appendix for the definition of Adjusted Diluted EPS, a non-GAAP measure, and a reconciliation to Diluted EPS

(4) Latin America impacts 2020 EBITDA and Adjusted EBITDA \$17.5MM at the mid-point, a \$0.12 impact on both Diluted EPS (GAAP) and Adjusted Diluted EPS.

Appendix

- Definitions
- Reconciliation Tables
- Forward Looking Statement Disclaimers

Definitions

- **Return on Invested Capital (“ROIC”)** is calculated by dividing Adjusted EBITA, net of tax (a non-GAAP measure), by average invested capital. Average invested capital is determined by calculating the average of invested capital at the beginning and end of the year. Adjusted EBITA, net of tax, is calculated as Adjusted EBITDA (a non GAAP measure), less stock-based compensation expense, less depreciation expense, less income taxes using a 30% tax rate. Invested capital is equal to (1) total assets, less cash and cash equivalents, less operating lease right-of-use assets, less assets of discontinued operations, less (2) total current liabilities less current maturities of long-term debt and short-term debt, less current portion of operating lease liabilities, less current liabilities of discontinued operations.
- **Days sales outstanding** is calculated by using the sum of current accounts receivable, net of allowance (which includes retainage and unbilled balances), plus contract assets, less contract liabilities and divided by average revenues per day during the quarter.
- **Free cash flow** is defined as net cash provided by (used in) operating activities less net capital expenditures. Net capital expenditures is defined as capital expenditures less proceeds from sale of property and equipment and from insurance settlements related to property and equipment.
- **EBITDA** is defined as earnings before interest, taxes, depreciation, amortization and equity in (earnings) losses of unconsolidated affiliates.
- **Adjusted EBITDA** is defined as EBITDA adjusted for certain other items as described below:
 - **Non-cash stock-based compensation expense** may vary due to acquisition activity, changes in the estimated fair value of performance-based awards, forfeiture rates, accelerated vesting and amounts granted;
 - **Acquisition and integration costs** vary period to period depending on the level of Quanta’s ongoing acquisition activity;
 - **Bargain purchase gains** vary from period to period depending on Quanta’s acquisition activity and the valuation of acquired businesses;
 - **Asset impairment charges** and **severance and restructuring costs** vary from period to period depending on economic and other factors;
 - **Change in fair value of contingent consideration liabilities** varies from period to period depending on the performance in post-acquisition periods of certain acquired businesses;
 - **Tax settlements** and **adjustments to related indemnification assets** vary from period to period depending on the status and resolution of pending matters.

Definitions

- **Adjusted Earnings per Share** is defined as diluted earnings per share adjusted for certain other items as described below:
 - **Non-cash stock-based compensation expense** may vary due to acquisition activity, changes in the estimated fair value of performance-based awards, forfeiture rates, accelerated vesting and amounts granted;
 - **Amortization of intangible assets** is impacted by Quanta's ongoing acquisition activity, and therefore can vary from period to period;
 - **Acquisition and integration costs** vary period to period depending on the level of Quanta's ongoing acquisition activity;
 - **Asset impairment charges** and **severance and restructuring costs** vary from period to period depending on economic and other factors;
 - **Change in fair value of contingent consideration liabilities** varies from period to period depending on the performance in post-acquisition periods of certain acquired businesses;
 - **Gains or losses on sales of investments** vary from period to period depending on whether investments are sold and the variability of market and other factors impacting the value of such investments;
 - **Bargain purchase gains** vary from period to period depending on Quanta's acquisition activity and the valuation of acquired businesses;
 - **Income tax contingency releases** vary period to period and depend on the level of reserves for uncertain tax positions and the expiration dates under various federal and state tax statute of limitations periods;
 - **Adjustments related to the Tax Cuts and Jobs Act of 2017 (the Tax Act)** occurred during 2017 and 2018 and varied period to period as additional information and guidance regarding the Tax Act became available;
 - **Changes in statutory tax rates** are not regularly occurring items;
 - **Tax settlements** and **adjustments to related indemnification assets** vary from period to period depending on the status and resolution of pending matters;
 - **Income tax impact related to entity restructuring and recapitalization efforts** are not regularly occurring items.
- **Net working capital** is defined as (1) total current assets less cash and cash equivalents, less current assets of discontinued operations less (2) total current liabilities less current maturities of long-term debt and short-term debt, less current portion of operating lease liabilities, less current liabilities of discontinued operations.

Reconciliation of EBITDA and Adjusted EBITDA

(\$000s)	2015	2016	2017	2018	2019		FY 2020		
	FY	FY	FY	FY	4Q	FY	Low	Mid	High
Net income attributable to common stock (GAAP as reported)	\$ 120,286	\$ 198,725	\$ 314,978	\$ 293,346	\$ 118,144	\$ 402,044	\$ 439,000	\$ 469,000	\$ 499,000
Interest expense	8,024	14,887	20,946	36,945	18,824	66,890	47,000	45,000	42,000
Interest income	(1,493)	(2,423)	(832)	(1,555)	(165)	(927)	-	-	-
Provision for income taxes	97,472	107,246	35,532	161,659	25,634	165,472	187,000	202,000	218,000
Amortization of intangible assets	34,848	31,685	32,205	43,994	21,547	62,091	71,000	71,000	71,000
Equity in (earnings) losses of unconsolidated affiliates	466	979	10,945	52,867	(12,723)	(76,801)	-	-	-
Depreciation expense	162,845	170,240	183,808	202,519	56,518	218,107	217,000	217,000	217,000
EBITDA	422,448	521,339	597,582	789,775	227,779	836,876	961,000	1,004,000	1,047,000
Non-cash stock-based compensation	36,939	41,134	46,448	52,484	10,933	52,013	63,000	63,000	63,000
Acquisition and integration costs	7,966	3,053	10,579	17,233	4,307	24,767	-	-	-
Bargain purchase gain	-	-	-	-	-	(3,138)	-	-	-
Asset impairment charges	58,451	7,964	59,950	52,658	13,892	13,892	-	-	-
Severance and restructuring costs	-	6,352	-	1,326	-	-	-	-	-
Change in fair value of contingent consideration liabilities	-	-	(5,171)	(11,248)	5,340	13,404	5,000	5,000	5,000
Reduction of indemnification asset	-	-	-	-	-	3,991	-	-	-
Adjusted EBITDA	\$ 525,804	\$ 579,842	\$ 709,388	\$ 902,228	\$ 262,251	\$ 941,805	\$ 1,029,000	\$ 1,072,000	\$ 1,115,000
Revenues	\$ 7,572,436	\$ 7,651,319	\$ 9,466,478	\$ 11,171,423	\$ 3,112,800	\$ 12,112,153	\$ 12,200,000	\$ 12,400,000	\$ 12,600,000
Adjusted EBITDA Margin	6.9%	7.6%	7.5%	8.1%	8.4%	7.8%	8.4%	8.6%	8.8%

Reconciliation of Adjusted Diluted Earnings per Share

(\$000s, except per share information)

	2016	2017	2018	2019		FY 2020		
	FY	FY	FY	4Q	FY	Low	Mid	High
Reconciliation of adjusted net income attributable to common stock:								
Net income attributable to common stock (GAAP as reported)	\$ 198,725	\$ 314,978	\$ 293,346	\$ 118,144	\$ 402,044	\$ 439,000	\$ 469,000	\$ 499,000
Adjustments:								
Acquisition and integration costs	3,053	10,579	17,233	4,307	24,767	-	-	-
Asset impairment charges	7,964	59,950	52,658	13,892	13,892	-	-	-
Severance and restructuring costs	6,352	-	1,326	-	-	-	-	-
Change in fair value of contingent consideration liabilities	-	(5,171)	(11,248)	5,340	13,404	5,000	5,000	5,000
Gain on sale of equity investment	-	-	-	(12,973)	(12,973)	-	-	-
Income tax benefits associated with sale of equity investment	-	-	-	(7,756)	(7,756)	-	-	-
Bargain purchase gain	-	-	-	-	(3,138)	-	-	-
Income tax impact of other adjustments	(3,982)	(24,197)	(18,649)	(5,436)	(12,985)	-	-	-
Impact of income tax contingency releases	(20,488)	(7,223)	(8,049)	(1,644)	(6,136)	-	-	-
Impact of the Tax Cuts and Jobs Act	-	(70,129)	33,067	-	-	-	-	-
Impact of change in Canadian provincial statutory tax	-	-	-	-	(2,532)	-	-	-
Impact of favorable settlement, net of reduction of related indemnification asset	-	-	-	-	(911)	-	-	-
Income tax impact related to entity restructuring and recapitalization efforts	-	(18,224)	1,842	-	-	-	-	-
Adjusted net income attributable to common stock before certain non-cash adjustments	191,624	260,563	361,526	113,874	407,676	444,000	474,000	504,000
Non-cash stock-based compensation	41,134	46,448	52,484	10,933	52,013	63,000	63,000	63,000
Amortization of intangible assets	31,685	32,205	43,994	21,547	62,091	71,000	71,000	71,000
Income tax impact of non-cash adjustments	(26,183)	(28,877)	(25,219)	(8,476)	(29,793)	(36,000)	(36,000)	(36,000)
Adjusted net income attributable to common stock	\$ 238,260	\$ 310,339	\$ 432,785	\$ 137,878	\$ 491,987	\$ 542,000	\$ 572,000	\$ 602,000
Weighted average shares:								
Weighted average shares outstanding for diluted and adjusted diluted earnings per share	157,288	157,155	154,226	148,092	147,534	149,900	149,900	149,900
Earnings per share attributable to common stock:								
Diluted earnings per share attributable to common stock (GAAP as reported)	\$ 1.26	\$ 2.00	\$ 1.90	\$ 0.80	\$ 2.73	\$ 2.93	\$ 3.13	\$ 3.33
Adjusted diluted earnings per share attributable to common stock	\$ 1.51	\$ 1.97	\$ 2.81	\$ 0.93	\$ 3.33	\$ 3.62	\$ 3.82	\$ 4.02

Reconciliation of Return on Invested Capital (ROIC)

(\$000s)

	2015	2019
	FY	FY
Adjusted EBITDA (a non-GAAP measure)	\$ 525,804	\$ 941,805
Less: Depreciation expense	(162,845)	(218,107)
Less: Stock-based compensation expense	(36,939)	(52,013)
Adjusted EBITA	326,020	671,685
Less: Income taxes @ 30% Rate	(97,806)	(201,506)
Adjusted EBITA, net of tax	\$ 228,214	\$ 470,180
Total Assets (GAAP as reported)	\$ 5,213,543	\$ 8,331,682
Less: Cash and cash equivalents	(128,771)	(164,798)
Less: Operating lease right-of-use assets	-	(284,369)
Less: Current Liabilities	(1,203,744)	(2,263,049)
Plus: Current maturities of long-term debt and short-term debt	7,067	74,869
Plus: Current portion of operating lease liabilities	-	92,475
Plus: Current liabilities of discontinued operations	15,313	-
Invested Capital	3,903,408	5,786,810
Prior Year Invested Capital	4,233,975	5,256,619
Average Invested Capital	\$ 4,068,692	\$ 5,521,715
Return on Invested Capital (ROIC)	5.6%	8.5%

Reconciliation of Backlog

(\$MMs)	December 31, 2018		September 30, 2019		December 31, 2019	
	12 Month	Total	12 Month	Total	12 Month	Total
Electric Power Infrastructure Services						
Remaining performance obligations	\$ 2,093.5	\$ 3,045.6	\$ 2,124.6	\$ 2,929.4	\$ 2,483.1	\$ 3,957.7
Estimated orders under MSAs and short-term, non-fixed price contracts	2,467.6	5,499.8	2,854.5	5,709.4	2,873.5	5,864.5
Backlog	<u>4,561.1</u>	<u>8,545.4</u>	<u>4,979.1</u>	<u>8,638.8</u>	<u>5,356.6</u>	<u>9,822.2</u>
Pipeline and Industrial Infrastructure Services						
Remaining performance obligations	1,003.5	1,635.9	761.9	1,475.0	670.7	1,344.7
Estimated orders under MSAs and short-term, non-fixed price contracts	1,411.4	2,161.3	1,817.9	3,168.3	1,919.8	3,838.0
Backlog	<u>2,414.9</u>	<u>3,797.2</u>	<u>2,579.8</u>	<u>4,643.3</u>	<u>2,590.5</u>	<u>5,182.7</u>
Total						
Remaining performance obligations	3,097.0	4,681.5	2,886.5	4,404.4	3,153.8	5,302.4
Estimated orders under MSAs and short-term, non-fixed price contracts	3,879.0	7,661.1	4,672.4	8,877.7	4,793.3	9,702.5
Backlog	<u>\$ 6,976.0</u>	<u>\$ 12,342.6</u>	<u>\$ 7,558.9</u>	<u>\$ 13,282.1</u>	<u>\$ 7,947.1</u>	<u>\$ 15,004.9</u>

Reconciliation of Free Cash Flow

(\$000s)

	2019		FY 2020		
	4Q	FY	Low	Mid	High
Net cash provided by operating activities (GAAP as reported)	\$ 626,798	\$ 526,551	\$ 700,000	\$ 800,000	\$ 900,000
Less: Net capital expenditures:					
Capital expenditures	(54,117)	(261,762)	(300,000)	(300,000)	(300,000)
Proceeds from sale of property and equipment	6,895	31,142	-	-	-
Proceeds from insurance settlements related to property and equipment	1,463	1,964	-	-	-
Net capital expenditures	(45,759)	(228,656)	(300,000)	(300,000)	(300,000)
Free Cash Flow	\$ 581,039	\$ 297,895	\$ 400,000	\$ 500,000	\$ 600,000

Reconciliation of Electric Power Segment Excluding Latin America

(\$000s)

	2017	2018	2019	FY 2020	
	FY	FY	FY	Low	High
Revenues:					
Electric Power Infrastructure Services	\$ 5,599,836	\$ 6,415,562	\$ 7,121,837	\$ 7,620,000	\$ 7,840,000
Less: Latin America	100,427	96,126	63,226	20,000	40,000
Electric Power excluding Latin America	<u>\$ 5,499,409</u>	<u>\$ 6,319,436</u>	<u>\$ 7,058,611</u>	<u>\$ 7,600,000</u>	<u>\$ 7,800,000</u>
Operating income (loss):					
Electric Power Infrastructure Services	\$ 518,130	\$ 628,286	\$ 591,177	\$ 702,000	\$ 766,000
Less: Latin America	1,890	(8,117)	(85,749)	(20,000)	(15,000)
Electric Power excluding Latin America	<u>\$ 516,240</u>	<u>\$ 636,403</u>	<u>\$ 676,926</u>	<u>\$ 722,000</u>	<u>\$ 781,000</u>
Operating margin:					
Electric Power Infrastructure Services	9.3%	9.8%	8.3%	9.2%	9.8%
Less: Latin America	1.9%	(8.4%)	(135.6%)	(100.0%)	(37.5%)
Electric Power excluding Latin America	9.4%	10.1%	9.6%	9.5%	10.0%

Reconciliation of Pipeline & Industrial Segment excluding Asset Impairments ⁽¹⁾

(\$000s)	2017	2018	2019	FY 2020	
	FY	FY	FY	Low	High
Revenues	\$ 3,866,642	\$ 4,755,861	\$ 4,990,316	\$ 4,600,000	\$ 4,800,000
Operating income	\$ 184,083	\$ 204,178	\$ 332,011	\$ 313,000	\$ 346,000
Plus: Asset impairments ⁽¹⁾	1,893	52,658	10,196	-	-
Operating income excluding impairments	<u>\$ 185,976</u>	<u>\$ 256,836</u>	<u>\$ 342,207</u>	<u>\$ 313,000</u>	<u>\$ 346,000</u>
Operating margin	4.8%	4.3%	6.7%	6.8%	7.2%
Plus: Asset impairments ⁽¹⁾	0.0%	1.1%	0.2%	0.0%	0.0%
Operating margin excluding impairments	<u>4.8%</u>	<u>5.4%</u>	<u>6.9%</u>	<u>6.8%</u>	<u>7.2%</u>

Historical Net Working Capital as % of TTM Revenues

(\$MM)	2015				2016				2017				2018				2019			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Trailing Twelve Months (TTM) Revenues	\$ 7,873	\$ 7,907	\$ 7,701	\$ 7,572	\$ 7,425	\$ 7,345	\$ 7,448	\$ 7,651	\$ 8,116	\$ 8,524	\$ 9,091	\$ 9,466	\$ 9,706	\$10,162	\$10,538	\$11,171	\$11,561	\$11,744	\$12,112	\$12,112
Current assets:																				
Total current assets (GAAP as reported)	\$ 2,388	\$ 2,316	\$ 2,363	\$ 2,278	\$ 2,248	\$ 2,244	\$ 2,405	\$ 2,289	\$ 2,475	\$ 2,617	\$ 2,948	\$ 2,870	\$ 2,957	\$ 3,075	\$ 3,378	\$ 3,326	\$ 3,555	\$ 3,752	\$ 4,302	\$ 3,831
Less: Cash and cash equivalents	(136)	(65)	(49)	(129)	(155)	(162)	(117)	(112)	(107)	(100)	(92)	(138)	(102)	(120)	(114)	(79)	(85)	(73)	(80)	(165)
Less: Current assets of discontinued operations	-	(9)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Current assets for net working capital	\$ 2,252	\$ 2,242	\$ 2,314	\$ 2,149	\$ 2,093	\$ 2,082	\$ 2,288	\$ 2,177	\$ 2,368	\$ 2,517	\$ 2,856	\$ 2,732	\$ 2,855	\$ 2,955	\$ 3,264	\$ 3,247	\$ 3,470	\$ 3,679	\$ 4,222	\$ 3,666
Current liabilities:																				
Total current liabilities (GAAP as reported)	\$ 1,124	\$ 1,179	\$ 1,341	\$ 1,204	\$ 1,236	\$ 1,208	\$ 1,246	\$ 1,205	\$ 1,265	\$ 1,286	\$ 1,592	\$ 1,492	\$ 1,550	\$ 1,691	\$ 1,816	\$ 1,806	\$ 1,779	\$ 1,906	\$ 2,358	\$ 2,263
Less: Current maturities of long-term debt and short-term debt	(9)	(3)	(2)	(7)	(4)	(6)	(5)	(8)	(4)	(1)	(3)	(1)	(3)	(15)	(23)	(66)	(44)	(53)	(76)	(75)
Less: Current portion of operating lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(92)	(93)	(94)	(92)
Less: Current liabilities of discontinued operations	-	(68)	(147)	(15)	(3)	(3)	(1)	-	-	-	-	-	-	-	-	-	-	-	-	-
Current liabilities for net working capital	\$ 1,115	\$ 1,108	\$ 1,192	\$ 1,182	\$ 1,229	\$ 1,199	\$ 1,240	\$ 1,197	\$ 1,261	\$ 1,285	\$ 1,589	\$ 1,491	\$ 1,547	\$ 1,676	\$ 1,793	\$ 1,740	\$ 1,643	\$ 1,760	\$ 2,188	\$ 2,096
Net working capital	\$ 1,137	\$ 1,134	\$ 1,122	\$ 967	\$ 864	\$ 883	\$ 1,048	\$ 980	\$ 1,107	\$ 1,232	\$ 1,267	\$ 1,241	\$ 1,308	\$ 1,279	\$ 1,471	\$ 1,507	\$ 1,827	\$ 1,919	\$ 2,034	\$ 1,570
Net working capital / TTM Revenues	14.4%	14.3%	14.6%	12.8%	11.6%	12.0%	14.1%	12.8%	13.6%	14.5%	13.9%	13.1%	13.5%	12.6%	14.0%	13.5%	15.8%	16.3%	16.8%	13.0%

Forward Looking Statements

This presentation (and oral statements regarding the subject matter of this presentation) contains forward-looking statements intended to qualify for the “safe harbor” from liability established by the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, statements relating to the following:

- Projected revenues, net income, earnings per share, EBITDA, weighted average shares outstanding, margins, capital expenditures, tax rates and other operating or financial results;
- Expectations regarding Quanta’s business or financial outlook;
- Quanta’s plans, strategies and opportunities, including plans, effects and other matters relative to Quanta’s exit from its Latin America operations;
- Trends and economic and regulatory conditions in particular markets or industries;
- Projected or expected realization of remaining performance obligations and backlog; the potential benefits from acquisitions or investments;
- The expected financial and operational performance of acquired businesses;
- The future demand for and availability of labor resources in the industries Quanta serves;
- Future capital allocation initiatives, including the amount, timing and strategies with respect to any future stock repurchases or expectations regarding the declaration, amount and timing of any future cash dividends;
- The ability to deliver increased value or return capital to stockholders; the expected value of contracts or intended contracts with customers;
- The scope, services, term or results of any projects awarded or expected to be awarded to Quanta;
- The anticipated commencement and completion dates for any projects awarded;
- The development of larger electric transmission and pipeline projects;
- Future commodity prices and their impact on Quanta’s business or the demand for Quanta’s services;
- The impact of existing or potential legislation or regulation;
- Potential opportunities that may be indicated by bidding activity or discussions with customers;
- The expected outcome of pending and threatened legal proceedings;
- Beliefs and assumptions about the collectability of receivables;
- The business plans or financial condition of Quanta’s customers;
- Possible recovery of pending or contemplated insurance claims, change orders and affirmative claims asserted against customers or third parties

Statements reflecting expectations, intentions, assumptions or beliefs about future events, and other statements that do not relate strictly to historical or current facts. Although Quanta’s management believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. These statements can be affected by inaccurate assumptions and by known and unknown risks and uncertainties that are difficult to predict or beyond Quanta’s control, including, among others:

- Market conditions;
- The effects of industry, economic, financial or political conditions outside of the control of Quanta, including weakness in capital markets or any actual or potential shutdown, sequester, default or similar event or occurrence involving the U.S. federal government;
- Quarterly variations in operating results, liquidity, financial condition, capital requirements, reinvestment opportunities or other financial results;
- Trends and growth opportunities in relevant markets, including Quanta’s ability to obtain future project awards;

Forward Looking Statements

- The time and costs required to exit Quanta's Latin America operations and Quanta's ability to effect related transactions on acceptable terms, as well as the business and political climate in Latin America;
- Delays, reductions in scope or cancellations of anticipated, pending or existing projects, including as a result of weather, regulatory or permitting issues, environmental processes, project performance issues, claimed force majeure events, protests or other political activity, legal challenges or customer capital constraints;
- The successful negotiation, execution, performance and completion of anticipated, pending and existing contracts;
- Unexpected costs or liabilities that may arise from pending or threatened legal proceedings, indemnity obligations, reimbursement obligations associated with letters of credit or bonds, multiemployer pension plans (e.g., withdrawal liability) or other claims or actions asserted against Quanta, including those not covered by, or in excess of, third-party insurance;
- Reimbursement obligations associated with letters of credit or bonds;
- The outcome of pending or threatened legal proceedings;
- Potential unavailability or cancellation of third-party insurance, the exclusion of coverage for certain losses, and potential increases in premiums for coverage deemed beneficial to Quanta and the unavailability at desired insurance coverage at reasonable and competitive rates;
- Risks associated with operational hazards that arise due to the nature of Quanta's services and the conditions in which Quanta operates, including, among others, wildfires and explosions;
- Damage to our brand or reputation as a result of cyber-security or data privacy breaches, environmental and occupational health and safety matters, corporate scandal, failure to successfully perform a high-profile project, involvement in a catastrophic event (e.g., fire, explosion) or other negative incident;
- Quanta's dependence on suppliers, subcontractors, equipment manufacturers and other third party contractors;
- The ability to attract and the potential shortage of skilled labor;
- The ability to retain key personnel and qualified employees;
- Quanta's dependence on fixed price contracts and the potential to incur losses with respect to these contracts;
- Estimates relating to our financial results, remaining performance obligations and backlog;
- Adverse weather conditions or natural disasters, including wildfires, pandemics, hurricanes, tropical storms and floods;
- Quanta's ability to generate internal growth;
- Competition in Quanta's business, including the ability to effectively compete for new projects and market share;
- The effect of commodity prices on Quanta's operations and growth opportunities and on customer capital programs and demand for Quanta's services;
- The future development of natural resources; the failure of existing or potential legislative actions to result in demand for Quanta's services;
- Fluctuations of prices of certain materials used in Quanta's business, including as a result of the imposition of tariffs or changes in U.S. trade relationships with other countries;
- Cancellation provisions within contracts and the risk that contracts expire and are not renewed or are replaced on less favorable terms; Loss of customers with whom Quanta has long-standing or significant relationships;
- The potential that participation in joint ventures or similar structures exposes Quanta to liability and/or harm to its reputation for acts or omissions by partners;
- Quanta's inability or failure to comply with the terms of its contracts, which may result in additional costs, unexcused delays, warranty claims, failure to meet performance guarantees, damages or contract terminations;
- The inability or refusal of customers or third party contractors to pay for services, including failure to collect outstanding receivables;
- Failure to recover amounts billed to customers experiencing financial difficulties or in bankruptcy or the failure obtain adequate compensation for change orders and contract claims;
- Budgetary or other constraints that may reduce or eliminate tax incentives or government funding for projects, which may result in project delays or cancellations;
- Estimates and assumptions in determining financial results, remaining performance obligations and backlog;

Forward Looking Statements

- Quanta's ability to successfully complete remaining performance obligations or realize backlog;
- Risks associated with operating in international markets, including instability of foreign governments, currency exchange fluctuations, and compliance with unfamiliar foreign legal systems and business practices, applicable anti-bribery and anti-corruption laws, complex tax regulations and international treaties;
- The ability to successfully identify, complete, integrate and realize synergies from acquisitions, including retention of key personnel;
- The potential adverse impact resulting from uncertainty surrounding investments and acquisitions, including the potential increase in risks already existing in Quanta's operations and poor performance or decline in value of Quanta's investments;
- The adverse impact of impairments of goodwill, receivables, property and equipment and other intangible assets or investments; growth outpacing Quanta's decentralized management and infrastructure;
- Inability to enforce Quanta's intellectual property rights or the obsolescence of such rights;
- The impact of a unionized workforce on operations, including labor stoppages or interruptions due to strikes or lockouts;
- The ability to access sufficient funding to finance desired growth and operations, including our ability to access capital markets on favorable terms, as well as fluctuations in the price and volume of Quanta's common stock, debt covenant compliance, interest rate fluctuations and other factors affecting financing and investing activities;
- The ability to obtain performance bonds and other project security;
- The ability to meet certain regulatory requirements applicable to Quanta and its subsidiaries;
- Rapid technological and other structural changes that could reduce the demand for Quanta's services;
- Risks related to the implementation of new information technology systems;
- New or changed tax laws, treaties or regulations;
- Increased costs associated with regulatory changes, including labor costs or healthcare costs;
- Significant fluctuations in foreign currency exchange rates;
- Other risks and uncertainties detailed in Quanta's most recently filed Annual Report on Form 10-K, Quanta's recently filed Quarterly Reports on Form 10-Q and any other documents that Quanta files with the Securities and Exchange Commission (SEC).

For a discussion of these risks, uncertainties and assumptions, investors are urged to refer to Quanta's documents filed with the SEC that are available through Quanta's website at www.quantaservices.com or through the SEC's Electronic Data Gathering and Analysis Retrieval System (EDGAR) at www.sec.gov. Should one or more of these risks materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those expressed or implied in any forward-looking statements. Investors are cautioned not to place undue reliance on these forward-looking statements, which are current only as of this date. Quanta does not undertake and expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Quanta further expressly disclaims any written or oral statements made by any third party regarding the subject matter of this presentation.



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@QuantaIR



QuantaServicesIR

Investor Contact

Kip Rupp, CFA
Vice President – Investor Relations
713-341-7260
investors@quantaservices.com

Corporate Office

2800 Post Oak Blvd., Suite 2600
Houston, TX 77056
713-629-7600
www.quantaservices.com