# Quanta Services, Inc. and Subsidiaries
## Reconciliation of Non-GAAP Financial Measures
### For the Three Months Ended March 31, 2017 and 2016
(In thousands, except per share information)
*(Unaudited)*

**Reconciliation of EBITA, EBITDA and Adjusted EBITDA:**

The following table presents the non-GAAP financial measures of EBITA, EBITDA and Adjusted EBITDA for the three months ended March 31, 2017 and 2016. EBITA is defined as earnings before interest, taxes and amortization, EBITDA is defined as earnings before interest, taxes, depreciation and amortization, and Adjusted EBITDA is defined as earnings before interest, taxes, depreciation, amortization and certain other items as described below. These measures should not be considered as an alternative to net income or other measures of performance that are derived in accordance with GAAP. Management believes that the exclusion of these adjustments from net income attributable to common stock enables it to more effectively evaluate Quanta's operations period over period and to identify operating trends that could otherwise be masked by the excluded items. As to certain of the items below, (i) amortization of intangible assets is impacted by Quanta's acquisition activity, which can cause these amounts to vary from period to period; (ii) 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 during the period; (iii) acquisition and integration costs vary period to period depending on the level of Quanta's ongoing acquisition activity; and (iv) severance costs related to the departure of Quanta's former president and chief executive officer and severance and restructuring costs associated with certain operations primarily within Quanta's Oil and Gas Infrastructure segment are not regularly occurring items. Because Adjusted EBITDA, as defined, excludes some, but not all, items that affect net income attributable to common stock, Adjusted EBITDA as presented may not be comparable to similarly titled measures of other companies. The most comparable GAAP financial measure, net income attributable to common stock, and information reconciling these GAAP and non-GAAP financial measures, are included below.

| | Three Months Ended March 31, 2017 | Three Months Ended March 31, 2016 |
|---|---|---|
| Net income attributable to common stock (GAAP as reported) | $ 48,267 | $ 20,496 |
| Interest expense | 3,965 | 3,589 |
| Interest income | (287) | (516) |
| Provision for income taxes | 22,592 | 13,443 |
| Equity in losses of unconsolidated affiliates | 603 | 181 |
| Amortization of intangible assets | 6,562 | 7,495 |
| **EBITA** | 81,702 | 44,688 |
| Depreciation expense | 42,693 | 41,170 |
| **EBITDA** | 124,395 | 85,858 |
| Acquisition and integration costs | — | 1,253 |
| Non-cash stock-based compensation | 11,866 | 12,010 |
| Severance and restructuring charges (a) | — | 6,352 |
| **Adjusted EBITDA** | $ 136,261 | $ 105,473 |

(a) The amount for the three months ended March 31, 2016 reflects the elimination of severance costs recognized in the first quarter of 2016 associated with the departure of Quanta's former president and chief executive officer and severance and restructuring costs associated with certain operations primarily within the Oil and Gas Infrastructure Services segment.

## Free Cash Flow:

Free cash flow (a non-GAAP measure) is defined as net cash provided by operating activities of continuing operations less net capital expenditures. Net capital expenditures is defined as additions to property and equipment less proceeds from sale of property and equipment. We believe that free cash flow provides useful information to our investors because management views free cash flow as an important indicator of how much cash is provided or used by routine business operations, including the impact of net capital expenditures. Management uses free cash flow for capital allocation purposes as it is viewed as a measure of cash available to pay debt, acquire businesses, repurchase its common stock and transact other investing and financing activities. The most comparable GAAP financial measure, net cash provided by operating activities of continuing operations, and information reconciling these GAAP and non-GAAP financial measures, are included below.

| | Three Months Ended March 31, | |
|---|---|---|
| | **2017** | **2016** |
| Net cash provided by (used in) operating activities of continuing operations | $ (3,811) | $ 205,811 |
| Less: Net capital expenditures: | | |
| Additions to property and equipment | (47,024) | (47,695) |
| Proceeds from sale of property and equipment | 4,801 | 5,089 |
| Net capital expenditures | (42,223) | (42,606) |
| **(Negative) Free Cash Flow** | $ (46,034) | $ 163,205 |

## Definition of Days Sales Outstanding:

Days Sales Outstanding is calculated by using the sum of current accounts receivable, net of allowance (which includes retainage and unbilled balances), plus costs and estimated earnings in excess of billings on uncompleted contracts less billings in excess of costs and estimated earnings on uncompleted contracts, divided by average revenues per day during the quarter.