Quanta Services, Inc. and Subsidiaries
Reconciliation of Non-GAAP Financial Measures
For the Three and Nine Months Ended September 30, 2017 and 2016

(In thousands)

(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 and nine months ended September 30, 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 from continuing operations 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 Services segment are not regularly occurring items. Because Adjusted EBITDA, as defined, excludes some, but not all, items that affect net income from continuing operations 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 from continuing operations attributable to common stock, and information reconciling the GAAP and non-GAAP financial measures, are included below.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net income from continuing operations attributable to common stock (GAAP as reported)	$ 89,313	$ 73,137	$ 201,417	$ 110,195
Interest expense	6,058	3,726	14,294	10,898
Interest income	(196)	(874)	(647)	(2,031)
Provision for income taxes	42,346	54,516	105,183	82,654
Equity in losses of unconsolidated affiliates	2,755	89	5,506	648
Amortization of intangible assets	8,979	8,094	22,035	23,730
EBITA	149,255	138,688	347,788	226,094
Depreciation expense	48,426	42,678	135,769	126,607
EBITDA	197,681	181,366	483,557	352,701
Acquisition and integration costs	4,299	970	9,044	3,053
Non-cash stock-based compensation	10,929	9,746	34,352	31,259
Severance and restructuring charges (a)	—	—	—	6,352
Adjusted EBITDA	$ 212,909	$ 192,082	$ 526,953	$ 393,365

(a) The amount for the nine months ended September 30, 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.

Reconciliation of Free Cash Flow:

Free cash flow (a non-GAAP measure) is defined as net cash provided by (used in) 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. Management believes that free cash flow provides useful information to Quanta's investors because free cash flow is viewed by management 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 (used in) operating activities of continuing operations, and information reconciling the GAAP and non-GAAP financial measures, are included below.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net cash provided by (used in) operating activities of continuing operations	$ 173,703	$ (68,528)	$ 174,837	$ 205,093
Less: Net capital expenditures:				
Additions to property and equipment	(62,997)	(35,874)	(168,278)	(144,424)
Proceeds from sale of property and equipment	4,080	6,849	16,424	17,103
Net capital expenditures	(58,917)	(29,025)	(151,854)	(127,321)
Free Cash Flow	$ 114,786	$ (97,553)	$ 22,983	$ 77,772

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, and divided by average revenues per day during the quarter.

Definition of Total Liquidity:

Total liquidity includes Quanta's cash and cash equivalents and availability under Quanta's revolving credit facility.