

May 2, 2013



Quanta Services Reports 2013 First Quarter Results

Diluted Earnings Per Share Increased 55% to \$0.34

Backlog Increased to Record \$7.04 billion

HOUSTON, May 2, 2013 /PRNewswire/ -- Quanta Services, Inc. (NYSE: PWR) today announced results for the three months ended March 31, 2013. Revenues in the first quarter of 2013 were \$1.59 billion compared to revenues of \$1.33 billion in the first quarter of 2012. Net income from continuing operations attributable to common stock was \$72.1 million, or \$0.34 per diluted share, in the first quarter of 2013, versus net income from continuing operations attributable to common stock of \$45.8 million, or \$0.22 per diluted share, in the first quarter of 2012. Adjusted diluted earnings per share from continuing operations (a non-GAAP measure) were \$0.38 for the first quarter of 2013 compared to \$0.26 for the first quarter of 2012.

(Logo: <https://photos.prnewswire.com/prnh/20110810/MM50805LOGO>)

"We are off to a great start this year with record revenues, record profits and record backlog for the first quarter of 2013. Equally important, our employees continue to operate at high levels of safety and efficiency in a tight labor market," said Jim O'Neil, president and chief executive officer of Quanta Services. "We expect the performance of our electric power segment to remain strong this year while our natural gas and pipeline segment builds momentum throughout the remainder of 2013, which bodes well for our overall business outlook for 2014 and beyond."

Adjusted diluted earnings per share from continuing operations are before the impact of certain adjustments and therefore exclude non-cash items such as amortization of intangible assets and non-cash compensation expense, all net of tax. See the attached table for a reconciliation of non-GAAP measures to the reported GAAP measures. On Dec. 3, 2012, Quanta sold substantially all of its domestic telecommunications infrastructure services operations, and the corresponding prior period financial results have been presented as discontinued operations in the accompanying consolidated financial statements, supplemental data and reconciliation of non-GAAP financial measures.

RECENT HIGHLIGHTS

- **Selected by Pacific Gas & Electric for Multi-Year Pipeline System Integrity Alliance Agreement** - In March 2013, Pacific Gas and Electric Company (PG&E), a PG&E Corporation subsidiary, selected Quanta to provide comprehensive pipeline system integrity solutions as part of PG&E's Pipeline Safety Enhancement Plan.

Quanta was awarded a three-year alliance agreement, with subsequent annual extensions, to provide services such as pipeline replacement, hydrostatic testing and valve automation services. Quanta has begun working under the alliance agreement and estimates its initial value at approximately \$100 million per year over the initial three-year term.

- **Selected by ATCO Electric for the Eastern Alberta Transmission Line** -In March 2013, ATCO Electric selected Valard Construction, a Quanta Services company, to install transmission infrastructure for the Eastern Alberta Transmission Line (EATL) project. Under the terms of the contract, Valard will install approximately 310 miles (500 kilometers) of 500-kilovolt high-voltage direct current (HVDC) transmission line between the Edmonton and Calgary regions.
- **Named Gérard Sonnier General Counsel** -In March 2013, Gérard Sonnier joined the company as vice president and general counsel. Sonnier, 54, brings three decades of broad-based experience in both general counsel and chief compliance officer roles with two Fortune 200 companies. Prior to joining Quanta, he served as vice president, assistant general counsel, litigation and chief Foreign Corrupt Practices Act (FCPA) compliance officer with Waste Management, Inc.

OUTLOOK

The overall outlook for Quanta's business is positive. However, regulatory and permitting challenges may impact project timing. Therefore, Quanta's financial outlook for revenues and margins reflects management's efforts to properly align these uncertainties with the backlog the company is executing on and the opportunities expected to materialize in 2013. In addition, the company's outlook for 2013 reflects a reduction in emergency restoration revenues to more normalized levels, as 2012 results included record emergency restoration service revenues of over \$250 million. Lastly, the company has not assumed any uncommitted mainline pipe construction work in its 2013 financial outlook. The following forward-looking statements are based on current expectations, and actual results may differ materially.

Quanta expects revenues for the second quarter of 2013 to range between \$1.45 billion and \$1.55 billion and diluted earnings per share from continuing operations to be \$0.30 to \$0.32. Quanta expects adjusted diluted earnings per share from continuing operations (a non-GAAP measure) for the second quarter of 2013 to be \$0.35 to \$0.37. This non-GAAP measure is estimated on a similar basis as the calculations of historical adjusted diluted earnings per share from continuing operations presented in this press release. Amortization of intangibles and non-cash stock-based compensation are forecasted to be approximately \$5.1 million and \$11.1 million for the second quarter of 2013. Included in our estimate of non-cash stock-based compensation for the second quarter and year of 2013 is approximately \$4.2 million of expense, or one cent per diluted share, related to the accelerated vesting of equity-based awards associated with John R. Colson's retirement as Quanta's executive chairman of the board of directors effective May 23, 2013.

Quanta expects revenues for the full year 2013 to range between \$5.9 billion and \$6.3 billion. Diluted earnings per share from continuing operations for the full year 2013 are estimated to be between \$1.20 and \$1.40. Quanta expects adjusted diluted earnings per share from continuing operations for the full year 2013 to range from \$1.37 to \$1.57. Amortization of intangibles and non-cash stock-based compensation expense are forecasted to be approximately \$20.5 million and \$32.8 million for the full year 2013.

NON-GAAP FINANCIAL MEASURES

The non-GAAP measures in this press release and on Quanta's website are provided to enable investors, analysts and management to evaluate Quanta's performance excluding the effects of certain items that management believes impact the comparability of operating results between reporting periods. In addition, management believes these measures are useful in comparing Quanta's operating results with those of its competitors. These measures should be used as an addition to, and not in lieu of, results prepared in conformity with GAAP. Reconciliations of other GAAP to non-GAAP measures not included in the table attached to this press release can be found on the company's website at www.quantaservices.com in the "Investors & Media" section.

CONFERENCE CALL INFORMATION

Quanta has scheduled a conference call for May 2, 2013, at 9:30 a.m. Eastern Time. To participate in the call, dial 480-629-9773 at least 10 minutes before the conference call begins and ask for the Quanta Services conference call. Investors, analysts and the general public will also have the opportunity to listen to the conference call over the Internet by visiting the company's website at www.quantaservices.com. To listen to the call live on the Web, please visit the Quanta website at least 15 minutes early to register, download and install any necessary audio software. For those who cannot listen to the live event, an archive will be available shortly after the call on the company's website at www.quantaservices.com. A replay will also be available through May 9, 2013, and may be accessed at 303-590-3030, using the pass code 4615818#. For more information, please contact Kip Rupp, vice president - Investor Relations at Quanta Services, by calling 713-341-7260 or emailing investors@quantaservices.com.

GET THE QUANTA SERVICES IR APP

The Quanta investor relations app for iPhone, iPad and Android mobile devices is now available for free at Apple's App Store for the iPhone and iPad and at Google Play for Android mobile devices. The Quanta investor relations app allows users to navigate the company's investor relations materials including the latest press releases, SEC filings, presentations, videos, audio cast conference calls and stock price information. Sharing functionality via email, Twitter and Facebook is available, as well as the ability for investors to be notified when new information is posted to the company's IR app.

ABOUT QUANTA SERVICES

Quanta is a leading specialized contracting services company, delivering infrastructure solutions for the electric power and natural gas and pipeline industries. Quanta's comprehensive services include designing, installing, repairing and maintaining network infrastructure. Additionally, Quanta licenses point-to-point fiber optic telecommunications infrastructure in certain markets and offers related design, procurement, construction and maintenance services. With operations throughout North America and in certain international markets, Quanta has the manpower, resources and expertise to complete projects that are local, regional, national or international in scope.

Forward-Looking Statements

This press release (and oral statements regarding the subject matter of this release, including those made on the conference call and webcast announced herein) 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 projected revenues, earnings per share, margins, capital expenditures, and other projections of operating or financial results; expectations regarding the business outlook, growth or opportunities in particular markets; the expected value of contracts or intended contracts with customers; the scope, services, term and results of any projects awarded or expected to be awarded for services to be provided by Quanta; the impact of renewable energy initiatives, including mandated state renewable portfolio standards, the economic stimulus package and other existing or potential energy legislation; potential opportunities that may be indicated by bidding activity or similar discussions with customers; the potential benefits from acquisitions; the outcome of pending or threatened litigation; the business plans or financial condition of our customers; Quanta's plans and strategies; and the current economic and regulatory conditions and trends in the industries Quanta serves, as well as 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 a variety of risks and uncertainties that are difficult to predict or beyond our control, including, among others, the effects of industry, economic or political conditions outside of the control of Quanta; quarterly variations in operating results; adverse economic and financial conditions, including weakness in the capital markets; trends and growth opportunities in relevant markets; delays, reductions in scope or cancellations of anticipated, pending or existing projects, including as a result of weather, regulatory or environmental processes, project performance issues, or our customers' capital constraints; the successful negotiation, execution, performance and completion of anticipated, pending and existing contracts, including the ability to obtain awards of projects on which we bid or are otherwise discussing with customers; the ability to attract skilled labor and retain key personnel and qualified employees; potential shortage of skilled employees; dependence on fixed price contracts and the potential to incur losses with respect to these contracts; estimates relating to the use of percentage-of-completion accounting; adverse impacts from weather; the ability to generate internal growth; competition in Quanta's business, including the ability to effectively compete for new projects and market share; potential failure of renewable energy initiatives, the economic stimulus package or other existing or potential legislative actions to result in increased demand for Quanta's services; liabilities associated with multi-employer pension plans, including underfunding of liabilities and termination or withdrawal liabilities; the possibility of an increase in the liability associated with Quanta's partial withdrawal in the fourth quarter of 2011 from a multi-employer pension plan; liabilities for claims that are self-insured or not insured; unexpected costs or liabilities that may arise from lawsuits or indemnity claims asserted against Quanta; risks relating to the 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; 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 exposes us to liability and/or harm to our reputation for acts or omissions by our partners; our inability or failure to comply with the terms of our contracts, which may result in unexcused delays, warranty claims, failure to meet performance guarantees, damages or contract terminations; the effect of natural gas, natural gas liquids and oil prices on Quanta's operations and growth opportunities; the future development of natural resources in shale areas; the inability of customers to pay for

services; the failure to recover on payment claims against project owners or to obtain adequate compensation for customer-requested change orders; the failure of our customers to comply with regulatory requirements applicable to their projects, including those related to awards of stimulus funds, which may result in project delays and cancellations; budgetary or other constraints that may reduce or eliminate tax incentives for or government funding of projects, including stimulus projects, which may result in project delays or cancellations; estimates and assumptions in determining financial results and backlog; the ability to realize backlog; risks associated with operating in international markets, including instability of foreign governments, currency fluctuations, tax and investment strategies and compliance with the laws of foreign jurisdictions as well as the U.S. Foreign Corrupt Practices Act and other applicable anti-bribery and anti-corruption laws; the ability to successfully identify, complete, integrate and realize synergies from acquisitions; the potential adverse impact resulting from uncertainty surrounding acquisitions, including the ability to retain key personnel from the acquired businesses and the potential increase in risks already existing in Quanta's operations; the adverse impact of impairments of goodwill and other intangible asset or investments; growth outpacing our decentralized management and infrastructure; requirements relating to governmental regulation and changes thereto; inability to enforce our intellectual property rights or the obsolescence of such rights; risks related to the implementation of an information technology solution; the impact of a unionized workforce on operations, including labor stoppages or interruptions due to strikes or lockouts; potential liabilities relating to occupational health and safety matters; our dependence on suppliers, subcontractors and equipment manufacturers; risks associated with Quanta's fiber optic licensing business, including regulatory and tax changes and the potential inability to realize a return on capital investments; beliefs and assumptions about the collectability of receivables; the cost of borrowing, availability of credit, 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 access sufficient funding to finance desired growth and operations; the ability to obtain performance bonds; potential exposure to environmental liabilities; the ability to continue to meet the requirements of the Sarbanes-Oxley Act of 2002; rapid technological and structural changes that could reduce the demand for services; the impact of increased healthcare costs arising from healthcare reform legislation, and other risks and uncertainties detailed in Quanta's Annual Report on Form 10-K for the year ended Dec. 31, 2012 and any other documents that Quanta files with the Securities and Exchange Commission (SEC). 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. 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 the company's website at www.quantaservices.com or through the SEC's Electronic Data Gathering and Analysis Retrieval System (EDGAR) at www.sec.gov.

Contacts: Derrick Jensen, CFO
Kip Rupp, CFA - Investors
Stephanie Moreland - Media

Quanta Services, Inc.
713-629-7600

**Quanta Services, Inc. and Subsidiaries Consolidated Statements of Operations For the Three Months Ended March 31,
2013 and 2012**
(In thousands, except per share information)
(Unaudited)

	Three Months Ended	
	March 31,	
	2013	2012
Revenues	\$ 1,585,710	\$ 1,328,764
Cost of services (including depreciation)	1,347,437	1,142,700
Gross profit	238,273	186,064
Selling, general and administrative expenses	113,681	98,108
Amortization of intangible assets	5,301	9,165
Operating income	119,291	78,791
Interest expense	(502)	(575)
Interest income	522	408
Other income (expense), net	(513)	130
Income from continuing operations before income taxes	118,798	78,754
Provision for income taxes	41,941	28,669
Net income from continuing operations	76,857	50,085
Loss from discontinued operations, net of taxes	—	(91)
Net income	76,857	49,994
Less: Net income attributable to noncontrolling interests	4,776	4,287
Net income attributable to common stock	\$ 72,081	\$ 45,707
Amounts attributable to common stock:		
Net income from continuing operations	\$ 72,081	\$ 45,798
Net loss from discontinued operations	—	(91)
Net income attributable to common stock	\$ 72,081	\$ 45,707
Earnings per share attributable to common stock - basic and diluted:		
Continuing operations	\$ 0.34	\$ 0.22
Discontinued operations	—	—
Net income attributable to common stock	\$ 0.34	\$ 0.22
Weighted average shares used in computing earnings per share:		
Basic	213,453	211,481
Diluted	213,512	211,592

Quanta Services, Inc. and Subsidiaries Condensed Consolidated Balance Sheets
(In thousands)
(Unaudited)

	March 31, 2013	December 31, 2012
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 366,619	\$ 394,701
Accounts receivable, net	1,283,739	1,328,081
Costs and estimated earnings in excess of billings on uncompleted contracts	407,080	342,777
Inventories	37,666	38,261
Prepaid expenses and other current assets	90,561	97,907
Total current assets	2,185,665	2,201,727
PROPERTY AND EQUIPMENT, net	1,071,972	1,045,983
OTHER ASSETS, net	182,871	171,566
OTHER INTANGIBLE ASSETS, net	178,515	183,836
GOODWILL	1,535,795	1,537,645
Total assets	\$ 5,154,818	\$ 5,140,757
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 666,650	\$ 707,294
Billings in excess of costs and estimated earnings on uncompleted contracts	163,236	173,885
Total current liabilities	829,886	881,179
DEFERRED INCOME TAXES AND OTHER NON-CURRENT LIABILITIES	494,111	487,662
Total liabilities	1,323,997	1,368,841
TOTAL STOCKHOLDERS' EQUITY	3,826,131	3,766,548
NONCONTROLLING INTERESTS	4,690	5,368
TOTAL EQUITY	3,830,821	3,771,916
Total liabilities and equity	\$ 5,154,818	\$ 5,140,757

Quanta Services, Inc. and Subsidiaries Supplemental Data
(In thousands, except percentages)
(unaudited)

Segment Results

Quanta Services reports its results under three reporting segments: (1) Electric Power Infrastructure Services, (2) Natural Gas and Pipeline Infrastructure Services and (3) Fiber Optic Licensing and Other, as set forth below (in thousands, except percentages).

	Three Months Ended March 31,	
	2013	2012
Revenues:		

Electric Power	\$ 1,180,983	74.5 %	\$ 932,213	70.1 %
Natural Gas and Pipeline	358,932	22.6	356,967	26.9
Fiber Optic Licensing and Other	45,795	2.9	39,584	3.0
Consolidated revenues	<u>\$ 1,585,710</u>	<u>100.0 %</u>	<u>\$ 1,328,764</u>	<u>100.0 %</u>

Operating income (loss):

Electric Power	\$ 132,550	11.2 %	\$ 114,214	12.3 %
Natural Gas and Pipeline	10,357	2.9	(10,535)	(3.0)
Fiber Optic Licensing and Other	16,883	36.9	14,540	36.7
Corporate and Non-Allocated Costs	(40,499)	N/A	(39,428)	N/A
Consolidated operating income	<u>\$ 119,291</u>	<u>7.5 %</u>	<u>\$ 78,791</u>	<u>5.9 %</u>

Backlog

Backlog represents the amount of revenue that Quanta expects to realize from work to be performed in the future on uncompleted contracts, including new contractual arrangements on which work has not yet begun. Backlog estimates include amounts under long-term maintenance contracts or master service agreements (MSAs), in addition to construction contracts. Quanta estimates the amount of work to be disclosed as backlog as the estimate of future work to be performed by using recurring historical trends inherent in the current MSAs, factoring in seasonal demand and projecting customer needs based upon ongoing communications with the customer. Generally, Quanta's customers are not contractually committed to specific volumes of services under Quanta's MSAs, and many of Quanta's contracts may be terminated with notice. There can be no assurance as to Quanta's customers' requirements or that Quanta's estimates are accurate. In addition, many of Quanta's MSAs, as well as contracts for fiber optic licensing, are subject to renewal options. For purposes of calculating backlog, Quanta has included future renewal options only to the extent that the renewals can reasonably be expected to occur.

The following table presents Quanta's total backlog by reportable segment as of March 31, 2013, March 31, 2012 and December 31, 2012 along with an estimate of the backlog amounts expected to be realized within 12 months of each date (in millions):

	Backlog as of					
	March 31, 2013		March 31, 2012			Decen
	12 Month	Total	12 Month	Total	12 Month	
Electric Power	\$ 2,766.3	\$ 4,836.7	\$ 2,728.5	\$ 4,957.0	\$ 2,864.9	\$
Natural Gas and Pipeline	918.8	1,659.0	862.3	1,412.7	797.0	
Fiber Optic Licensing and Other	137.6	544.3	140.4	491.3	145.0	
Total	<u>\$ 3,822.7</u>	<u>\$ 7,040.0</u>	<u>\$ 3,731.2</u>	<u>\$ 6,861.0</u>	<u>\$ 3,806.9</u>	<u>\$</u>

Quanta Services, Inc. and Subsidiaries Reconciliation of Non-GAAP Financial Measures For the Three Months Ended March 31, 2013
(In thousands, except per share information)
(Unaudited)

The non-GAAP measure of adjusted diluted earnings per share from continuing operations is provided to enable investors to evaluate performance excluding the effects of items that management believes impact the comparability of operating results between periods. 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 compensation expense may vary due to acquisition activity, factors influencing the estimated fair value of performance-based awards, estimated forfeiture rates and amounts granted during the period and (iii) acquisition costs vary period to period depending on the level of Quanta's acquisition activity ongoing during the period.

	Three Months Ended	
	March 31,	
	2013	2012
Adjusted diluted earnings per share from continuing operations:		
Net income from continuing operations attributable to common stock (GAAP as reported)	\$ 72,081	\$ 45,798
Adjustments:		
Acquisition costs, net of tax	450	440
Adjusted net income from continuing operations attributable to common stock before certain non-cash adjustments	72,531	46,238
Non-cash stock-based compensation, net of tax	4,902	3,592
Amortization of intangible assets, net of tax	3,402	6,004
Adjusted net income from continuing operations attributable to common stock for adjusted diluted earnings per share from continuing operations	\$ 80,835	\$ 55,834
Calculation of weighted average shares for adjusted diluted earnings per share from continuing operations:		
Weighted average shares outstanding for basic earnings per share from continuing operations	213,453	211,481
Effect of dilutive stock options	59	111
Weighted average shares outstanding for adjusted diluted earnings per share from continuing operations	213,512	211,592
Adjusted diluted earnings per share from continuing operations	\$ 0.38	\$ 0.26

SOURCE Quanta Services