



QUANTA

2Q20

# Earnings Call Presentation

August 6, 2020





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## Call Participants and Agenda

### **Duke Austin**

President and Chief Executive Officer

### **Derrick Jensen**

Chief Financial Officer

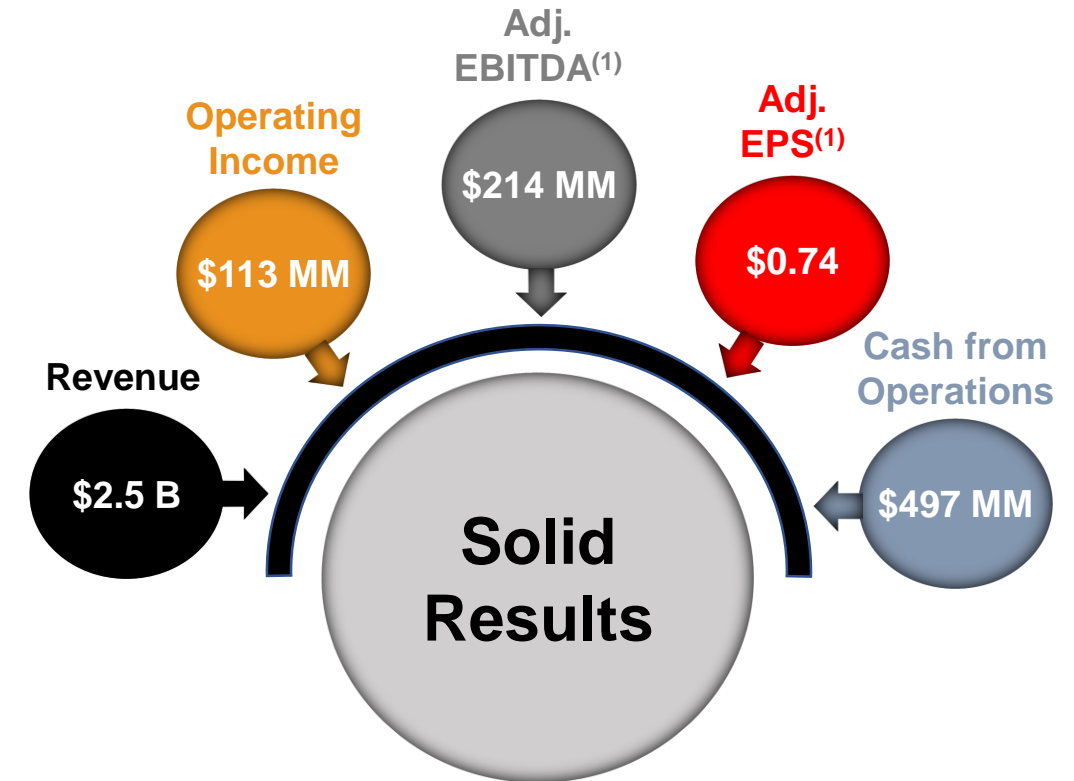
### **Kip Rupp**

Vice President, Investor Relations

- Introduction and Forward Looking Statements Disclaimer
- Second Quarter Results, Operational and Strategic Commentary
- Financial Review and Discussion
- Outlook
- Q&A

## 2Q20 Highlights

- Solid 2Q20 results that exceeded expectations
  - Electric Power and Pipeline & Industrial segment margins
  - Adjusted EBITDA
  - Earnings Per Share
  - Cash flow
- Strong balance sheet and ample liquidity
- Results demonstrate the resiliency of our business and the operational excellence of our people
- Executing well during extraordinary health and economic conditions that are challenging everyone



**SOLID 2Q20 RESULTS DEMONSTRATE BUSINESS RESILIENCY AND OPERATIONAL EXCELLENCE**

# Update to Quanta's COVID-19 Response and Impacts

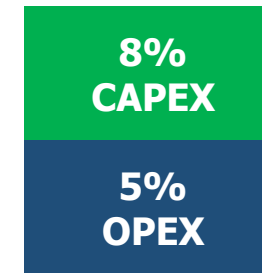
Quanta Strengths	Employees & Customers	Proactive Expense & Capex Management	2Q20 Impacts
<ul style="list-style-type: none"> <li>• Solid 1H20 results</li> <li>• Successful execution of five key objectives</li> <li>• Resilient business model</li> <li>• Strong balance sheet &amp; liquidity</li> <li>• Operational diversity</li> <li>• Est. ~80% to 90% of 2020E revenues from resilient utility, communications and certain P&amp;I services</li> <li>• Self perform ~85% of revenues</li> <li>• World-class craftsmen</li> </ul>	<ul style="list-style-type: none"> <li>• Remain focused on health and safety of our employees</li> <li>• Executing on pandemic and business continuity plans</li> <li>• No meaningful impact on health or availability of workforce or key personnel as a result of COVID-19</li> <li>• Continued communication and collaboration with customers</li> <li>• Believe Quanta can emerge in even better competitive position with successful performance during the crisis</li> </ul>	<ul style="list-style-type: none"> <li>• Proactively implemented cost management initiatives, which benefitted 2Q20 results</li> <li>• Proactively implemented capex management initiatives</li> <li>• Operating leadership doing a commendable job managing businesses in uncertain and challenging environment</li> </ul>	<ul style="list-style-type: none"> <li>• As expected, April was most challenging month operationally</li> <li>• Operating conditions generally improved through balance of quarter</li> <li>• Certain operations in Pipeline &amp; Industrial segment materially impacted</li> <li>• Latin American (LATAM) operations have been hardest hit by the pandemic</li> <li>• Continue to expedite and make progress on exit of LATAM operations</li> </ul>

**RESILIENT BUSINESS MODEL, STRONG FINANCIAL PROFILE, PROACTIVE MANAGEMENT**

## Electric Power Infrastructure Services

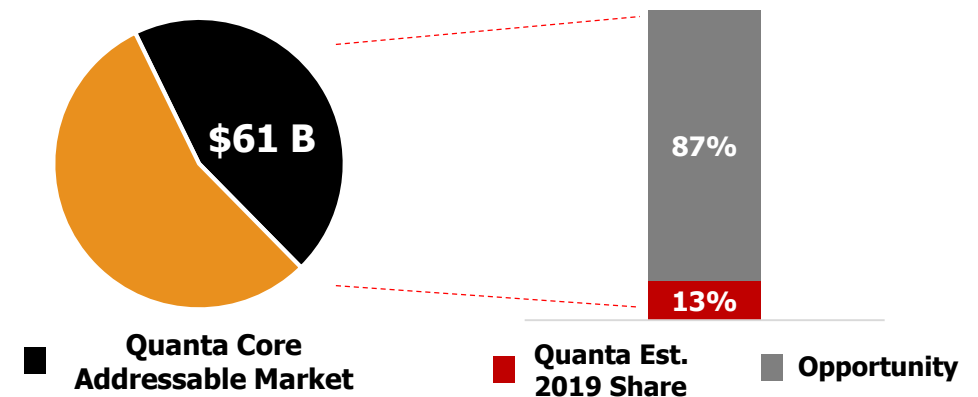
- Strong execution across operations and service lines coupled with successful cost management drove solid profitability
- Demand for our services remains strong
- Utilities continue to actively deploy capital into their systems
  - Grid modernization, storm and fire hardening, renewables integration, reliability, etc.
  - Most utilities have confirmed 2020 and multi-year transmission and distribution capital plans
- Incremental opportunities driven by renewable generation
  - Onshore and offshore wind and solar
  - Demand for substation, transmission interconnects, battery storage and larger transmission projects

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



**2019E U.S. Utility Capex  
= \$136 B <sup>(1)</sup>**

**Quanta Core Solutions  
= \$61 B**



**LARGE, VISIBLE, CONSISTENT AND GROWING MARKET WITH AMPLE OPPORTUNITY**



## Puerto Rico Electric T&D System Operation & Maintenance Agreement

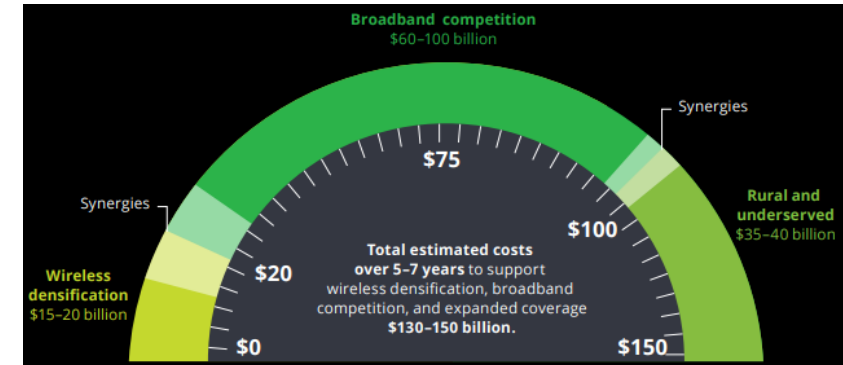
- LUMA Energy, LLC (LUMA), 50% owned by Quanta and 50% owned by ATCO, has been selected for this historic opportunity – the transformation and modernization of the Puerto Rico electric transmission and distribution (T&D) system, in order to provide significant benefits to the people of Puerto Rico through an Operation and Maintenance Agreement (O&M Agreement) with the Puerto Rico Electric Power Authority (PREPA) and the Puerto Rico Public-Private Partnership Authority (P3)
- LUMA is a purpose-built company that leverages the strengths of Quanta, ATCO and IEM, including world-class utility operations; craft-skilled labor training and management; and federal funds procurement, management and deployment
- LUMA's O&M Agreement is consistent with Quanta's long-term strategy
  - Long-term, contracted agreement that is expected to provide a visible, recurring and resilient cash flow and earnings stream. LUMA has begun a front-end transition period and expects to achieve full transition to the O&M Agreement in mid-2021
  - LUMA earns a fixed fee for service plus opportunity to earn annual incentive fees based on achievement of performance metrics. PREPA retains ownership of the electric T&D system and LUMA is not required to make capital investments in the electric T&D system
  - Electric T&D system operating costs and capital expenditures are pass-through and paid from pre-funded service accounts
- Quanta believes there is opportunity for it to compete for work associated with Puerto Rico's grid modernization efforts that are separate from its ownership interest in LUMA
- Successful collaboration with a customer to deliver unique infrastructure solutions that can serve as a blueprint for future opportunities

**TRANSFORMATIVE OPPORTUNITY FOR THE PEOPLE OF PUERTO RICO AND QUANTA**

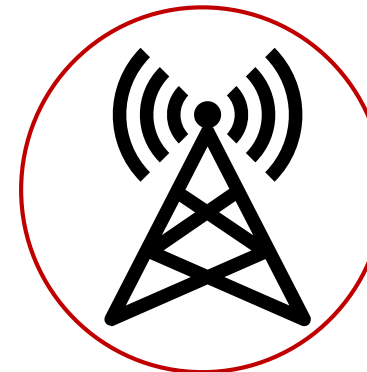
# Communications Infrastructure Services *(within Electric Power Segment)*

- Continue to perform well with ample growth opportunities in the near and longer term
- COVID-19 / work-from-home / shelter-in-place has highlighted the need for bandwidth intensive, reliable, secure, fast communications and data services
- Projects largely moving forward with limited COVID-19 disruptions so far
- Continue to collaborate with utilities and wireless carriers on future 5G opportunities
- Recent acquisition of Chicago-based engineering, design, permitting and utility-locating company
  - Enhances Quanta's turnkey engineering capabilities for core utility markets
  - Materially strengthens our turnkey communications engineering capabilities

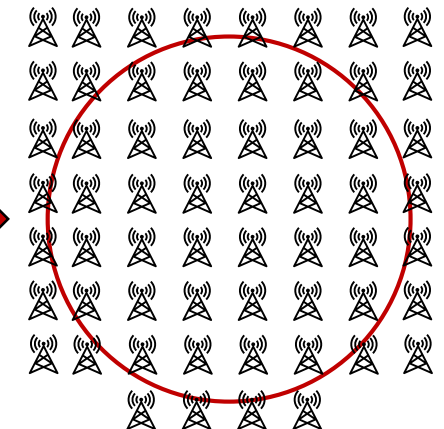
**To Meet Future Broadband Needs, The U.S. Needs Est. \$130-\$150B of Fiber Infrastructure Investment<sup>(1)</sup>**



**Today's 4G Network**



**Future 5G Network<sup>(2)</sup>**



○ = 1 Square Mile

**FIBER DENSIFICATION AND 5G DEPLOYMENTS PROVIDE LARGE OPPORTUNITY**





## Pipeline and Industrial Infrastructure Services

- Results impacted by COVID-19 as expected. Rapid adjustment to changing market conditions, effective cost management and operational excellence resulted in better than expected margins

### Gas Utility

- Experienced work shutdowns in 2Q in several metro markets.
- Managed headcount and costs in impacted areas
- As restrictions lifted, activity and utilization recovered better than expected
- Utilities in early stages of multi-decade gas system modernization programs

### Pipeline Integrity

- Demand was solid in 2Q20
- Did not experience meaningful COVID-19 impacts
- Regulation driving integrity programs to ensure safe, reliable and environmentally friendly delivery of energy
- New pipeline project permitting challenges could spur incremental integrity spending on existing systems

### Industrial Services

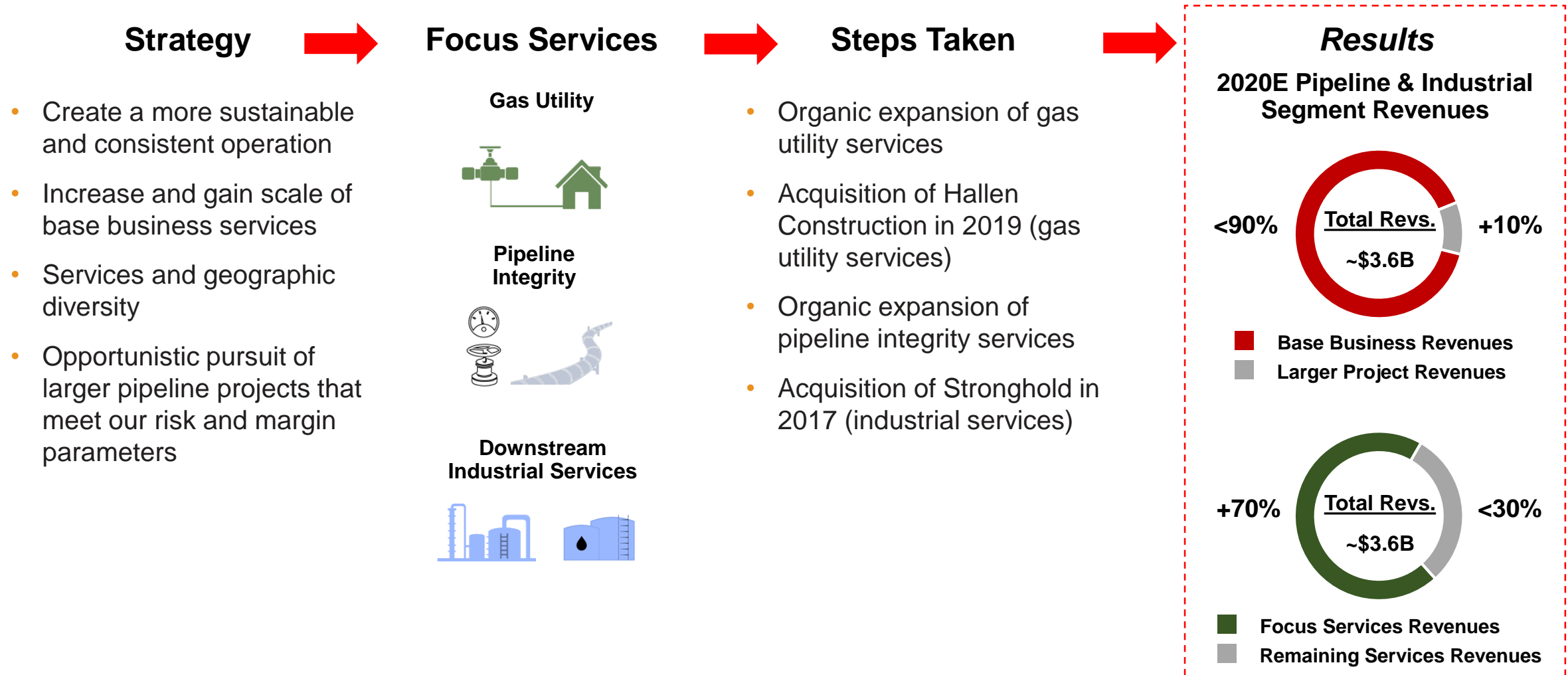
- COVID-19 dynamics materially impacted operations in 2Q
- Benefitted from service line diversity
  - Catalyst services and tank maintenance was solid
  - Turnarounds, maintenance and other services deferred
- Opportunity for stability in 2H20, albeit at reduced levels, and for improvement in 2021

### Other P&I Infrastructure Services

- Portions of our midstream and ancillary services operations experienced softness
- Effectively managing headcount and costs
- Some larger pipeline projects facing permitting challenges
- Larger pipeline project activity not expected to be significant in 2020
- Actively pursuing opportunities that could be additive

**SOLID 2Q20 RESULTS IN UNPRECEDENTED OPERATING CONDITIONS**

# Pipeline and Industrial Infrastructure Services



STRATEGIC FOCUS ON BASE BUSINESS EXPECTED TO YIELD SUSTAINABILITY AND CONSISTENCY

## Solid 2Q20 Results, Increased 2020 Outlook and Commitment to Stockholder Value

- Increasing Quanta's full-year 2020 outlook
  - Solid 1H20 results
  - Contribution from ownership of LUMA Energy
  - 80% to 90% of estimated 2020 revenues from services and end markets we believe are resilient
- Have executed well on our strategy, which is designed to mitigate risks through diversification and a strong financial profile
- Believe Quanta has a long runway for generating repeatable and sustainable earnings
- Announced a new \$500 million stock repurchase authorization
  - Over the past six years, Quanta has repurchased approx. \$2.4 billion of its common stock, which equates to the retirement of more than 40% of the shares outstanding at the start of those repurchases
  - These actions demonstrate our confidence in Quanta and our commitment to generating value for our stockholders
- Believe Quanta's diversity, unique operating model and entrepreneurial mindset form the foundation that will allow us to continue to generate long-term value for all our stakeholders

**SOUND STRATEGY, RESILIENT BUSINESS MODEL AND STRONG FINANCIAL PROFILE**

## 2Q 2020 Segment Results versus 2Q 2019

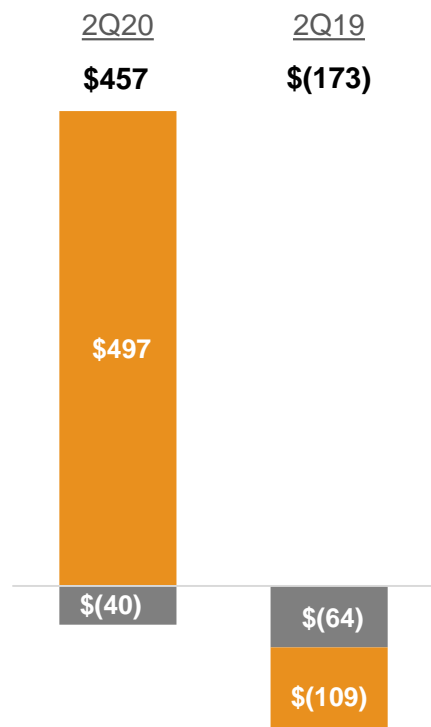
(\$MMs)	Revenues	Op Inc % Change (bps)	Commentary
Electric Power ex Latin America	<b>\$1,790</b> <i>Up 2%</i>	<b>11.1%</b> <i>Up 130</i>	<ul style="list-style-type: none"> <li>+ Revenue growth reflects continued base business strength; communications revenues, included in the electric segment, grew ~50% versus 2Q19</li> <li>+ Higher margins due to strong execution and improved performance from our Canadian business due to increased revenue levels and asset utilization</li> <li>- Reduction in fire-hardening services, which are expected to increase in the second half of 2020</li> </ul>
Latin America	<b>\$2</b> <i>NM</i>	<b>NM</b>	<ul style="list-style-type: none"> <li>- Orderly exit is proceeding</li> <li>- \$15MM losses primarily related to early termination and close out costs associated with projects in the region and disruptions caused by the COVID-19 pandemic</li> <li>- Losses in Latin America receive no tax benefit</li> </ul>
Pipeline & Industrial	<b>\$713</b> <i>Down 35%</i>	<b>3.0%</b> <i>Down 330</i>	<ul style="list-style-type: none"> <li>- Decreased capital spending by our customers due to the challenging overall energy market conditions and the COVID-19 pandemic resulted in decreased revenues and margins and negatively impacted our ability to cover fixed and overhead costs</li> <li>- Revenue and margin decline also due to the expected reduction in larger pipeline project revenues, from which the contributions were approximately \$186MM lower than 2Q19</li> </ul>
Corporate & Non- Allocated	<b>N/A</b>	<b>(3.7%)</b> <i>Up 70</i>	<ul style="list-style-type: none"> <li>+ \$8MM increase compared to 2Q19 primarily due to a \$5MM increase in intangible asset amortization, an \$8MM increase in non-cash stock based compensation expense, a \$5MM incremental increase in the fair value of deferred compensation liabilities (for which an approximately equivalent offsetting change is recorded below operating income in Other Income (Expense), net), offset by \$7MM associated with the change in fair value of contingent consideration liabilities and \$3MM of other cost reductions associated with the current operating environment</li> </ul>

### IMPROVED ELECTRIC MARGINS



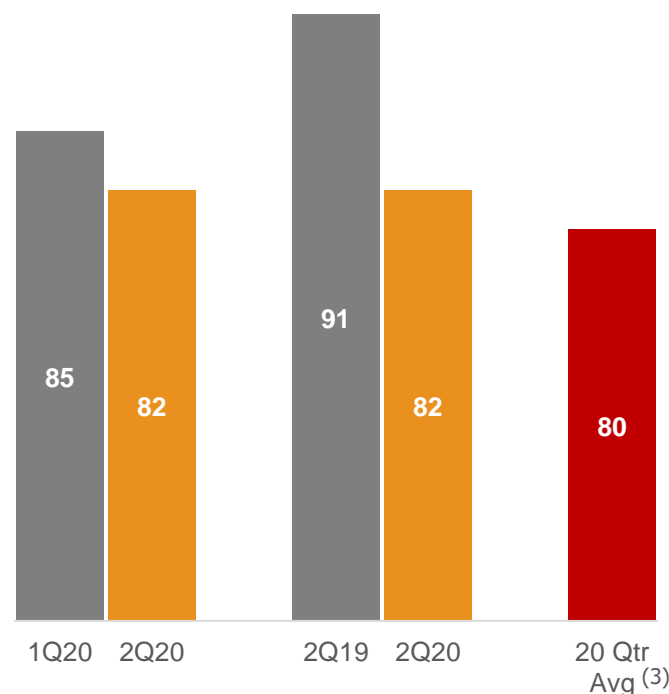
## Free Cash Flow & DSO

### Free Cash Flow <sup>(1)</sup> (\$MMs)



■ Cash provided by (used in) operations  
■ Net CapEx

### Days Sales Outstanding <sup>(2)</sup> (DSO)



## 2<sup>nd</sup> Quarter Recap

### Free Cash Flow driven by:

- Decrease in working capital requirements due to lower revenues compared to 2Q19 and a decrease in DSO
- Deferred payment of \$58MM of federal and state income taxes and \$31MM of payroll taxes as permitted under the CARES Act and related state actions

### DSO of 82 was:

- 9 days lower than 2Q19 due to lower levels of retainage compared to 2Q19 and billing process changes for certain customers that pressured DSO throughout 2019

## STRONG SECOND QUARTER CASH GENERATION

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

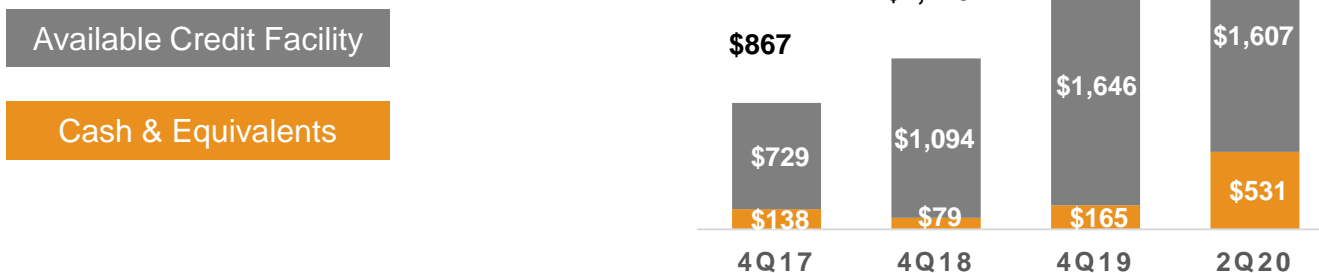
(2) Refer to the appendix for the definition of Days Sales Outstanding

(3) 20 quarter average from July 1, 2015 through June 30, 2020

## Balance Sheet & Liquidity

	Dec 31,			Jun 30,
(\$MMs)	2017	2018	2019	2020
<b>Cash</b>	138	79	165	531
<b>Debt</b>				
Term Loans	-	593	1,241	1,209
Credit Facility	668	479	105	153
Other	4	34	21	25
<b>Total Debt</b>	<b>672</b>	<b>1,106</b>	<b>1,367</b>	<b>1,387</b>
Operating Lease Liabilities	-	-	289	283
<b>Total Debt including Operating Lease Liabilities</b>	<b>672</b>	<b>1,106</b>	<b>1,656</b>	<b>1,670</b>
<b>Net Debt / EBITDA Ratio <sup>(1)</sup></b>	<b>1.4x</b>	<b>1.6x</b>	<b>1.6x</b>	<b>1.3x</b>

### Liquidity <sup>(2)</sup> (\$MMs)



### Liquidity Highlights

- Ample liquidity and balance sheet strength to navigate operational uncertainties due to COVID-19 dynamics
- Bank-defined leverage ratio of approximately 1.3x, which is just below our preferred range of 1.5x – 2.0x

## CONSERVATIVE LEVERAGE & AMPLE LIQUIDITY FOR STRATEGIC INITIATIVES

# Capital Allocation Priorities

## Capital Deployment – 1Q16 through 2Q20 (\$MMs)

Working Capital & CapEx, net of sales

Working Capital \$837

Capex \$1,003

Revenue increased \$792MM from 1Q16 to 2Q20, a 9.4% CAGR

M&A and Investments

\$1,104

Share Repurchases

\$713

Other Uses

\$110

Dividends

\$38

## Capital Allocation

- Working capital and capex required to support the organic growth of the business remain our first priorities and have been the largest use of capital from 1Q16 to 2Q20
- Acquisitions and strategic investments totaled approximately \$1.1B from 1Q16 to 2Q20, 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 stockholders through stock repurchases which has been enhanced by the announcement of a new \$500MM share repurchase authorization

MAINTAINING BALANCED APPROACH TO CAPITAL ALLOCATION

# Electric Power Segment Guidance (*Ex-LATAM*<sup>(1)</sup>)

			2020 GUIDANCE RANGE				
	2019	Δ	2020 Initial Guidance	Δ	1Q20 Guidance	Δ	Current Guidance
Revenues	\$7.1B	<div><div>+</div> Continued base electric growth</div> <div><div>+</div> U.S. telecom growth</div> <div><div>+</div> Larger projects increase</div> <div><div>-</div> Fire hardening normalizes</div>	\$7.6B - \$7.8B	<div><div>-</div> Reduced levels of electric infrastructure services provided to industrial customers due to COVID-19 both impacting facility access and refined product demand, causing customer budget pullbacks</div>	\$7.5B - \$7.7B	<div><div>=</div> Revenues in line with 1Q20 expectations</div>	\$7.5B - \$7.7B
Op Inc %	9.6%	<div><div>+</div> Canada improvement with larger projects commencing</div> <div><div>+</div> Telecom improvement</div> <div><div>+</div> Continued U.S. execution</div> <div><div>-</div> Fire hardening normalizes</div>	9.5%- 10.0%	<div><div>-</div> Permitting delays due to local government office closures</div>	9.4% - 9.7%	<div><div>+</div> Solid execution in 1H20 followed by opportunity for double-digit margins in 3Q and 4Q</div> <div><div>+</div> Incremental \$10M contribution from LUMA</div>	~10%

## IMPROVED ELECTRIC POWER MARGIN EXPECTATIONS



# Pipeline & Industrial Segment Guidance

		2020 GUIDANCE RANGE					
	2019	Δ	2020 Initial Guidance	Δ	1Q20 Guidance	Δ	Current Guidance
Revenues	\$5.0B	<div><div></div><div><div>+ Full year of Hallen</div><div>+ Continued base business growth</div><div>- ~\$700MM larger project reduction</div></div></div>	\$4.6B - \$4.8B	<div><div></div><div><div>- Reduced levels of gas distribution services due to regional COVID-19 stay-at-home orders</div><div>- Reduced levels of industrial turnaround and maintenance services due to COVID-19 both impacting facility access and refined product demand, causing customer budget pullbacks</div></div></div>	~\$4B	<div><div></div><div><div>- Further deferral of customer spend on smaller capital projects and gas distribution activities due to current operating environment</div><div>- Reduced levels of larger pipeline project revenues as project delays push revenues into 2021</div></div></div>	\$3.5B - \$3.7B
Op Inc %	6.9%	<div><div></div><div><div>+ Continued base business improvement</div><div>+ Accretive Hallen margins</div><div>+ Further elimination of oil influenced assets</div><div>- Larger project reduction</div></div></div>	6.8%- 7.2%	<div><div></div><div><div>- Energy environment causing reduced levels of smaller capital projects for industrial and pipeline related infrastructure</div></div></div>	Likely < 5%	<div><div></div><div><div>+ Stabilizing margins for remainder of 2020 after positive second quarter results</div></div></div>	4.75% - 5.25%

## COVID-19 DISRUPTING BASE BUSINESS ACTIVITIES ACROSS THE SEGMENT

## 2020 Guidance Summary

(\$MMs except per share data)

	LOW	MID POINT	HIGH
<b>Revenues</b>	\$11,000	\$11,200	\$11,400
<b>Adj. EBITDA<sup>(1)</sup></b>	\$903	\$934	\$964
<b>Free Cash Flow<sup>(2)</sup></b>	\$600	\$700	\$800
<b>Net Income</b>	\$338	\$360	\$382
<b>Diluted EPS (GAAP)</b>	\$2.33	\$2.49	\$2.64
<b>Adjusted Diluted EPS<sup>(3)</sup></b>	\$3.18	\$3.33	\$3.48

Net Income and Adjusted EBITDA guidance includes an estimated \$40MM - \$45MM of operating losses associated with our orderly exit of Latin America, an impact to both Diluted EPS (GAAP) and Adjusted Diluted EPS between \$0.28 and \$0.31.

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## Closing Remarks

- Resilient nature of the largest portions of our operations delivered solid results in 2Q20, validating the sustainable foundation that exists to drive future shareholder value
- LUMA joint venture represents a proof-of-concept for Quanta and provides significant opportunities for repeatable earnings and incremental awards across future periods
- Remain focused on successful execution of our five key objectives
  - Focus on and grow our base business
  - Improve margins
  - Create growth platforms through service line expansion in the utility, communications and industrial industries, and adjacent industries where craft skilled labor is critical to providing cost-certain solutions
  - Be the industry leader in safety and training by investing in craft skilled labor
  - Deploy capital in a disciplined and value-creating manner
- Believe adjusted EBITDA before effects of Latin American operations and COVID-19 on 2020 expectations continue to trend towards \$1 billion
- Continue to have a positive multi-year outlook and believe Quanta has opportunity to generate meaningful stockholder value
- Recognize and thank our world-class employees for their hard work and dedication

**RESILIENT BUSINESS MODEL, STRONG FINANCIAL PROFILE AND POSITIVE MULTI-YEAR OUTLOOK**

# Appendix

- Definitions
- Reconciliation Tables
- Forward Looking Statement Disclaimers



## Definitions

- **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 non-integral 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;
  - **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

## Definitions

- **Adjusted Earnings per Share** is defined as diluted earnings per share adjusted for the after-tax impact of 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;
  - **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;
  - **Impairments of non-integral unconsolidated affiliates** vary period to period depending on various market factors outside Quanta's influence or control
- **Net working capital** is defined as (1) total current assets less cash and cash equivalents, less (2) total current liabilities less current maturities of long-term debt and short-term debt, less current portion of operating lease liabilities.

## Reconciliation of EBITDA and Adjusted EBITDA

(\$000s)

Net income attributable to common stock (GAAP as reported)
Interest expense, net
Provision for income taxes
Amortization of intangible assets
Equity in (earnings) losses of non-integral unconsolidated affiliates
Income taxes and depreciation included in equity in earnings of integral unconsolidated affiliates
Depreciation expense
<b>EBITDA</b>
Non-cash stock-based compensation
Acquisition and integration costs
Change in fair value of contingent consideration liabilities
<b>Adjusted EBITDA</b>

2020	ESTIMATED RANGE		
	FY 2020		
2Q	Low	Mid	High
\$ 73,946	\$ 337,800	\$ 359,800	\$ 382,000
8,379	38,000	36,500	35,000
32,989	141,800	151,850	161,900
17,779	72,800	72,800	72,800
5,829	8,500	8,500	8,500
407	2,900	2,900	2,900
54,526	217,400	217,400	217,400
193,855	819,200	849,750	880,500
21,980	77,000	77,000	77,000
647	6,000	6,000	6,000
(2,238)	700	700	700
<u>\$ 214,244</u>	<u>\$ 902,900</u>	<u>\$ 933,450</u>	<u>\$ 964,200</u>

## Reconciliation of Adjusted Diluted Earnings per Share

(\$000s, except per share information)

### Reconciliation of adjusted net income attributable to common stock:

Net income attributable to common stock (GAAP as reported)

Adjustments:

Non-cash stock-based compensation

Amortization of intangible assets

Acquisition and integration costs

Change in fair value of contingent consideration liabilities

Impairments of non-integral unconsolidated affiliates

Income tax impact of adjustments

Adjusted net income attributable to common stock

### Weighted average shares:

Weighted average shares outstanding for diluted and adjusted diluted earnings per share

### Earnings per share attributable to common stock:

Diluted earnings per share attributable to common stock (GAAP as reported)

Adjusted diluted earnings per share attributable to common stock

2020	ESTIMATED RANGE		
	FY 2020		
2Q	Low	Mid	High
\$ 73,946	\$ 337,800	\$ 359,800	\$ 382,000
21,980	77,000	77,000	77,000
17,779	72,800	72,800	72,800
647	6,000	6,000	6,000
(2,238)	700	700	700
5,536	8,700	8,700	8,700
(11,436)	(43,000)	(43,000)	(43,000)
\$ 106,214	\$ 460,000	\$ 482,000	\$ 504,200
143,521	144,700	144,700	144,700
\$ 0.52	\$ 2.33	\$ 2.49	\$ 2.64
\$ 0.74	\$ 3.18	\$ 3.33	\$ 3.48



## Reconciliation of Free Cash Flow

(\$000s)	2019 2Q	2020 2Q	ESTIMATED RANGE		
			FY 2020		
			Low	Mid	High
<b>Net cash provided by (used in) operating activities (GAAP as reported)</b>	\$ (108,664)	\$ 497,479	\$ 850,000	\$ 950,000	\$ 1,050,000
Less: Net capital expenditures:					
Capital expenditures	(72,775)	(48,148)	(250,000)	(250,000)	(250,000)
Proceeds from sale of property and equipment	8,553	7,826	-	-	-
Net capital expenditures	(64,222)	(40,322)	(250,000)	(250,000)	(250,000)
<b>Free (Negative Free) Cash Flow</b>	<u>\$ (172,886)</u>	<u>\$ 457,157</u>	<u>\$ 600,000</u>	<u>\$ 700,000</u>	<u>\$ 800,000</u>

## Reconciliation of Electric Power Segment excluding Latin America

(\$000s)	2019 FY	2020 GUIDANCE RANGE					
		Initial Guidance		1Q Guidance		Current Guidance	
		Low	High	Low	High	Low	High
Revenues:							
Electric Power Infrastructure Services	\$ 7,121,837	\$ 7,620,000	\$ 7,840,000	\$ 7,520,000	\$ 7,740,000	\$ 7,520,000	\$ 7,730,000
Less: Latin America	63,226	20,000	40,000	20,000	40,000	20,000	30,000
Electric Power excluding Latin America	<u>\$ 7,058,611</u>	<u>\$ 7,600,000</u>	<u>\$ 7,800,000</u>	<u>\$ 7,500,000</u>	<u>\$ 7,700,000</u>	<u>\$ 7,500,000</u>	<u>\$ 7,700,000</u>
Operating income (loss):							
Electric Power Infrastructure Services	\$ 591,177	\$ 702,000	\$ 766,000	\$ 675,000	\$ 721,900	\$ 697,500	\$ 741,600
Less: Latin America	(85,749)	(20,000)	(15,000)	(30,000)	(25,000)	(45,000)	(40,000)
Electric Power excluding Latin America	<u>\$ 676,926</u>	<u>\$ 722,000</u>	<u>\$ 781,000</u>	<u>\$ 705,000</u>	<u>\$ 746,900</u>	<u>\$ 742,500</u>	<u>\$ 781,600</u>
Operating margin:							
Electric Power Infrastructure Services	8.3%	9.2%	9.8%	9.0%	9.3%	9.3%	9.6%
Less: Latin America	(135.6%)	(100.0%)	(37.5%)	(150.0%)	(62.5%)	(225.0%)	(133.3%)
Electric Power excluding Latin America	9.6%	9.5%	10.0%	9.4%	9.7%	9.9%	10.2%

## Reconciliation of Pipeline & Industrial Segment excluding Asset Impairments<sup>(1)</sup>

(\$000s)	2019 FY	2020 GUIDANCE RANGE					
		Initial Guidance		1Q Guidance		Current Guidance	
		Low	High	Low	High	Low	High
<b>Revenues</b>	\$ 4,990,316	\$ 4,600,000	\$ 4,800,000	\$ 3,900,000	\$ 4,100,000	\$ 3,500,000	\$ 3,700,000
Operating income	\$ 332,011	\$ 313,000	\$ 346,000	\$ 175,500	\$ 205,000	\$ 166,300	\$ 194,300
Plus: Asset impairments <sup>(1)</sup>	10,196	-	-	-	-	-	-
<b>Operating income excluding impairments</b>	<u>\$ 342,207</u>	<u>\$ 313,000</u>	<u>\$ 346,000</u>	<u>\$ 175,500</u>	<u>\$ 205,000</u>	<u>\$ 166,300</u>	<u>\$ 194,300</u>
Operating margin	6.7%	6.8%	7.2%	4.5%	5.0%	4.8%	5.3%
Plus: Asset impairments <sup>(1)</sup>	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Operating margin excluding impairments</b>	<u>6.9%</u>	<u>6.8%</u>	<u>7.2%</u>	<u>4.5%</u>	<u>5.0%</u>	<u>4.8%</u>	<u>5.3%</u>

# 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, margins, cash flows, liquidity, weighted average shares outstanding, capital expenditures, tax rates and other operating or financial results;
- Expectations regarding Quanta's business or financial outlook;
- Expectations regarding the COVID-19 pandemic, including the potential impact of the COVID-19 pandemic and of governmental responses to the pandemic on Quanta's business, operations, supply chain, personnel, financial condition, results of operations, cash flows and liquidity;
- Quanta's plans, strategies and opportunities, including the plans, timing, effects and other matters relating to the COVID-19 pandemic and the exit, through potential sale or otherwise, of its Latin American operations;
- The future performance or success of LUMA and Quanta's investment in LUMA, including the expected economic, workforce and social impact on Puerto Rico and the future performance of the Puerto Rican electrical grid and service;
- 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, including with respect to the COVID-19 pandemic;
- The potential impact of the recent decrease in commodity prices and volatility in commodity production volumes on Quanta's business, financial condition, results of operations and cash flows and demand for Quanta's services;
- 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 and opportunities with respect to future projects, including renewable projects and larger electric transmission and pipeline projects;
- The impact of existing or potential legislation or regulation;
- Potential opportunities that may be indicated by bidding activity or discussions with customers;
- Possible recovery of pending or contemplated insurance claims, change orders and affirmative claims asserted against customers or third parties; and
- Other statements reflecting expectations, intentions, assumptions or beliefs about future events, and other statements that do not relate strictly to historical or current facts.

## Forward Looking Statements

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 the ongoing and potential impact to financial markets and worldwide economic activity resulting from the COVID-19 pandemic and related governmental actions;
- Quarterly variations in operating results, liquidity, financial condition, cash flows, capital requirements, reinvestment opportunities or other financial results, including the ongoing and potential impact to Quanta's business, operations and supply chain of the COVID-19 pandemic and related governmental actions;
- The severity, magnitude and duration of the COVID-19 pandemic, including impacts of the pandemic and of business and governmental responses to the pandemic (e.g., shelter-in-place and other mobility restrictions, business closures) on Quanta's operations, personnel and supply chain and on commercial activity and demand across Quanta's and Quanta's customers' businesses;
- Quanta's inability to predict the extent to which the COVID-19 pandemic and related impacts will adversely impact its business, financial performance, results of operations, financial position, the prices of its securities and the achievement of its strategic objectives, including with respect to governmental restrictions on its ability to operate, workforce availability, regulatory and permitting delays, and future demand for energy and the resulting impact on demand for Quanta's services;
- Trends and growth opportunities in relevant markets, including Quanta's ability to obtain future project awards;
- The time and costs required to exit Quanta's Latin American operations and Quanta's ability to effect related transactions on acceptable terms, as well as the business and political climate in Latin America;
- Delays, deferrals, reductions in scope or cancellations of anticipated, pending or existing projects as a result of, among other things, the COVID-19 pandemic, weather, regulatory or permitting issues (including the recent court ruling vacating the U.S. Army Corps of Engineers' Nationwide Permit 12), environmental processes, project performance issues, claimed force majeure events, protests or other political activity, reductions or eliminations in governmental funding, legal challenges or customer capital constraints;
- The effect of commodity prices and commodity production volumes on Quanta's operations and growth opportunities and on customer capital programs and demand for Quanta's services;
- The successful negotiation, execution, performance and completion of anticipated, pending and existing contracts;
- 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;
- Unexpected costs or liabilities that may arise from 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 coverage, as well as the exclusion of coverage for certain losses, potential increases in premiums for coverage deemed beneficial to Quanta, or the unavailability of coverage deemed beneficial to Quanta at reasonable and competitive rates;
- 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, and the impact of the COVID-19 pandemic on these service providers;
- The ability to attract and the potential shortage of skilled labor;
- The ability to retain key personnel and qualified employees and the impact of the COVID-19 pandemic on the availability and performance of our workforce and key personnel;
- 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, natural disasters and other emergencies, including wildfires, pandemics (including the ongoing COVID-19 pandemic), 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 future development of natural resources;
- The failure of existing or potential legislative actions to result in demand for Quanta's services;

## Forward Looking Statements

- Fluctuations of prices of certain materials used in Quanta's or its customers' businesses, including as a result of the imposition of tariffs, governmental regulations affecting the sourcing of certain materials and equipment, 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 as a result of the COVID-19 pandemic or the recent decrease in commodity prices;
- 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;
- 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](http://www.quantaservices.com) or through the SEC's Electronic Data Gathering and Analysis Retrieval System (EDGAR) at [www.sec.gov](http://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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