



**Quanta Services (NYSE: PWR)**  
**Investor Presentation**  
**Nov. / Dec. 2014**

# Forward Looking Statement Disclaimer

This presentation (and oral statements regarding the subjects of this presentation) includes forward-looking statements intended to qualify under the “safe harbor” from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements include any statements reflecting Quanta's expectations, intentions, strategies, assumptions or beliefs about future events or performance or that do not solely relate to historical or current facts. Forward-looking statements involve certain risks, uncertainties and assumptions that are difficult to predict or are beyond Quanta's control, and actual results may differ materially from those expected, implied or forecasted by our forward-looking statements due to inaccurate assumptions and known and unknown risk and uncertainties. For additional information concerning some of the risks, uncertainties and assumptions that could affect our forward-looking statements, please refer to Quanta's documents filed with the Securities and Exchange Commission, as well as to the risks, uncertainties and assumptions identified in this presentation. Investors and analysts should not place undue reliance on Quanta's forward-looking statements, which are current only as of the date of this presentation. Quanta does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this presentation or otherwise.



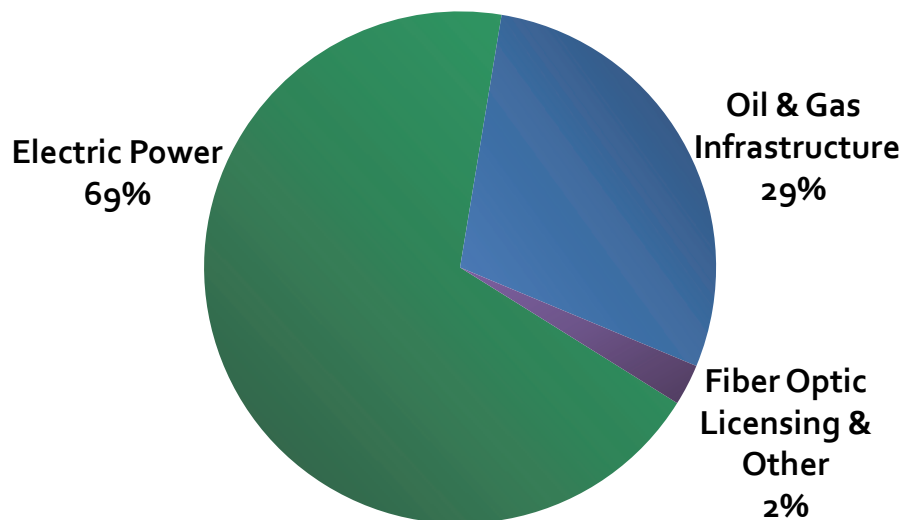
# Key Takeaways

- Quanta is a growth company
- North America is in a multiyear investment cycle for infrastructure
- Quanta provides infrastructure solutions with unmatched scope and scale
- Quanta is the leading specialty infrastructure solutions provider in the markets we serve

# Company Overview

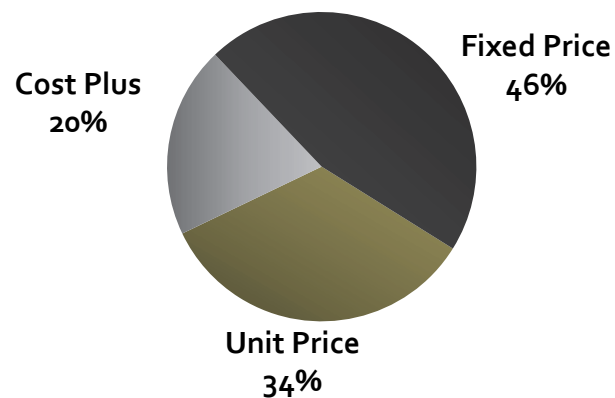
## *Focused on Energy Infrastructure*

**2013 Consolidated Revenue = \$6.5 Billion**

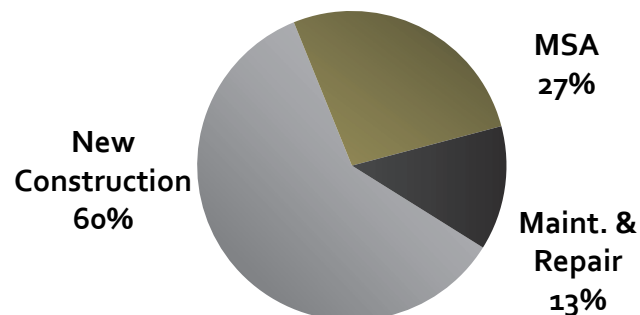


**2014 Est. Revenue = \$7.8 Billion \*\***

*Estimated Revenue by Contract Type\**



*Estimated Revenue by Project Type\**



\* Revenues, as reported, by type of work, based on revenues of \$6,523 million for the twelve months ended Dec. 31, 2013. Revenue by type of contract and project type are also based on revenues for the same period.

\*\* Represents the midpoint of guidance range

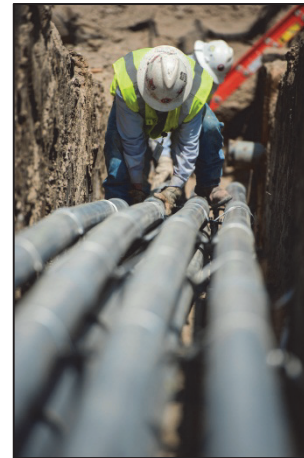
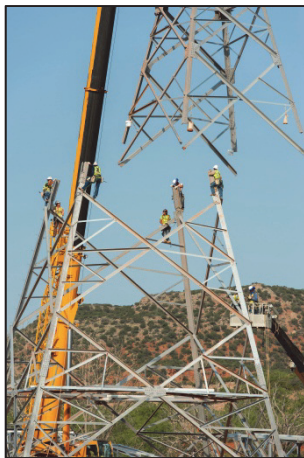




# Company Overview

## *Quanta Services Today*

- Industry leading safety performance
- Recognized market leader in electric power and oil and gas pipeline construction in North America
- Entrepreneurial business model and culture
- Broad, self-performing platform developed through organic growth and acquisitions
- Strong scope and scale with deep customer relationships
- Preferred employer in the industries we serve
- Strong financial profile
  - Industry leading margins; strong balance sheet; consistent results



# Sophisticated Infrastructure Solutions

## *Unmatched Resources & Expertise*

### Electric Power



### Services

- Transmission
- Distribution
- Substations
- Emergency Restoration
- Energized Services
- EPC Solar & Renewables
- EPC Fossil Generation
- Engineering
- Specialty Services

### Differentiators

- Largest T&D Contractor in North America
- Reputation & Track Record
- Safe Project Execution
- Unmatched Solutions Scope
- Manpower & Equipment Resources
- Energized Services
- EPC Capabilities
- Balance Sheet

### Oil & Gas Infrastructure



### Services

- Mainline Pipeline
- Shale Gathering Pipeline
- Compressor, Metering & Pumping Stations
- Gas Distribution
- Pipeline Integrity
- Horizontal Directional Drilling
- Storage Facilities
- Pipeline Logistics Management
- Specialty Offshore Field Services

### Differentiators

- Largest Pipeline Contractor in North America
- Reputation & Track Record
- Safe Project Execution
- Turnkey Solutions
- In-House Automatic Welding
- In-House Pigging Technology
- Pipe Logistics Management
- EPC Capabilities
- Balance Sheet

# Multiyear Infrastructure Investment Cycle

## *All Segments Have Double Digit Growth Opportunities*

- **Electric Power** - See double digit growth opportunities driven by:
  - Need to repair, replace, upgrade and maintain transmission and distribution infrastructure throughout North America
  - Regulation is driving grid investment
  - Changing generation mix – more renewables and natural gas generation
- **Oil & Gas Infrastructure** - See double digit growth opportunities driven by:
  - Continued harvesting of resources from North American unconventional shales, Australian coal seam gas and Canadian oil sands
  - Need for midstream infrastructure and lack of takeaway capacity
  - Other emerging opportunities such as integrity solutions and oil and gas infrastructure services
- **Fiber Optic Licensing & Other** – Longer-term double digit growth opportunities driven by:
  - Growth in demand for fiber optic bandwidth driven by data intensive services
  - Quanta's metro market fiber optic networks are in demand
  - Expansion into providing lit services



# Electric Power

## Various Estimates Call for Transmission Growth

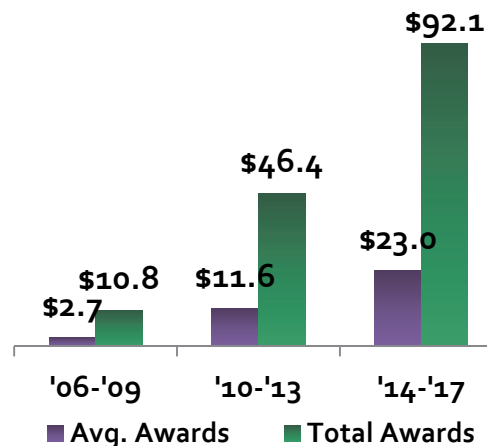
- The North American electric grid requires significant investment due to many decades of underinvestment and changing needs
- According to The C Three Group, 17 of the most active U.S. utilities based on transmission spending from '08-'13 are expected to increase their aggregate transmission spending by 81% in '14-'20
- Transmission spending has increased to +3x historical spending levels in North America
  - Reliability initiatives (New Build)
  - NERC reliability compliance (Rebuild & Upgrade)
  - Renewable interconnects
  - Coal retirement and gas generation switching and development
  - Electrification of mining, oil sands and other industrial facilities
  - FERC 1000 – Merchant transmission

**North American Regional Transmission Spending**  
(\$ Millions)

Region	From End 2008-2013	From End 2013-2018	% Change
AESO	8,800	13,600	55%
CAISO	1,350	1,830	36%
ERCOT	8,900	3,600	-60%
ISO-NE	6,800	3,700	-46%
MISO	7,800	9,390	20%
PJM	8,803	17,757	102%
Total	42,453	49,877	17%

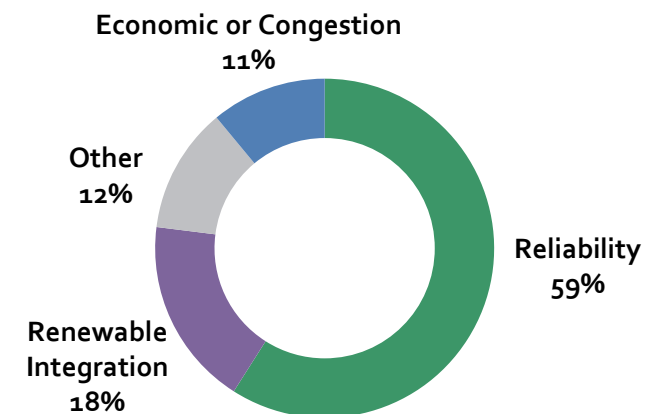
Source: KeyBanc Capital Markets estimates

**KeyBanc Estimated Large Transmission Awards Activity**  
(\$ Billions)



Source: Transmission Hub and KeyBanc Capital Markets estimates

**Primary Drivers of New Transmission Projects**



Source: NERC 2013 Long-Term Reliability Assessment



# Electric Power

## *The Opportunity is More Than Large Transmission*

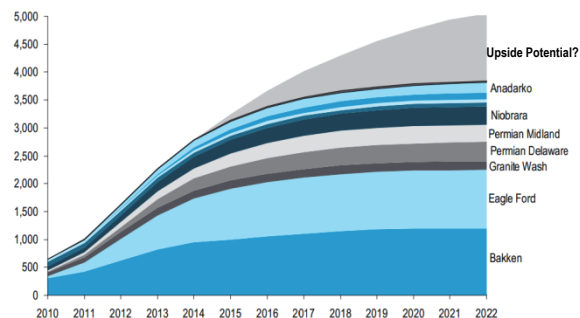
*Large transmission gets most of the attention, but there is a lot more going on*

- Strategic relationships account for more than 50% of electric power segment revenues
- Growing transmission investment associated with coal generation retirement and coal to gas switching
- Growth in sub-transmission and substation interconnects to high-voltage transmission backbones
- Regional market drivers are creating energized services demand
- Distribution services growing as reliability and modernization are utility priorities

# Oil & Gas Infrastructure

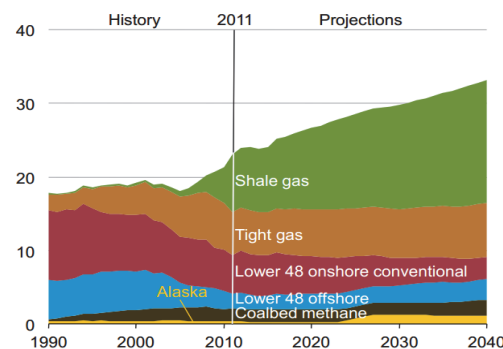
## Strong North American Oil & Gas Production Trends

**U.S. Shale Liquids Projections to 2022**  
(In thousands of barrels per day)



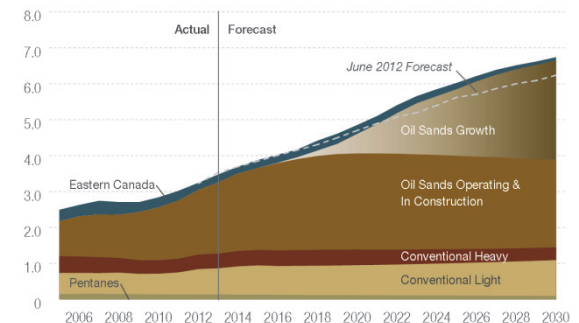
Source: Citi Investment Research & Analysis, 2012

**U.S. Natural Gas Production by Source**  
1990-2040 (trillion cubic feet)



Source: EIA – Annual Energy Outlook, 2013

**Canadian Oil Sands & Conventional Production**  
(Millions of barrels per day)



Source: Canadian Assoc. of Petroleum Producers

- Production of shale oil, natural gas and natural gas liquids has grown dramatically and is expected to remain strong for many years
- Much of these resources are in areas that have not been traditional fossil fuel sources and do not have energy infrastructure in place to gather, store, process and transport product
- Growing Canadian oil production requires takeaway pipeline
  - E&Ps have had to rely more heavily on rail due to pipeline project delays
  - Pipeline construction capacity is more limited in Canada versus the U.S. and construction capacity constraints could be significant
- It will take many years and significant energy infrastructure investment to harvest these resources

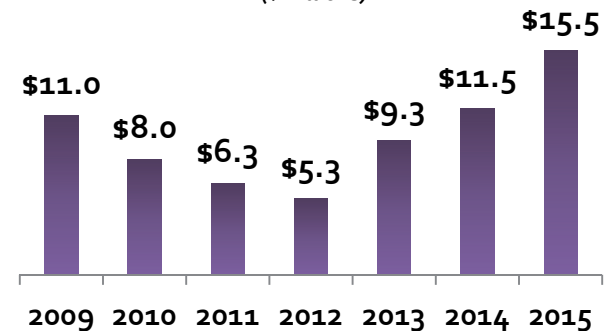


# Oil & Gas Infrastructure

## Approaching Uncharted Territory in North American Pipeline Industry

- North America is simultaneously experiencing:
  - Active shale development of gathering infrastructure in the U.S.
  - Increasing mainline activity in the U.S.
  - Increasing mainline and gathering activity in Canada
- Pipeline construction industry capacity is currently tight, but could get significantly strained over the next several years
- Quanta is the largest pipeline construction company in North America
- This positions Quanta to remain active in the shales and also allocate resources to mainline pipeline opportunities
- We are ready to assist our customers in meeting their development goals in what could be a resource challenged environment

Est. North American Large Diameter Mainline Spending  
(\$ Billions)



Source: Stifel estimates, SNL, company reports, industry publications

North American Natural Gas, NGL & Oil Capital Expenditures  
(\$ Billions)

	Spending 2014-2035 E	Annual Average	Annual. Avg. % Chg. vs. Prior Report
Mainline Pipeline	\$167.1	\$7.6	26.7%
Pipeline Laterals	\$46.7	\$2.2	83.3%
Gathering Pipeline	\$48.3	\$2.2	22.2%
Compression & Pumping	\$47.4	\$2.1	NM

Source: ICF International, "North American Midstream Infrastructure through 2035: Capitalizing on Our Energy Abundance"

# Fiber Optic Licensing & Other

## Segment Overview

### Fiber Optic Licensing

- Through our Sunesys operating unit, we are a leading provider of fiber infrastructure, managed services, wireless backhaul and high performance connectivity in key major metro markets across the U.S.

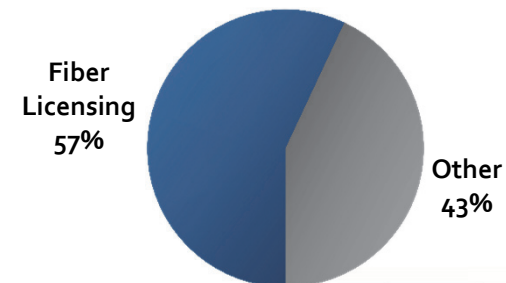
### Other

- Provide ancillary telecom infrastructure services on a limited basis, primarily to utility customers when they install telecom network on electric power infrastructure
  - Requires lineman labor and expertise
- Also provide telecom infrastructure services in Canada and Latin America
- Other/telecom services portion of the segment can create period to period variability in revenues and margins, but core fiber licensing operations should grow in a relatively stable manner

### Primary Markets



### 2013 Est. Revenue by Type of Work





# Fiber Optic Licensing & Other

## *Growth Opportunity - Expanding Lit Services Offering*

### Lit Services Rationale

- Greatly expands addressable market and growth opportunity
- Leverages existing infrastructure by utilizing existing fiber capacity
- Generates incremental returns and provides opportunity to enhance ROIC over time
- Positions us to accelerate penetration in the enterprise and carrier markets

### Growth Strategy

- Continue success-based expansion with focus on existing metro markets
- Enhance metro fiber networks with strategic investments
- Expand and invest in lit services offering to enhance growth
- Capitalize on industry consolidation to attract industry talent and customers

### Business Model Comparison

Characteristic	Dark Fiber	Lit Services
Addressable Market/Growth	Limited	Substantial
Profit Margins	High	High
Investment	High	Medium
Returns	High	Very High
Systems & Support	Low	High



# Strategies for Differentiation & Growth

## *Initiatives to Grow the Business Over the Next Five Years*

- Establish programs to continuously improve safety, leadership development, operational performance standards and results
  - Safety engrained in Quanta's culture. Strive for incident free environment
  - Developing world class training facility
  - Leadership training programs to provide upward path for advancement and to develop the next generation of field leadership
- Leverage and grow leadership position in existing services to expand in current markets and penetrate new ones
  - Through acquisitions and greenfield initiatives
  - Ex: Mainline pipeline, gathering pipeline, Canadian T&D, Australia, offshore oil and gas specialty infrastructure services
- Create additional platforms to continue profitable growth for the long-term
  - Acquisitions play important role
  - Strategic investments that provide construction backlog and is a competitive differentiator



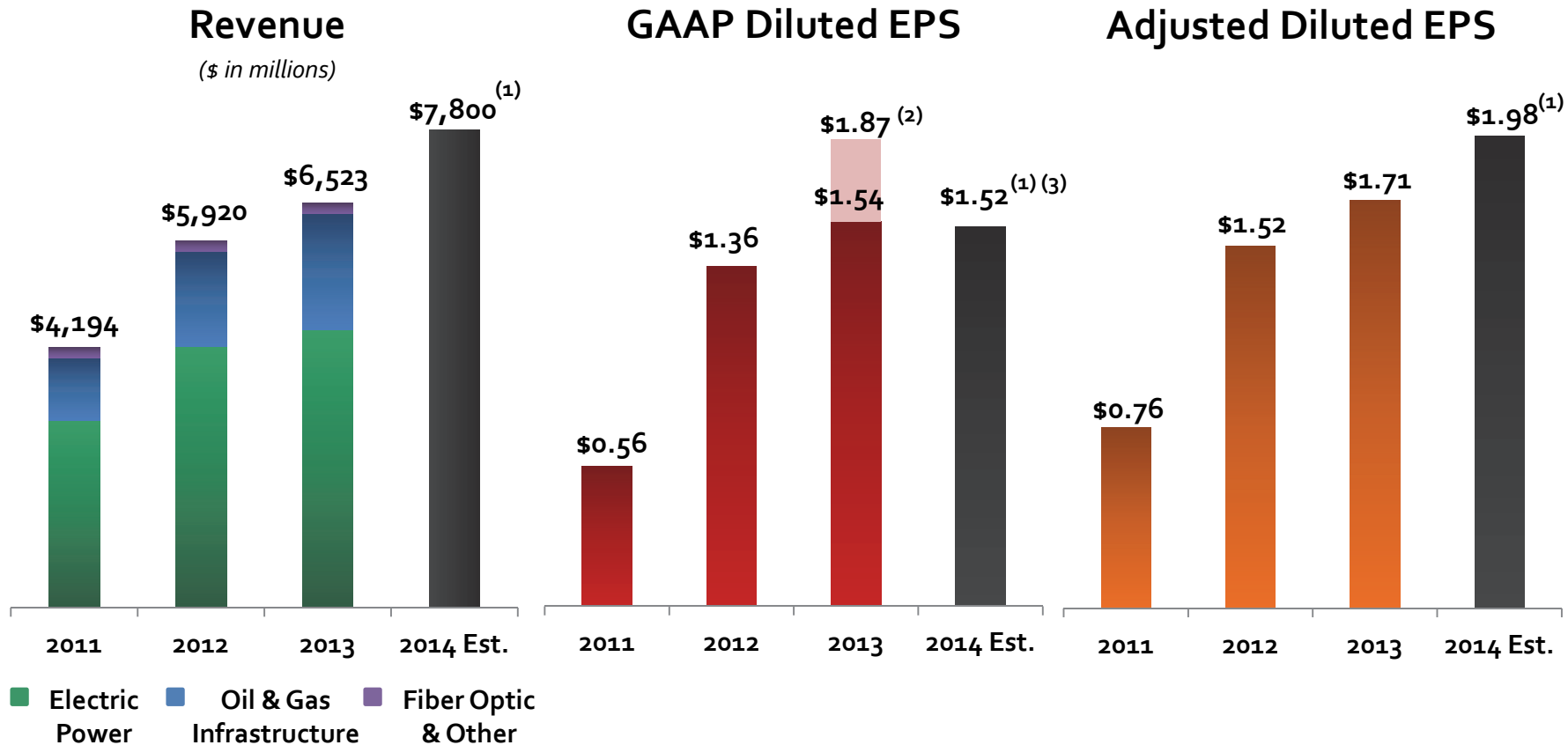
# Financial Overview



# Recent Financial Performance

*Revenue, GAAP and Adjusted Diluted EPS Has Been Growing*

For the Years Ended December 31,



(1) Represents the midpoint of guidance range

(2) Includes \$0.33 gain from sale of Howard Energy investment

(3) Includes \$53.2 million of expense, net of tax, or \$0.24 per diluted share, from an arbitration decision, charge to provision for long-term contract receivable and the benefit associated with release of certain income tax contingencies.



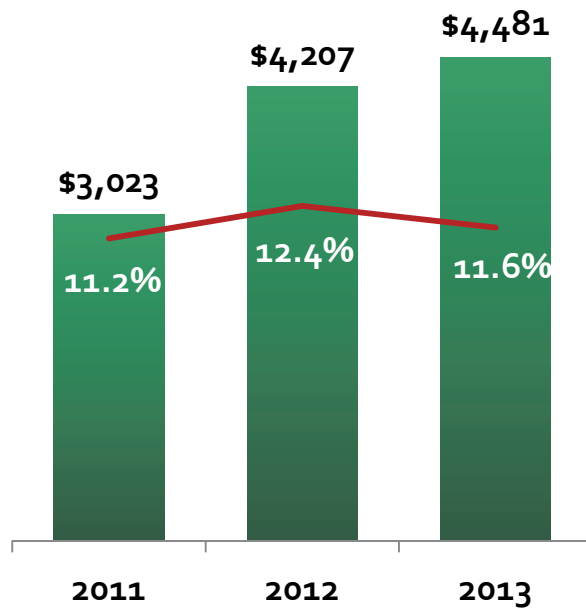
# Recent Financial Performance

## Revenue and Operating Income Margin by Segment

For the Years Ended December 31,

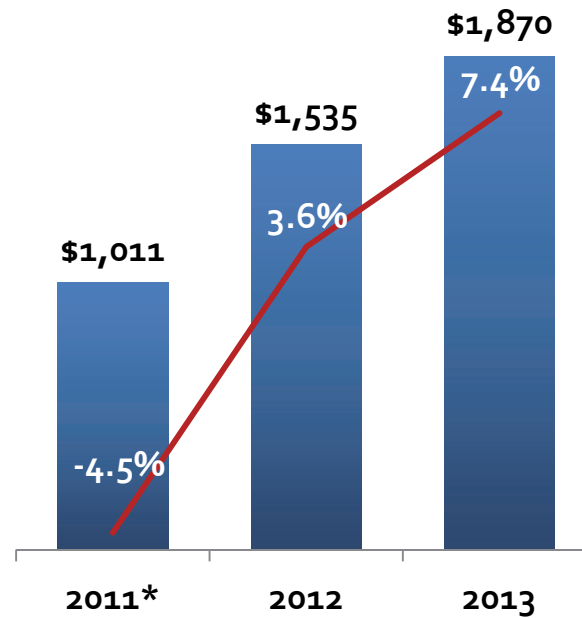
### Electric Power

(\$ in millions)



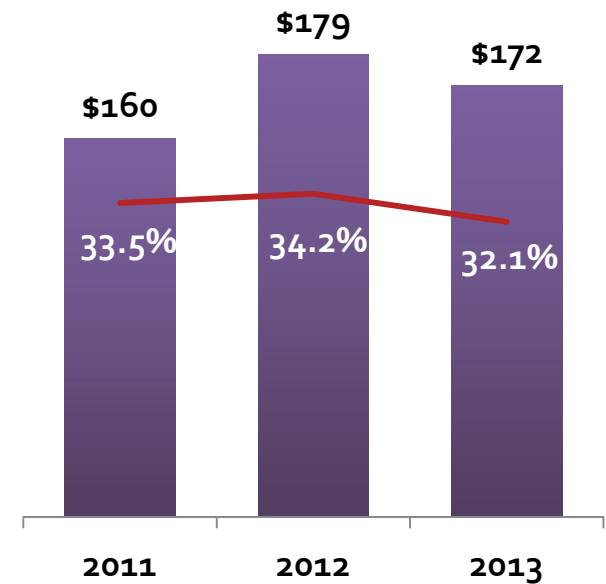
### Oil & Gas Infrastructure

(\$ in millions)



### Fiber Optic Licensing & Other

(\$ in millions)



■ Revenue — Op. Margin

■ Revenue — Op. Margin

■ Revenue — Op. Margin

\* Excludes a \$32.6 million charge to cost of services related to a pension plan withdrawal liability. Refer to appendix for non-GAAP reconciliation

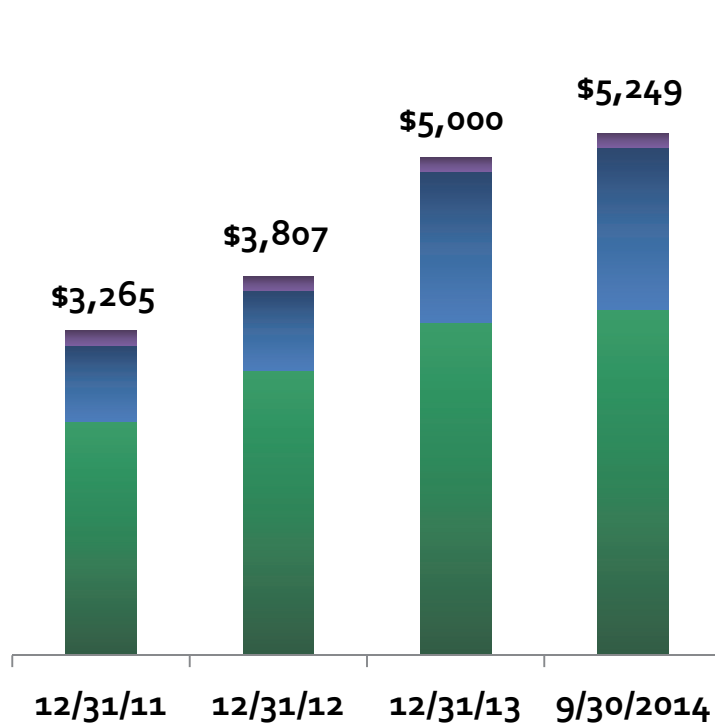


# Recent Financial Performance

## Strong Backlog

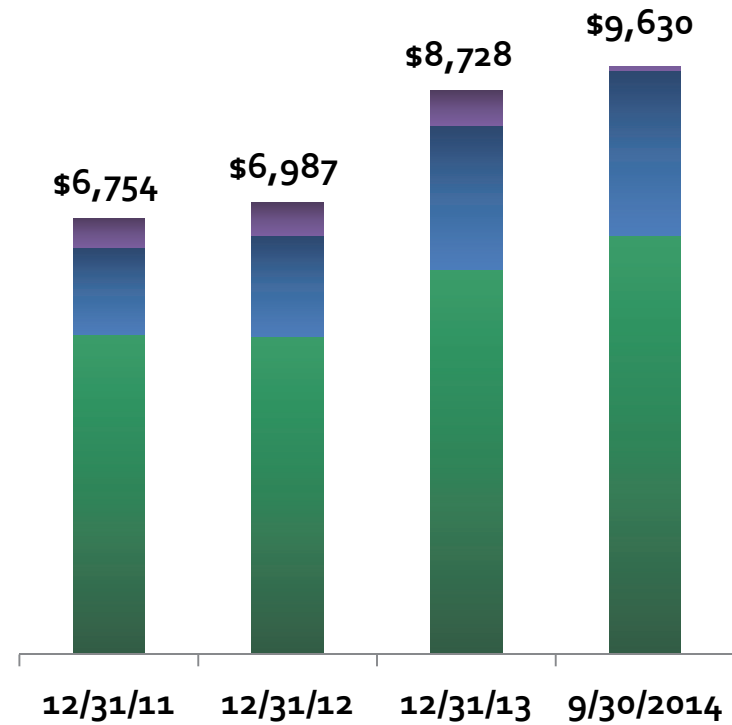
### 12-Month Backlog

(\$ in millions)



### Total Backlog

(\$ in millions)



■ Electric Power   ■ Oil & Gas Infrastructure   ■ Fiber Optic Licensing & Other



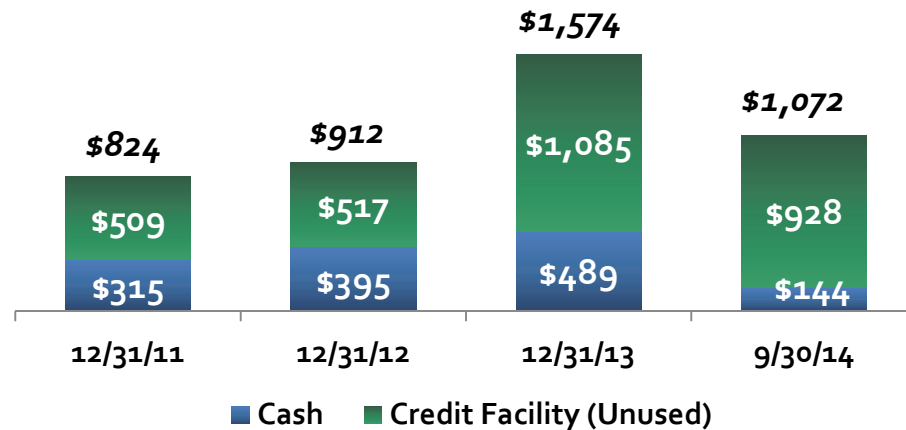
# Recent Financial Performance

## *Strong Balance Sheet to Support Growth Strategies*

(\$ in millions)	12/31/2011	12/31/2012	12/31/2013	9/30/2014
Cash and Equivalents	\$ 315	\$ 395	\$ 489	\$ 144
Other Debt	--	--	2	1
Long-Term Debt	--	--	--	7
Credit Facility	--	--	--	77
Total Debt	--	--	2	85
Total Equity	3,389	3,772	4,241	4,489
Total Capitalization	\$ 3,389	\$ 3,772	\$ 4,243	\$ 4,574

### Liquidity

(\$ in millions)

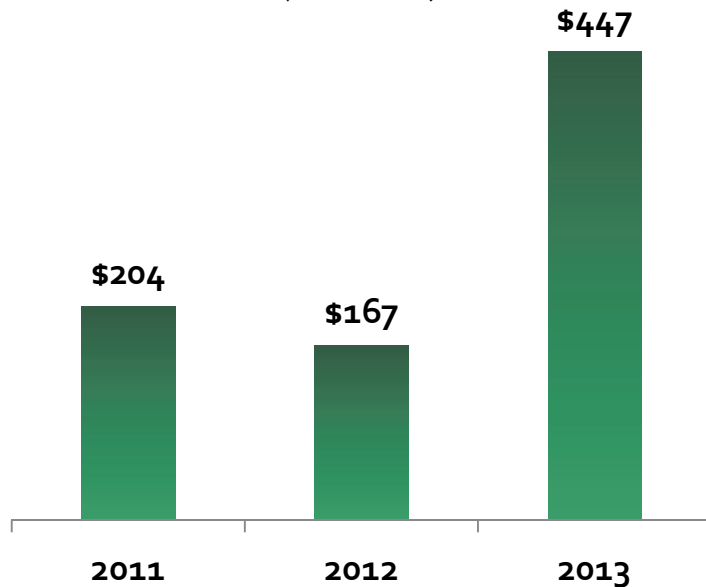


# Recent Financial Performance

## Historical Cash Flow

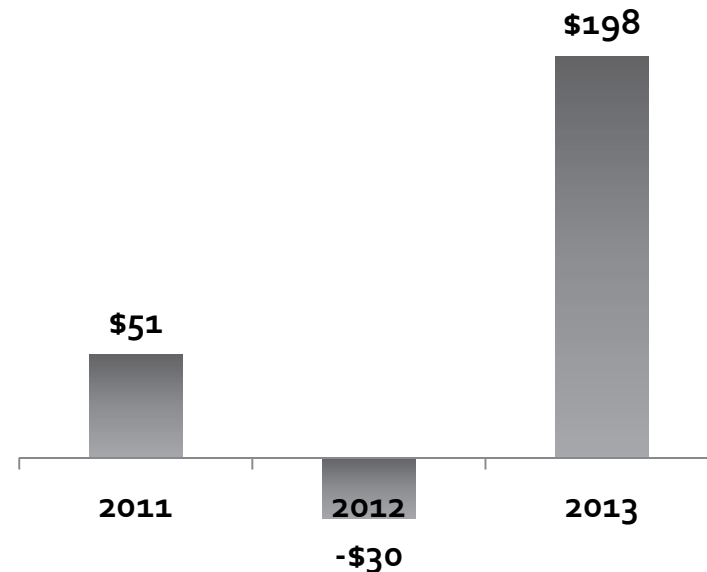
### Cash Flow from Continuing Operations

For the Years Ending December 31,  
(\$ in millions)



### Free Cash Flow from Continuing Operations\*

For the Years Ending December 31,  
(\$ in millions)



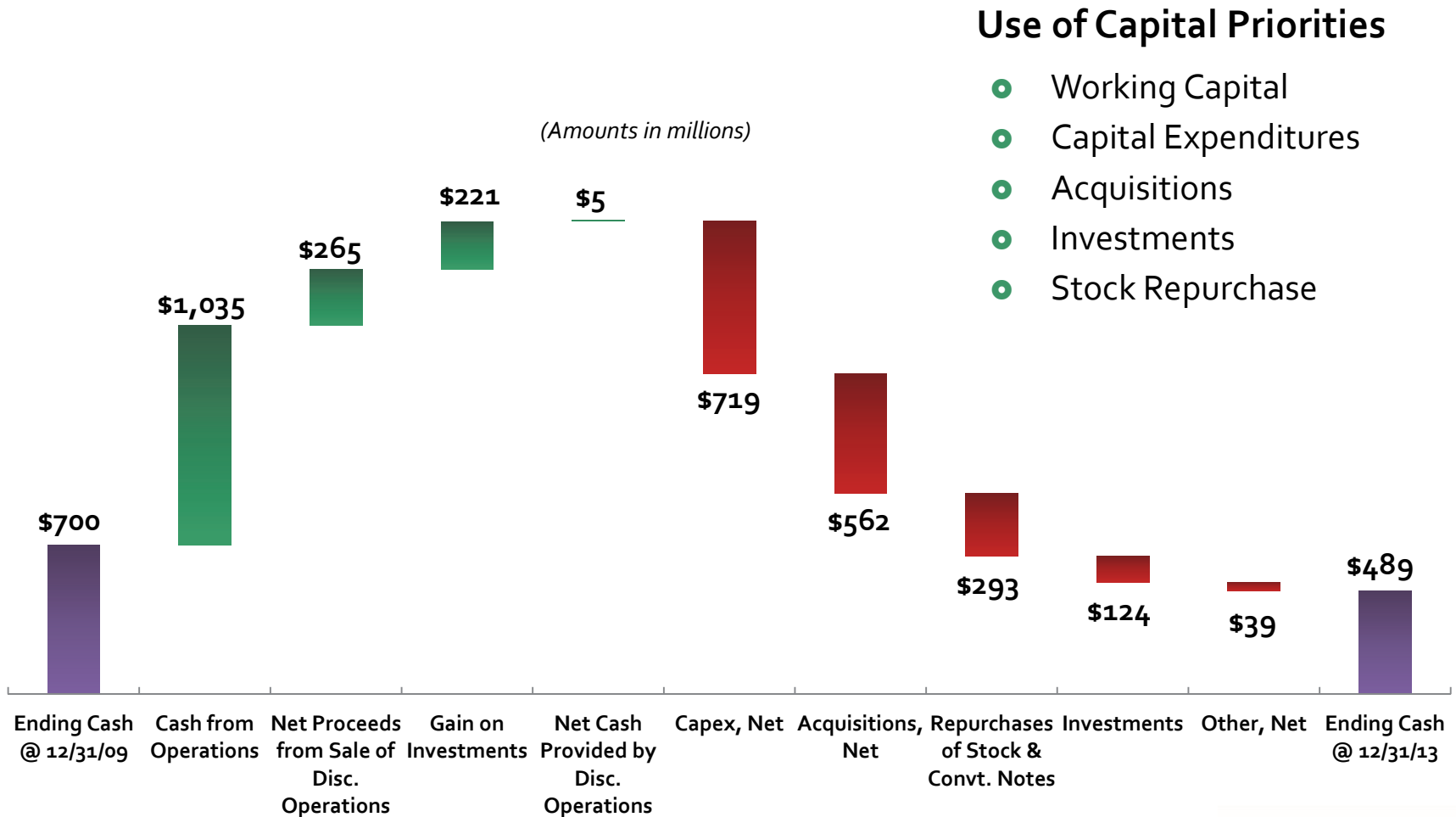
\*Net cash provided by operating activities from continuing operations plus proceeds from sale of property and equipment less additions of property and equipment





# Recent Financial Performance

## 2010 – 2013 Use of Capital & Go-Forward Priorities



# Summary

## *Positioned for Continued Growth*

- Quanta is in the midst of a multiyear growth cycle
  - Significant electric transmission and distribution investment in U.S. and Canada
  - Multiyear pipeline and related infrastructure build out of North American unconventional shales, Canadian oil sands and Australian coal seam gas
  - Capital programs becoming larger and more complex
- End-market trends and strong backlog provide Quanta with attractive near- and long-term growth opportunities
- Quanta's financial strength, comprehensive energy infrastructure solutions, track record of safe execution and strategic initiatives for differentiation are the foundation for future growth



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*Download the Quanta Services IR App  
Available for iPhone, iPad & Android mobile devices*



# Appendix

## *Reconciliation of Oil & Gas Infrastructure Services Segment Operating Income, As Adjusted*

(\$ in millions)	<u>12/31/2011</u>
Revenues	\$ 1,011.2
Operating income as reported	(78.3)
Add back:	
Multi-employer pension plan	32.6
Operating income, as adjusted	<u>\$ (45.7)</u>
Operating income margin, as reported	-7.7%
Operating income margin, as adjusted	-4.5%

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- Projected revenues, earnings per share, margins, capital expenditures, and other projections of operating or financial results;
- Expectations regarding our 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 us;
- 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 expected outcome of pending or threatened litigation;
- The business plans or financial condition of our customers;
- Our plans and strategies; and
- The current economic and regulatory conditions and trends in the industries we serve.

These forward-looking statements are not guarantees of future performance and involve or rely on a number of risks, uncertainties, and assumptions that are difficult to predict or beyond our control. These forward-looking statements reflect our beliefs and assumptions based on information available to our management at the time the statements are made. We caution you that actual outcomes and results may differ materially from what is expressed, implied or forecasted by our forward-looking statements and that any or all of our forward-looking statements may turn out to be wrong. Those statements can be affected by inaccurate assumptions and by known or unknown risks and uncertainties, including the following:

- The effects of industry, economic or political conditions outside our control;
- Quarterly variations in our 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;
- Our ability to attract skilled labor and retain key personnel and qualified employees;
- The potential shortage of skilled employees;
- Our dependence on fixed price contracts and the potential to incur losses with respect to these contracts;
- Estimates relating to our use of percentage-of-completion accounting;
- Adverse impacts from weather;
- Our ability to generate internal growth;





# Forward-Looking Statement Disclaimer

- Competition in our business, including our 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 our services;
- Liabilities associated with multi-employer pension plans, including underfunding of liabilities and termination or withdrawal liabilities;
- The possibility of further increases in the liability associated with our withdrawal 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 us;
- The outcome of pending or threatened litigation;
- 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 us;
- Cancellation provisions within our contracts and the risk that contracts expire and are not renewed or are replaced on less favorable terms;
- Loss of customers with whom we have 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 our operations and growth opportunities;
- The future development of natural resources in shale areas;
- The inability of our 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 our financial results and backlog;
- Our ability to realize our 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;
- Our 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 our operations;
- The adverse impact of impairments of goodwill, receivables and other intangible assets or investments;
- Our 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 our unionized workforce on our 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 our fiber optic licensing business, including regulatory and tax changes and the potential inability to realize a return on our capital investments;
- Beliefs and assumptions about the collectability of receivables;
- The cost of borrowing, availability of credit, fluctuations in the price and volume of our common stock, debt covenant compliance, interest rate fluctuations and other factors affecting our financing and investing activities;
- The ability to access sufficient funding to finance desired growth and operations;
- Our ability to obtain performance bonds;
- Potential exposure to environmental liabilities;
- Our 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 our services;
- The impact of increased healthcare costs arising from healthcare reform legislation; and
- The other risks and uncertainties as are described elsewhere herein and under *Risk Factors* in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2013 and as may be detailed from time to time in our other public filings with the SEC.

All of our forward-looking statements, whether written or oral, are expressly qualified by these cautionary statements and any other cautionary statements that may accompany such forward-looking statements or that are otherwise included in this presentation. In addition, we do not undertake and expressly disclaim any obligation to update or revise any forward-looking statements to reflect events or circumstances after the date of this presentation or otherwise.