



Quanta Services, Inc. and Subsidiaries

Reconciliation of Non-GAAP Financial Measures

For the Three Months Ended March 31, 2016 and 2015

(In thousands, except per share information)
(Unaudited)

The following table presents the non-GAAP financial measures of EBITA, EBITDA and Adjusted EBITDA for the three months ended March 31, 2016 and 2015. Management believes that EBITA, or earnings before interest, taxes and amortization, EBITDA and Adjusted EBITDA, which is earnings before interest, taxes, depreciation, amortization and certain other items as described below, provide useful information to investors, analysts and management in evaluating Quanta's operating results period to period or in comparison with the results of Quanta's competitors. These measures should not be considered as an alternative to cash flow from operating activities or as a measure of liquidity or as an alternative to net income or other measures of performance that are derived in accordance with GAAP. As to certain of the items below, (i) amortization of intangible assets is impacted by Quanta's acquisition activity, which can cause these amounts to vary from period to period; (ii) non-cash stock-based compensation expense may vary due to acquisition activity, factors influencing the estimated fair value of performance-based awards, forfeiture rates, accelerated vesting and amounts granted during the period; (iii) acquisition and integration costs vary period to period depending on the level of Quanta's acquisition activity ongoing during the period; and (iv) severance costs related to the departure of Quanta's former president and chief executive officer and severance and restructuring costs associated with certain operations primarily within Quanta's Oil and Gas Infrastructure segment are not regularly occurring items.

	Three Months Ended	
	March 31,	
	2016	2015
<u>Reconciliation of EBITA, EBITDA and Adjusted EBITDA:</u>		
Net income from continuing operations attributable to common stock	\$ 20,496	\$ 47,689
Interest expense	3,589	1,400
Interest income	(516)	(453)
Provision for income taxes	13,443	30,601
Equity in losses of unconsolidated affiliates	181	—
Amortization of intangible assets	7,495	8,293
EBITA	44,688	87,530
Depreciation expense	41,170	39,398
EBITDA	85,858	126,928
Acquisition and integration costs	1,253	1,479
Non-cash stock-based compensation	12,010	9,471
Severance and restructuring charges (a)	6,352	—
Adjusted EBITDA	\$ 105,473	\$ 137,878

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

Definition of Days Sales Outstanding:

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