August 1, 2024

Second Quarter 2024 Operational and Financial Commentary

This document is a supplement to our press release reporting second quarter 2024 results for Quanta Services, Inc. (Quanta, we, us or our). Our press release was previously distributed by Cision and can also be found in the Investor Relations section of our website at quantaservices.com, along with other related supplemental materials. Please see the Cautionary Statement About Forward-Looking Statements and Information, as well as further information and reconciliations with respect to non-GAAP financial measures, in the Appendix of this document.

Summary

Quanta's first half of the year is a good start, with second quarter of 2024 results highlighted by double-digit growth in revenue, adjusted EBITDA and adjusted earnings per share, record total backlog of $31.3 billion and strong cash flow. We believe these results reflect sound execution and continued demand for our portfolio of services, driven by our customers' multi-year programs to build the renewable generation and power grid infrastructure necessary to support North America's energy transition, load growth, security and reliability.

We recently completed the acquisition of Cupertino Electric, Inc. (CEI), which provides a platform of new service lines and has a dynamic customer base, which includes technology companies that are driving load growth and demand for renewable energy. CEI also brings an exceptional management team and a premier craft-skilled workforce that complements Quanta's culture and will create a comprehensive electrical infrastructure solution for renewable developers, utilities and large power consumers – from electron generation to transmission to consumption. With the complexities of the power grid and the significant upgrades and enhancements required to facilitate load growth, our collaborative, solutions-based approach is valued by our clients more than ever.

Of note, our increased guidance for revenues, adjusted EBITDA and adjusted diluted earnings per share was attributable to the expected contributions from CEI, but otherwise our prior guidance for these financial metrics remains unchanged.

We are positioning Quanta to provide solutions that enable decades of expected infrastructure investment driven by the energy transition, technology advancements, load growth, grid resilience and security initiatives. We believe the power of our portfolio is a strategic advantage that helps us manage risks, shift resources across service lines and geographies, allocate resources toward economically attractive opportunities and create operating efficiencies, improved returns and consistent financial results.

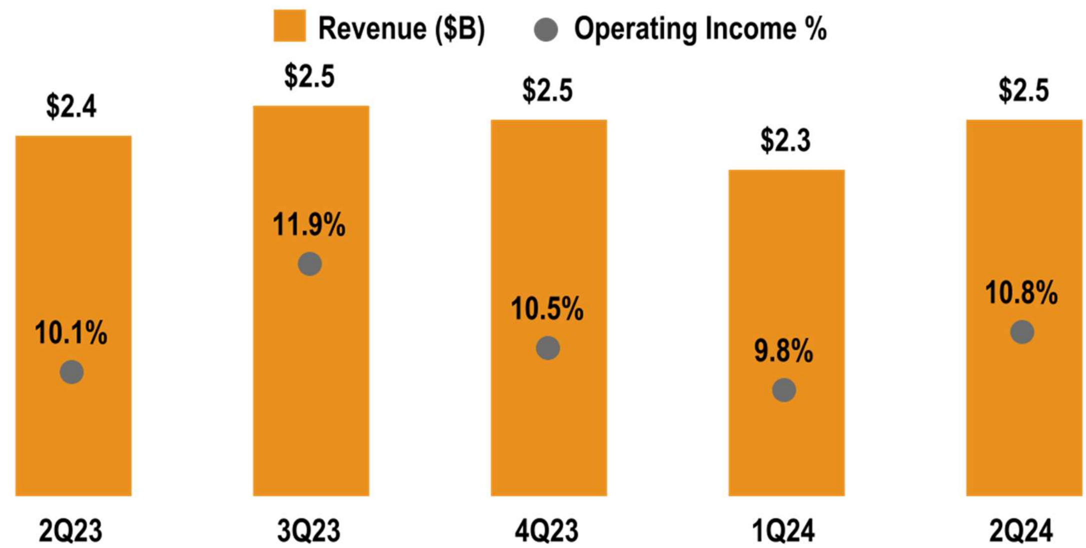
2Q24 Financial Highlights

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenues	$ 5,594,387	$ 5,048,610	$ 10,626,206	$ 9,477,436
Operating income	$ 307,230	$ 279,273	$ 462,584	$ 405,133
Net income attributable to common stock	$ 188,159	$ 165,899	$ 306,519	$ 260,945
Diluted earnings per share (EPS)	$ 1.26	$ 1.12	$ 2.05	$ 1.75
Adjusted diluted EPS*	$ 1.90	$ 1.65	$ 3.31	$ 2.88
Adjusted EBITDA*	$ 523,230	$ 472,069	$ 910,484	$ 804,426
Cash provided by operating activities	$ 391,312	$ 127,413	$ 629,267	$ 165,822
Free Cash Flow*	$ 258,614	$ 46,347	$ 439,848	$ 15,188

*Refer to the Appendix for a definition of this non-GAAP financial measure and a reconciliation of this measure to its most directly comparable GAAP measure.

2Q24 Financial Results and Commentary

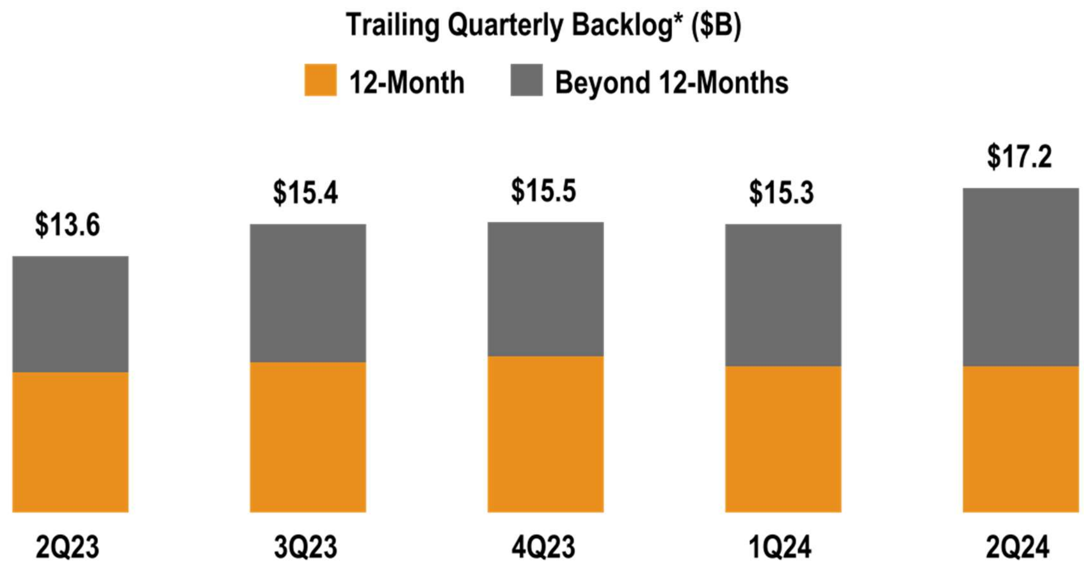
Electric Power Infrastructure Solutions Segment *(Electric Power)*



* Operating Income Margins are calculated by dividing operating income by revenues

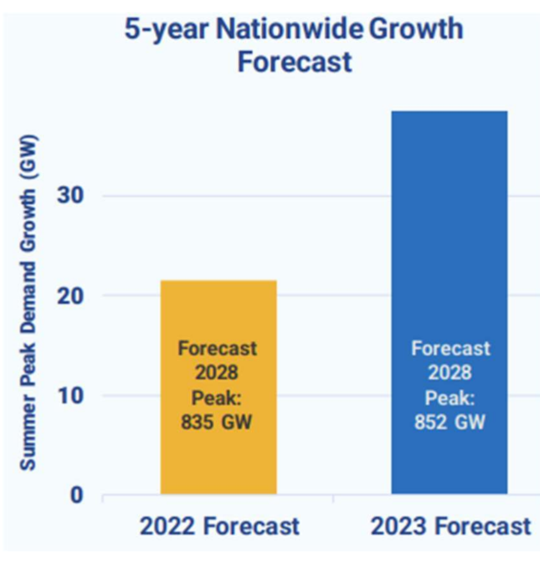
Our Electric Power segment operations performed well in the second quarter of 2024, with revenues of $2.5 billion and operating income margin of 10.8%. The results were primarily driven by base business activity from utility grid modernization, grid security and system hardening initiatives, sound execution and effective resource management across our electric power and communications operations. Contributing to the margin performance during the quarter were emergency restoration revenues of approximately $94 million. Additionally, businesses acquired over the past 12 months contributed $65.0 million of revenues in the second quarter of 2024.

We believe our results reflect our collaborative approach and our ability to deliver consistent, dependable solutions to our customers. As our customers' capital programs continue to expand, we remain confident in our ability to deliver revenue growth at a mid to upper-single to double digit compound annual growth rate.

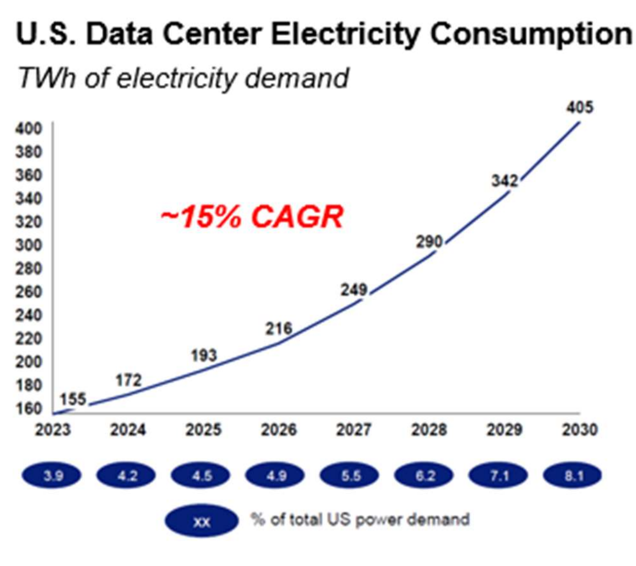


*Refer to the Appendix for a definition and reconciliation of this non-GAAP financial measure to its most directly comparable GAAP measure

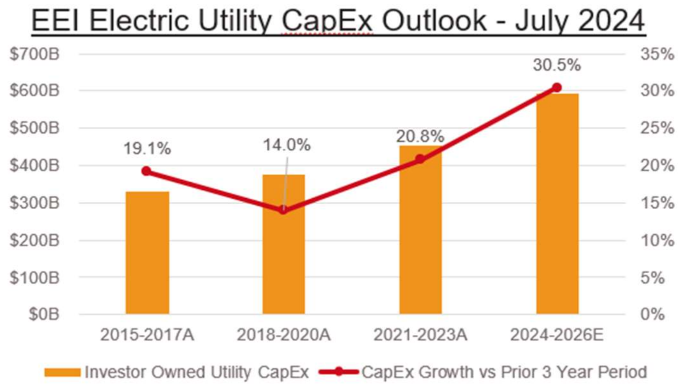
Electric Segment backlog was $17.2 billion at the end of the second quarter of 2024, a record, driven by the addition of multiple multi-year program awards. These awards support our confidence in our multi-year growth expectations and reflect the demand for our electric power infrastructure solutions. We continue to invest in resources to support the anticipated volumes associated with these multi-year utility programs and projects, and believe our investments in safety and training uniquely position us to attract and retain the workforce necessary to meet these demands. Utilities across the United States are experiencing and forecasting meaningful increases in power demand for the first time in many years, due to various factors, including the adoption of new technologies and federal and state policies designed to accelerate the energy transition and strategically reinforce domestic manufacturing and supply chain resources. Additionally, growing internet traffic and cloud computing have increased the development of data centers, which are power intensive and can strain grid capacity in some areas. Increasing adoption of artificial intelligence technologies, which add significantly more power and processing demands to data centers, is expected to further increase load and require grid upgrades and enhancements. A number of utilities have highlighted these dynamics as the rationale for increasing their multi-year load forecasts and multi-year capex plans.

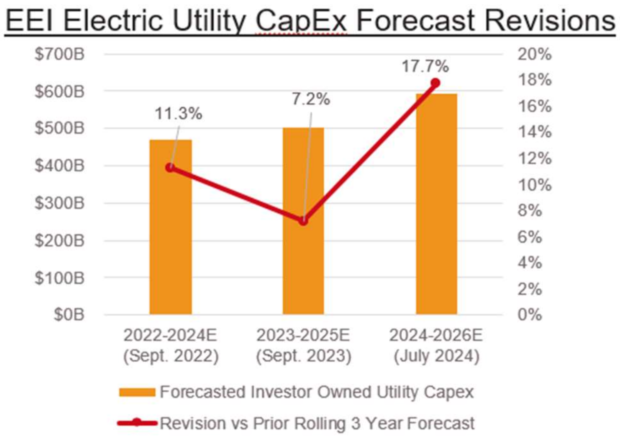


Source: *Grid Strategies - The Era of Flat Power Demand is Over, Dec. 2023*



Source: McKinsey Energy Solutions Global Energy Perspective 2023

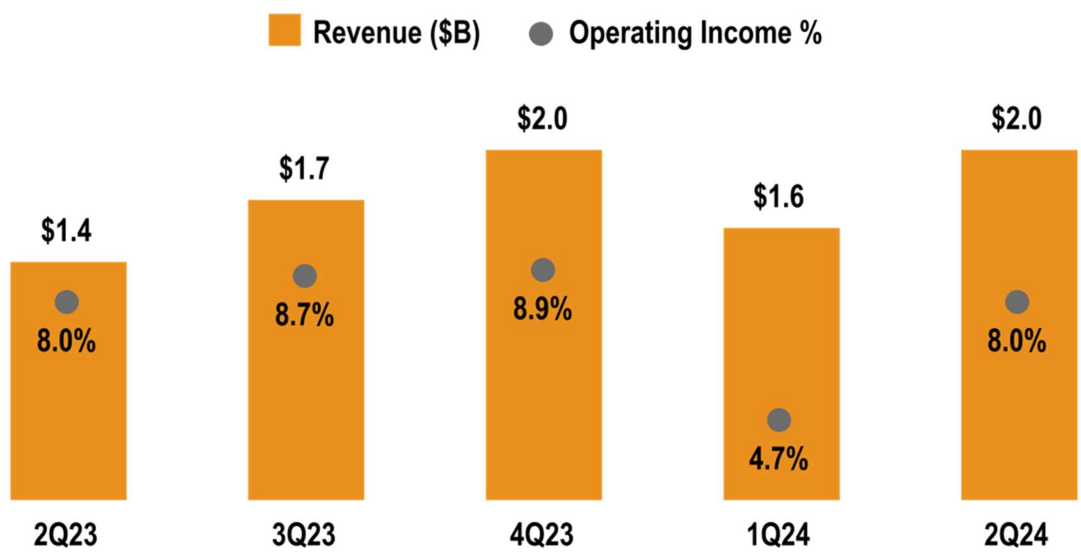




Source: Edison Electric Institute

Additionally, electric vehicle (EV) penetration is beginning to pressure the electric distribution system in some areas, and we continue to believe EV adoption in North America is in the early stages of a long-term transition and that large capital investment in the electric power grid is required to accommodate growing EV load demand over time. We do not believe it is a question of if EV adoption increases but how fast the increase will be. We expect that the issue in the near to medium term in most regions will be the inability to move supply to areas with accelerating EV-driven load demand through the current distribution system. We believe managing the pace of EV adoption will be one of the biggest challenges facing our industry and that we are uniquely positioned to work with our customers to address this challenge.

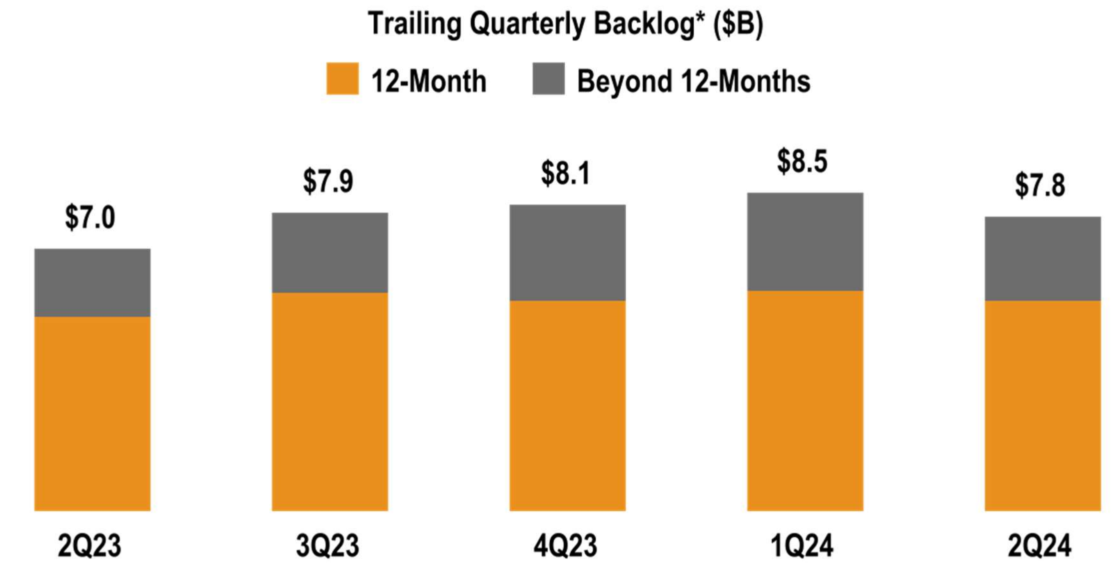
Renewable Energy Infrastructure Solutions Segment *(Renewable Energy)*



* Operating Income Margins are calculated by dividing operating income by revenues

Our Renewable Energy segment revenues were $2.0 billion in the second quarter of 2024, led by renewable generation project activity, including solar, wind and battery storage projects, as well as high-voltage electric transmission and substation services.

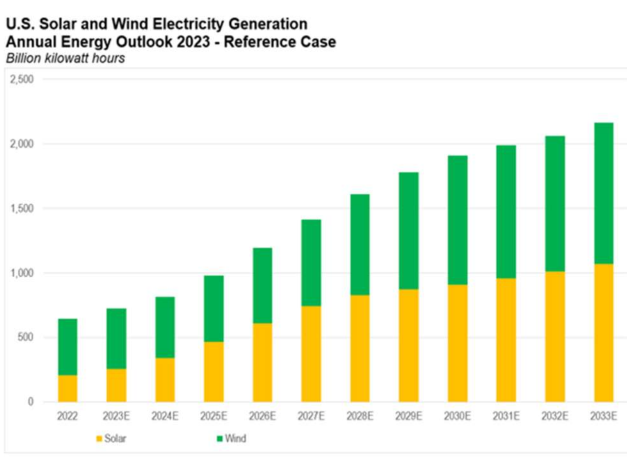
Second quarter operating income margin of 8% was a sequential improvement from the first quarter due to better overall execution in the field, despite headwinds from challenging projects that were discussed in the first quarter 2024.

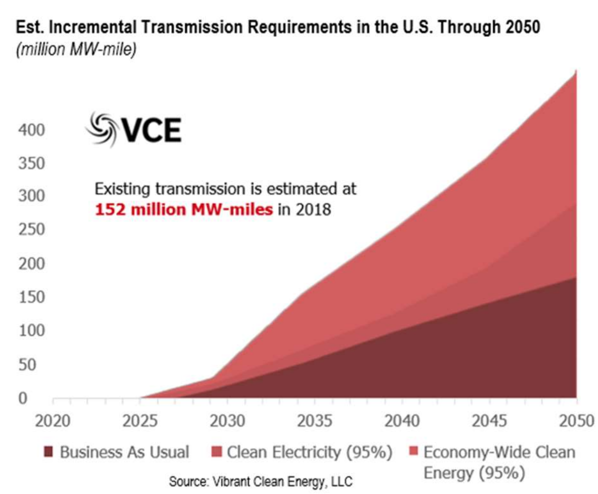


*Refer to the Appendix for a definition and reconciliation of this non-GAAP financial measure to its most directly comparable GAAP measure

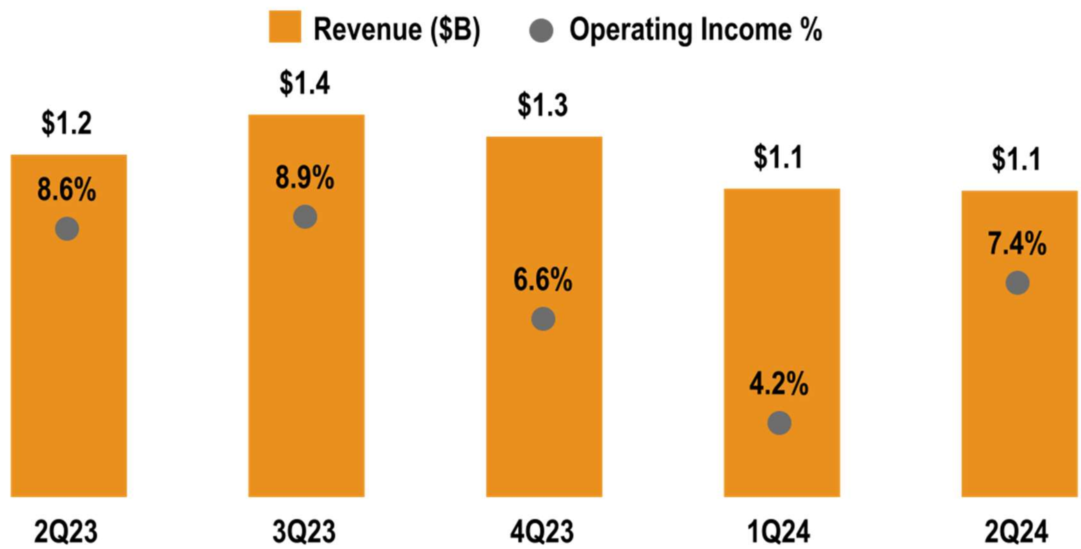
Renewable Energy segment total backlog was $7.8 billion as of June 30, 2024, a sequential decline compared to the first quarter of 2024 due to normal timing variability of new awards. Of note, subsequent to the end of the second quarter of 2024, Quanta has been awarded $350 million of new renewable energy related projects. While we expect to have periodic fluctuation in backlog due to normal dynamics of award timing, we remain confident in the multi-year 8-10% compound annual growth profile put forward during at our April 2022 Investor Day.

Our confidence in the growth opportunity around Renewable Energy segment backlog is underpinned by the strength of our long-standing customer relationships and our solutions-based approach, as well as our reputation for safe execution of work. We are making investments to scale our resources and increase our capacity to handle the expected growth for large-scale, multi-year solar, battery and wind programs as load growth and demand for clean power accelerates, which we believe presents the opportunity for record levels of revenues in future years. Additionally, we are pursuing billions of dollars of high-voltage transmission projects that are designed to support the connectivity of current and future renewable generation capacity and enhance overall system reliability. We believe we have good visibility into the timing of these transmission projects and that we are well positioned to compete for future awards.



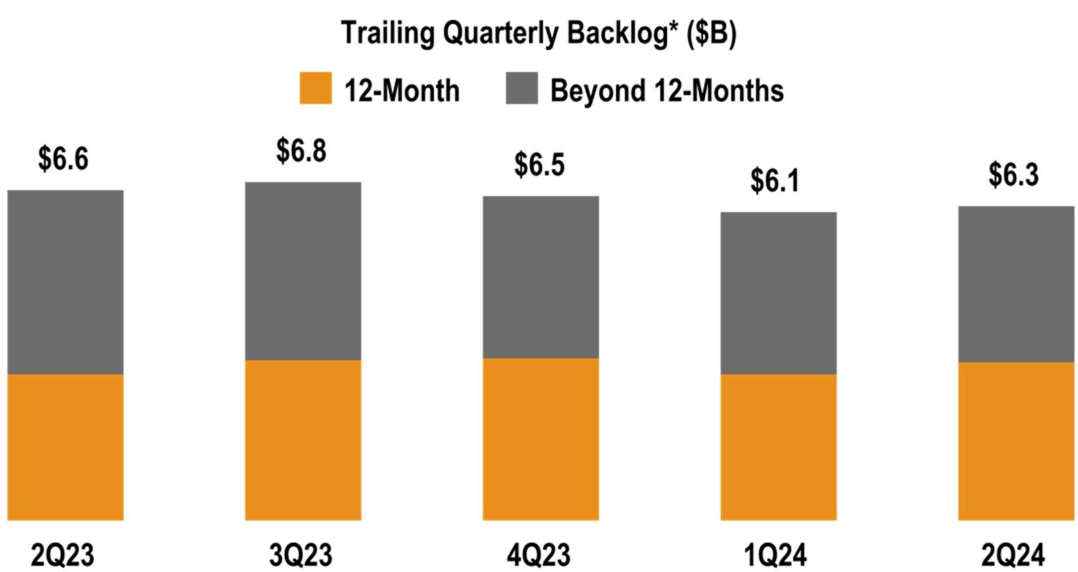


Underground Utility & Infrastructure Solutions Segment *(Underground and Infrastructure)*



* Operating Income Margins are calculated by dividing operating income by revenues. Included in operating income for the Underground and Infrastructure segment in the first quarter of 2024 was a loss on the sale of a non-core business of $10.7 million, which negatively impacted operating income margin in the quarter by approximately 90 basis points.

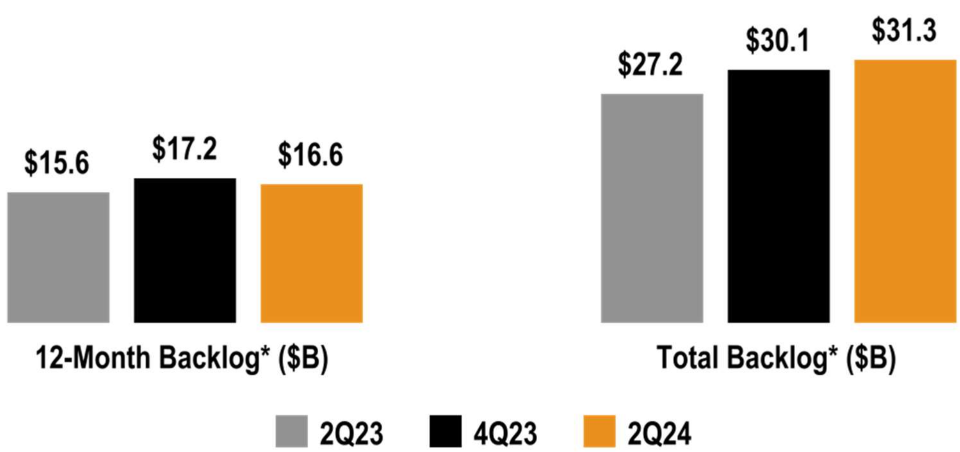
Underground and Infrastructure segment revenues were $1.1 billion in the second quarter of 2024, in line with our expectations. Operating income margin of 7.4% was negatively impacted by the mix of work during the quarter. Additionally, businesses acquired over the past 12 months contributed $55.0 million in revenues in the second quarter of 2024.



*Refer to the Appendix for a definition and reconciliation of this non-GAAP financial measure to its most directly comparable GAAP measure

Total backlog for the Underground and Infrastructure segment was $6.3 billion at the end of the second quarter of 2024, an increase as compared to the first quarter of 2024. The market for our industrial solutions and gas utility and pipeline integrity services remains solid given the recurring critical-path maintenance requirements and regulated spend dedicated to modernizing systems, reducing methane emissions, ensuring environmental compliance and improving safety and reliability. While we continue to expect segment backlog to fluctuate due to timing of awards, we believe there is opportunity for larger pipeline projects to materialize as well as opportunities for continued base business growth due to volume increases under MSAs and small project awards. We remain confident in the low to mid-single digit multi-year growth opportunity for the segment's base business activities.

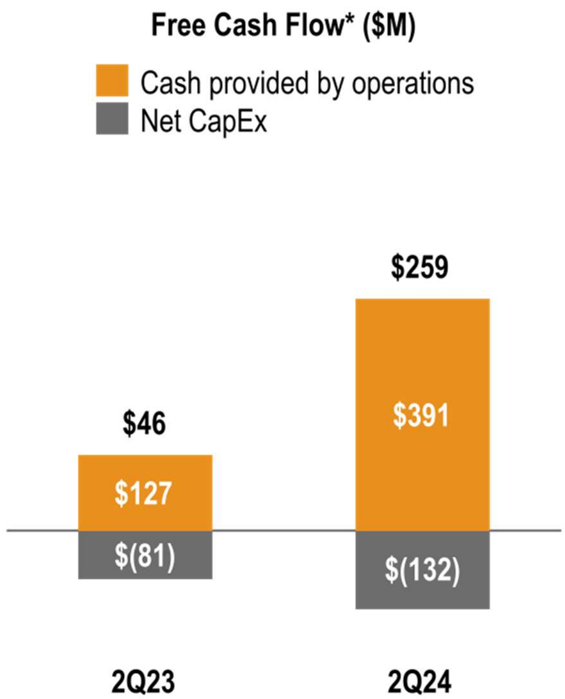
Consolidated Backlog

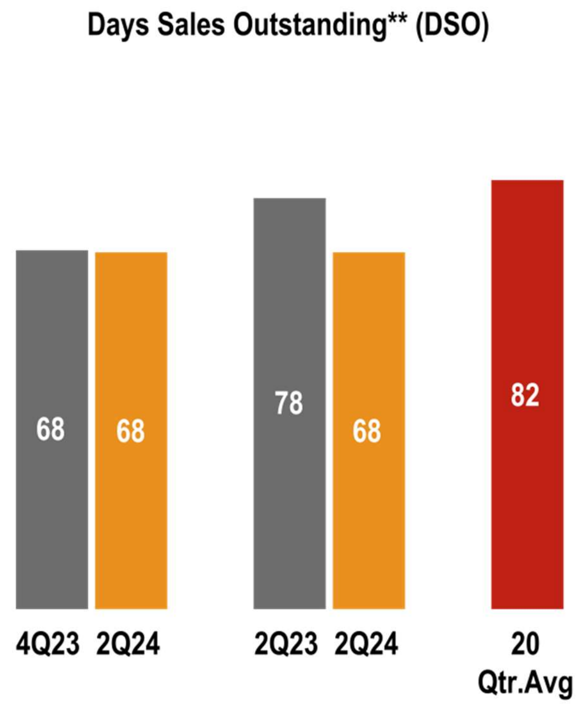


*Refer to the Appendix for a definition and reconciliation of this non-GAAP financial measure to its most directly comparable GAAP measure

At June 30, 2024, total backlog was a record $31.3 billion and twelve-month backlog was $16.6 billion. Demand for our solutions remains robust, as evidenced by the June 30, 2024 record backlog. While the timing of awards and normal seasonality can create periodic pauses or declines, we believe there are opportunities to achieve record backlog again in future periods as we plan with our customers to provide comprehensive solutions for their multi-year programs and projects. As a reminder, backlog excludes amounts from CEI, which we acquired subsequent to June 30, 2024.

Free Cash Flow & Days Sales Outstanding





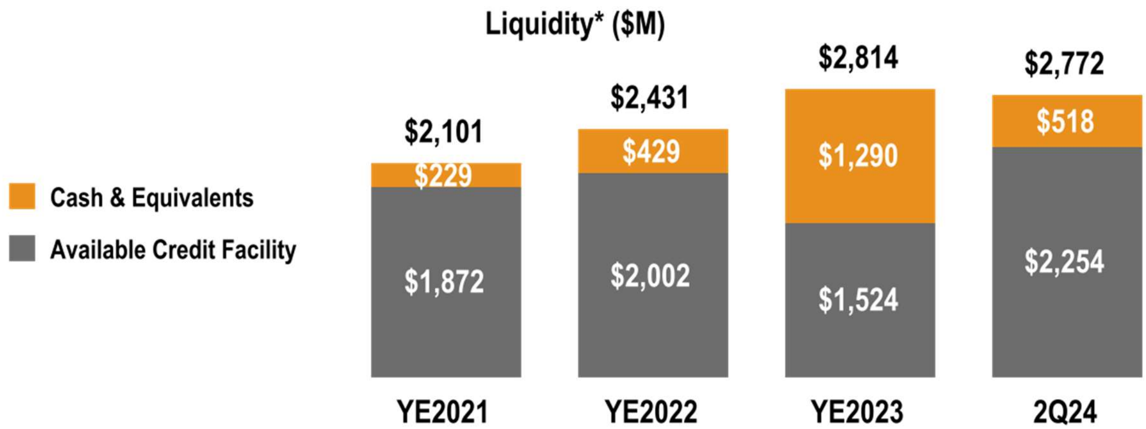
*Refer to the Appendix for a definition and reconciliation of this non-GAAP financial measure to its most directly comparable GAAP measure
**Refer to the Appendix for the definition of Days Sales Outstanding

Cash flow in the second quarter of 2024 was greater than the second quarter of 2023 and reflects the favorable working capital profile across our portfolio and our efforts to collaborate with customers to improve our collection cycle. DSO measured 68 days in the second quarter of 2024, which includes 6 to 7 days of DSO attributable to the Canadian renewable transmission project, discussed in prior quarters. We continue to have discussions with the customer and we remain confident in our position.

Balance Sheet & Liquidity

	December 31,			June 30,
($M)	2021	2022	2023	2024
Cash and Cash Equivalents	**$ 229**	**$ 429**	**$ 1,290**	**$ 518**
Debt				
Credit Facility (Revolver)	$ 450	$ 37	$ 136	$ 137
Commercial Paper	—	373	706	—
Term Loans	750	750	731	722
Senior Notes	2,500	2,500	2,500	2,500
Other	54	70	126	164
Total Debt	**$ 3,754**	**$ 3,730**	**$ 4,199**	**$ 3,523**
Operating Lease Liabilities	249	246	265	295
Total Debt including Operating Lease Liabilities	**$ 4,003**	**$ 3,976**	**$ 4,464**	**$ 3,818**
Net Debt / EBITDA Ratio*	**2.3x**	**2.1x**	**1.8x**	**1.8x**

*Net Debt to EBITDA Ratio, as calculated under the credit agreement for our senior credit facility.



*Refer to the Appendix for the definition of Total Liquidity

As of June 30, 2024, we had total liquidity of approximately $2.8 billion and a debt-to-EBITDA ratio of 1.8x (as calculated under our credit agreement). Subsequent to June 30, 2024, we utilized borrowings under our existing commercial paper program and a new $400 million short-term loan facility to finance the cash portion of the acquisition of CEI, which resulted in a post-transaction leverage profile of approximately 2.2x. We are currently evaluating longer-term debt refinancing options to increase our post-transaction liquidity and currently expect our free cash flow and earnings growth in the third and fourth quarters to allow us to de-lever below 2.0x by the end of the year.

Acquisition of Cupertino Electric, Inc. (CEI)

On July 17, 2024, Quanta completed the acquisition of CEI, a premier electrical infrastructure solutions provider to the technology, renewable energy and infrastructure and commercial industries. Founded in 1954 and headquartered in San Jose, California, CEI provides integrated turnkey solutions, including engineering, procurement, project management, construction and modularization services to a high-quality and diverse customer base across the United States. Through its diverse geographic, customer, end market and service line portfolio, CEI has grown to become the sixth largest electrical solutions provider in the country with a workforce of approximately 4,300 employees. The webcast replay of the conference call discussing the acquisition of CEI and additional information can be found on the Quanta Services investor relations website at http://investors.quantaservices.com

- Combination creates a comprehensive end-to-end electrical infrastructure solution from electron generation to transmission to consumption
- Highly synergistic low-voltage electrical workforce and complementary customer base provides a platform for growth across several strategic verticals that are driving load growth
- Increases Quanta's exposure to the technology industry, a growing market of critical infrastructure requiring comprehensive power solutions
- Expected to be immediately accretive to Quanta's revenue growth, cash flow conversion and adjusted EBITDA and adjusted earnings per share excluding expected synergies
- Estimated full-year 2025 adjusted EBITDA and adjusted diluted EPS contributions of approximately $175 million to $195 million and $0.40 to $0.50, respectively

- For the remainder of 2024, expect revenue of $1.0 to $1.1 billion, adjusted EBITDA of $80 million to $90 million and adjusted diluted EPS of $0.17 to $0.22.
- Backlog as of June 30, 2024 of $1.9 billion

The upfront transaction consideration was approximately $1.5 billion, excluding cash acquired and subject to certain closing adjustments, approximately 15% of which was paid with shares of Quanta common stock. Additionally, there is a potential earnout payment of up to $200 million based on performance during a post-acquisition period beginning on January 1, 2025. Quanta funded the cash portion of the transaction with a combination of cash on hand, borrowing under its existing commercial paper program and a new short-term term loan facility.

Full-Year 2024 Guidance

The investment community is encouraged to review Quanta's Outlook Expectations Summary, which can be found on our Investor Relations website at http://investors.quantaservices.com in the News & Events and Financial Info sections. This document provides a detailed discussion of Quanta's 2024 financial expectations and commentary that we believe is useful to the investment community.

Our increased guidance for revenues, adjusted EBITDA and adjusted diluted earnings per share was attributable to the expected contributions from CEI, but otherwise our prior guidance for these financial metrics remains unchanged. Post-closing, we expect CEI to contribute approximately $1 billion to $1.1 billion of revenues, $80 million to $90 million of adjusted EBITDA, and $0.17 and $0.22 of adjusted EPS in 2024. CEI's financial results will be included in our Electric Power and Renewable Energy segments.

The growth opportunities across our end markets are extensive and we believe the tailwinds driving the demand for our infrastructure solutions are long-term in duration and create multi-year earnings visibility. As North America's energy transition progresses and becomes more complex, we believe our breadth of solutions and the complementary capabilities of our operations portfolio will become even more valuable to our customers. Further, our ongoing investment in and commitment to workforce training and safety positively impacts our performance and enables us to meet our customers speed to market and schedule certainty goals, which we believe is a competitive advantage across our end markets.

We believe our 2024 guidance demonstrates the strength and sustainability of our portfolio and momentum around our long-term strategy. Our expectations are for another year of meaningful growth across most major financial metrics, and similar to 2023, we expect the second half of the year to be stronger than the first half, due to seasonality and production schedules for a number of contracted projects, with the high end of the range representing even greater opportunities in the third and fourth quarters of 2024.

($M except per share data)	Estimated Range Low	Mid	High
Revenues	$23,500	$23,800	$24,100
Adj. EBITDA*	$2,212	$2,272	$2,333
Free Cash Flow*	$1,300	$1,500	$1,700
Net Income	$838	$879	$921
Diluted EPS (GAAP)	$5.59	$5.87	$6.14
Adjusted Diluted EPS*	$8.32	$8.60	$8.87

*Refer to the Appendix for a definition and reconciliation of this non-GAAP financial measure to its most directly comparable GAAP measure

While segment designations help investors better understand the work we are performing, we will continue to emphasize the power of our aggregate portfolio of solutions and the cash flow, earnings and returns they generate. The following commentary details our expectations for our reportable operating segments for 2024. We have included segment specific seasonality and other details around our 2024 expectations in the Outlook Expectations Summary, which can be found on our investor relations website.

Electric Power Segment Guidance

	2024 Estimated Range Low	Mid	High
Revenues ($M)	$11,000	$11,075	$11,150
Revenue Growth	*13.4%*	*14.2%*	*15.0%*

We expect Electric Power segment revenues to be between $11.0 and $11.2 billion for the full year of 2024, which includes $600 to $650 million of revenues from CEI. Additionally, our full-year 2024 expectations include between $300 and $350 million of emergency restoration services revenues, which is comparable to the level generated in 2023. Also included within the segment are our communications operations, which we expect will generate approximately $900 million of revenues in 2024, comparable to 2023, and highlights our focus on profitability and our selective approach to the communications market.

We now expect full-year 2024 operating income margin for the Electric Power segment to be approximately 10.75%, which includes contributions of between $46.0 and $49.0 million of equity in earnings from our integral unconsolidated affiliates, the largest portion of which relates to LUMA Energy LLC, our joint venture in Puerto Rico. The change from our previous guidance reflects the solid year-to-date performance, the utilization benefit from expected increased emergency restoration revenues, and improved confidence in achieving operational efficiencies as programs commence. We expect our U.S. operations will execute at a double-digit operating income margin level for 2024; however, as a reminder, margins are pressured by our Canadian operations.

Despite this near-term pressure, we believe there are meaningful opportunities for our Canadian electric operations and expect the same market forces driving growth in the United States to positively impact the Canadian market in the years ahead.

Renewable Energy Segment Guidance

	2024 Estimated Range		
	Low	Mid	High
Revenues ($M)	$7,900	$8,025	$8,150
Revenue Growth	*28.0%*	*30.1%*	*32.1%*

We expect Renewable Energy segment revenues to be between $7.9 and $8.2 billion for the full year of 2024, which includes $400 to $450 million of revenues from CEI. These expectations are driven by growing momentum for the transition to renewable generation and the associated transmission and substation infrastructure required to bring those new sources of power to market. We expect full year operating income margin for the Renewable Energy segment to be between 8.3% and 8.8%, a slight improvement from previous guidance given the contributions from CEI, which are expected to have comparable margins to our existing operations in the back half of the year. As was the case in 2023, we are experiencing some operating income margin pressure in this segment as we continue to scale operations to address multi-year growth opportunities.

Underground and Infrastructure Segment Guidance

	2024 Estimated Range		
	Low	Mid	High
Revenues ($M)	$4,600	$4,700	$4,800
Revenue Growth	*(8.3)%*	*(6.3)%*	*(4.3)%*

We expect Underground and Infrastructure segment revenues to be between $4.6 and $4.8 billion for the full year of 2024, representing a 6% decrease at the midpoint as compared to 2023. This anticipated decline is due to reduced revenues attributable to larger pipeline projects (+$1 billion revenue contribution in 2023 compared to $500-$750 million estimated revenue contribution in 2024), specifically for our Canadian operations, which have had meaningful contributions from larger pipeline projects during the last two years. However, we expect our base business revenues to grow at a low to mid-single digit rate as compared to 2023, driven by recurring critical-path maintenance requirements and regulated spend dedicated to modernize systems, reduce methane emissions, ensure environmental compliance and improve safety and reliability.

We now expect full-year 2024 operating income margin for the segment to be between 6.50% and 7.00%, a reduction from our prior guidance, driven by a change in the anticipated mix and a shift of work that we previously expected to contribute more meaningfully to our 2024 results. As a reminder, the segment includes an approximately 20 basis point impact from the disposition of a non-core business in the first quarter of 2024. We remain pleased with the segment's overall performance and believe there are long-term growth opportunities.

Free Cash Flow and Interest Expense

We expect free cash flow for the full year 2024 to be between $1.3 billion and $1.7 billion, which would represent another record and reflects the favorable cash flow characteristics of our renewable infrastructure solutions, as well as an anticipated favorable resolution and collection of the balance associated with the aforementioned large Canadian renewable transmission project. Based on our current expectations, we now expect interest expense to range between $172.5 million and $177.0 million for full-year 2024.

Positive Multi-Year Outlook

We believe the transition towards a reduced-carbon economy and increased load growth will require significant grid investment, placing Quanta in the early stages of a multi-decade infrastructure build. We are excited about our acquisition of CEI, which delivers an exceptional management team, expands our craft-skill workforce and broadens our scope of solutions, further differentiating Quanta in the markets we serve. We believe we can continue to grow organically and strategically deploy capital while improving returns and generating significant long-term stockholder value. We 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.

We appreciate your ongoing interest in Quanta Services.

Duke Austin
President and Chief Executive Officer

Jayshree Desai
Chief Financial Officer

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Additionally, any financial projections in this commentary are forward-looking statements that are based on assumptions that are inherently subject to significant uncertainties and contingencies, many of which are beyond Quanta's control. While such projections are necessarily speculative, Quanta believes that the preparation of prospective financial information involves increasingly higher levels of uncertainty the further out the projection extends from the date of preparation. The assumptions and estimates underlying such projected results are inherently uncertain and are subject to a wide variety of significant business, economic and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the projections. The inclusion of financial information or projections in this commentary should not be regarded as an indication that Quanta considered or consider the information or projections to be a reliable prediction of future events.

Certain information may be provided in this commentary that includes financial measurements that are not required by, or presented in accordance with, generally accepted accounting principles (GAAP). These non-GAAP financial measures should not be considered as alternatives to GAAP financial measures, such as net income attributable to common stock and cash flow provided by operating activities, and may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies. For a reconciliation to the most directly comparable GAAP financial measures, please refer to the accompanying reconciliation tables.

The information contained in this document has not been audited by any independent auditor. This commentary is prepared as a convenience for securities analysts and investors and may be useful as a reference tool. Quanta may elect to modify the format or discontinue publication at any time, without notice to securities analysts or investors.

Appendix

Backlog is defined as remaining performance obligations, plus estimated orders under master service agreements, including estimated renewals, and non-fixed price contracts expected to be completed within one year. Quanta's methodology for determining backlog may not be comparable to the methodologies used by other companies. Remaining performance obligations are defined as management's estimate of consolidated revenues that are expected to be realized from the remaining portion of firm orders under fixed price contracts not yet completed or for which work has not yet begun. For purposes of calculating remaining performance obligations, Quanta includes all estimated revenues attributable to consolidated joint ventures and variable interest entities, revenues from funded and unfunded portions of government contracts to the extent they are reasonably expected to be realized and revenues from change orders to the extent management believes additional contract revenues will be earned and are deemed probable of collection.

Days sales outstanding is calculated by using the sum of current accounts receivable (which includes retainage and unbilled balances), net of allowance, plus contract assets, less contract liabilities and divided by average revenues per day during the quarter.

EBITDA is defined as earnings before interest and other financing expenses, taxes, depreciation and amortization, including from our integral unconsolidated affiliates.

Adjusted EBITDA is defined as EBITDA adjusted for certain other items, in the current year, as described below:

- **Non-cash stock-based compensation expense** varies from period to period 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 from period to period depending on the level and complexity of Quanta's acquisition activity;
- **Equity in (earnings) losses of non-integral unconsolidated affiliates** varies from period to period depending on the activity and financial performance of such affiliates, the operations of which are not operationally integral to Quanta;
- **Gains and losses on sales of investments and businesses** vary from period to period depending on activity; and
- **Change in fair value of contingent consideration liabilities** varies from period to period depending on, among other things, the performance in post-acquisition periods of certain acquired businesses and the effect of present value accretion on fair value calculations.

Adjusted Earnings per Share (EPS) is defined as diluted earnings per share adjusted for the after-tax impact of certain other items, in the current year, as described below:

- **Non-cash stock-based compensation expense** varies period to period 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 and amortization included in equity in earnings** vary period to period and are impacted by Quanta's acquisition activities and investments in integral unconsolidated affiliates;
- **Acquisition and integration costs** vary from period to period depending on the level and complexity of Quanta's acquisition activity;
- **Change in fair value of contingent consideration liabilities** varies from period to period depending on, among other things, the performance in post-acquisition periods of certain acquired businesses and the effect of present value accretion on fair value calculations;
- **Equity in (earnings) losses of non-integral unconsolidated affiliates** varies from period to period depending on the activity and financial performance of non-integral unconsolidated affiliates, the operations of which are not operationally integral to Quanta; and

Gains and losses on sales of investments and businesses vary from period to period depending on activity.

Free cash flow is defined as net cash provided by 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.

Net debt is Quanta's long-term debt (as defined under its senior credit facility) less cash and cash equivalents (as defined under its senior credit facility).

Total liquidity is defined as Quanta's cash and cash equivalents and availability under Quanta's senior credit facility. Available commitments for revolving loans under the senior credit facility must be maintained in order to provide credit support for notes issued under the commercial paper program, and therefore such notes effectively reduce the available borrowing capacity under the senior credit facility.

Reconciliation of Adjusted Net Income Attributable to Common Stock and Adjusted Diluted Earnings Per Share Attributable to Common Stock

($000s, except per share amounts)	2023		2024		FY 2024 GUIDANCE RANGE		
	2Q	2Q YTD	2Q	2Q YTD	Low	Mid	High
Reconciliation of adjusted net income attributable to common stock:							
Net income attributable to common stock (GAAP as reported)	$ 165,899	$ 260,945	$ 188,159	$ 306,519	$ 838,000	$ 879,350	$ 920,700
Acquisition and integration costs	2,284	22,172	8,857	18,408	22,700	22,700	22,700
Change in fair value of contingent consideration liabilities	—	—	1,117	1,740	1,700	1,700	1,700
Equity in (earnings) losses of non-integral unconsolidated affiliates	(468)	(2,085)	507	(3,075)	(3,100)	(3,100)	(3,100)
(Gains on sales of investments) loss on disposition of business, net	(674)	(1,496)	288	3,708	3,700	3,700	3,700
Non-cash stock-based compensation	34,607	62,058	37,250	72,581	154,800	154,800	154,800
Amortization of intangible assets	70,025	142,428	79,214	156,725	368,500	368,500	368,500
Amortization included in equity in earnings of integral unconsolidated affiliates	1,465	3,261	1,267	2,732	4,600	4,600	4,600
Income tax impact of adjustments (1)	(27,870)	(58,290)	(32,677)	(64,508)	(142,500)	(142,500)	(142,500)
Adjusted net income attributable to common stock	$ 245,268	$ 428,993	$ 283,982	$ 494,830	$ 1,248,400	$ 1,289,750	$ 1,331,100
Reconciliation of adjusted diluted earnings per share:							
Diluted earnings per share attributable to common stock (GAAP as reported)	$ 1.12	$ 1.75	$ 1.26	$ 2.05	$ 5.59	$ 5.87	$ 6.14
Acquisition and integration costs	0.02	0.15	0.06	0.12	0.15	0.15	0.15
Change in fair value of contingent consideration liabilities	—	—	0.01	0.01	0.01	0.01	0.01
Equity in (earnings) losses of non-integral unconsolidated affiliates	(0.01)	(0.01)	—	(0.02)	(0.02)	(0.02)	(0.02)
(Gains on sales of investments) loss on disposition of business, net	(0.01)	(0.01)	—	0.02	0.02	0.02	0.02
Non-cash stock-based compensation	0.23	0.42	0.25	0.49	1.03	1.03	1.03
Amortization of intangible assets	0.47	0.96	0.53	1.05	2.46	2.46	2.46
Amortization included in equity in earnings of integral unconsolidated affiliates	0.01	0.02	0.01	0.02	0.03	0.03	0.03
Income tax impact of adjustments (1)	(0.18)	(0.40)	(0.22)	(0.43)	(0.95)	(0.95)	(0.95)
Adjusted diluted earnings per share	$ 1.65	$ 2.88	$ 1.90	$ 3.31	$ 8.32	$ 8.60	$ 8.87
Weighted average shares outstanding for diluted and adjusted diluted earnings per share	148,773	148,717	149,788	149,587	150,000	150,000	150,000

(1) The income tax impact of adjustments that are subject to tax is determined using the incremental statutory tax rates of the jurisdictions to which each adjustment relates for the respective periods.

Reconciliation of Adjusted EBITDA

($000s)	2023		2024		FY 2024 GUIDANCE RANGE		
	2Q	2Q YTD	2Q	2Q YTD	Low	Mid	High
Net income attributable to common stock (GAAP as reported)	$ 165,899	$ 260,945	$ 188,159	$ 306,519	$ 838,000	$ 879,350	$ 920,700
Interest expense, net	46,741	86,918	41,764	74,813	172,500	174,750	177,000
Provision for income taxes	69,367	65,946	75,199	96,295	277,600	294,650	311,700
Depreciation expense	79,876	158,258	83,651	172,546	355,900	355,900	355,900
Amortization of intangible assets	70,025	142,428	79,214	156,725	368,500	368,500	368,500
Interest, income taxes, depreciation and amortization included in equity in earnings of integral unconsolidated affiliates	4,412	9,282	7,224	10,224	19,400	19,400	19,400
EBITDA	436,320	723,777	475,211	817,122	2,031,900	2,092,550	2,153,200
Non-cash stock-based compensation	34,607	62,058	37,250	72,581	154,800	154,800	154,800
Acquisition and integration costs	2,284	22,172	8,857	18,408	22,700	22,700	22,700
Equity in earnings of non-integral unconsolidated affiliates	(468)	(2,085)	507	(3,075)	(3,100)	(3,100)	(3,100)
(Gains on sales of investments) loss on disposition of business, net	(674)	(1,496)	288	3,708	3,700	3,700	3,700
Change in fair value of contingent consideration liabilities	—	—	1,117	1,740	1,700	1,700	1,700
Adjusted EBITDA	$ 472,069	$ 804,426	$ 523,230	$ 910,484	$ 2,211,700	$ 2,272,350	$ 2,333,000

Reconciliation of Free Cash Flow

($000s)	2023		2024		FY 2024 GUIDANCE RANGE		
	2Q	2Q YTD	2Q	2Q YTD	Low	Mid	High
Net cash provided by operating activities	$ 127,413	$ 165,822	$ 391,312	$ 629,267	$ 1,750,000	$ 1,962,500	$ 2,175,000
Less: Net capital expenditures:							
Capital expenditures	(105,278)	(185,597)	(161,456)	(244,595)			
Cash proceeds from sale of property and equipment and related insurance settlements	24,212	34,963	28,758	55,176			
Net capital expenditures	(81,066)	(150,634)	(132,698)	(189,419)	(450,000)	(462,500)	(475,000)
Free Cash Flow	$ 46,347	$ 15,188	$ 258,614	$ 439,848	$ 1,300,000	$ 1,500,000	$ 1,700,000

Reconciliation of Backlog

($000s)	June 30, 2023		September 30, 2023		December 31, 2023		March 31, 2024		June 30, 2024	
	12 Month	Total	12 Month	Total	12 Month	Total	12 Month	Total	12 Month	Total
Electric Power Infrastructure Solutions										
Remaining performance obligations	$ 2,584,140	$ 4,128,988	$ 2,693,352	$ 4,383,055	$ 2,762,608	$ 4,505,830	$ 3,027,780	$ 5,571,970	$ 2,910,917	$ 5,381,411
Estimated orders under MSAs and short- term, non-fixed price contracts	4,948,080	9,454,858	5,302,341	11,036,307	5,597,732	10,995,198	4,805,249	9,769,937	4,935,743	11,787,339
Backlog	$ 7,532,220	$ 13,583,846	$ 7,995,693	$ 15,419,362	$ 8,360,340	$ 15,501,028	$ 7,833,029	$ 15,341,907	$ 7,846,660	$ 17,168,750
Renewable Energy Infrastructure Solutions										
Remaining performance obligations	$ 5,048,636	$ 6,801,436	$ 5,712,436	$ 7,713,988	$ 5,512,159	$ 8,005,368	$ 5,673,672	$ 8,137,113	$ 5,344,490	$ 7,551,651
Estimated orders under MSAs and short- term, non-fixed price contracts	118,333	206,102	112,534	201,851	118,770	119,634	187,440	315,601	270,039	283,936
Backlog	$ 5,166,969	$ 7,007,538	$ 5,824,970	$ 7,915,839	$ 5,630,929	$ 8,125,002	$ 5,861,112	$ 8,452,714	$ 5,614,529	$ 7,835,587
Underground Utility & Infrastructure Solutions										
Remaining performance obligations	$ 1,184,061	$ 1,546,395	$ 1,143,729	$ 1,464,623	$ 1,017,227	$ 1,383,057	$ 912,482	$ 1,173,586	$ 1,195,150	$ 1,436,069
Estimated orders under MSAs and short- term, non-fixed price contracts	1,755,797	5,057,435	2,054,024	5,295,722	2,222,451	5,099,332	2,029,477	4,929,704	1,962,185	4,870,392
Backlog	$ 2,939,858	$ 6,603,830	$ 3,197,753	$ 6,760,345	$ 3,239,678	$ 6,482,389	$ 2,941,959	$ 6,103,290	$ 3,157,335	$ 6,306,461
Total										
Remaining performance obligations	$ 8,816,837	$ 12,476,819	$ 9,549,517	$ 13,561,666	$ 9,291,994	$ 13,894,255	$ 9,613,934	$ 14,882,669	$ 9,450,557	$ 14,369,131
Estimated orders under MSAs and short- term, non-fixed price contracts	6,822,210	14,718,395	7,468,899	16,533,880	7,938,953	16,214,164	7,022,166	15,015,242	7,167,967	16,941,667
Backlog	$ 15,639,047	$ 27,195,214	$ 17,018,416	$ 30,095,546	$ 17,230,947	$ 30,108,419	$ 16,636,100	$ 29,897,911	$ 16,618,524	$ 31,310,798

Additional Information Regarding Estimated Non-GAAP Financial Measures

We have not provided the most directly comparable GAAP financial measures, or a quantitative reconciliation thereto, for the forward-looking guidance for 2025 for CEI's estimated adjusted EBITDA or CEI's estimated contribution to adjusted diluted earnings per share included in this document in reliance on the "unreasonable efforts" exception provided under Item 10(e)(1)(i)(B) of Regulation S-K. Providing the most directly comparable GAAP financial measures, or a quantitative reconciliation thereto, cannot be done without unreasonable effort due to the inherent uncertainty and difficulty in predicting the timing and amount of certain items, including but not limited to amortization of intangible assets and depreciation, which may be significant and difficult to project with a reasonable degree of accuracy, as the allocation of purchase price to intangible assets and property and equipment has not yet been performed. Because these adjustments are inherently variable and uncertain and depend on various factors that are beyond Quanta's control, we are also unable to predict their probable significance. The variability of these items could have an unpredictable, and potentially significant, impact on our future GAAP financial results.

Cautionary Statement About Forward-Looking Statements and Information

This commentary (and oral statements regarding the subject matter of this press 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, net income, earnings per share, margins, cash flows, liquidity, weighted average shares outstanding, capital expenditures, interest rates and tax rates, as well as other projections of operating results and GAAP and non-GAAP financial results, including EBITDA, adjusted EBITDA and backlog; expectations regarding Quanta's business or financial outlook; expectations regarding opportunities, technological developments, competitive positioning, future economic and regulatory conditions and other trends in particular markets or industries; expectations regarding Quanta's plans and strategies, including with respect to our supply chain solutions and expanded or new services offerings; the business plans or financial condition of Quanta’s customers, including with respect to the transition to a reduced-carbon economy; the potential benefits from, and future financial and operational performance of, acquired businesses and investments, including CEI; the expected value of contracts or intended contracts with customers, as well as the expected timing, scope, services, term or results of any awarded or expected projects; possible recovery of pending or contemplated insurance claims, change orders and claims asserted against customers or third parties, as well as the collectability of receivables; the development of and opportunities with respect to future projects, including renewable energy projects and other projects designed to support the transition to a reduced-carbon economy, electrical grid modernization projects, upgrade and hardening projects, larger transmission and pipeline projects and data center projects; expectations regarding the future availability and price of materials and equipment necessary for the performance of Quanta's business; the expected impact of global and domestic economic or political conditions on Quanta's business, financial condition, results of operations, cash flows, liquidity and demand for our services, including inflation, interest rates and recessionary economic conditions and commodity prices and production volumes; the expected impact of changes or potential changes to climate and the physical and transition risks associated with climate change and the transition to a reduced-carbon economy; future capital allocation initiatives, including the amount and timing of, and strategies with respect to, any future acquisitions, investments, cash dividends, repurchases of Quanta’s equity or debt securities or repayments of other outstanding debt; the impact of existing or potential legislation or regulation; potential opportunities that may be indicated by bidding activity or discussions with customers; the future demand for, availability of and costs related to labor resources in the industries Quanta serves; the expected recognition and realization of remaining performance obligations and backlog; expectations regarding the outcome of pending or threatened legal proceedings, as well as the collection of amounts awarded in legal proceedings; and expectations regarding Quanta's ability to reduce its debt and maintain its current credit ratings; 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. These forward-looking statements are not guarantees of future performance; rather they involve or rely on a number of risks, uncertainties, and assumptions that are difficult to predict or are beyond our control, and reflect management’s beliefs and assumptions based on information available 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 inaccurate or incorrect. Forward-looking statements can be affected by inaccurate assumptions and by known or unknown risks and uncertainties including, among others, market, industry, economic, financial or political conditions that are outside of the control of Quanta, including economic, energy, infrastructure and environmental policies and plans that are adopted or proposed by the U.S. federal and state governments or other governments in territories or countries in which Quanta operates, inflation, interest rates, recessionary economic conditions, deterioration of global or specific trade relationships and geopolitical conflicts and political unrest; quarterly variations in operating and financial results, liquidity, financial condition, cash flows, capital requirements and reinvestment opportunities; trends and growth opportunities in relevant markets, including Quanta's ability to obtain future project awards; delays, deferrals, reductions in scope or cancellations of anticipated, pending or existing projects as a result of, among other things, supply chain or production disruptions and other logistical challenges, weather, regulatory or permitting issues, right of way acquisition, environmental processes, project performance issues, claimed force majeure events, protests or other political activity, legal challenges, inflationary pressure, reductions or eliminations in governmental funding or customer capital constraints; the effect of commodity prices and production volumes, which have been and may continue to be affected by inflationary pressure, on Quanta's operations and growth opportunities and on customers' capital programs and demand for Quanta's services; the successful negotiation, execution, performance and completion of anticipated, pending and existing contracts; events arising from operational hazards, including, among others, wildfires and explosions, that can arise due to the nature of Quanta's services and certain of Quanta’s product solutions, as well as the conditions in which Quanta operates and can be due to the failure of infrastructure on which Quanta has performed services and result in significant liabilities that may be exacerbated in certain geographies and locations; unexpected costs, liabilities, fines or penalties that may arise from legal proceedings, indemnity obligations, reimbursement obligations associated with letters of credit or bonds, multiemployer pension plans or other claims or actions asserted against Quanta, including amounts not covered by, or in excess of the coverage under, third-party insurance; 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 (e.g., coverage for wildfire events); damage to Quanta's brand or reputation, as well as potential costs, liabilities, fines and penalties, arising as a result of cybersecurity breaches, environmental and occupational health and safety matters, corporate scandal, failure to successfully perform or negative publicity regarding a high-profile or large-scale infrastructure project, involvement in a catastrophic event (e.g., fire, explosion) or other negative incidents; disruptions in, or failure to adequately protect, Quanta's information technology systems; Quanta's dependence on suppliers, subcontractors, equipment manufacturers and other third-parties, and the impact of, among other things, inflationary pressure, regulatory, supply chain and logistical challenges on these third parties; estimates and assumptions relating to financial results, remaining performance obligations and backlog; Quanta's inability to attract, the potential shortage of and increased costs with respect to skilled employees, as well as Quanta's inability to retain or attract key personnel and qualified employees; Quanta's dependence on fixed price contracts and the potential to incur losses with respect to these contracts; cancellation provisions within contracts and the risk that contracts expire and are not renewed or are replaced on less favorable terms; 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; adverse weather conditions, natural disasters and other emergencies, including wildfires, pandemics, hurricanes, tropical storms, floods, debris flows, earthquakes and other geological- and weather-related hazards; the impact of climate change; Quanta's ability to generate internal growth; competition in Quanta’s business, including the ability to effectively compete for new projects and market share, as well as technological advancements and market developments that could reduce demand for Quanta's services; the failure of existing or potential legislative actions and initiatives to result in increased demand for Quanta’s services or budgetary or other constraints that may reduce or eliminate tax incentives or government funding for projects, including renewable energy projects, which may result in project delays or cancellations; unavailability of, or increased prices for, materials, equipment and consumables (such as fuel) used in Quanta’s or its customers' businesses, including as a result of inflation, supply chain or production disruptions, governmental regulations on sourcing, the imposition of tariffs, duties, taxes or other assessments, and other changes in U.S. trade relationships with foreign countries; loss of or deterioration of relationships with customers that Quanta has long-standing or significant relationships with; the potential that participation in joint ventures or similar structures exposes Quanta to liability or harm to its reputation as a result of acts or omissions by partners; the inability or refusal of customers or third-party contractors to pay for services, which could result in the inability to collect our outstanding receivables, failure to recover amounts billed to, or avoidance of certain payments received from, customers in bankruptcy or failure to recover on change orders or contract claims; risks associated with operating in international markets and U.S. territories, including instability of governments, significant currency exchange fluctuations, and compliance with unfamiliar legal and labor systems and cultural practices, the U.S. Foreign Corrupt Practices Act and other applicable anti-bribery and anti-corruption laws, and complex U.S. and foreign tax regulations and international treaties; inability to successfully identify, complete, integrate and realize synergies from acquisitions, including the inability to retain key personnel from acquired businesses; the potential adverse impact of acquisitions and investments, including the potential increase in risks already existing in Quanta’s operations, poor performance or decline in value of acquired businesses or investments and unexpected costs or liabilities that may arise from acquisitions or investments; the adverse impact of impairments of goodwill, other intangible assets, receivables, long-lived assets or investments; difficulties managing Quanta’s business as it expands and becomes more complex; the impact of the unionized portion of Quanta's workforce on its operations; inability to access sufficient funding to finance desired growth and operations, including the ability to access capital markets on favorable terms, as well as fluctuations in the price and trading volume of Quanta’s common stock, debt covenant compliance, interest rate fluctuations, a downgrade in our credit ratings and other factors affecting financing and investing activities; the ability to obtain bonds, letters of credit and other project security; risks related to the implementation of new information technology systems; new or changed tax laws, treaties or regulations or the inability to realize deferred tax assets; and other risks and uncertainties detailed in Quanta's Annual Report on Form 10-K for the year ended December 31, 2023, Quanta's Quarterly Report on Form 10-Q for the quarters ended March 31, 2024 and June 30, 2024 (when filed) and any other documents that Quanta files with the 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 or through the SEC's Electronic Data Gathering and Analysis Retrieval System (EDGAR) at 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 commentary.