

Company: Quanta Services, Inc.	Ticker: PWR	Current Price: \$308.17	Industry: Engineering and Construction Services	Sub Industry: ---
Target Price: \$347.96	TTM P/E: 58.15x	Beta: 1.01	Market Cap: \$45.4B	
Stop Loss: \$274.53	Forward P/E: 31.23x	Credit Rating: BBB- (S&P)	Avg Vol (12 M): 761k	
52 Week High/ Low: \$317.91/ \$153.74	EPS: 5.3	Rating Outlook: Stable	Dividend Yield: 0.11%	

Company Background:

Industry Outlook:

Quanta Services, Inc. is a leading provider of specialized contracting services focused on the design, installation, and maintenance of infrastructure for electric power, renewable energy, communications, and oil and gas industries.

Investment Thesis:

Quanta Services is well-positioned to benefit from the growing demand for energy infrastructure, particularly in the electric power and renewable energy sectors, as global energy transitions accelerate. The company's expertise in electric grid modernization and renewable energy projects, such as wind and solar, positions it to capture significant market share as utilities upgrade aging infrastructure. Quanta's long-term contracts with utility companies provide stability and predictability in revenue streams, mitigating some risks associated with the cyclical nature of construction services. The company's strong leadership in critical sectors and ability to manage large-scale, complex projects give it a competitive edge and potential for margin expansion.

Investment Risks:

- Quanta Services faces investment risks related to the cyclical nature of the construction and infrastructure industry, where economic downturns or reduced capital spending by utilities and energy companies could negatively impact revenue. Project execution risks, such as cost overruns or delays on large, complex contracts, could pressure margins and affect profitability. The company's significant exposure to energy transition projects also poses regulatory and political risks, as changes in energy policies or subsidies for renewable energy may alter demand for their services. Additionally, Quanta's growth strategy involves acquisitions, which can introduce integration risks and potential financial strain if acquisitions do not perform as expected.

3-5 take aways from last quarter investor call transcript:

- Strong revenue growth driven by energy transition
 - Key areas such as electric grid modernization, renewable energy projects, and EV charging infrastructure contributed significantly, positioning the company as a leader in this high-growth sector
- Quanta highlighted a record project backlog, reflecting strong future demands for its services
- Quanta Services discussed its strategy of targeted acquisitions to strengthen its capabilities in key growth areas, particularly in renewable energy and infrastructure services

Financial Performance:

In \$Thousands	2020	2021	2022	2023
Revenue	\$11,202,672	\$12,980,213	\$17,073,903	\$20,882,206
NOPLAT	\$568,925	\$691,470	\$953,786	\$1,180,745
Gross Profit	\$1,660,847	\$1,953,259	\$2,529,155	\$2,937,086
Revenue Growth	-7.51%	15.9%	31.5%	22.3%
COGS	\$9,541,825	\$11,026,954	\$14,544,748	\$17,945,120
ROA (%)	4.7%	4.2%	4.2%	4.8%
ROE (%)	10.8%	10.4%	9.7%	12.9%
P/E Ratio	22.86x	33.23x	41.67x	42.07x
FCF	\$568,925	\$130,918	\$192,243	\$219,267

Discounted Cash Flow

Analyst Opinion

Buy: 18	Hold: 6	Sell: 1
Firm	Rating	Target
Bernstein	Outperform	\$338
Citi	Buy	\$348
Wolfe Research	Outperform	\$337

Relative Valuation

	Quanta Services	EMCOR Group	MasTec
Market Cap	\$45.4B	\$20.79B	\$9.69B
EV	\$48.7B	\$19.55B	\$12.35B
EV/EBITDA	25.9x	15.54x	14.52x
P/E (TTM)	58.15x	24.57x	1,108.64x
EPS (TTM)	5.30	17.44	0.11
Rev Growth (FY23)	22.3%	13.6%	23%
EBITDA Growth (FY23)	8.2%	7.9%	6.3%
Beta	1.01	1.07	1.7
Debt / Equity (MRQ)	58.01%	13.29%	109.4%

Total Return

	Stock	Sector	S&P 500
YTD	46.52%	37.27%	22.24%
Last 3 Years	165.09%	75.47%	27.56%
Last 5 Years	639.94%	222.09%	91.81%

CSR Characteristics

