



Southwest Gas[™]
HOLDINGS

2021 1st Quarter Earnings Conference Call

May 7, 2021



PARTICIPANTS



JOHN HESTER

PRESIDENT AND CEO
SOUTHWEST GAS HOLDINGS



GREG PETERSON

SVP/CFO
SOUTHWEST GAS HOLDINGS



JUSTIN BROWN

SVP/GENERAL COUNSEL
SOUTHWEST GAS CORPORATION



KEN KENNY

VP/FINANCE/TREASURER
SOUTHWEST GAS HOLDINGS

SAFE HARBOR STATEMENT

This presentation includes “forward-looking statements” as defined by the Securities and Exchange Commission (“SEC”). We make these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this presentation that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. These include, without limitation, our 2021 expectations for our utility infrastructure services and natural gas operations segments, estimated natural gas operations capital expenditures through 2025, projected rate base at December 31, 2025, our 2021 EPS guidance and expected long-term value drivers, as well as statements regarding our expansion projects and other investment opportunities.

Forward-looking statements are based on assumptions which we believe are reasonable, based on current expectations and projections about future events and industry conditions and trends affecting our business. However, whether actual results and developments will conform to our expectations and predictions is subject to a number of risks and uncertainties that, among other things, could cause actual results to differ materially from those contained in the forward-looking statements, including without limitation, the risk factors described in Part I, Item 1A “Risk Factors,” and Part II, Item 7 and Item 7A “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Quantitative and Qualitative Disclosure about Market Risk” of our most recent Annual Report on Form 10-K and our quarterly report on Form 10-Q for the three months ended March 31, 2021 filed with the SEC, and other reports that we file with the SEC from time to time, and the following:

- The timing and amount of rate relief;
- Changes in operating expenses;
- Changes in rate design, infrastructure tracking mechanisms;
- Customer growth rates;
- Conditions in housing markets;
- The effects of regulation/deregulation;
- The impacts of construction activity at our utility infrastructure services segment;
- The impacts from acquisitions;
- The impacts of the ongoing COVID-19 pandemic and efforts to prevent its spread on our business;
- The impacts of stock market volatility; and
- Other factors discussed from time to time in our filings with the SEC.

New factors that could cause actual results to differ materially from those described in forward-looking statements emerge from time to time, and it is not possible for us to predict all such factors, or the extent to which any such factor or combination of factors may cause actual results to differ from those contained in any forward-looking statement. The statements in this presentation are made as of the date hereof, even if subsequently made available on our Web site or otherwise. We do not assume any obligation to update the forward-looking statements provided to reflect events that occur or circumstances that exist after the date on which they were made.

2021 HIGHLIGHTS



- Record quarterly basic EPS of \$2.04
- Dividend increase for the 15th consecutive year
- Updated EPS guidance



- Added 37,000 new customers (1.8% growth rate) over the past 12 months
- Operating margin increased \$24 million
- Issued \$250 million term loan due March 2022 to fund incremental gas costs
- California rate case approved by CPUC



- Revenues increased \$30 million, or 9.1%
- Supported customers with restoration services following winter freeze event (\$9 million of incremental revenue)
- EBITDA of \$26.7 million, a \$13.2 million, or 98% increase



Financial Results – March 31, 2021



Liquidity and Capital Expenditures



Dividend and Rate Base Growth



Regulation



Diversified and Growing Customer Base



Sustainability Focused



2021 Expectations

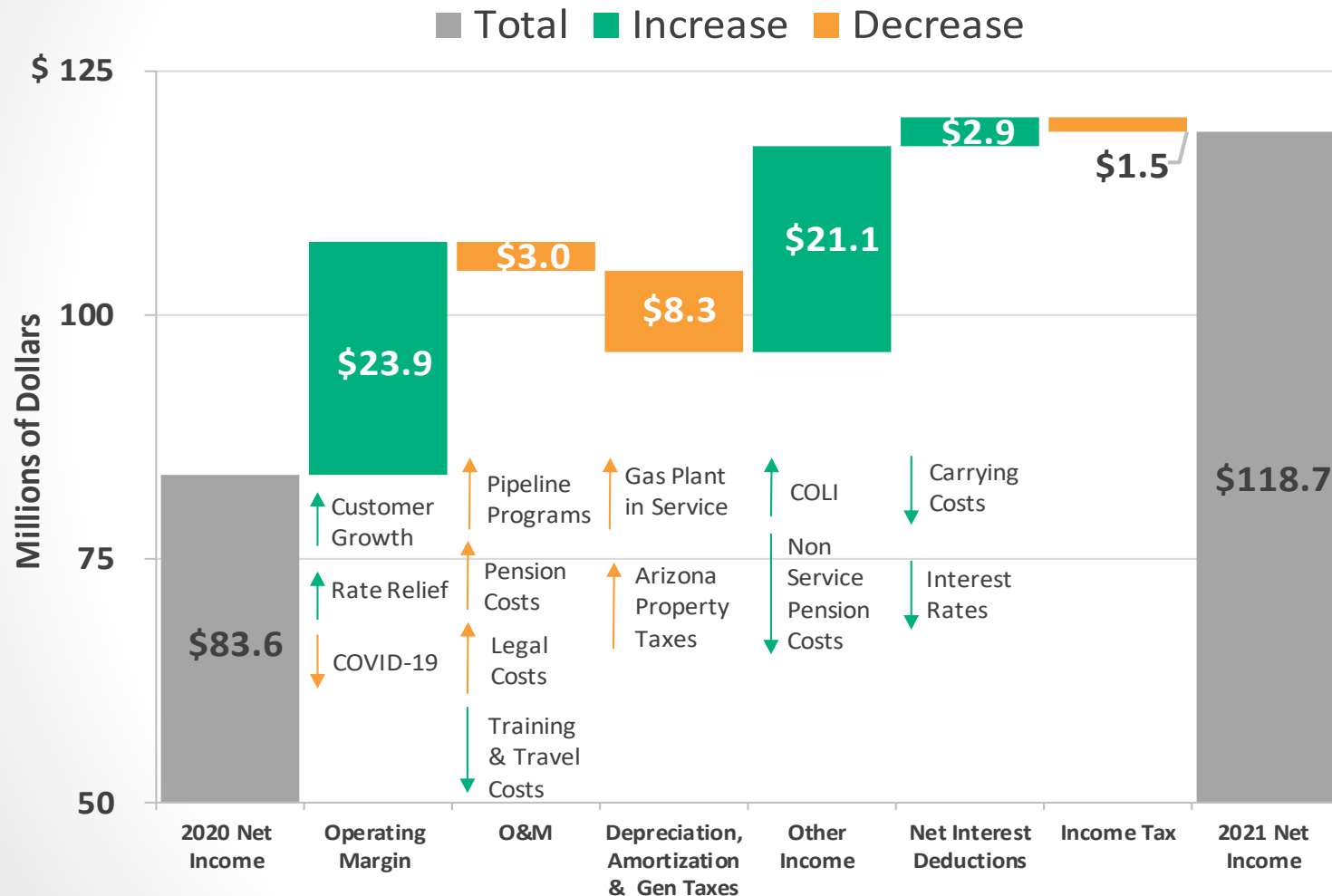
SUMMARY OF OPERATING RESULTS

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Three months ended March 31,		Twelve months ended March 31,	
	2021	2020	2021	2020
Results of Consolidated Operations				
Natural gas operations income	\$ 118,715	\$ 83,599	\$ 194,234	\$ 143,381
Utility infrastructure services income (loss)	(859)	(10,204)	84,207	50,231
Other - corporate and administrative	(563)	(853)	(1,366)	(1,943)
Net income	<u>\$ 117,293</u>	<u>\$ 72,542</u>	<u>\$ 277,075</u>	<u>\$ 191,669</u>
Basic earnings per share	<u>\$ 2.04</u>	<u>\$ 1.31</u>	<u>\$ 4.90</u>	<u>\$ 3.50</u>
Diluted earnings per share	<u>\$ 2.03</u>	<u>\$ 1.31</u>	<u>\$ 4.89</u>	<u>\$ 3.50</u>
Weighted average common shares	57,600	55,310	56,564	54,726
Weighted average diluted shares	57,679	55,363	56,649	54,792

NET INCOME

THREE MONTHS ENDED MARCH 31, 2021
NATURAL GAS OPERATIONS

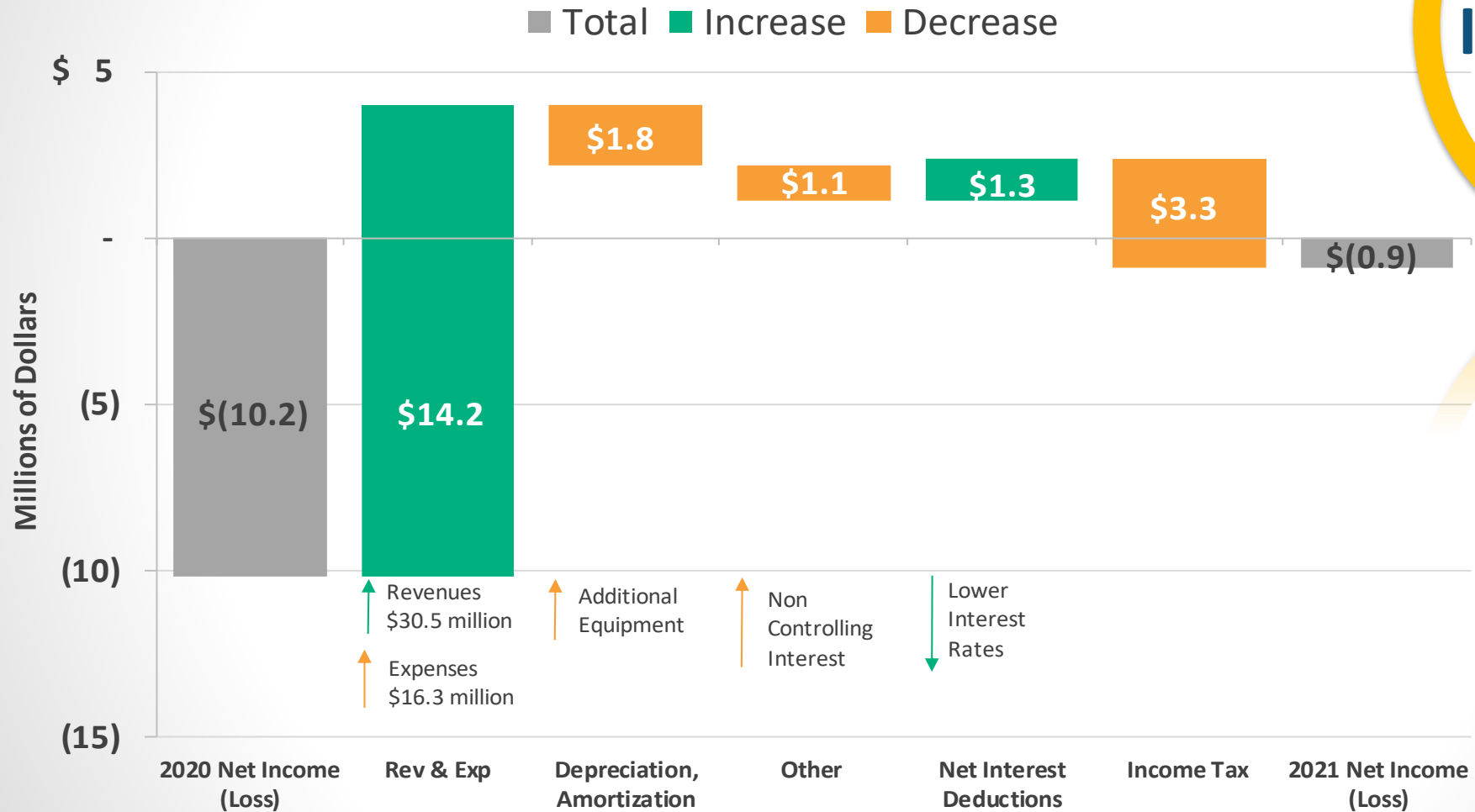


Total Increase
\$35.1 million

NET INCOME (LOSS)

THREE MONTHS ENDED MARCH 31, 2021
UTILITY INFRASTRUCTURE SERVICES

Total Improvement
\$9.3 million



BUSINESS SEGMENTS

Natural Gas Operations

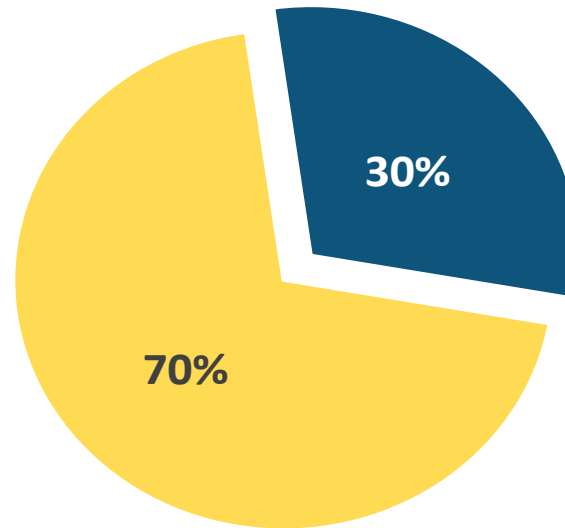


Utility Infrastructure Services



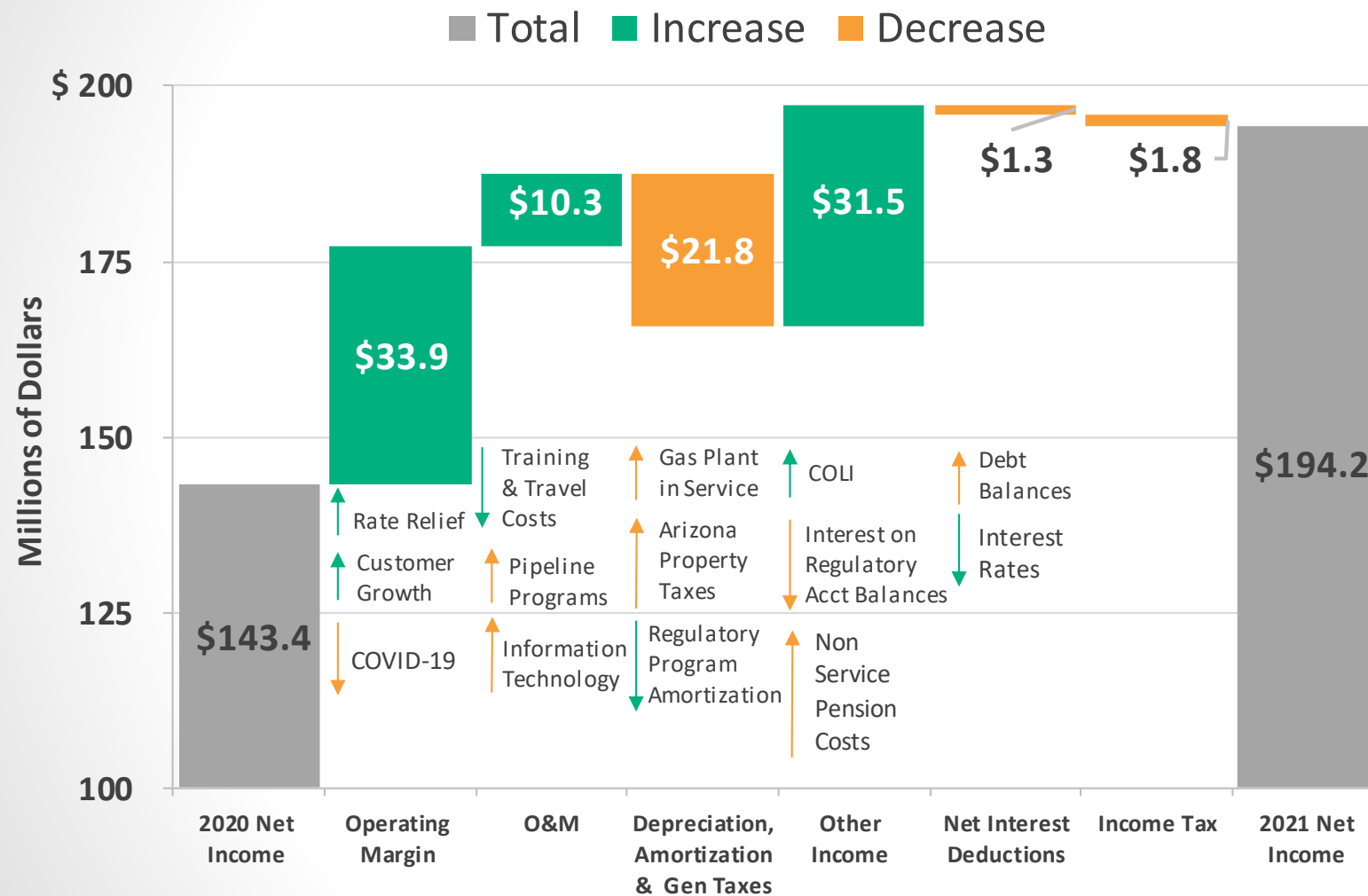
\$277 million

Twelve Months Ended 3/31/21 Net Income



NET INCOME

TWELVE MONTHS ENDED MARCH 31, 2021
NATURAL GAS OPERATIONS

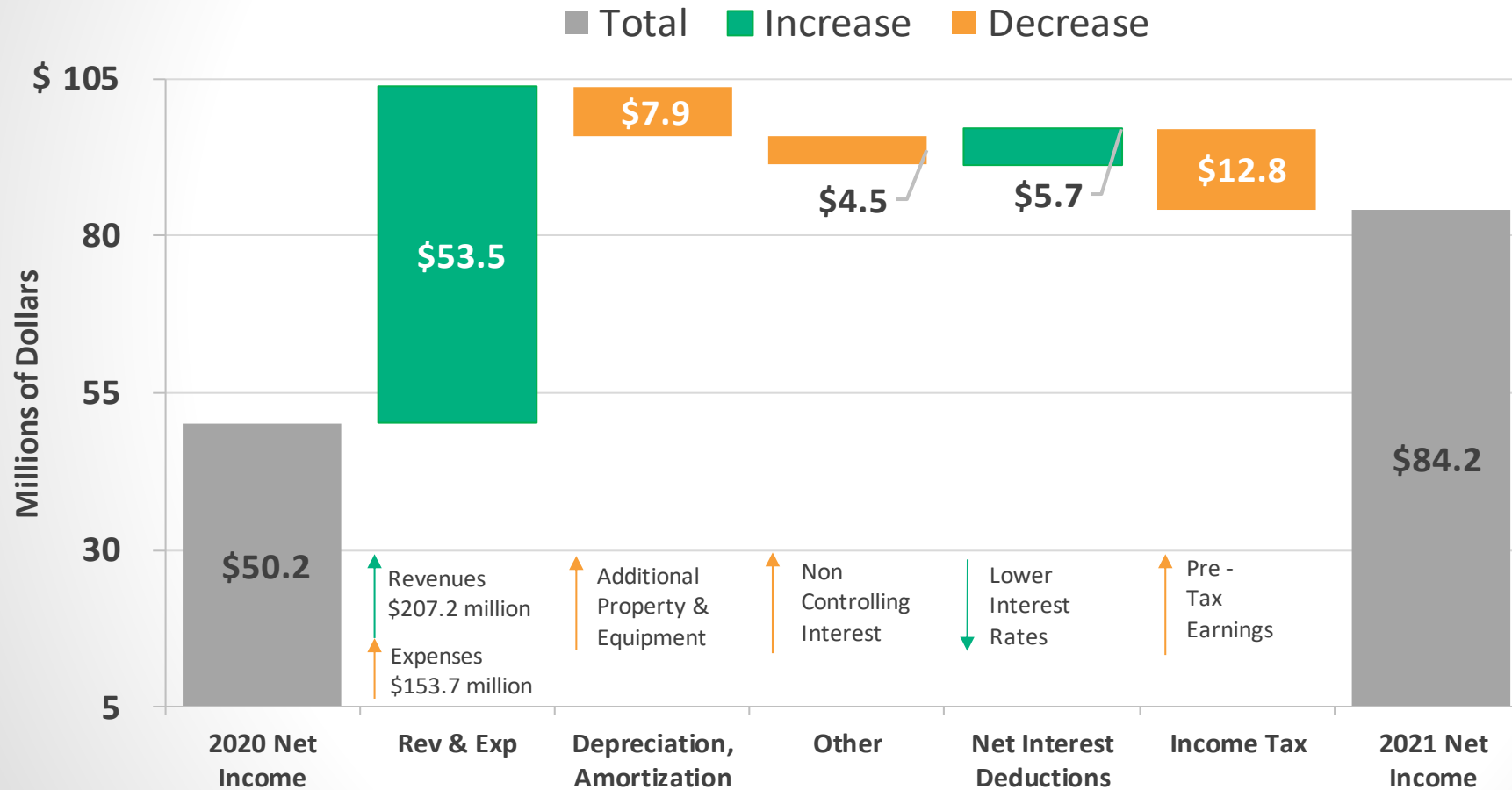


Total Increase
\$50.8 million

NET INCOME

TWELVE MONTHS ENDED MARCH 31, 2021
UTILITY INFRASTRUCTURE SERVICES

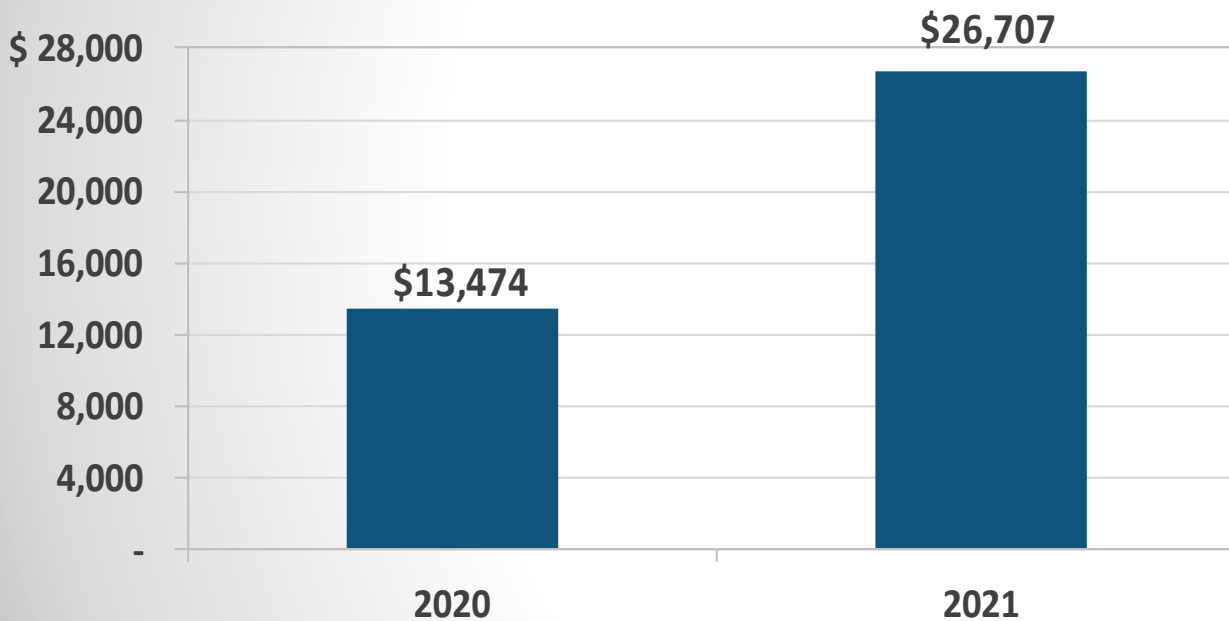
Total Increase
\$34 million



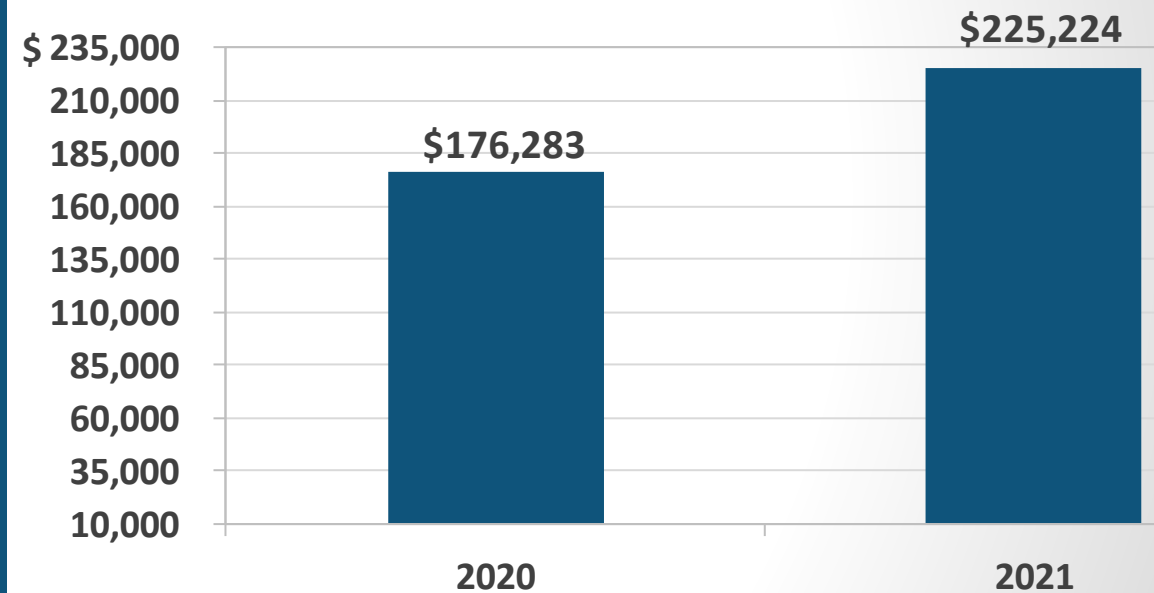
EBITDA¹

UTILITY INFRASTRUCTURE SERVICES

Three Months Ended March 31,
(\$ in Thousands)



Twelve Months Ended March 31,
(\$ in Thousands)



¹ Refer to appendix for a reconciliation of this non-GAAP measure to its most directly comparable GAAP measure.

CENTURI BUSINESS PROFILE

Centuri compares favorably to its core peer group in business profile and income volatility

COMPETITIVE POSITION



	CENTURI	QUANTA SERVICES	MasTec	P=O Primoris	MYR GROUP
Double-breasted workforce	✓	✓	✓	✓	✓
Gas distribution construction	✓	✓	✓	✓	✗
No cross-country pipeline projects	✓	✗	✗	✗	✓
Electric distribution construction	✓	✓	✓	✓	✓
No cross-country electric transmission projects	✓	✗	✗	✗	✗

Based on company filings. EBITDA and Net Income data from S&P Capital IQ.

HIGHEST GROWTH AND LEAST VOLATILITY

RANK	10Y EBITDA CAGR	10Y EBITDA VOLATILITY
1	CENTURI (Highest growth)	CENTURI (Least volatile)
2	MasTec	P=O Primoris
3	MYR GROUP	MasTec
4	P=O Primoris	QUANTA SERVICES
5	QUANTA SERVICES	MYR GROUP

RANK	10Y NET INCOME CAGR	10Y NET INCOME VOLATILITY
1	CENTURI (Highest growth)	CENTURI (Least volatile)
2	MYR GROUP	QUANTA SERVICES
3	MasTec	P=O Primoris
4	P=O Primoris	MYR GROUP
5	QUANTA SERVICES	MasTec

Volatility rankings based on Standard Error of the Regression (SER) statistics for 10 years ended 12/31/2020. Compound Annual Growth Rate (CAGR) rankings based on change from 12/31/2010 to 12/31/2020.

LIQUIDITY PROFILE

NATURAL GAS OPERATIONS

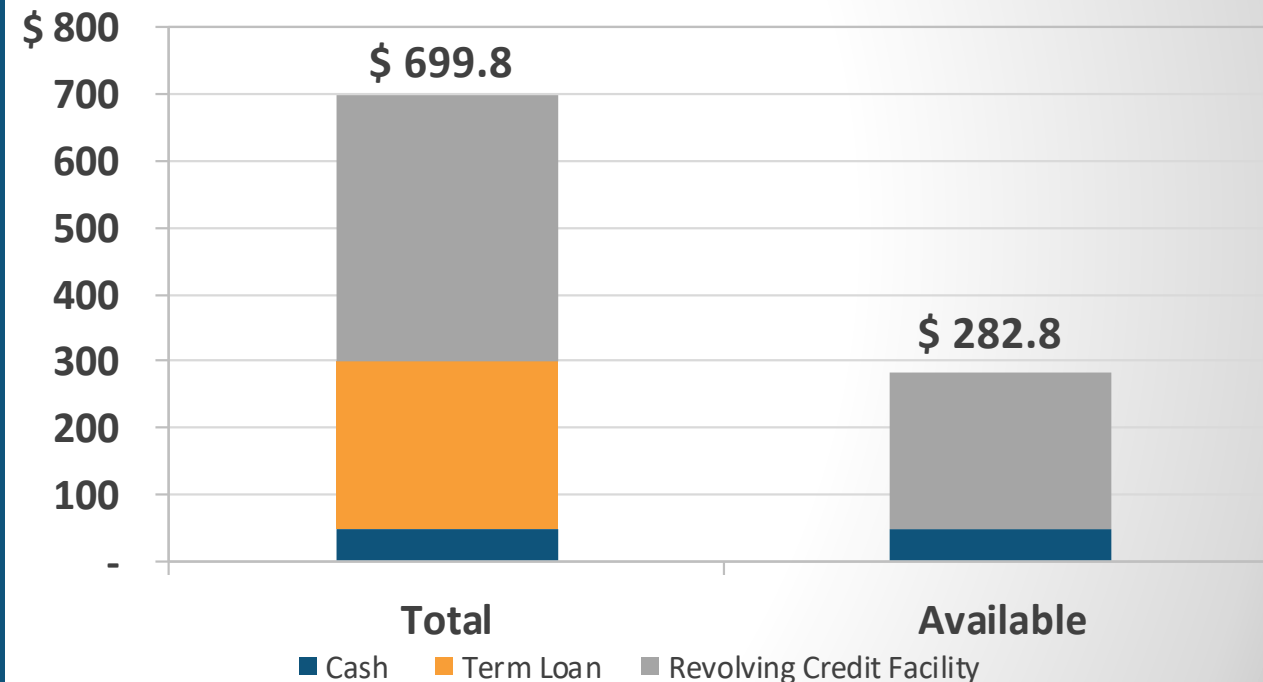
Strong liquidity will support capital expenditure and working capital needs

- Stable operating cash flows
- \$400 million revolving credit facility
 - Expires in April 2025
 - \$150 million designated as long-term debt
 - \$250 million as working capital
- \$250 million term loan
- \$50 million uncommitted commercial paper program

As of March 31, 2021

- \$417 million outstanding
 - \$167 million revolving credit facility
 - \$250 million term loan
- Available borrowing capacity of \$233 million
- Available cash \$49.8 million

LIQUIDITY PROFILE
AS OF MARCH 31, 2021
(\$ in Millions)



CAPITAL EXPENDITURES

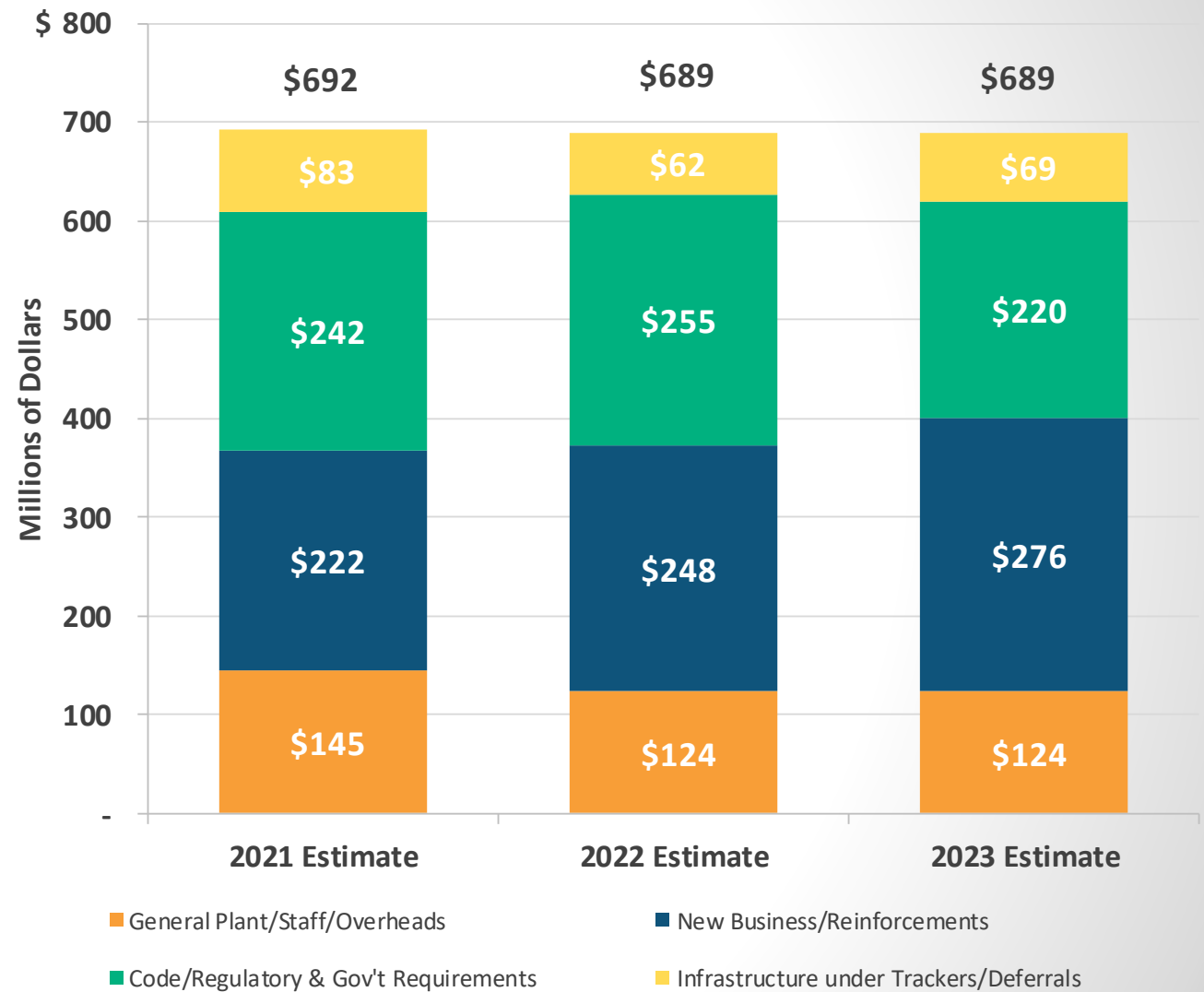
NATURAL GAS OPERATIONS

**\$2.1 Billion
Capital
Investment**

Estimated
2021-2023

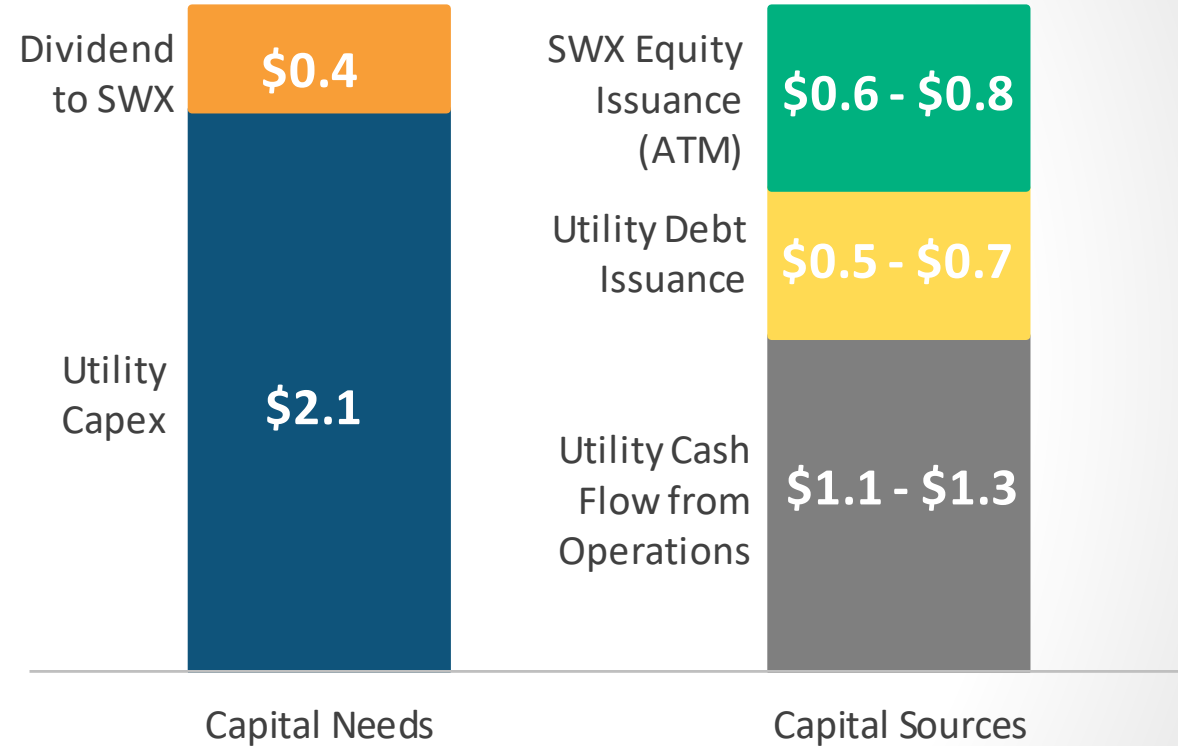
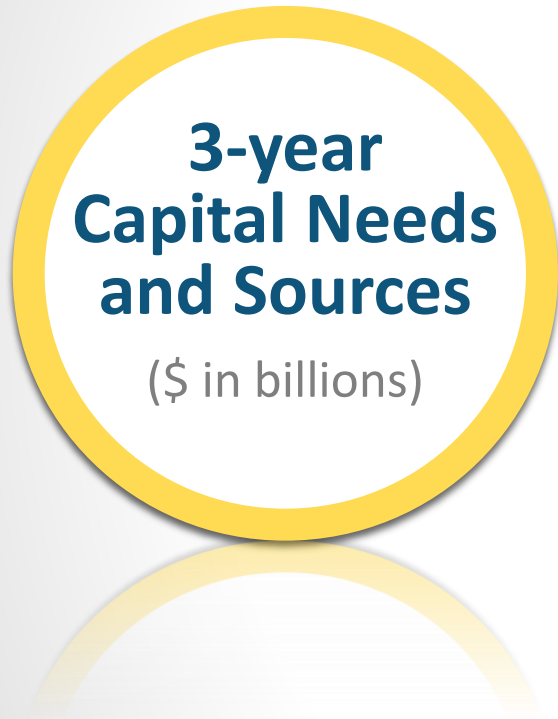
Three-Year Plan Highlights

- 45% Investments in Safety and Reliability
 - 36% New Business/Reinforcements
 - 19% General Plant
-
- Anticipate funding 50% from internal cash flows and remaining 50% through a balance of debt and equity (ATM Program)



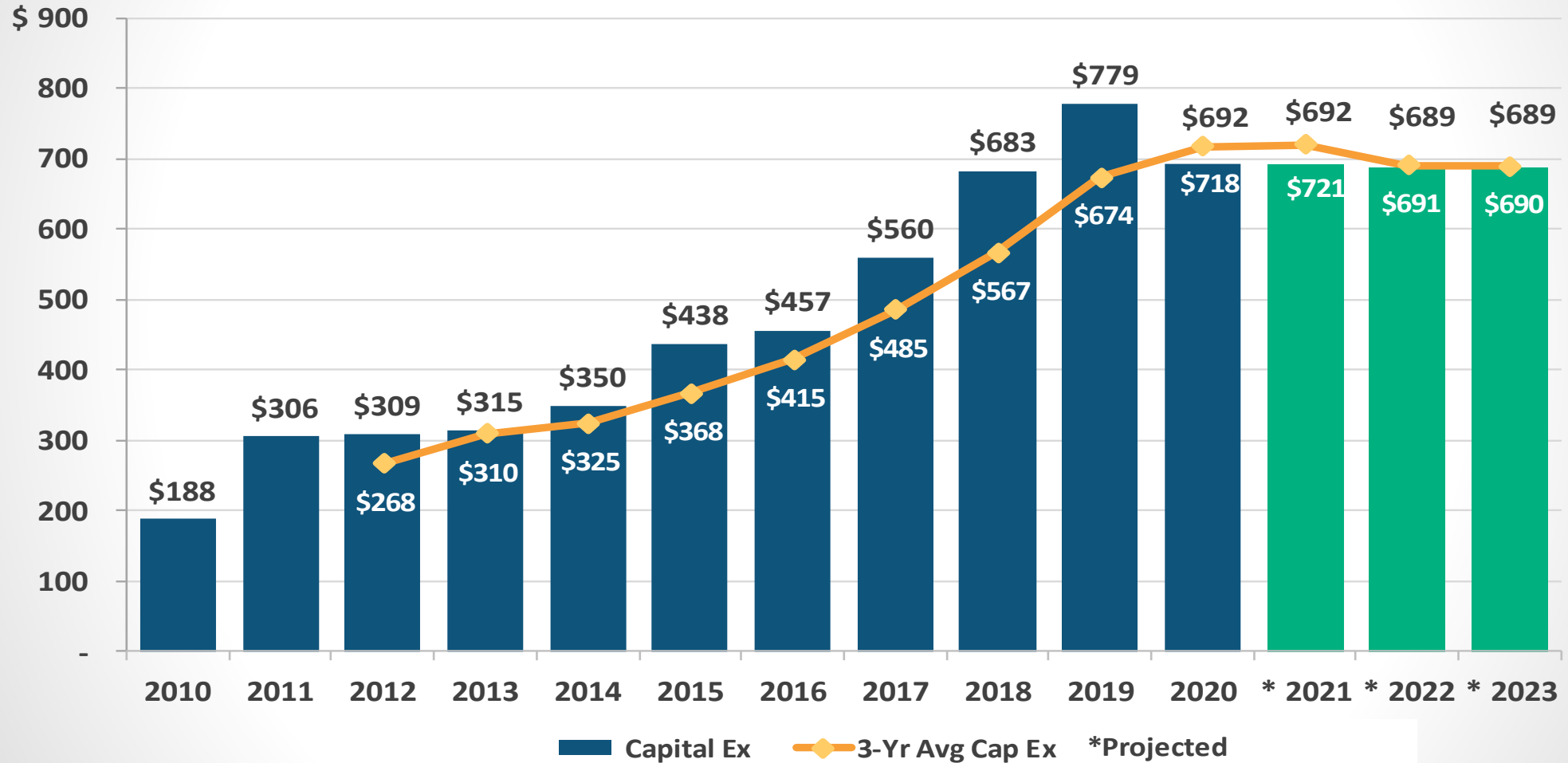
CAPITAL FUNDING

NATURAL GAS OPERATIONS



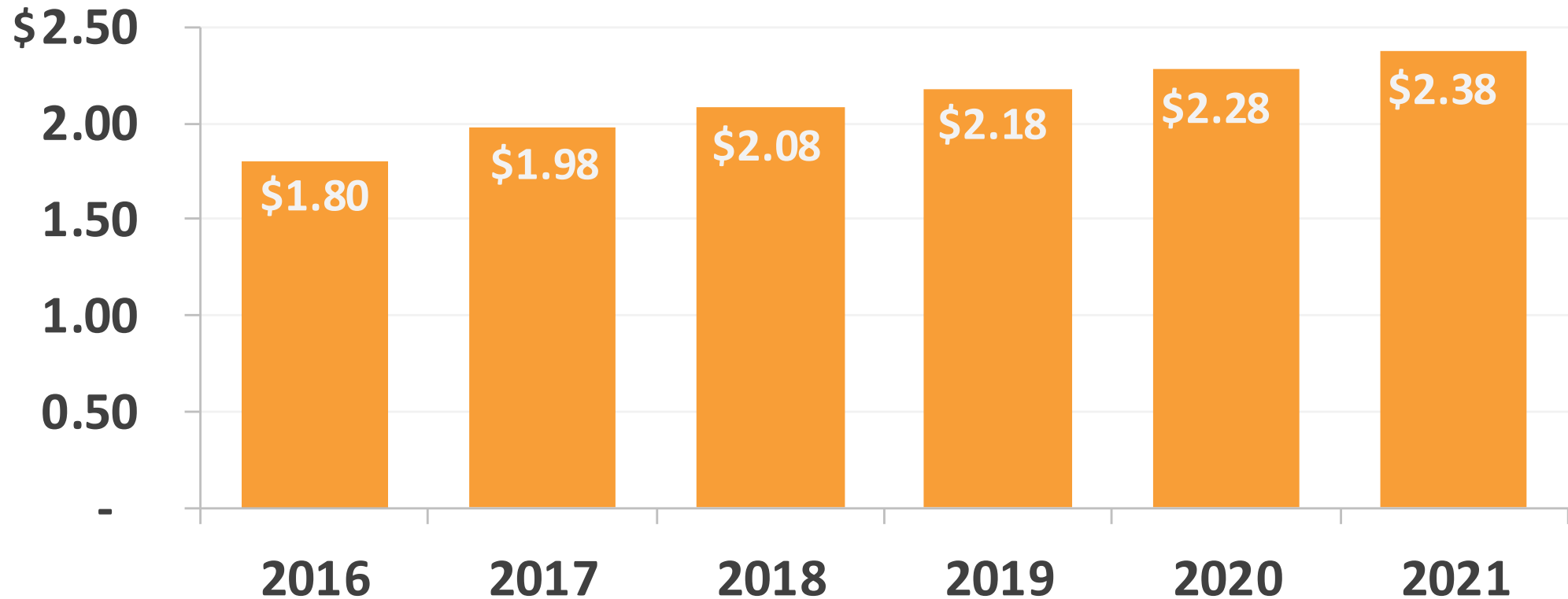
CAPITAL EXPENDITURES

(\$ IN MILLIONS)



DIVIDEND GROWTH

5.8% 5-Year Dividend CAGR



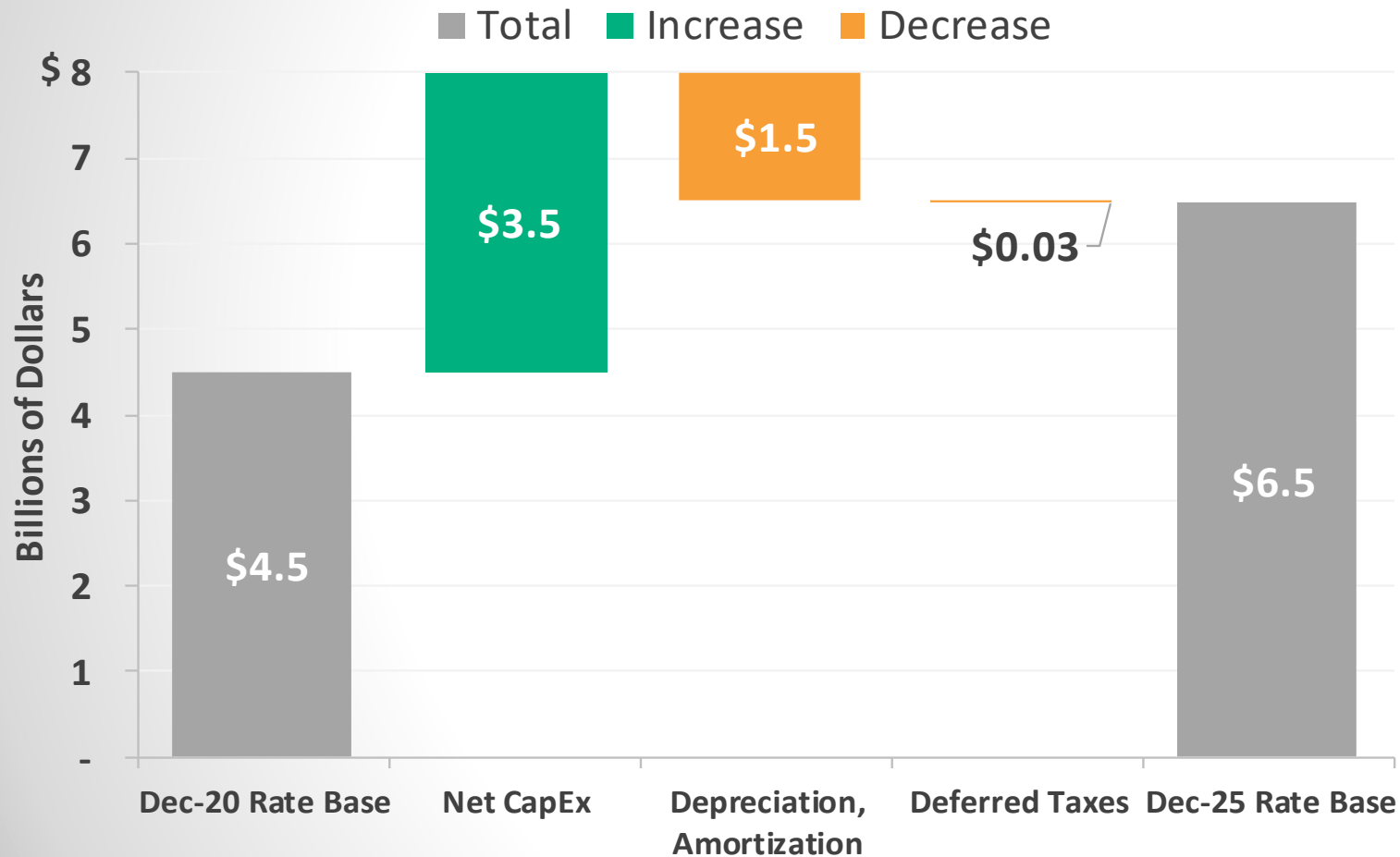
Maintain target payout ratio between 55% – 65%

Expect future dividends to increase at the sustainable earnings growth rate

CAGR = compound annual growth rate

RATE BASE GROWTH

NATURAL GAS OPERATIONS



Rate base amounts reflect estimated total investment in facilities necessary to provide utility service. This is different than our authorized rate base, which is the rate base investment that has been approved by our regulatory bodies and that is reflected in rates.

Projecting 7.5% Compound Annual Growth Rate (CAGR) in rate base (2021-2025).

REGULATION - RATE CASE ACTIVITY

CALIFORNIA

NATURAL GAS OPERATIONS

Final Decision	
Rate Relief	\$6.4M
Rate Base	\$435.5M
ROE	10.0%
Capital Structure Equity Ratio	52%
Rate Design	Continuation of Decoupling Mechanism Increase Basic Service Charge
Other Highlights	Continuation of Pension Balancing Account Continuation of 2.75% Annual Attrition Adjustment Targeted Pipe Replacement Program - \$90M* Meter Protection Program - \$19M* School COYL Program - \$10M* Remove NT Lateral Project from Base Rates to Future Surcharge *5 yr. cumulative
Rates Effective	April 1, 2021 CPUC approved rates back to January 1, 2021

REGULATION - RATE CASE ACTIVITY

NATURAL GAS OPERATIONS

AUTHORIZED	ARIZONA		NEVADA	
	Rate Relief	\$36.8M		\$23M
	Rate Base	\$1.9B		\$1.48B
	ROE / Fair Value Increment (AZ)	9.10% / 0.18%		9.25%
	Capital Structure Equity Ratio	51.1%		49.26%
	Amortization of EDIT	(\$9.8M)		(\$2.1M)
	Other Highlights	Continuation of Decoupling Continuation of Property Tax Tracker New Income Tax Tracker Continuation of COYL Program VSP and COYL Compliance Filing within 60 days RNG Workshop Interest on EDIT – (\$1.5M) one time bill credit		Continuation of Decoupling Inclusion of Gas Infrastructure Replacement and Mesquite Expansion Projects in rate base. Recovery of the unamortized balance of previously disallowed software projects.
	Rates Effective	January 2021		October 2020

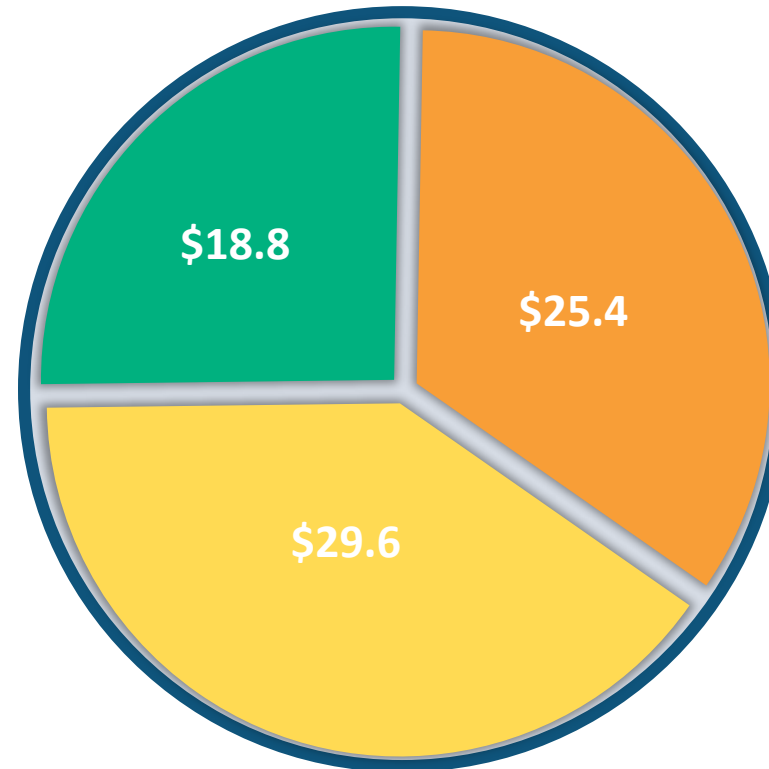
REGULATION - RATE CASE ACTIVITY

ARIZONA
NATURAL GAS OPERATIONS

COYL & VSP COMPLIANCE FILING (\$ in millions)

Three Components:

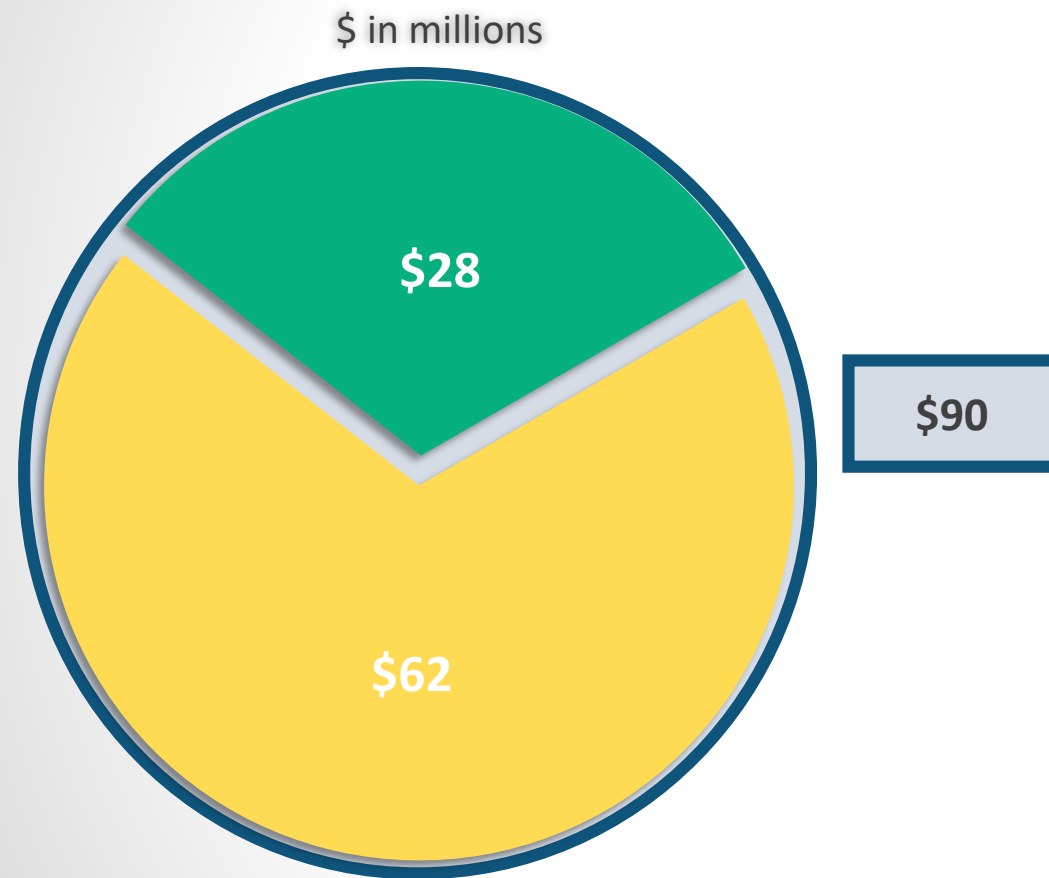
- 2019 COYL & VSP Revenue Requirement
 - 2020 COYL & VSP Revenue Requirement
 - 2021 -2022 VSP Revenue Requirement
- Compliance filing describing plan for reconciliation made in February
 - Cost recovery proposal to be filed in May
 - Recovery periods by component to be determined
 - Expect decision by year end 2021



\$73.8

REGULATION - EXPANSION PROJECTS

NATURAL GAS OPERATIONS



SOUTHERN NEVADA EXPANSION

- PUCN approved \$28 million expansion project in May 2018 to extend facilities to Mesquite, NV (SB 151 project)
- Estimated annual revenue requirement of \$2.8 million
- Began serving customers in February 2019 using a temporary virtual pipeline and compressed natural gas
- Approach main to provide permanent supply placed in service in the 4th quarter of 2020

NORTHERN NEVADA EXPANSION

- PUCN approved \$62 million expansion project in December 2019 to extend facilities to Spring Creek, NV (SB 151 project)
- Estimated annual revenue requirement of \$2 million in year 1
- 100% of potential customers signed up for service as part of Phase 1
- Began serving initial customers in the 4th quarter of 2020

REGULATION - EXPANSION PROJECTS

NATURAL GAS OPERATIONS



SOUTHERN ARIZONA EXPANSION

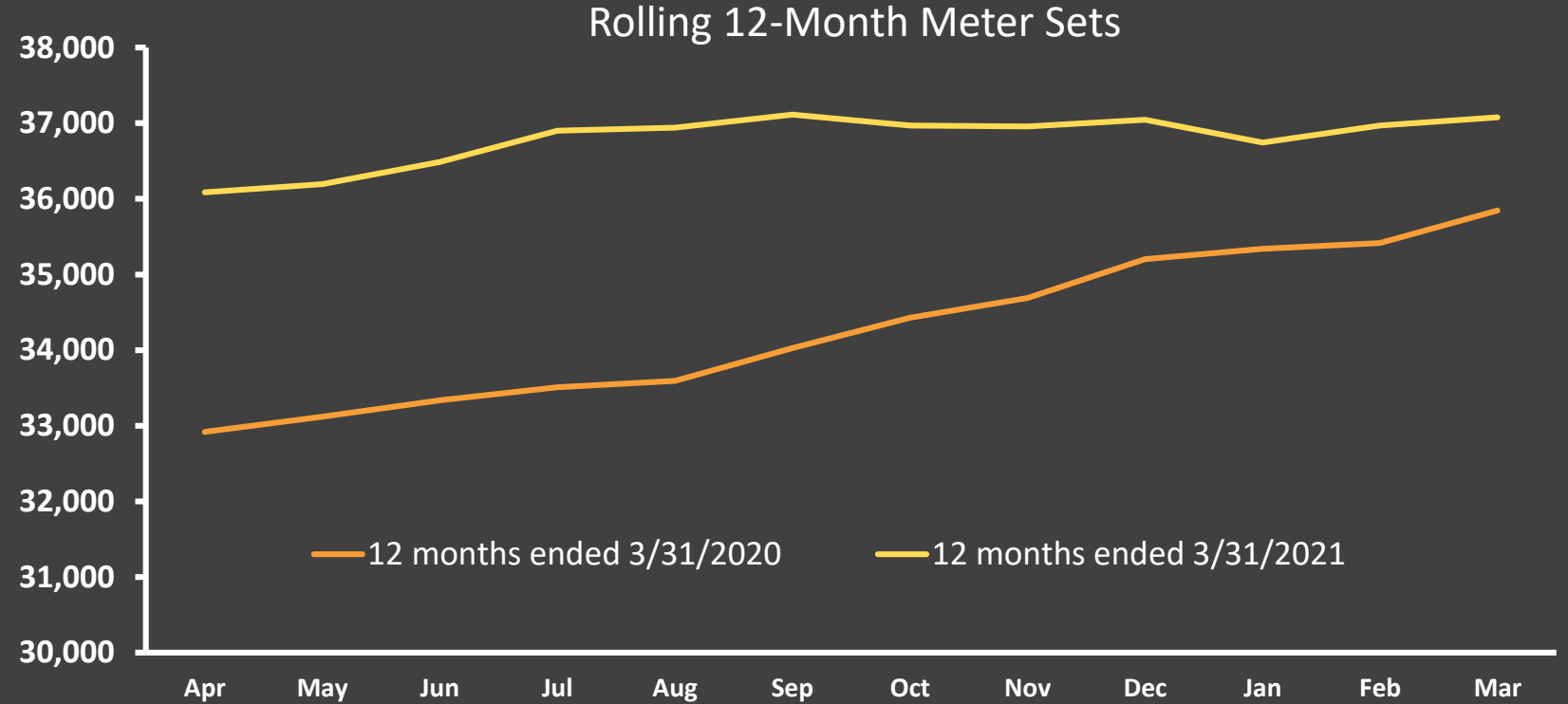
- \$3.5 million acquisition of Graham County Utilities gas assets
- Member-owned cooperative in southeast Arizona
- Approximately 5,200 customers
- Estimated rate base as of December 31, 2020 of \$2.6 million
- Agreement executed in February 2021
- Application seeking approval filed with the ACC in April 2021
- Approval anticipated in 4th quarter of 2021

CUSTOMER GROWTH STRONG DESPITE COVID-19

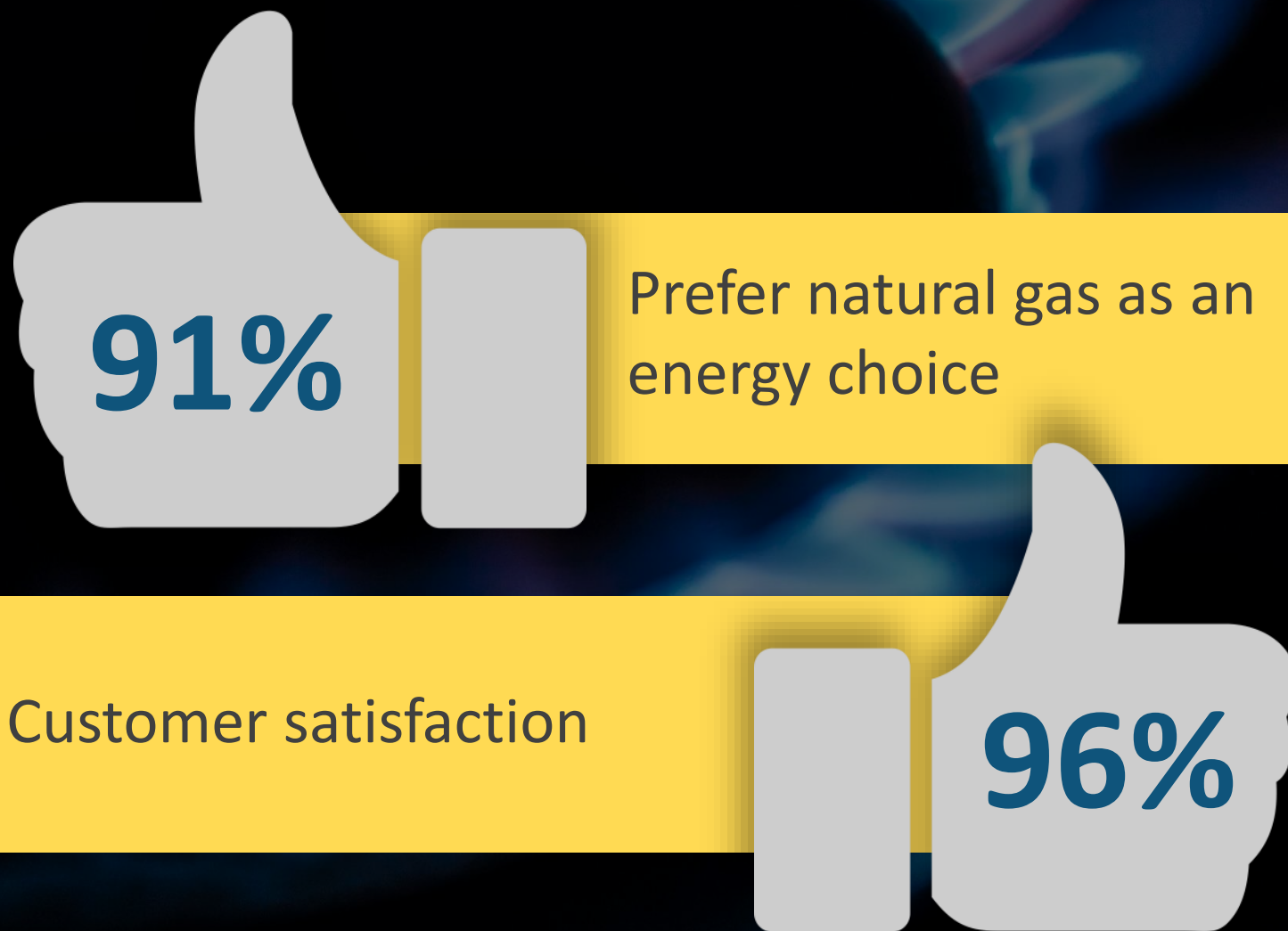


37,100

New customers
added over
the past 12 months



DEMANDED BY CUSTOMERS



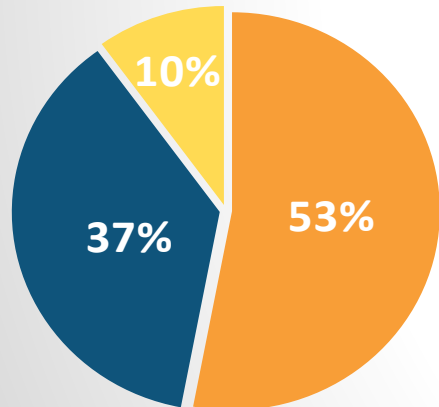
DIVERSIFIED AND GROWING CUSTOMER BASE

NATURAL GAS OPERATIONS

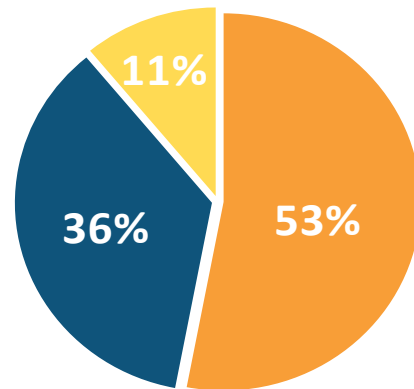
Twelve Months Ended March 31, 2021 Customer & Operating Margin Distribution

By State

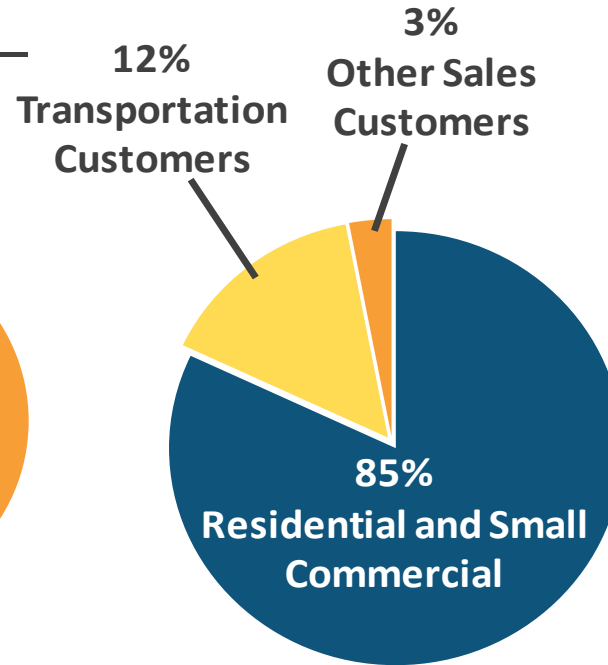
Customers



Margin



Arizona Nevada California



- Decoupled rate structure in all three states
- Residential and small commercial customers represent over 99% of the total customer base
- 85% of margin (residential and small commercial) under decoupled rate structure
- 37,100 first-time meter sets
- Continued growing customer base

ARIZONA IS RECOVERING QUICKLY



“The housing market is looking extremely strong for the Phoenix area in 2021. Realtor.com’s most recent forecast predicts home sales in the Valley will jump 11.4% over last year’s levels, which is more than the national average.”

- AZBigMedia, “5 Arizona housing market predictions for 2021”, 4/29/21



Source: AZ Big Media

“Arizona’s economic recovery from the COVID-19 pandemic-induced recession is among the best in the nation.”

- Patch.com, Wallethub.com, 4/8/21

“Arizona is among the top six states in a national ranking of economic momentum.”

In terms of population growth, Arizona was ranked No. 2 in the country with population growth of 1.8% between July 2019 and July 2020.”

- Phoenix Business Journal, 4/22/21

LAS VEGAS RECOVERING AS HOUSING BOOMS



“Still, the housing market seems to have reached dizzying speeds lately as vaccines roll out, the economy regains momentum and daily life begins to sort of return to normal.”

- Las Vegas Review Journal, 4/29/21



“Experts expected Las Vegas would recover, but not this quickly. A number of positive trends have emerged in recent weeks, with analysts reporting that resort foot traffic and occupancy rates are quickly closing in on pre-pandemic levels. Various gaming experts say they are bullish on a speedy recovery in Las Vegas.”

- Las Vegas Review Journal, 4/8/21

“Homebuilders’ sales and permits soared past year-ago levels in the first quarter as Las Vegas’ buying frenzy accelerates and developers draw up more construction plans.”

- Las Vegas Review Journal, 4/27/21

“Other booming states, based on growth percentage, include Idaho, Texas, North Dakota, Nevada and Colorado.”

- AARP.com “13 States That Grew the Fastest in the 2020 Census” 4/27/21

EXPANDING TO UNDERSERVED COMMUNITIES

Nearly \$100M in expansion projects under SB151 filings

This legislation allows Southwest Gas to expand infrastructure in a manner consistent with a program of economic development.



Southwest Gas breaks ground for Spring Creek expansion

Toni Milano

The sight of construction soon to begin along Lamaille Highway "is going to generate a lot of buzz"

Elko Daily FREE PRESS

4/29/21

"Southwest Gas Corp. broke ground on the second phase of the Spring Creek Expansion Wednesday afternoon."

"Josh Park, (Spring Creek Association) board chairman, called the new utility in Spring Creek a step toward growth for the area. "We're grateful for the investment Southwest Gas has made to the community and excited about the future and the additional services and opportunities that this will bring to Spring Creek and our neighbors," Park said."



Southwest Gas is committed to helping our communities achieve their emissions reduction goals through balanced energy solutions

SUSTAINABILITY INITIATIVES

LEGISLATIVE & REGULATORY FRAMEWORKS

Arizona

RNG

G65 Tariff

Facilitates the development of biogas and RNG projects

CNG

G55 Tariff

Facilitates the development of CNG projects

California

RNG

Biomethane Gas Program

Allows the purchase of RNG as part of Company's gas supply portfolio

¹
H

11/20/20 - Filed
Joint application regarding Hydrogen-related addition or revision to the standard Renewable Gas Interconnection Tariff (Ongoing)

Nevada

RNG

Biogas & RNG Service Tariff

Facilitates biogas processing/gathering and facility extensions and interconnections for RNG projects

RNG

SB 154 (2019)

Allows the purchase of RNG as part of Company's gas supply portfolio

SUSTAINABILITY INITIATIVES

EXECUTING ON PROJECTS

Arizona

In Progress

- Sunoma Renewable Biofuel (Dairy)
- Maricopa RNG (Dairy)
- Butterfield RNG (Dairy)
- Pima County Wastewater Reclamation

Developing

- 1 landfill project
- 1 dairy project

California

In Progress

- Victor Valley Wastewater Reclamation Authority



Nevada

In progress

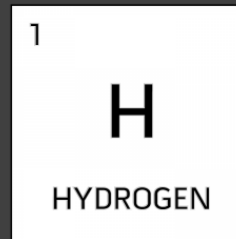
- Regional Transportation Commission of Southern Nevada (End use)

Developing

- 1 wastewater treatment project
- 1 dairy project

In Progress

- Arizona State University Pilot



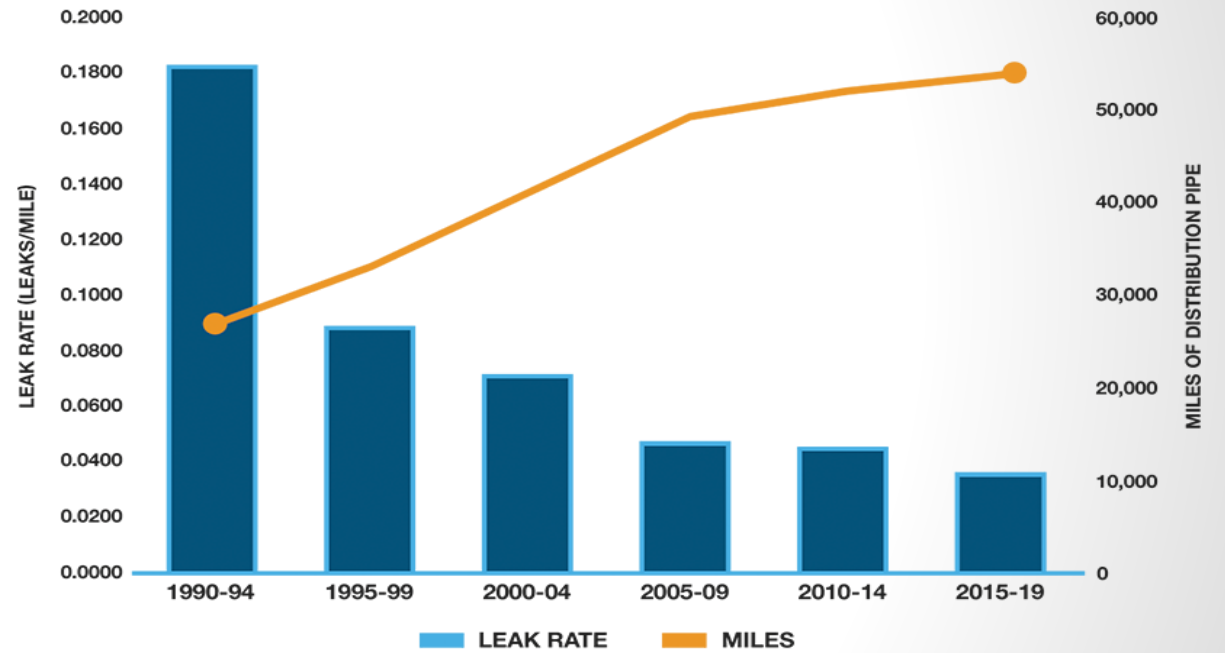
Evaluating

- 5 industrial/commercial projects
- 4 residential projects
- 1 emergency operations center

ENVIRONMENTAL HIGHLIGHTS – LEAK REDUCTIONS

Over the last 30 years, Southwest grew its system by approximately 30,000 miles of pipe – more than doubling the infrastructure system – **while also reducing the leak rate by 500%**

COMPANYWIDE DISTRIBUTION SYSTEM LEAK RATE 1990-2019



2020 SUSTAINABILITY REPORT AVAILABLE

Adopted the SASB Disclosure Framework

“While no framework is perfect, BlackRock believes that the Sustainability Accounting Standards Board (SASB) provides a clear set of standards for reporting sustainability information across a wide range of issues, from labor practices to data privacy to business ethics.”

- Larry Fink, CEO BlackRock Funds



<https://www.swgas.com/1409208370925/Southwest-Gas-Holdings-2020-Sustainability-Report.pdf>

STRONG AND STABLE WITH DISCIPLINED FOCUS

Natural Gas Operations

- Continued capital and rate base growth
- Continued customer growth
- Focus on cost control and affordability to customers
- Ongoing decarbonization and efficiency
- Constructive regulatory results
- Continued earnings and dividend growth
- Sustainability focused

Utility Infrastructure Services

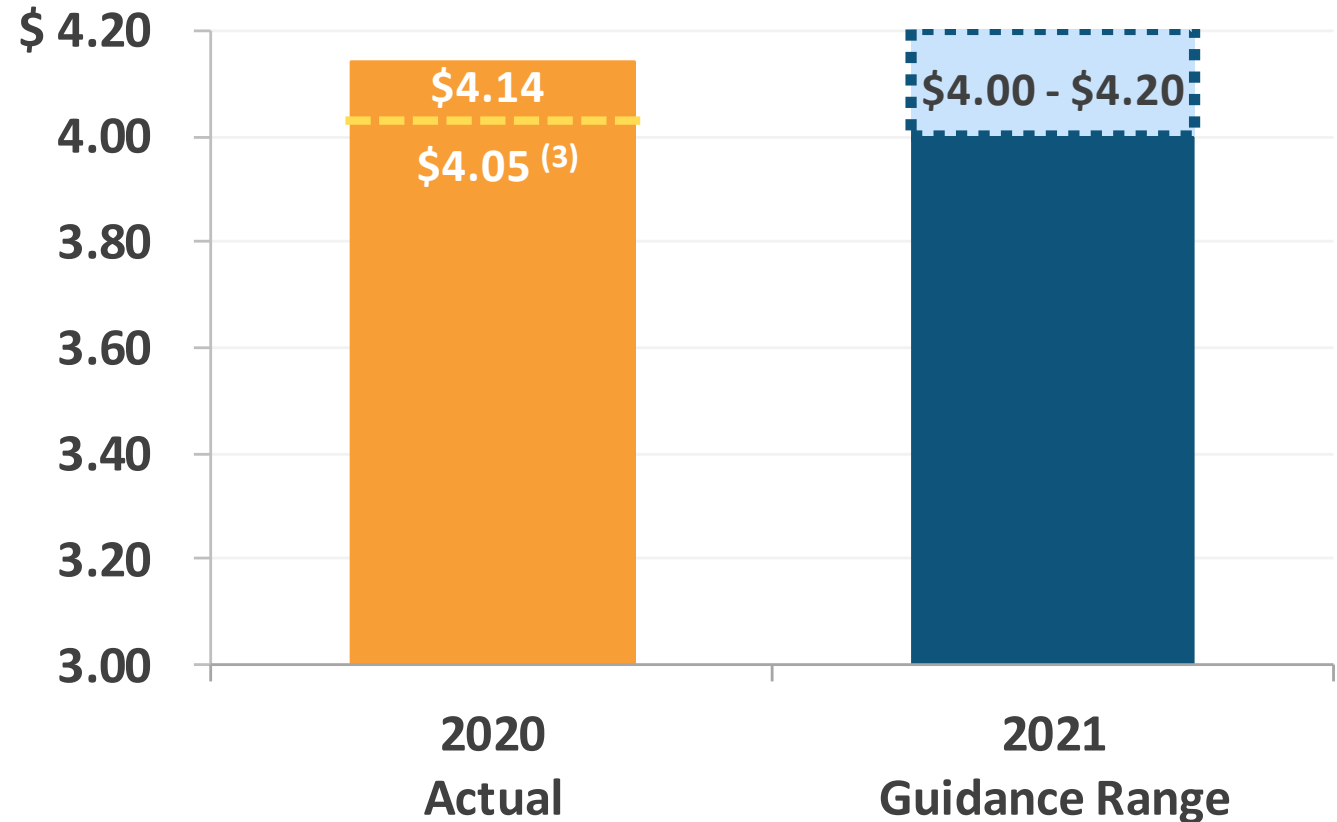
- Very favorable electric and gas growth opportunities
- Operations execution focus
- Cost management and resource optimization
- Cross-selling services
- Increasing profitability and dividends
- Sustainability focused
- Cash source for SWX



2021 EPS GUIDANCE



Diluted Earnings Per Share



Notes:

(1) Changes in economic conditions, events, or other circumstances that the Company cannot currently anticipate could materially impact earnings and, in turn, result in earnings for 2021 significantly above or below this EPS guidance.

(2) COLI of \$3 - \$5 million assumed within EPS guidance.

(3) Based on normalized COLI of \$4 million (versus actual of \$9.2 million).

2021 LINE ITEM GUIDANCE

Natural Gas Operations

- Operating margin is expected to increase 6% – 8% due to customer growth (1.7%), rate relief in all three states in which we operate, expansion projects, and infrastructure tracker mechanisms
- Operating income is expected to increase 3% – 5%
- Total pension costs are expected to be relatively flat compared to 2020
 - Will be reflected as an increase in O&M costs of about \$6 million, with a comparable decrease to other expense
- Assume normalized COLI of \$3 million – \$5 million
- Capital expenditures expected to approximate \$700 million
 - Supporting customer growth, system improvements, and pipe replacement programs

Utility Infrastructure Services

- Revenues expected to be 1% – 4% greater than the record 2020 amount, which included \$82 million of emergency storm restoration services
- Operating income is expected to be 5.3% – 5.8% of revenues
- Interest expense is expected to be \$7 million – \$8 million (previously \$8 million - \$9 million)
- Net income expectations reflect earnings attributable to Southwest Gas Holdings, net of \$5 million – \$6 million of noncontrolling interests
 - Changes in Canadian currency exchange rates could influence results

LONG-TERM EXPECTATIONS

AFFIRM EXPECTATIONS

Holdings

- Equity issuances (through ATM), \$600 million – \$800 million over 3 years ending 2023
- Target dividend payout ratio: 55% – 65%

Natural Gas Operations

- Capital expenditures are expected to be approximately \$3.5 billion over 5 years ending 2025
- Rate base growth is expected to be 7.5% through the same period

Utility Infrastructure Services

- Revenues expected to grow an average 5% – 8% annually over 3 years ending 2023
- Operating income expected to be 5.25% – 6.25% of revenues over 3 years ending 2023
- EBITDA expected to be 10% - 11% of revenues over 3 years ending 2023

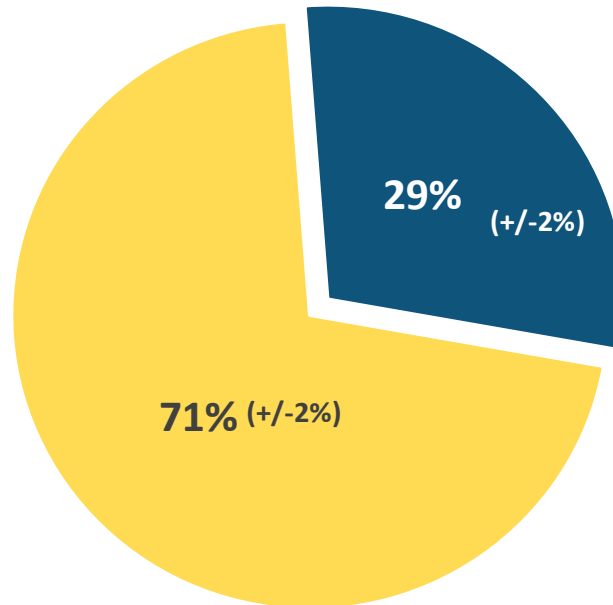
ATTRACTIVE & COMPLEMENTARY BUSINESS SEGMENTS

Natural Gas Operations



- Favorable customer growth
- Strong rate base growth
- Focus on safety and reliability
- Newer, well maintained system
- Pursuing RNG opportunities and evaluating Hydrogen

Projected % Net Income
2021-2023



Utility Infrastructure Services



- Favorable growth opportunities
- Low risk service platform
- Long-term relationships with exceptional, investment-grade customers
- Increasing dividends and free cash flow

APPENDIX



COVID-19 UPDATE

Focused on health and safety of our employees, customers, contractors and the communities in which we live and work while continuing to provide essential services

Employees

- Work from home deployment for office staff (flexible arrangements expected in 2021)
- Employees and contractors utilize personal protective equipment and practice social and physical distancing

Customers

- Temporary suspension of utility late fees and disconnections for non-payment
- Customer assistance outreach and flexible payment plans
- Coordination with governmental authorities on bill payment assistance

Monitoring Financial Impacts

- Utility margin under decoupled rate structures and infrastructure revenues remain strong
- Nevada (PUCN) and California (CPUC) have approved COVID-19 specific regulatory asset treatment

AFFORDABILITY FOR CONSUMERS

\$217



Cable TV

\$160



Mobile Phone

\$112



Electric

\$73



Water

\$40



Natural Gas

Natural gas is often the least expensive utility consumers pay

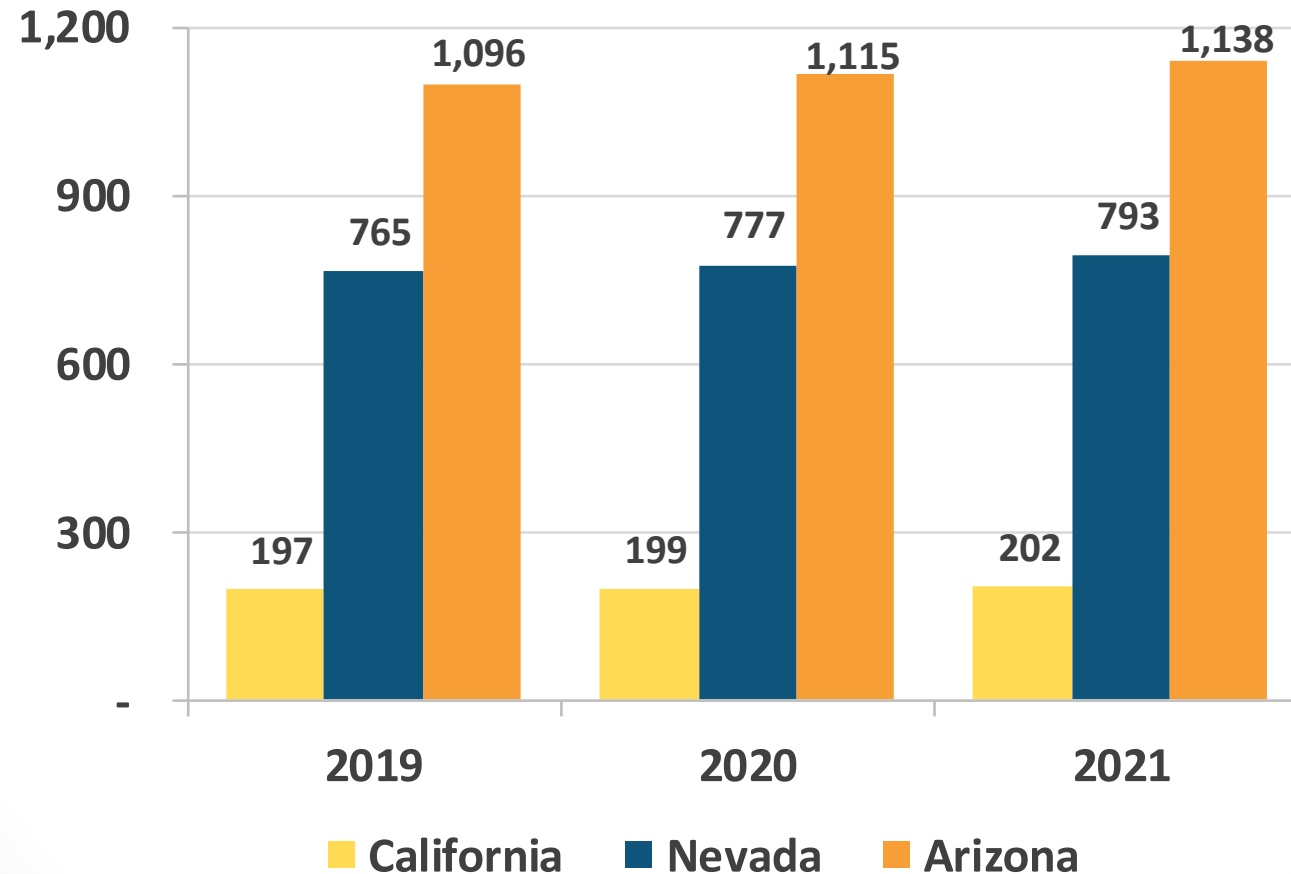
Sources:

- Natural Gas \$40 – 2020 Southwest Gas average monthly residential bill
- Water \$73 – Circle of Blue (www.circleofblue.org); Price of Water 2019: 3.2 Percent Increase in 30 Large U.S. Cities
- Cable/Satellite TV \$217 – Consumer Reports (www.consumerreport.org); Cable Company Fees Add \$450 to a Typical Annual TV Bill
- Electric \$112 – U.S. Energy Information Administration (www.eia.gov); [Electricity data](#)
- Mobile Phone – Consumer Reports (<https://www.consumerreports.org/>) October 2020 based on average cell phone bill for 2 smartphones

CUSTOMERS BY STATE

NATURAL GAS OPERATIONS
(IN THOUSANDS)

As of March 31,



SUMMARY OPERATING RESULTS

NATURAL GAS OPERATIONS (IN THOUSANDS)

	Three months ended March 31,	
	2021	2020
Results of Natural Gas Operations		
Gas operating revenues	\$ 521,932	\$ 502,827
Net cost of gas sold	156,021	160,821
Operating margin	365,911	342,006
Operations and maintenance expense	106,135	103,088
Depreciation and amortization	68,698	64,725
Taxes other than income taxes	20,687	16,378
Operating income	170,391	157,815
Other income (deductions)	550	(20,536)
Net interest deductions	22,166	25,058
Income before income taxes	148,775	112,221
Income tax expense	30,060	28,622
Segment net income	\$ 118,715	\$ 83,599

SUMMARY OPERATING RESULTS

NATURAL GAS OPERATIONS (IN THOUSANDS)

	Twelve months ended March 31,	
	2021	2020
Results of Natural Gas Operations		
Gas operating revenues	\$ 1,369,690	\$ 1,351,089
Net cost of gas sold	338,037	353,381
Operating margin	1,031,653	997,708
Operations and maintenance expense	409,429	419,720
Depreciation and amortization	239,268	222,733
Taxes other than income taxes	67,769	62,500
Operating income	315,187	292,755
Other income (deductions)	14,496	(16,965)
Net interest deductions	98,256	96,985
Income before income taxes	231,427	178,805
Income tax expense	37,193	35,424
Segment net income	\$ 194,234	\$ 143,381

PURCHASED GAS ADJUSTMENT (PGA) BALANCES

NATURAL GAS OPERATIONS
(IN THOUSANDS)

	March 31, 2021	December 31, 2020	March 31, 2020
Arizona	\$ 194,446	\$ (3,901)	\$ (17,538)
Northern Nevada	3,036	(8,601)	(3,154)
Southern Nevada	31,849	(42,134)	(2,585)
California	9,555	2,053	(3,221)
Total Receivable/(Payable)	<u>\$ 238,886</u>	<u>\$ (52,583)</u>	<u>\$ (26,498)</u>

AUTHORIZED RATE BASE AND RATES OF RETURN

NATURAL GAS OPERATIONS

<u>Rate Jurisdiction</u>	<u>Authorized Rate Base (In thousands)</u>	<u>% of Total Rate Base</u>	<u>Authorized Rate of Return</u>	<u>Authorized ROE</u>	<u>Authorized Common Equity Ratio</u>
Arizona ¹	\$ 1,930,612	48.49 %	7.03 %	9.10 %	51.10 %
Southern Nevada ²	1,325,236	33.28	6.52	9.25	49.26
Northern Nevada ²	154,966	3.89	6.75	9.25	49.26
Southern California ³	285,691	7.17	7.11	10.00	52.00
Northern California ³	92,983	2.34	7.44	10.00	52.00
South Lake Tahoe ³	56,818	1.43	7.44	10.00	52.00
Paiute Pipeline Company ⁴	135,460	3.40	8.30	11.80	51.75
Total	<u>\$ 3,981,766</u>	<u>100.00 %</u>		<u>9.35 %</u>	
Weighted average authorized Return on Common Equity (ROE)				<u>9.35 %</u>	

¹ Rates effective January 1, 2021

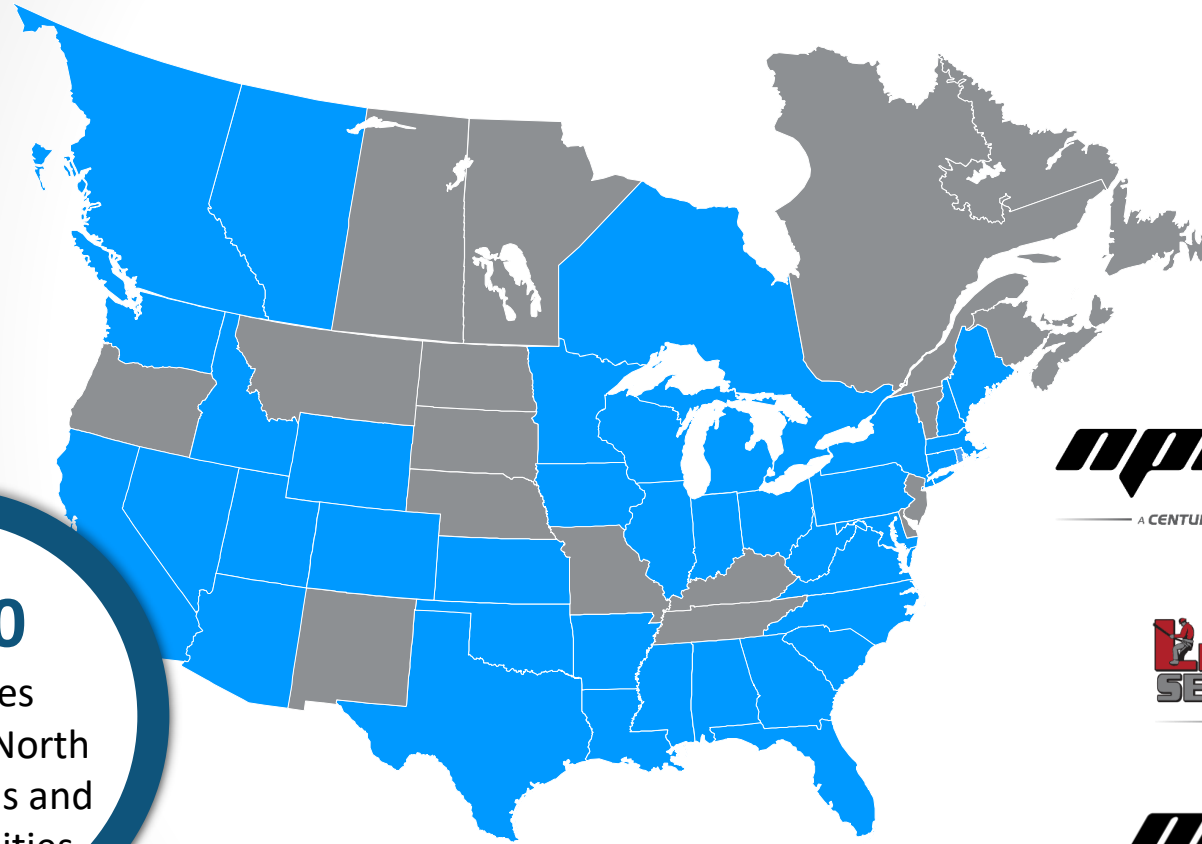
³ Rates effective April 1, 2021

² Rates effective October 7, 2020

⁴ Rates effective December 1, 2019

DIVERSIFIED INFRASTRUCTURE SERVICES

MULTISERVICE PLATFORM REDUCES RISK



Over
9,000
employees
supporting North
American gas and
electric utilities



GAS
GROUP



POWER
GROUP



CANADA
GROUP

MAJOR UTILITY CUSTOMERS

UTILITY INFRASTRUCTURE SERVICES

Gas



Electric



Combination



SUMMARY OPERATING RESULTS

UTILITY INFRASTRUCTURE SERVICES (IN THOUSANDS)

	Three Months Ended March 31,	
	2021	2020
Revenue	\$ 363,975	\$ 333,493
Cost of sales ⁽¹⁾	341,180	326,711
Gross profit	22,795	6,782
General and administrative expenses ⁽²⁾	16,465	12,857
Amortization of intangible assets	2,713	2,674
Operating income (loss)	3,617	(8,749)
Other income (deductions)	(102)	(242)
Net interest deductions	1,622	2,899
Income (loss) before income taxes	1,893	(11,890)
Income tax expense (benefit)	1,200	(2,149)
Net income (loss)	693	(9,741)
Net income attributable to noncontrolling interests	1,552	463
Contribution to consolidated net income (loss) attributable to Centuri	\$ (859)	\$ (10,204)

(1) Included in Cost of sales during the three months ended March 31, 2021 and 2020 is depreciation expense of \$20,932 and \$19,508, respectively.

(2) Included in General and administrative expenses during the three months ended March 31, 2021 and 2020 is depreciation expense of \$1,099 and \$746, respectively.

SUMMARY OPERATING RESULTS

UTILITY INFRASTRUCTURE SERVICES

(IN THOUSANDS)

	Twelve Months Ended March 31,	
	2021	2020
Revenue	\$ 1,978,770	\$ 1,771,609
Cost of sales ⁽¹⁾	1,748,902	1,613,309
Gross profit	229,868	158,300
General and administrative expenses ⁽²⁾	84,547	58,417
Amortization of intangible assets	10,828	10,968
Operating income	134,493	88,915
Other income (deductions)	(67)	(651)
Net interest deductions	7,992	13,716
Income before income taxes	126,434	74,548
Income tax expense	34,477	21,718
Net income	91,957	52,830
Net income attributable to noncontrolling interests	7,750	2,599
Contribution to consolidated net income attributable to Centuri	\$ 84,207	\$ 50,231

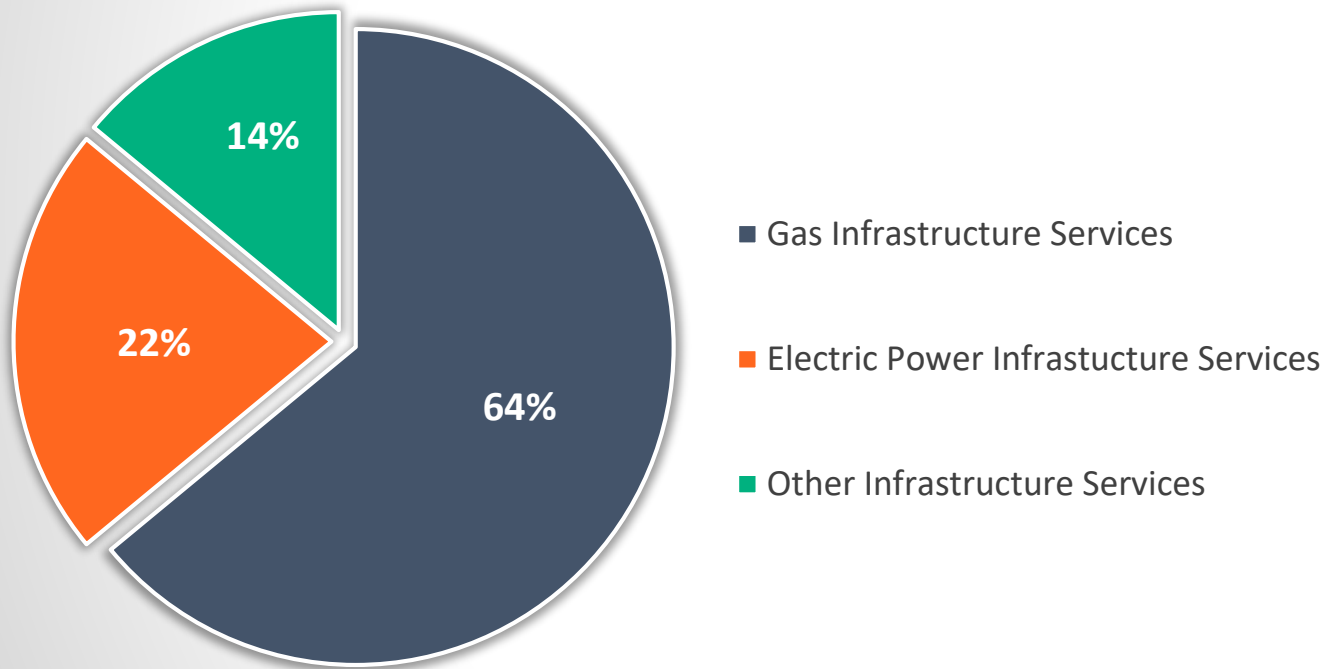
(1) Included in Cost of sales during the twelve months ended March 31, 2021 and 2020 is depreciation expense of \$84,318 and \$76,314, respectively.

(2) Included in General and administrative expenses during the twelve months ended March 31, 2021 and 2020 is depreciation expense of \$3,402 and \$3,336, respectively.

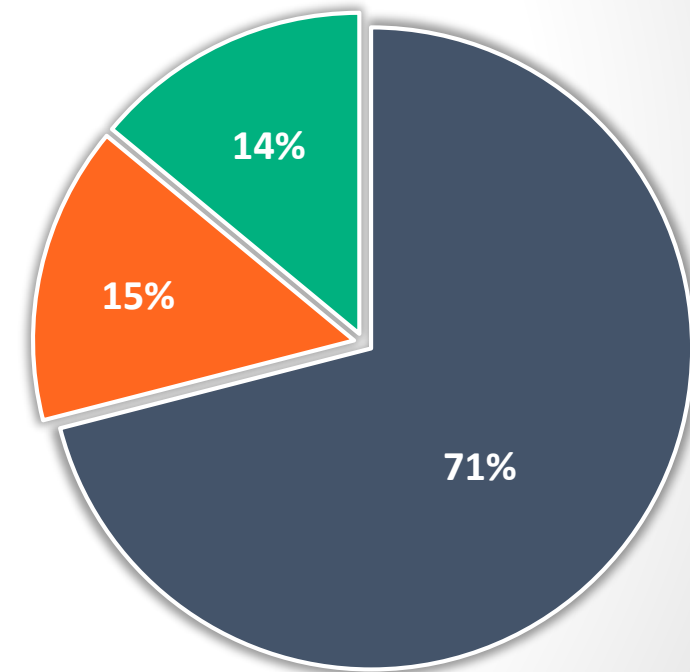
REVENUES BY SERVICE TYPE

UTILITY INFRASTRUCTURE SERVICES

Twelve Months Ended March 31, 2021

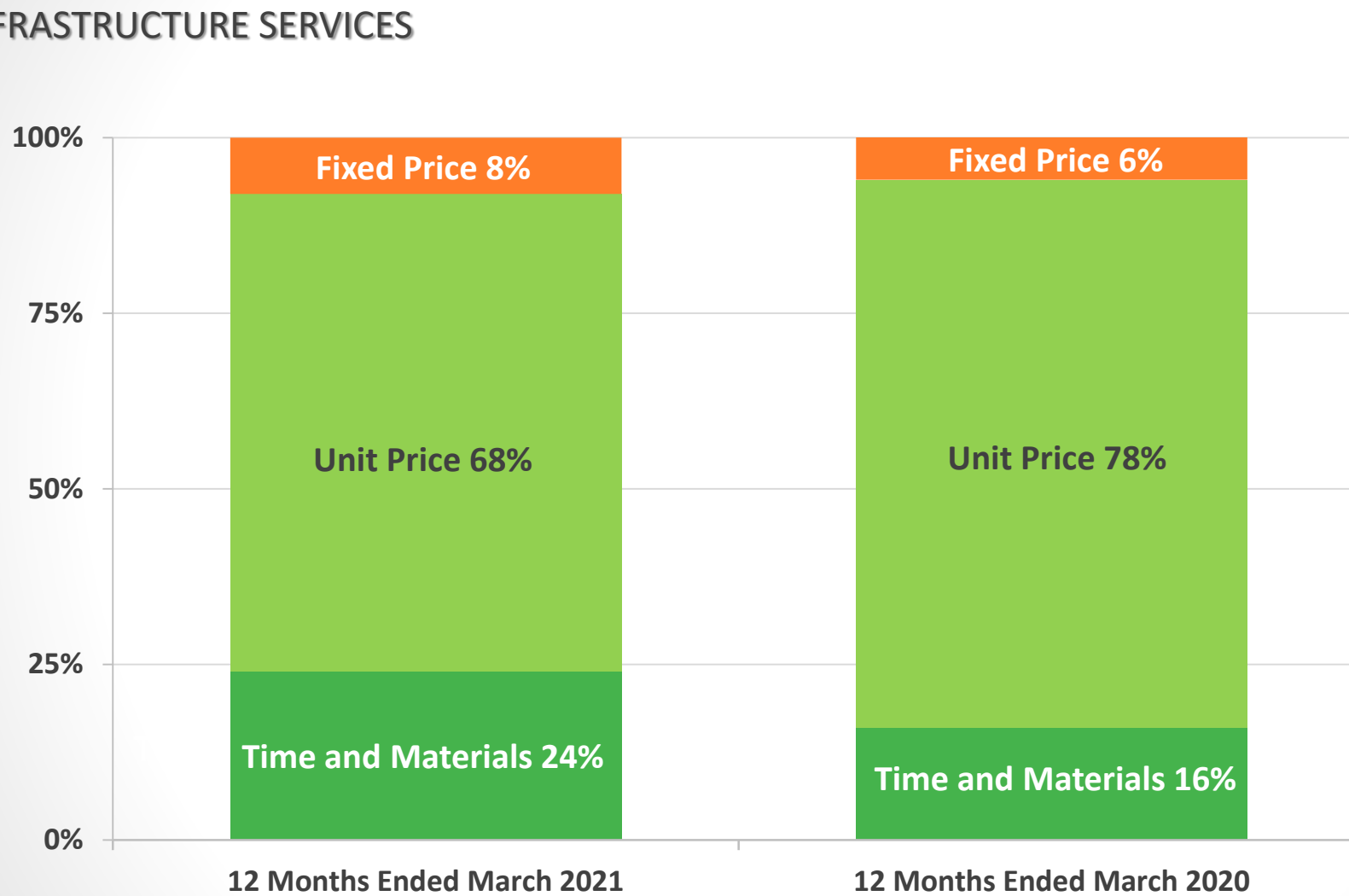


Twelve Months Ended March 31, 2020



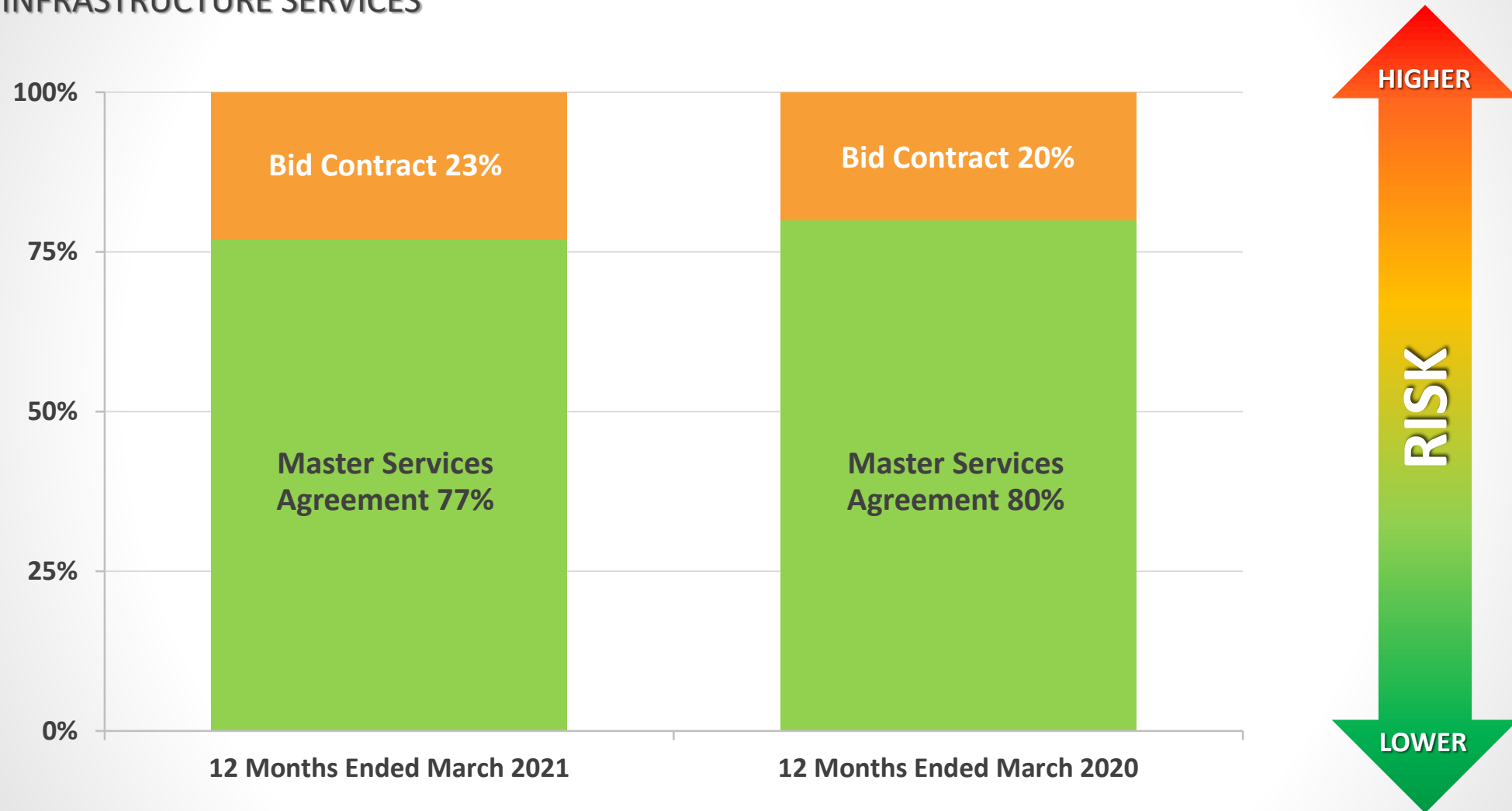
REVENUES BY CONTRACT PRICING TYPE

UTILITY INFRASTRUCTURE SERVICES



REVENUES BY CONTRACT STRUCTURE TYPE

UTILITY INFRASTRUCTURE SERVICES



TOP 20 CUSTOMERS

UTILITY INFRASTRUCTURE SERVICES

>89%

Total Centuri Revenue From Regulated Utilities

#	Revenue as % of Total	Revenue ¹ (\$ in Millions)	Relationship Length (Years)	Total Contract Length (Years)
1	11.8%	\$233	43	5
2	6.4%	\$126	36	4
3	5.7%	\$112	25	7
4	5.6%	\$111	19	5
5	5.6%	\$111	7	3
6	5.2%	\$103	17	5
7	4.6%	\$92	14	6
8	4.6%	\$91	26	12
9	4.4%	\$88	4	3
10	4.3%	\$85	44	3
11	3.3%	\$65	13	8
12	2.9%	\$57	26	10
13	2.7%	\$53	21	5
14	2.6%	\$52	4	4
15	2.3%	\$45	32	8
16	1.9%	\$37	53	7
17	1.8%	\$36	5	3
18	1.6%	\$31	5	2
19	1.6%	\$31	29	5
20	1.5%	\$29	25	7
Total – Average (Weighted Average)		\$1,588	22 (24)	6 (5)

(1) Trailing Twelve Months Ended March 31, 2021

STOCK PERFORMANCE

Southwest Gas Holdings, Inc.
Common Stock Closing Price
March 31, 2011 – March 31, 2021



CREDIT RATINGS

Investment Grade Ratings

Southwest Gas Holdings, Inc.

	Moody's	S&P	Fitch
Issuer Rating	Baa2	BBB+	BBB+
Outlook	Stable	Stable	Stable

Southwest Gas Corporation

	Moody's	S&P	Fitch
Senior Unsecured	Baa1	A-	A
Outlook	Stable	Stable	Stable

CONSOLIDATED CAPITAL STRUCTURE

(IN MILLIONS)

Capitalization at March 31,	2017	2018	2019	2020	2021
Equity ¹	\$ 1,737	\$ 1,876	\$ 2,429	\$ 2,633	\$ 2,979
Long-Term Debt ²	1,590	2,023	2,141	2,480	2,764
Total Permanent Capital	<u>\$ 3,327</u>	<u>\$ 3,899</u>	<u>\$ 4,570</u>	<u>\$ 5,113</u>	<u>\$ 5,743</u>
Capitalization ratios					
Equity ¹	52.2%	48.1%	53.2%	51.5%	51.9%
Long-Term Debt ²	47.8%	51.9%	46.8%	48.5%	48.1%
Total Permanent Capital	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

¹ Includes redeemable noncontrolling interest, if applicable.

² Includes current maturities of long-term debt.

NON-GAAP MEASURE

Non-GAAP Measure Operating Margin – Southwest recognizes operating revenues from the distribution and transportation of natural gas (and related services) to customers. Gas cost is a tracked cost, which is passed through to customers without markup under purchased gas adjustment (“PGA”) mechanisms, impacting revenues and net cost of gas sold on a dollar-for-dollar basis, thereby having no impact on Southwest’s profitability. Therefore, management routinely uses operating margin, defined as operating revenues less the net cost of gas sold, in its analysis of Southwest’s financial performance. Operating margin also forms a basis for Southwest’s various regulatory decoupling mechanisms. Operating margin is not, however, specifically defined in accounting principles generally accepted in the United States (“U.S. GAAP”) and is considered a non-GAAP measure. Management believes supplying information regarding operating margin provides investors and other interested parties with useful and relevant information to analyze Southwest’s financial performance in a rate-regulated environment.

Reconciliation of Revenue to Operating Margin (Non-GAAP measure)

	Three months ended March 31,		Twelve months ended March 31,	
	2021	2020	2021	2020
	(In thousands)			
<u>Natural Gas Operations</u>				
Gas operating revenues	\$ 521,932	\$ 502,827	\$ 1,369,690	\$ 1,351,089
Less: Net cost of gas sold	156,021	160,821	338,037	353,381
Operating margin	\$ 365,911	\$ 342,006	\$ 1,031,653	\$ 997,708

NON-GAAP MEASURE

UTILITY INFRASTRUCTURE SERVICES (IN THOUSANDS)

Non-GAAP Measure EBITDA - The following table presents the non-GAAP financial measure of EBITDA for the three and twelve months ended March 31, 2021 and 2020, which, when used in connection with net income attributable to Centuri, is intended to provide useful information to investors and analysts as they evaluate Centuri's performance. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. This measure should not be considered as an alternative to net income attributable to Centuri or other measures of performance that are derived in accordance with GAAP. Management believes that the exclusion of these items from net income attributable to Centuri provides an effective evaluation of Centuri's operations period over period and identifies operating trends that might not be apparent when including the excluded items. Because EBITDA, as defined, excludes some, but not all, items that affect net income attributable to Centuri, such measure may not be comparable to similarly titled measures of other companies. The most comparable GAAP financial measure, net income attributable to Centuri, and information reconciling the GAAP and non-GAAP financial measure, are included below.

Reconciliation of Net Income to EBITDA (Non-GAAP measure)

	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2021	2020	2021	2020
Contribution to consolidated net income (loss) attributable to Centuri	\$ (859)	\$ (10,204)	\$ 84,207	\$ 50,231
Net interest deductions	1,622	2,899	7,992	13,716
Income tax expense (benefit)	1,200	(2,149)	34,477	21,718
Depreciation expense	22,031	20,254	87,720	79,650
Amortization of intangible assets	2,713	2,674	10,828	10,968
EBITDA	<u>\$ 26,707</u>	<u>\$ 13,474</u>	<u>\$ 225,224</u>	<u>\$ 176,283</u>