



Southwest Gas[™]
HOLDINGS

2020 3rd Quarter Earnings Conference Call

November 6, 2020



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 2020 expectations for our utility infrastructure services and natural gas operations segments, estimated natural gas operations capital expenditures through 2022, our 2020 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 Reports on Form 10-Q for the periods ended March, June and September 2020 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.

2020 THIRD QUARTER HIGHLIGHTS



Southwest Gas[™]
HOLDINGS

- Quarterly EPS of \$0.32
- S&P upgraded the outlook for Southwest Holdings, Inc. and Southwest Gas Corporation from negative to stable
- Release of 2020 Sustainability Report



SOUTHWEST GAS

- 37,000 first-time meter sets over the past 12 months
- \$7.9 million decrease in operations and maintenance expense
- COLI income increased \$4.3 million
- Nevada general rate case finalized with rate relief effective October 2020



CENTURI

- Record third quarter revenues of \$580.4 million and net income of \$34.9 million
- Provided emergency restoration services following Hurricanes Hanna, Isaias, and Laura
- Approximately 90% of trailing 12-month revenues were from regulated utilities



Financial Results – September 30, 2020



Regulation



COVID-19 Update



Growing Customer Base



Capital, Rate Base Growth and Liquidity



Sustainability Report



2020 Expectations

SUMMARY OF OPERATING RESULTS

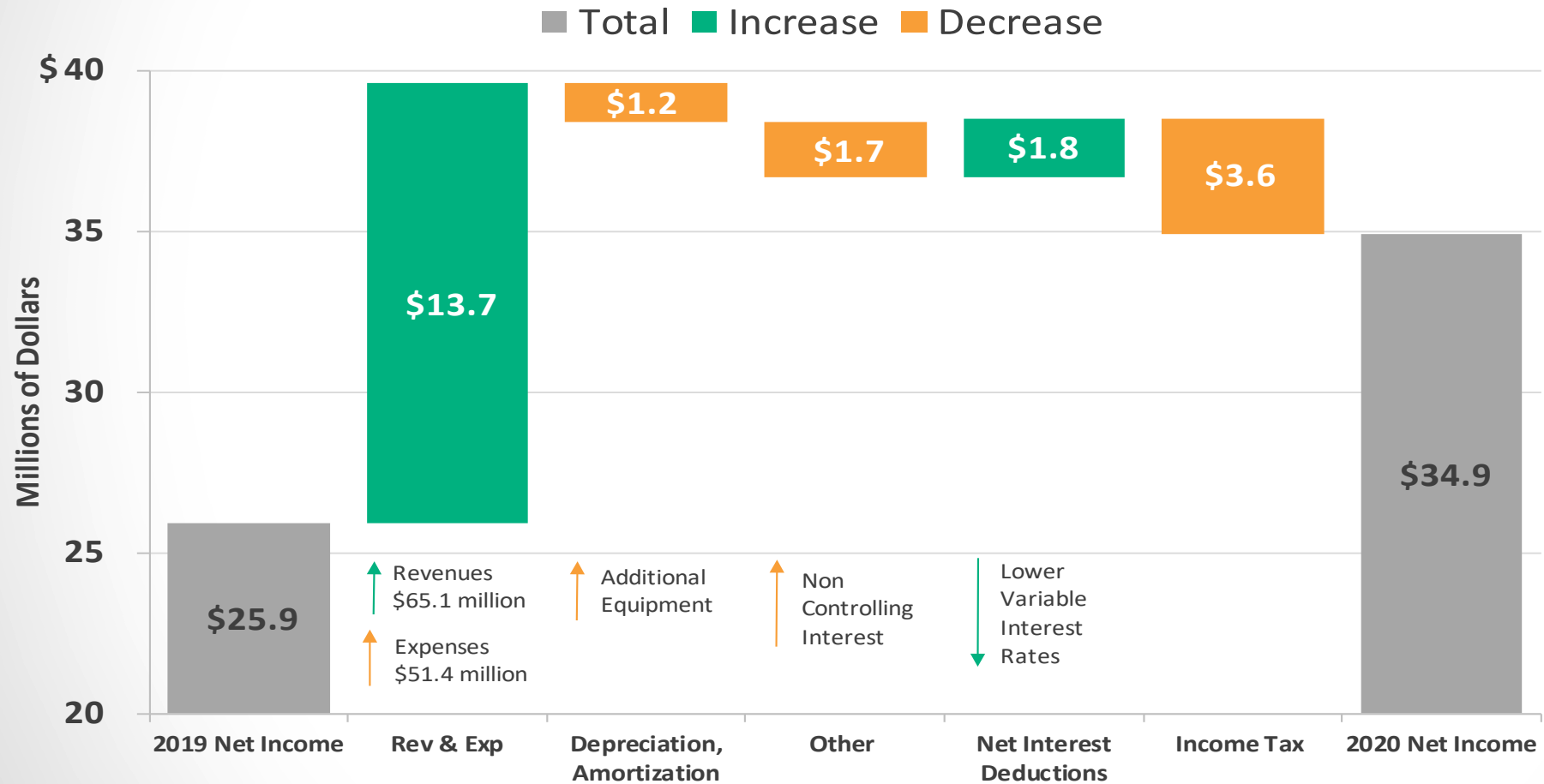
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Three months ended September 30,		Twelve months ended September 30,	
	2020	2019	2020	2019
Results of Consolidated Operations				
Natural gas operations income (loss)	\$ (15,973)	\$ (20,012)	\$ 155,993	\$ 146,287
Utility infrastructure services income	34,873	25,838	66,615	46,668
Other - corporate and administrative	(627)	(473)	(2,110)	(1,433)
Net income	<u>\$ 18,273</u>	<u>\$ 5,353</u>	<u>\$ 220,498</u>	<u>\$ 191,522</u>
Basic earnings per share	<u>\$ 0.32</u>	<u>\$ 0.10</u>	<u>\$ 3.97</u>	<u>\$ 3.60</u>
Diluted earnings per share	<u>\$ 0.32</u>	<u>\$ 0.10</u>	<u>\$ 3.97</u>	<u>\$ 3.59</u>
Weighted average common shares	56,271	54,670	55,508	53,219
Weighted average diluted shares	56,357	54,748	55,577	53,287

NET INCOME

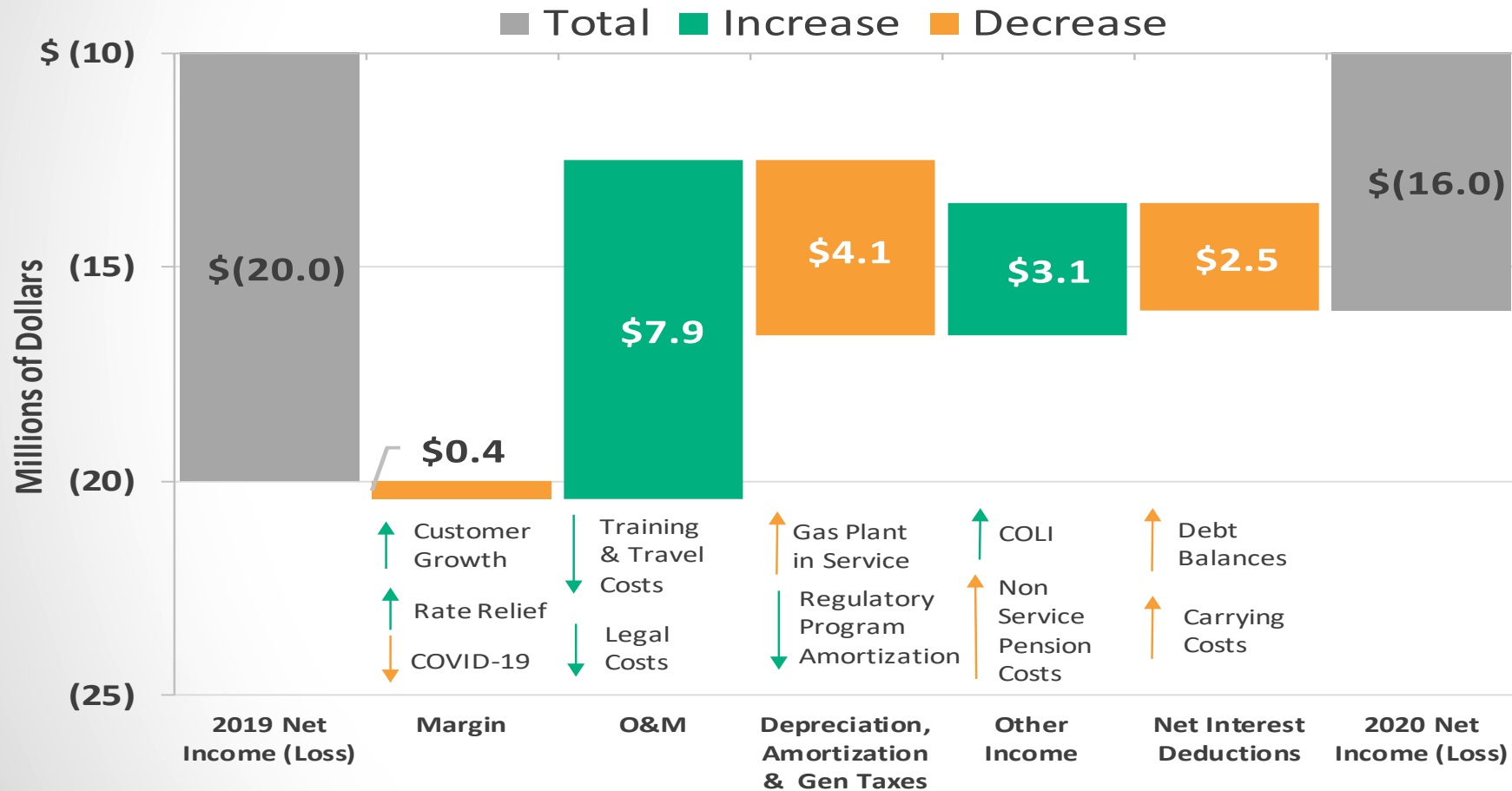
THREE MONTHS ENDED SEPTEMBER 30, 2020
UTILITY INFRASTRUCTURE SERVICES

Total Increase
\$9.0 million



NET INCOME (LOSS)

THREE MONTHS ENDED SEPTEMBER 30, 2020
NATURAL GAS OPERATIONS



Total Improvement
\$4.0 million

BUSINESS SEGMENTS

Natural Gas Operations

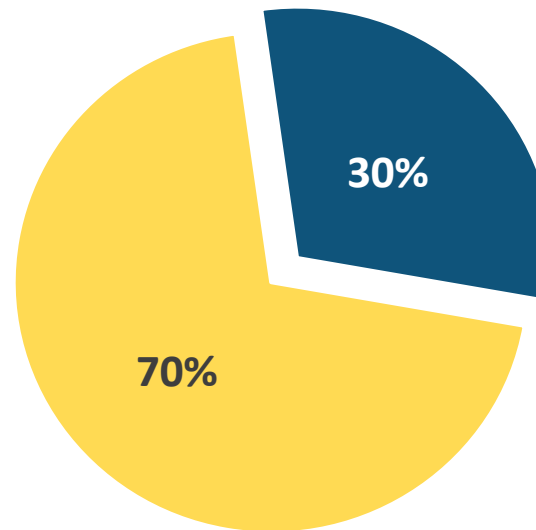


Utility Infrastructure Services



\$220.5 million

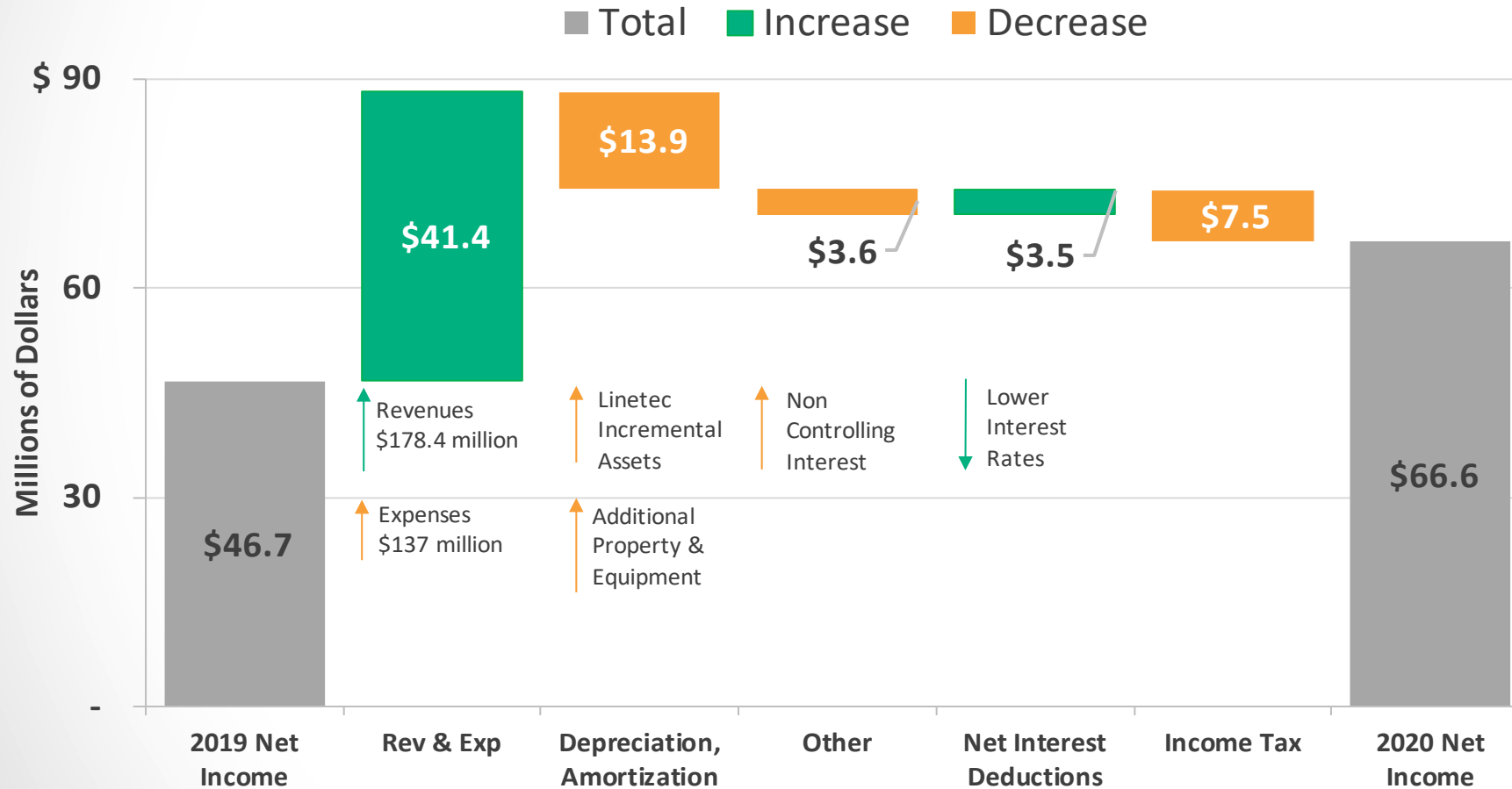
Twelve months ended 9/30/20 Net Income



NET INCOME

TWELVE MONTHS ENDED SEPTEMBER 30, 2020
UTILITY INFRASTRUCTURE SERVICES

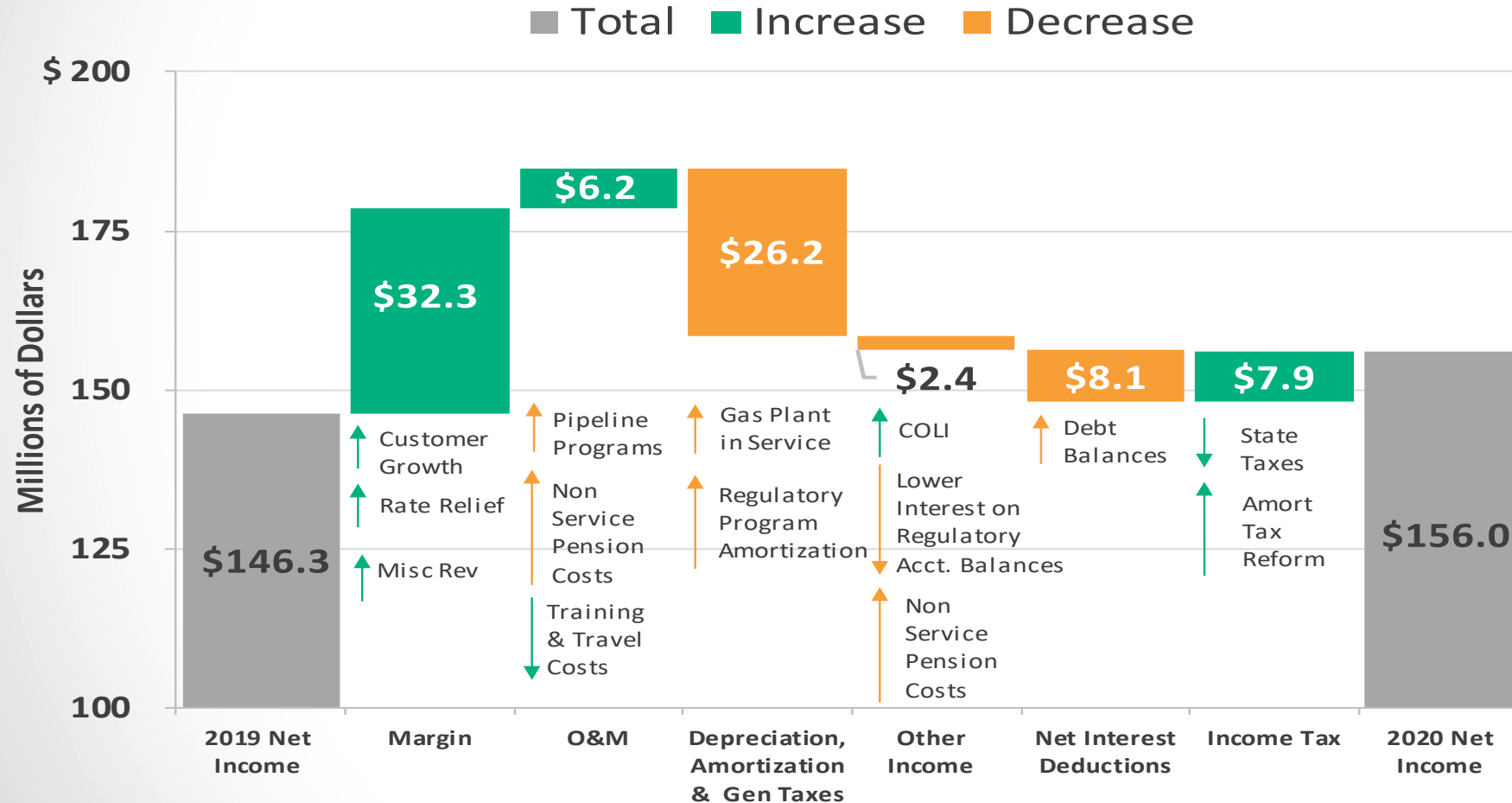
Total Increase
\$19.9 million



NET INCOME

TWELVE MONTHS ENDED SEPTEMBER 30, 2020
NATURAL GAS OPERATIONS

Total Increase
\$9.7 million



REGULATION - RATE CASE ACTIVITY

ARIZONA NATURAL GAS OPERATIONS

	Final Positions		
	SWG	Staff	RUCO
Rate Relief	\$90.6M	\$66.6M	\$45.8M
Rate Base	\$2.06B	\$2.05B	\$1.96B
ROE	10.15%	9.30%	9.00%
Capital Structure Equity Ratio	51.1%	51.1%	51.1%
Other Proposals:			
Decoupling	Proposed	Support	Neutral
Property Tax Tracker	Proposed	Support	Neutral
COYL	Proposed	Support	Support
VSP	Proposed	Oppose	Oppose
Plastic Pipe	Proposed	Oppose	Oppose
RNG Program	Proposed	Oppose	Oppose
Amortization of EDIT	(\$9.8M)	(\$9.8M)	(\$9.8M)
Interest on EDIT	N/A	(\$19.8M)	N/A
Schedule	Hearing – Concluded July 10, 2020 Final Decision - Estimated 4Q 2020		

REGULATION - RATE CASE ACTIVITY

NEVADA
NATURAL GAS OPERATIONS

	Final Decision
Rate Relief	\$23M
Rate Base	\$1.48B
ROE	9.25%
Capital Structure Equity Ratio	49.26%
Schedule	Decision – September 25, 2020 Rates Effective – October 2020

REGULATION - RATE CASE ACTIVITY

CALIFORNIA

NATURAL GAS OPERATIONS

Settlement	
Rate Relief	\$6.4M
Rate Base	\$435.5M
ROE	10.0%
Capital Structure Equity Ratio	52%
Rate Design	Decoupling Mechanism (Cont) Increase Basic Service Charge
Other Proposals	Pension Balancing Acct. (Cont) 2.75% Attrition Adjustment (Cont) Targeted Pipe Replacement Prog.- \$90M* Meter Protection Program - \$19M* School COYL Program - \$10M* Remove NT Lateral Project from Base Rates to Future Surcharge *5 yr. cumulative
Schedule	Settlement Agreement filed August 3, 2020 Final Decision – Late 4Q 2020

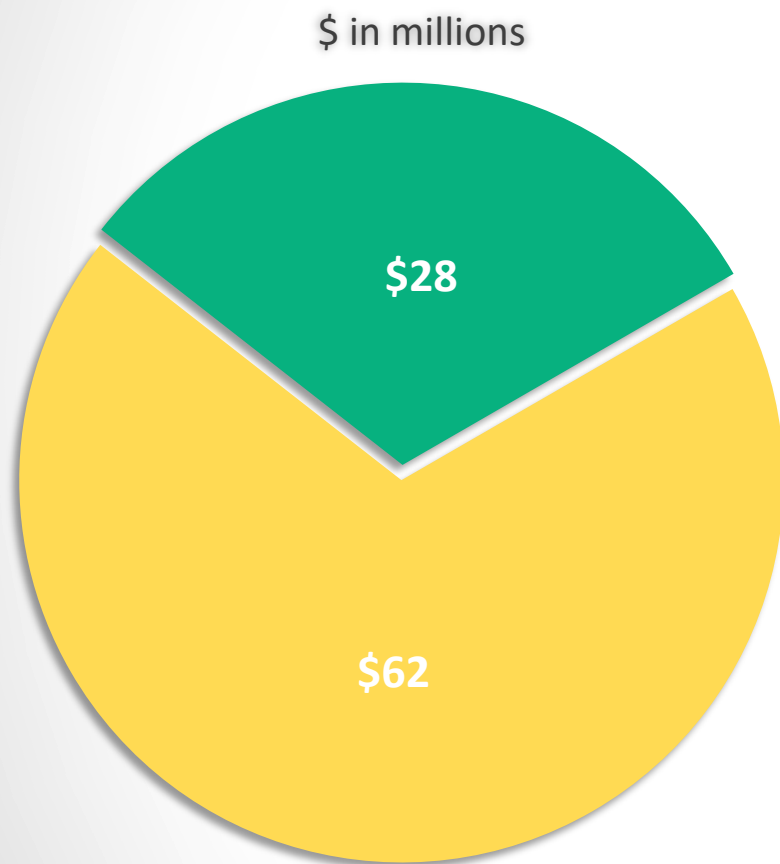
REGULATION - RATE CASE ACTIVITY

PAIUTE PIPELINE
NATURAL GAS OPERATIONS

	Settlement
Rate Relief	(\$700K)
Rate Base	\$135M
ROE	N/A
Capital Structure Equity Ratio	N/A
Other Noteworthy Items:	
	Pre-tax Rate of Return – 9.90%
	Continuation of Term Differentiated Rates
	Transportation and LNG Storage Contract Extensions – 5 years
Settlement Approved by FERC July 6, 2020	

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 is anticipated to be placed in service in the fourth quarter 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
- Construction is proceeding in-line with expectations
- Expect to begin serving initial customers in the 4th quarter of 2020

REGULATION - SUSTAINABILITY DEVELOPMENT



Arizona

- G65 Tariff - Facilitates development of investment in RNG related projects
 - Approval of RNG interconnections with Sunoma Dairy and Pima County
- Balanced Energy Solutions Act (HB2686)
- RNG program proposal in GRC



California

- Biomethane Gas Plan – facilitates RNG purchases as part of gas supply portfolio
- Rule 22 – Provides framework for RNG suppliers to interconnect with SWG facilities
- Facilitating CNG and RNG development opportunities



Nevada

- RNG Tariff – Facilitates development of investment in RNG related projects
- SB 154 – Investment in RNG projects, to build, own and operate RNG facilities or purchase of RNG as part of gas supply portfolio
- Facilitating CNG and RNG development opportunities

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
- Utilize personal protective equipment and practice social and physical distancing

Customers

- Temporarily suspended utility late fees and disconnections for non-payment
- Customer assistance program outreach

Contractors

- Sharing “Best Practices”
- Utilize personal protective equipment and practice physical and social distancing

COVID-19 UPDATE (CONT'D)

Communities in which we serve

- Ongoing communications with community leaders
- Increased charitable contributions to organizations supporting COVID-19 needs

Monitoring Financial Impacts

- Utility margin under decoupled rate structures and infrastructure revenues remain strong
- Infrastructure segment continuing to work with added safety protocols designed to safeguard the health of employees
- Closely monitoring utility bad debt expense (regulatory treatment available)

Constructive Regulatory Treatment

- Nevada (PUCN) and California (CPUC) approved COVID-19 specific regulatory asset treatment
- Arizona (ACC) recognized that utilities already have the capability to file for regulatory asset treatment

GROWING CUSTOMER BASE

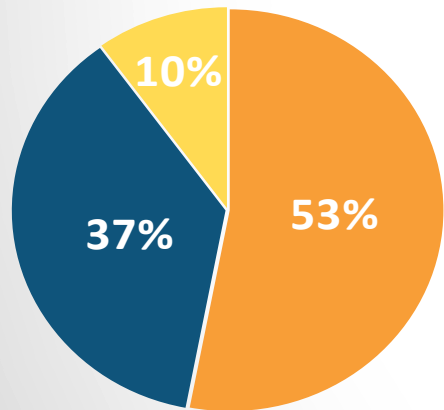
NATURAL GAS OPERATIONS

TMTD September 30, 2020

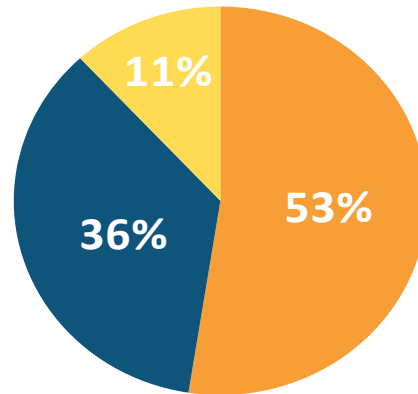
Customer & Operating Margin Distribution

By State

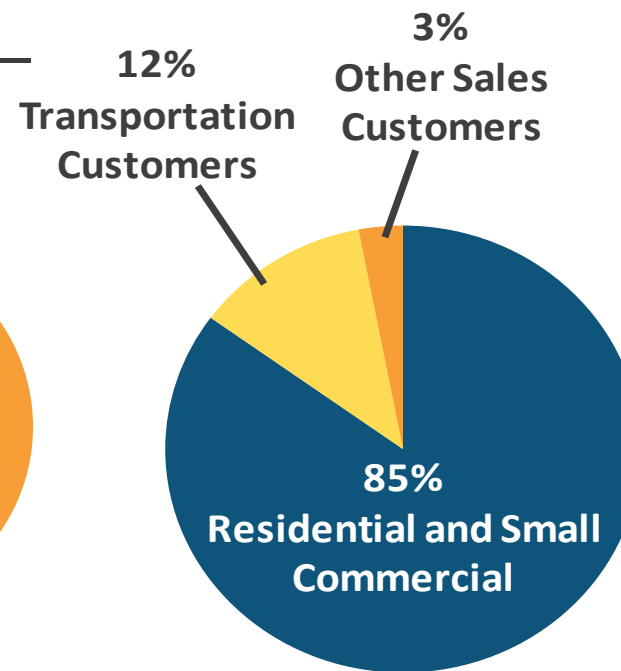
Customers



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
- 37,000 first-time meter sets during 12 months ended September 30, 2020
- Continued growing customer base

ECONOMIC DEVELOPMENT



“Construction projects that were planned and funded before the Covid-19 pandemic have led to the largest concentration of tower cranes ever in downtown Phoenix.”

- Phoenix Business Journal, October 28, 2020

“Following the lessons learned during the 2008 recession, the Arizona Commerce Authority was laser-focused on diversifying our state’s economic base. Today, that effort has paid off and Arizona has significant strengths across several high-growth industries including business and financial services, technology and innovation, bioscience and health care, aerospace and defense, and advanced manufacturing.”

- Phoenix Business Journal, October 20, 2020



“Real estate activity remains strong during the pandemic...”

- Inside Tucson Business, September 25, 2020



“Downtown Las Vegas is celebrating the opening of its first built-from-the-ground-up casino since 1980. Derek Stevens’ 1.25 million-square-foot Circa opened Wednesday at 12:01 a.m..”

- Las Vegas Review Journal, October 28, 2020

“Nevada has been addressing diversification for decades, with increased emphasis during the last 10 years. As a result of those efforts, not every industry experienced the same downturn with the shutdown.”

- Nevada Business, October 1, 2020

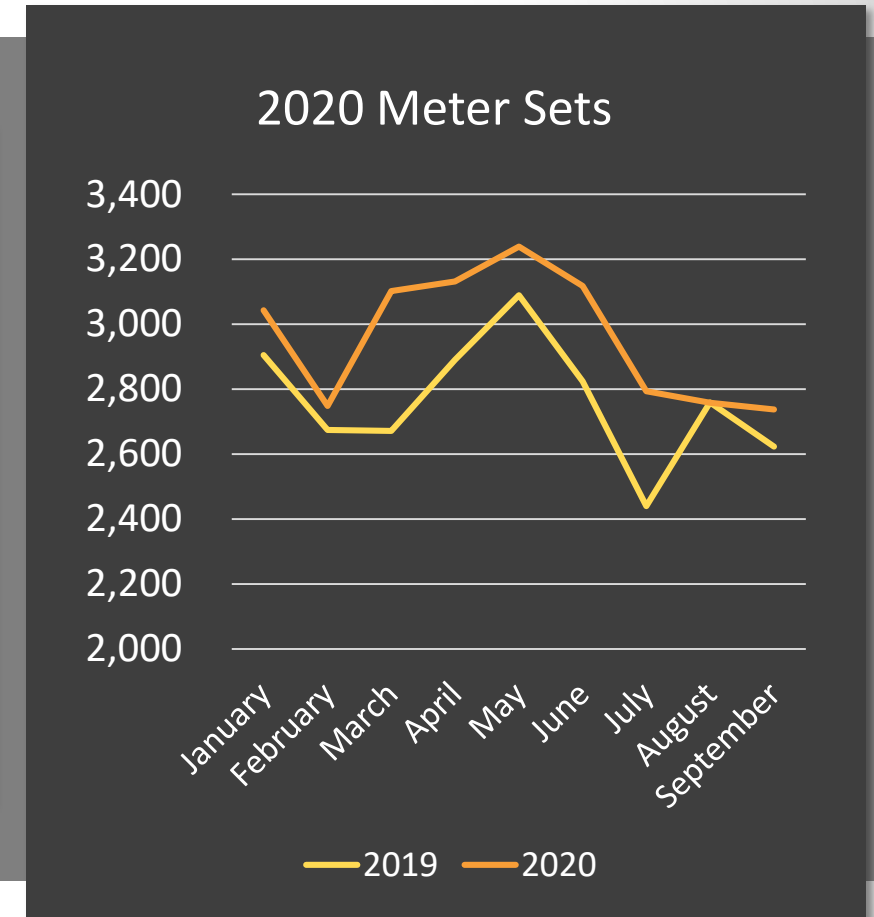
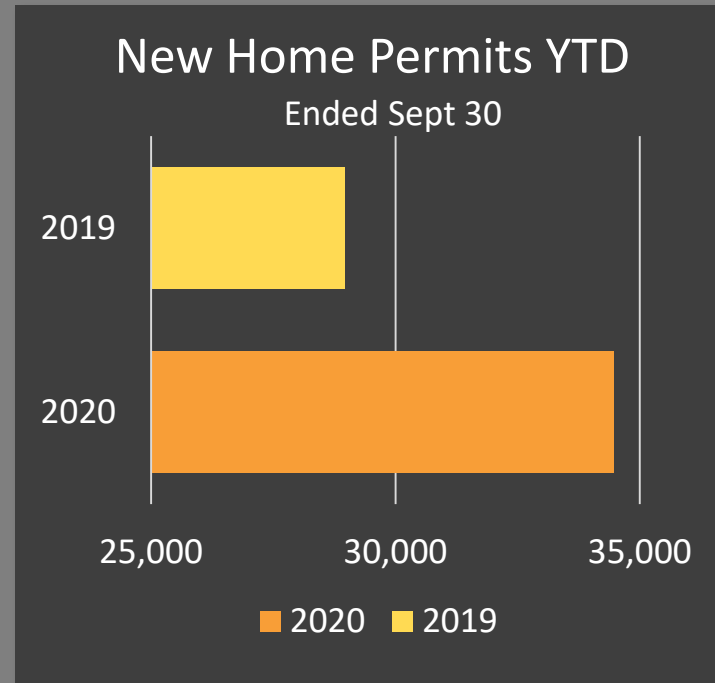


“Las Vegas home prices set another all-time high last month, continuing a “remarkable” streak...”

- Las Vegas Review Journal, October 6, 2020

ORGANIC CUSTOMER GROWTH REMAINS STRONG

- 2020 customer growth continues to outpace 2019
- Outlook for new home sales in AZ and NV is strong



CUSTOMERS DEMAND NATURAL GAS FOR VALUE & EFFICIENCY



Affordable & Reliable

- Fall and Winter temperatures bring the importance of affordable natural gas into clear focus.
- Clean natural gas will be keeping homes warm and family meals hot – reliably and affordably.



Preferred Choice

- 91% of Southwest Gas customers prefer the choice of natural gas in their home.
- Currently, 100% of new homes in Las Vegas are equipped with natural gas.



Satisfied Customers

- Southwest Gas customer satisfaction is at an impressive 96% year to date.
- Southwest ranked first in an independent survey of gas utility customers.

CAPITAL EXPENDITURES

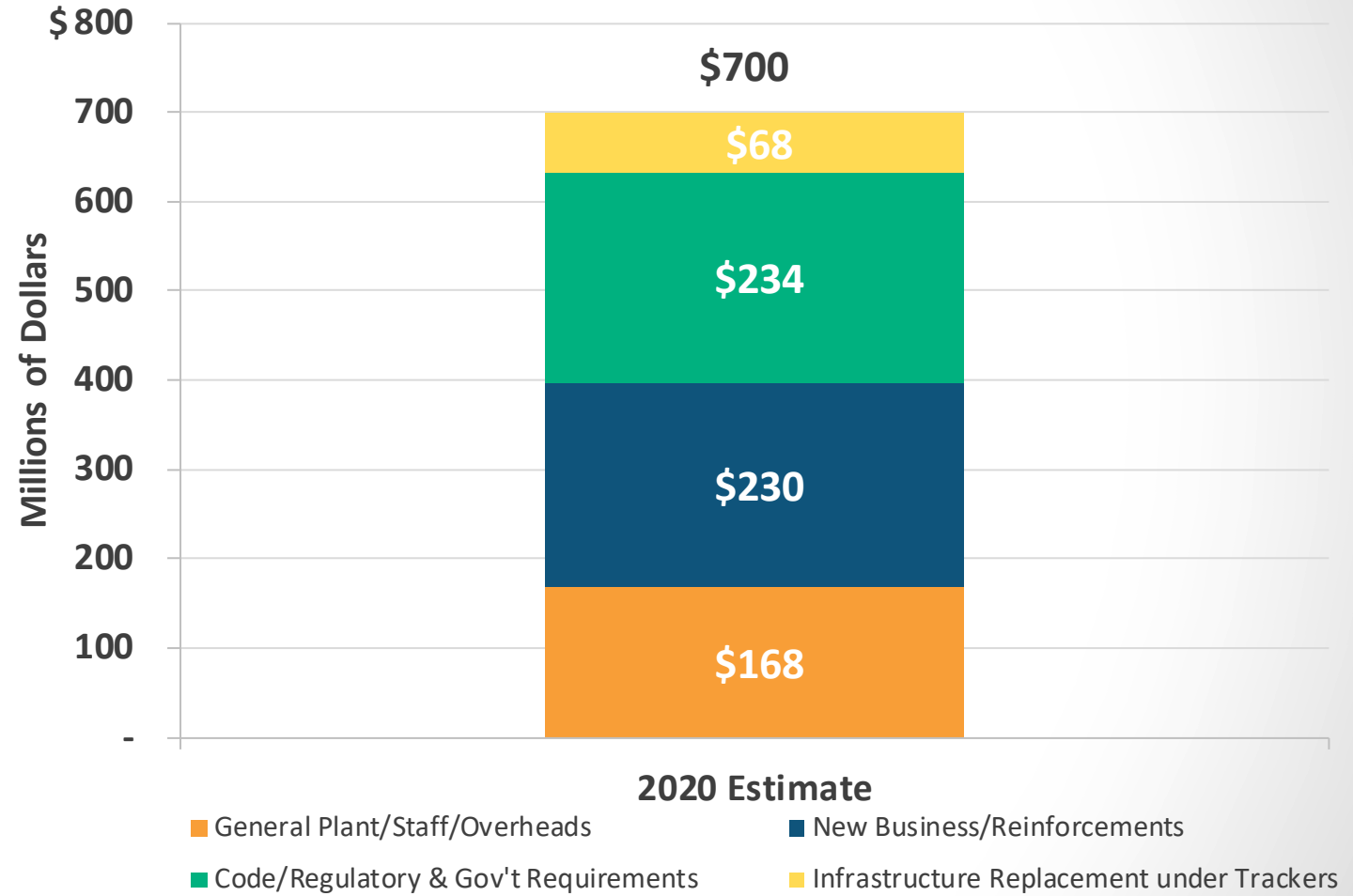
NATURAL GAS OPERATIONS

\$2.1 Billion
Capital
Investment

Estimated
2020-2022

Long-Term Financing Activity

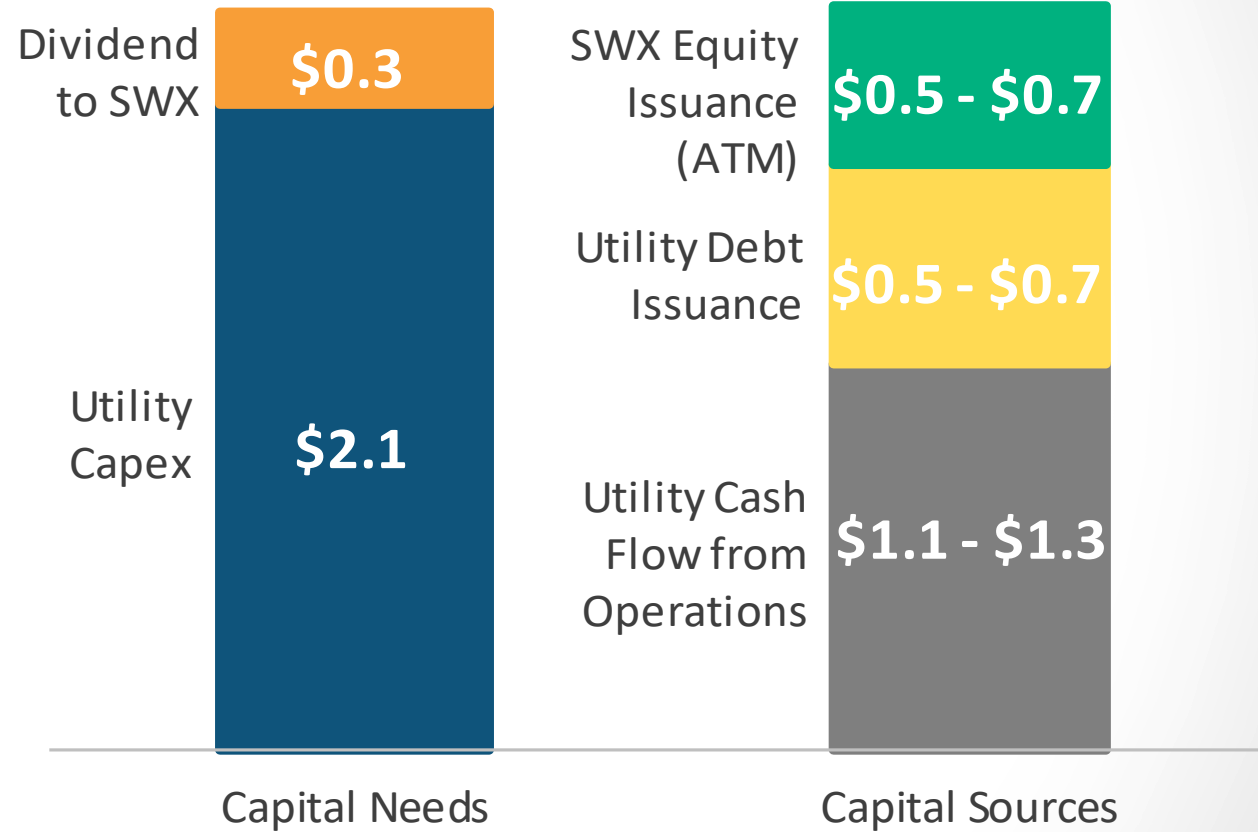
- Anticipate funding 50% from internal cash flows and remaining 50% through a balance of debt and equity (ATM Program)



CAPITAL FUNDING

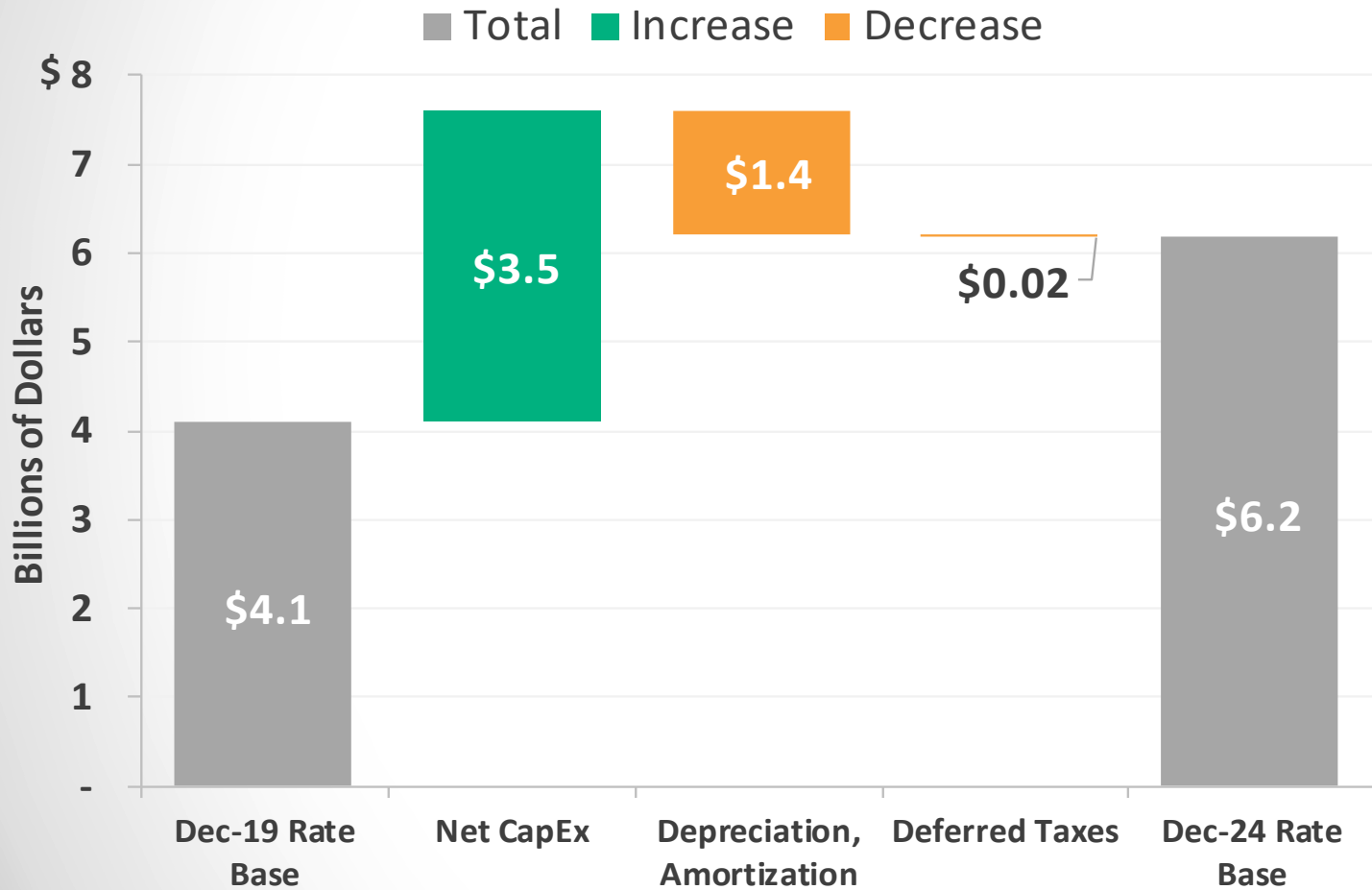
NATURAL GAS OPERATIONS

**3-year
Capital Needs
and Sources**
(\$ in billions)



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 8.6% Compound Annual Growth Rate (CAGR) in rate base (2020-2024).

LIQUIDITY PROFILE

NATURAL GAS OPERATIONS

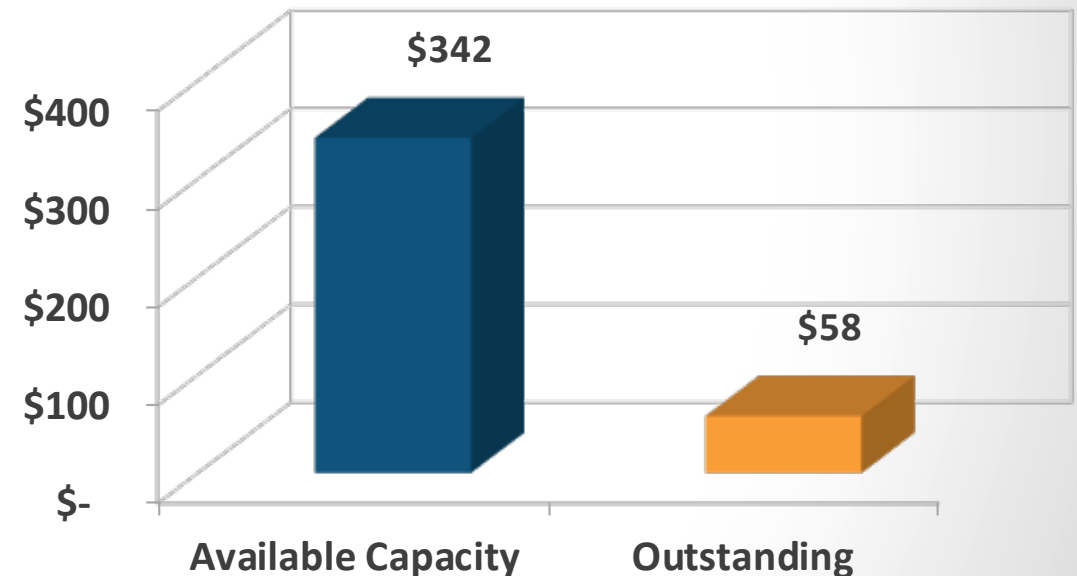
Strong liquidity will support capital expenditure and working capital needs

- 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
- \$50 million uncommitted commercial paper program

As of September 30, 2020

- \$58 million outstanding
 - \$50 million commercial paper
 - \$8 million LIBOR loans
- Available borrowing capacity of \$342 million
- Available cash \$22 million

**LIQUIDITY PROFILE
AS OF SEPTEMBER 30, 2020
(\$ in Millions)**



2020 SUSTAINABILITY REPORT RELEASED

Adopted the SASB Disclosure Framework



<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

Utility Infrastructure Services

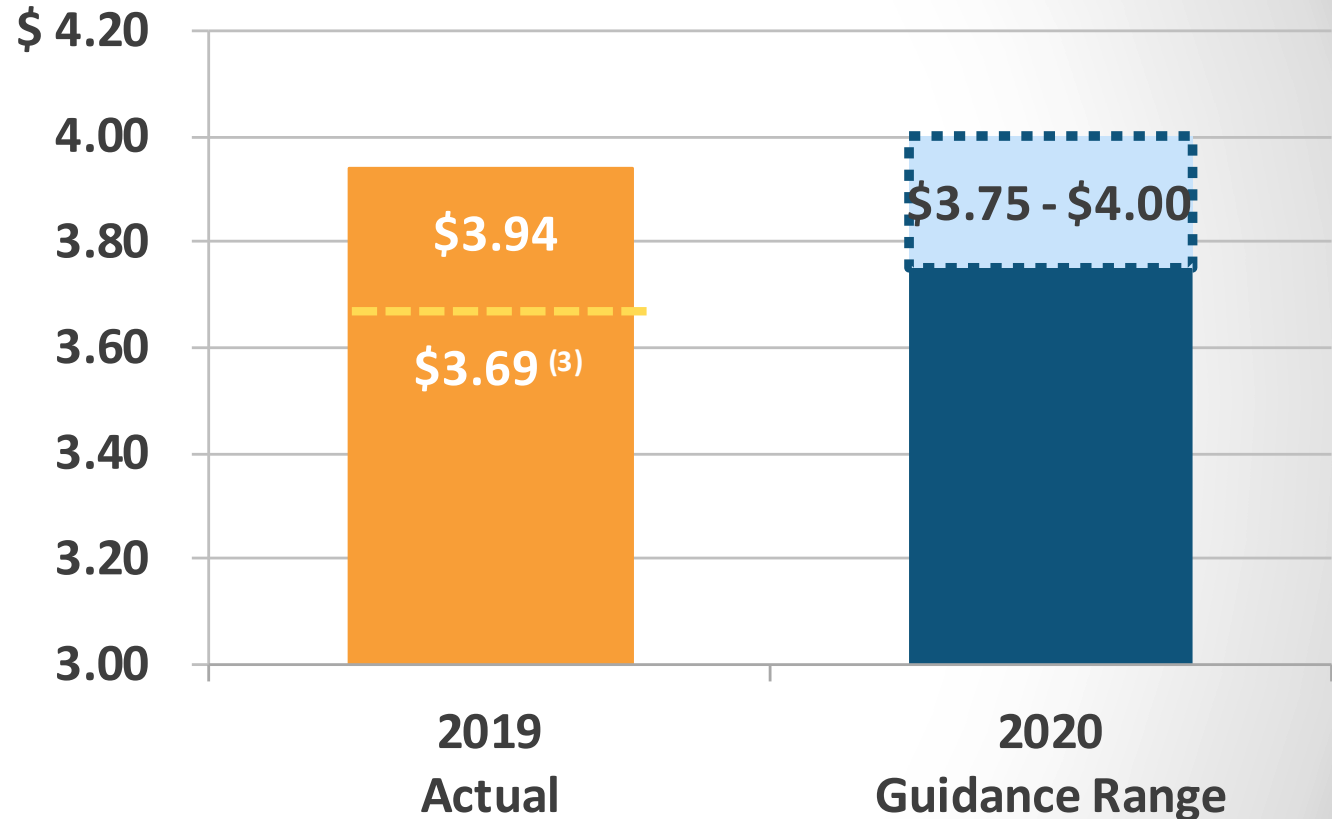
- Operations execution focus
- Cost management and resource optimization
- Cross-selling services
- Increasing profitability and dividends
- Cash source for SWX



2020 EPS GUIDANCE

- Affirm \$3.75 – \$4.00 diluted EPS ^{(1),(2)}
- Governmental policies enacted to suppress the spread of COVID-19 may impact future performance through the following:
 - Timing of processing utility general rate case applications
 - Utility customer growth rates
 - Changes to O&M expense
 - Timely release of Centuri project orders from its utility customers
 - Incremental costs associated with additional safe working practices designed to safeguard employee health

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 2020 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.

2020 LINE ITEM GUIDANCE

Natural Gas Operations

- Operating margin is expected to increase 3% – 4% (previously 3% – 5%) due to continued customer growth (approximately 37,000 first-time meter sets), infrastructure projects, expansion projects and rate relief
- Operating income is expected to increase 5% – 7% (previously 3% – 5%)
- Pension costs are expected to increase \$13.6 million due to the impact of a lower discount rate resulting from lower interest rates measured as of December 31, 2019, offset partially by positive asset performance
 - Approximately \$5.2 million of the increase reflected in other expense
- Assume normalized COLI \$3 million – \$5 million
- Capital expenditures expected to be \$2.1 billion over 3 years ending 2022, with 2020 approximately \$700 million
- SWX Equity issuances of approximately \$125 million – \$175 million (previously \$150 million - \$200 million) through ATM program

Utility Infrastructure Services

- Revenues expected to increase 6% – 8% (previously 2% – 7%) through organic growth and storm work
- Operating income is expected to be 5.5% – 6% of revenues
- Interest expense is expected to be \$9 million – \$10 million (previously \$10 million – \$11 million)
- Net income expectations reflect earnings attributable to Southwest Gas Holdings, net of approximately \$6.5 million of noncontrolling interests (increased from the previous estimate of \$5 million), and changes in Canadian exchange rates could influence results

LONG-TERM EXPECTATIONS

AFFIRM EXPECTATIONS

Holdings

- Equity issuances (through ATM), \$500 million – \$675 million over 3 years ending 2022
- Target dividend payout ratio: 55% – 65%

Natural Gas Operations

- Capital expenditures are expected to be approximately \$3.5 billion over 5 years ending 2024
- Rate base growth is expected to be 8.6% through the same period

Utility Infrastructure Services

- Revenues expected to grow an average 5% – 8% annually over 3 years ending 2022
- Operating income expected to be 5.5% – 6.5% of revenues over 3 years ending 2022

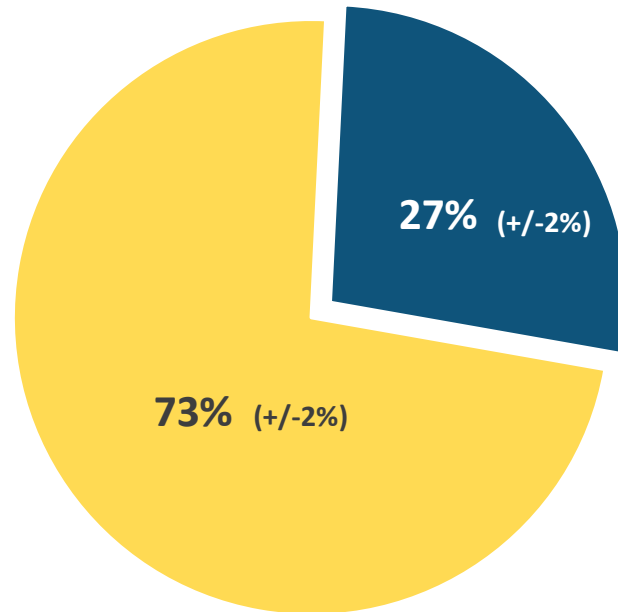
ATTRACTIVE & COMPLEMENTARY BUSINESS SEGMENTS

Natural Gas Operations



- Customer growth
- Strong rate base growth
- Focus on safety and reliability
- Newer, well maintained system

Projected % Net Income
2020-2022



Utility Infrastructure Services



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

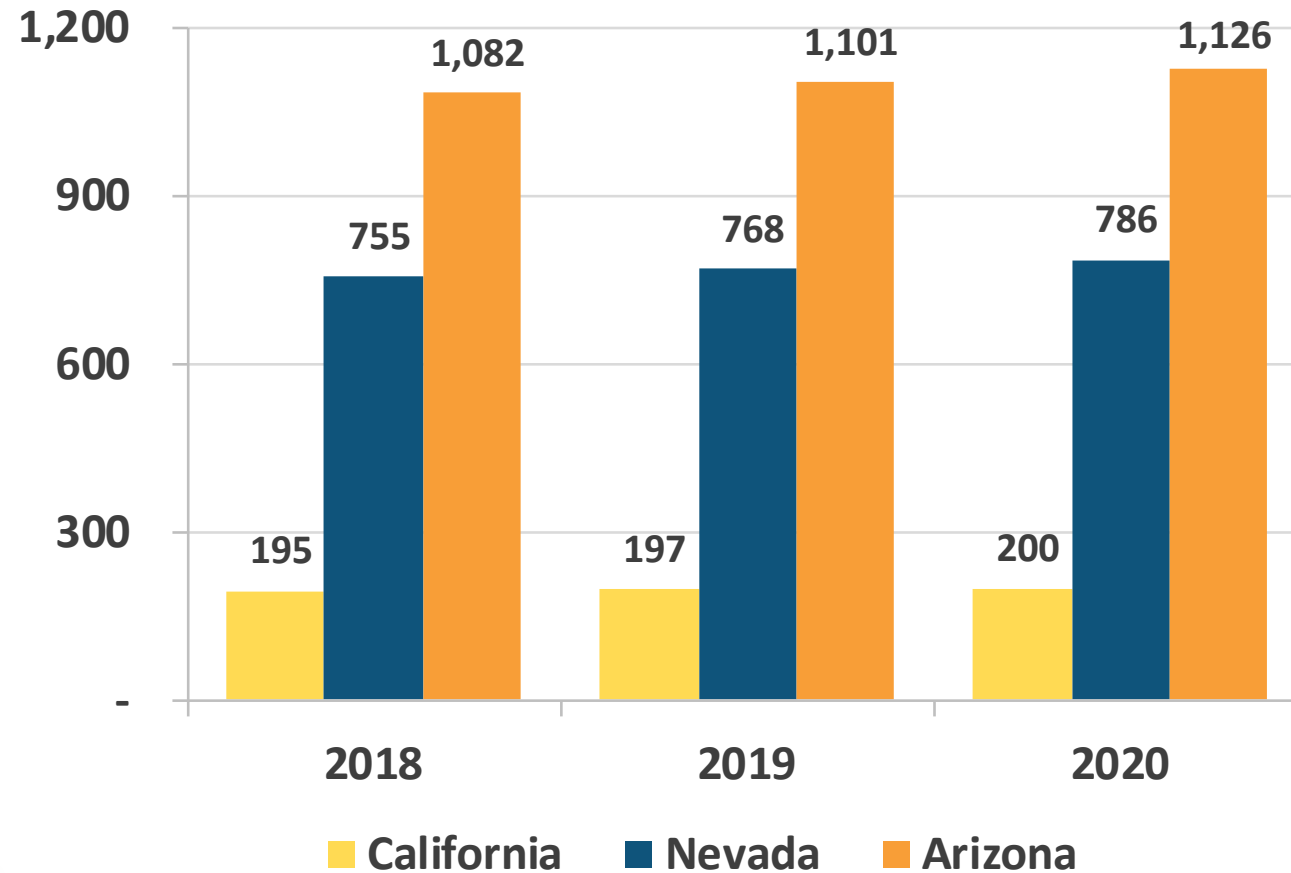
APPENDIX



CUSTOMERS BY STATE

NATURAL GAS OPERATIONS
(IN THOUSANDS)

As of September 30,



SUMMARY OPERATING RESULTS

NATURAL GAS OPERATIONS (IN THOUSANDS)

	Three months ended September 30,	
	2020	2019
Results of Natural Gas Operations		
Gas operating revenues	\$ 210,834	\$ 209,980
Net cost of gas sold	36,321	35,068
Operating margin	174,513	174,912
Operations and maintenance expense	101,159	109,039
Depreciation and amortization	55,942	52,372
Taxes other than income taxes	15,787	15,308
Operating income (loss)	1,625	(1,807)
Other income (deductions)	1,751	(1,353)
Net interest deductions	26,103	23,619
Income (loss) before income taxes	(22,727)	(26,779)
Income tax benefit	(6,754)	(6,767)
Segment net income (loss)	\$ (15,973)	\$ (20,012)

SUMMARY OPERATING RESULTS

NATURAL GAS OPERATIONS (IN THOUSANDS)

Twelve months ended September 30,

2020

2019

Results of Natural Gas Operations

Gas operating revenues	\$ 1,355,666	\$ 1,359,581
Net cost of gas sold	356,925	393,141
Operating margin	998,741	966,440
Operations and maintenance expense	406,169	412,330
Depreciation and amortization	230,158	205,594
Taxes other than income taxes	63,195	61,579
Operating income	299,219	286,937
Other income (deductions)	(7,615)	(5,194)
Net interest deductions	100,115	92,000
Income before income taxes	191,489	189,743
Income tax expense	35,496	43,456
Segment net income	\$ 155,993	\$ 146,287

PURCHASED GAS ADJUSTMENT (PGA) BALANCES

NATURAL GAS OPERATIONS
(IN THOUSANDS)

	September 30, 2020	December 31, 2019	September 30, 2019
Arizona	\$ (14,674)	\$ (59,259)	\$ (84,438)
Northern Nevada	(12,724)	11,894	11,909
Southern Nevada	(45,506)	32,518	37,895
California	(3,338)	(1,496)	(3,592)
Total Receivable/(Payable)	<u>\$ (76,242)</u>	<u>\$ (16,343)</u>	<u>\$ (38,226)</u>

AUTHORIZED RATE BASE AND RATES OF RETURN

NATURAL GAS OPERATIONS

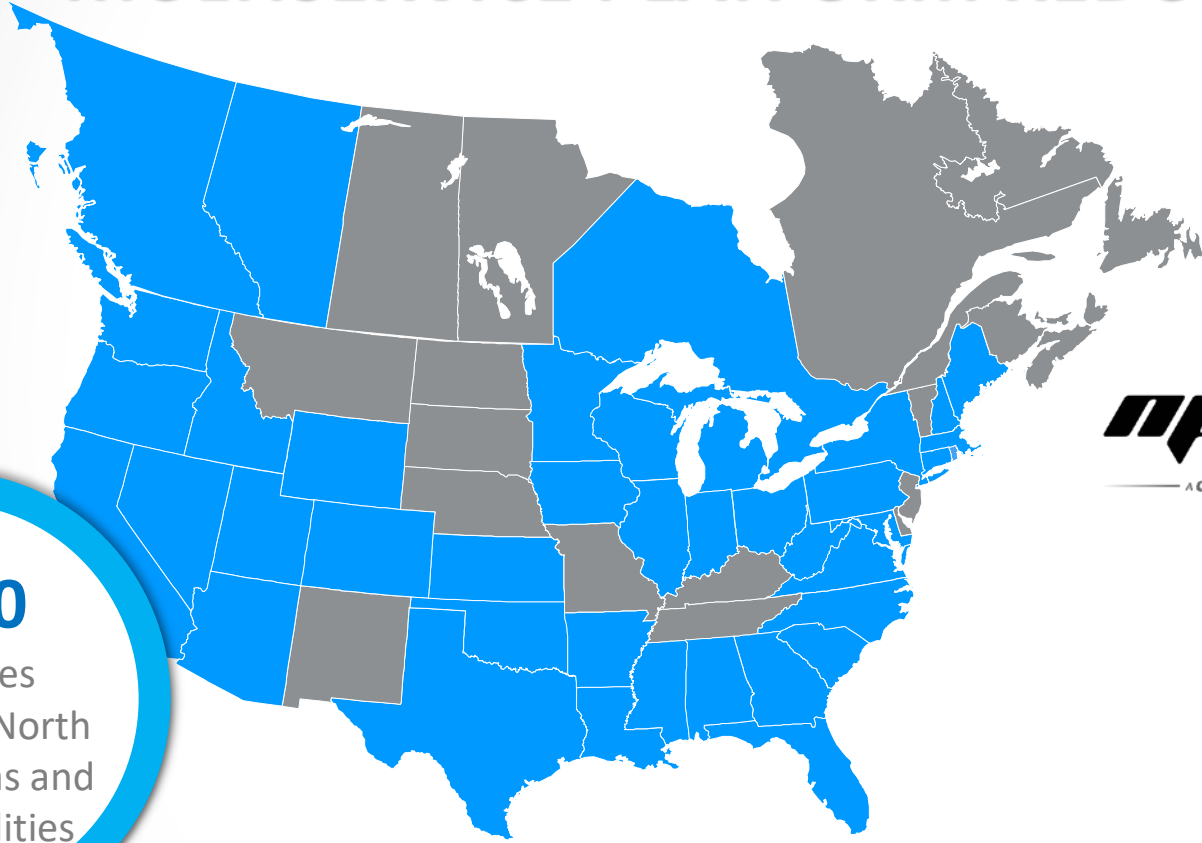
<u>Rate Jurisdiction</u>	<u>Authorized Rate Base (In thousands)</u>	<u>% of Total Rate Base</u>	<u>Authorized Rate of Return</u>	<u>Authorized Return on Common Equity (ROE)</u>	<u>Authorized Common Equity Ratio</u>
Arizona	\$ 1,324,902	41.50 %	7.42 %	9.50 %	51.70 %
Southern Nevada ¹	1,325,236	41.51	6.52	9.25	49.26
Northern Nevada ¹	154,966	4.84	6.75	9.25	49.26
Southern California	159,277	4.99	6.83	10.10	55.00
Northern California	67,620	2.12	8.18	10.10	55.00
South Lake Tahoe	25,389	0.80	8.18	10.10	55.00
Paiute Pipeline Company ²	135,460	4.24	8.30	11.80	51.75
Total	<u>\$ 3,192,850</u>	<u>100.00 %</u>			
Weighted average authorized ROE.				<u>9.53 %</u>	

¹Rates effective October 2020.

²Estimated amounts based on rate case settlement.

DIVERSIFIED INFRASTRUCTURE SERVICES

MULTISERVICE PLATFORM REDUCES RISK



Over
8,000
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)

	<u>Three Months Ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Revenue	\$ 580,392	\$ 515,250
Cost of sales ⁽¹⁾	500,891	454,688
Gross profit	79,501	60,562
General and administrative expenses ⁽²⁾	23,579	17,120
Amortization of intangible assets	2,678	2,764
Operating income	53,244	40,678
Other income (deductions)	48	171
Net interest deductions	2,000	3,788
Income before income taxes	51,292	37,061
Income tax expense	13,629	10,051
Net income	37,663	27,010
Net income attributable to noncontrolling interest	2,790	1,172
Contribution to consolidated net income attributable to Centuri	<u>\$ 34,873</u>	<u>\$ 25,838</u>

(1) Included in Cost of sales during the three months ended September 30, 2020 and 2019 is depreciation expense of \$20,827 and \$19,334, respectively.

(2) Included in General and administrative expenses during the three months ended September 30, 2020 and 2019 is depreciation expense of \$692 and \$900, respectively.

SUMMARY OPERATING RESULTS

UTILITY INFRASTRUCTURE SERVICES (IN THOUSANDS)

	Twelve Months Ended September 30,	
	2020	2019
Revenue	\$ 1,877,264	\$ 1,698,853
Cost of sales ⁽¹⁾	1,683,392	1,532,246
Gross profit	193,872	166,607
General and administrative expenses ⁽²⁾	72,171	72,856
Amortization of intangible assets	10,752	10,268
Operating income	110,949	83,483
Other income (deductions)	(210)	662
Net interest deductions	10,710	14,256
Income before income taxes	100,029	69,889
Income tax expense	28,057	20,526
Net income	71,972	49,363
Net income attributable to noncontrolling interest	5,357	2,695
Contribution to consolidated net income attributable to Centuri	<u>\$ 66,615</u>	<u>\$ 46,668</u>

(1) Included in Cost of sales during the twelve months ended September 30, 2020 and 2019 is depreciation expense of \$81,205 and \$66,893, respectively.

(2) Included in General and administrative expenses during the twelve months ended September 30, 2020 and 2019 is depreciation expense of \$2,880 and \$3,767, respectively.

SUMMARY OPERATING RESULTS

UTILITY INFRASTRUCTURE SERVICES (IN THOUSANDS)

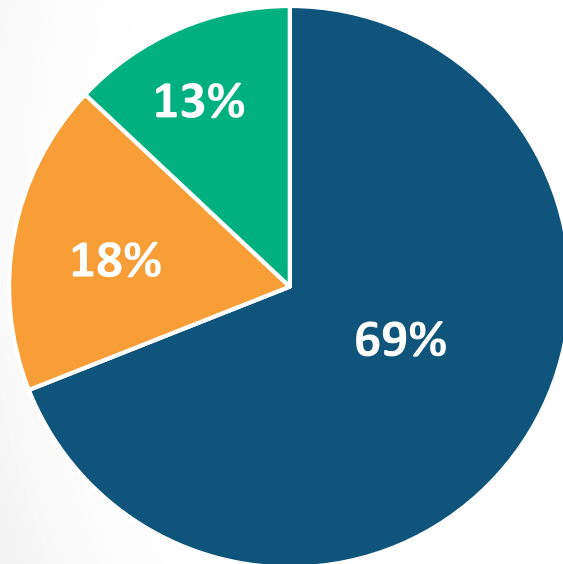
The following table presents the non-GAAP financial measures of EBITDA for the three and twelve months ended September 30, 2020 and 2019, which, when used in connection with net income attributable to Centuri, are intended to provide useful information to investors and analysts as they evaluate Centuri's performance. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. These measures 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 enables it to more effectively evaluate Centuri's operations period over period and to identify 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 measures 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 measures, are included below.

	<u>Three Months Ended September 30,</u>		<u>Twelve Months Ended September 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Contribution to consolidated net income attributable to Centuri	\$ 34,873	\$ 25,838	\$ 66,615	\$ 46,668
Net interest deductions	2,000	3,788	10,710	14,256
Income tax expense	13,629	10,051	28,057	20,526
Depreciation expense	21,519	20,234	84,085	70,660
Amortization of intangible assets	2,678	2,764	10,752	10,268
EBITDA	<u>\$ 74,699</u>	<u>\$ 62,675</u>	<u>\$ 200,219</u>	<u>\$ 162,378</u>

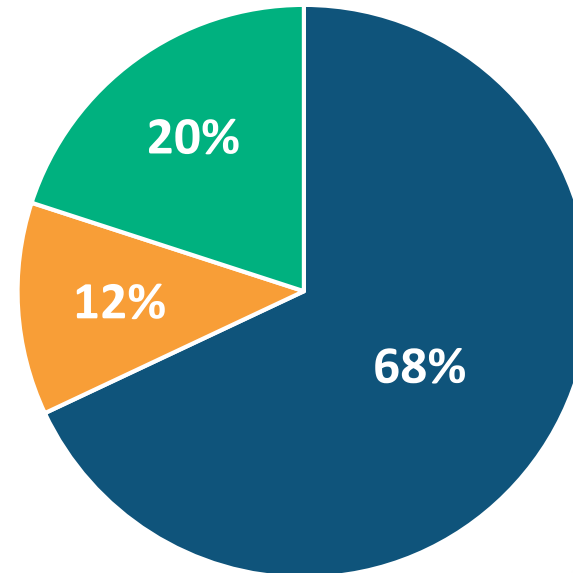
REVENUES BY SERVICE TYPE

UTILITY INFRASTRUCTURE SERVICES

Twelve Months Ended September 2020



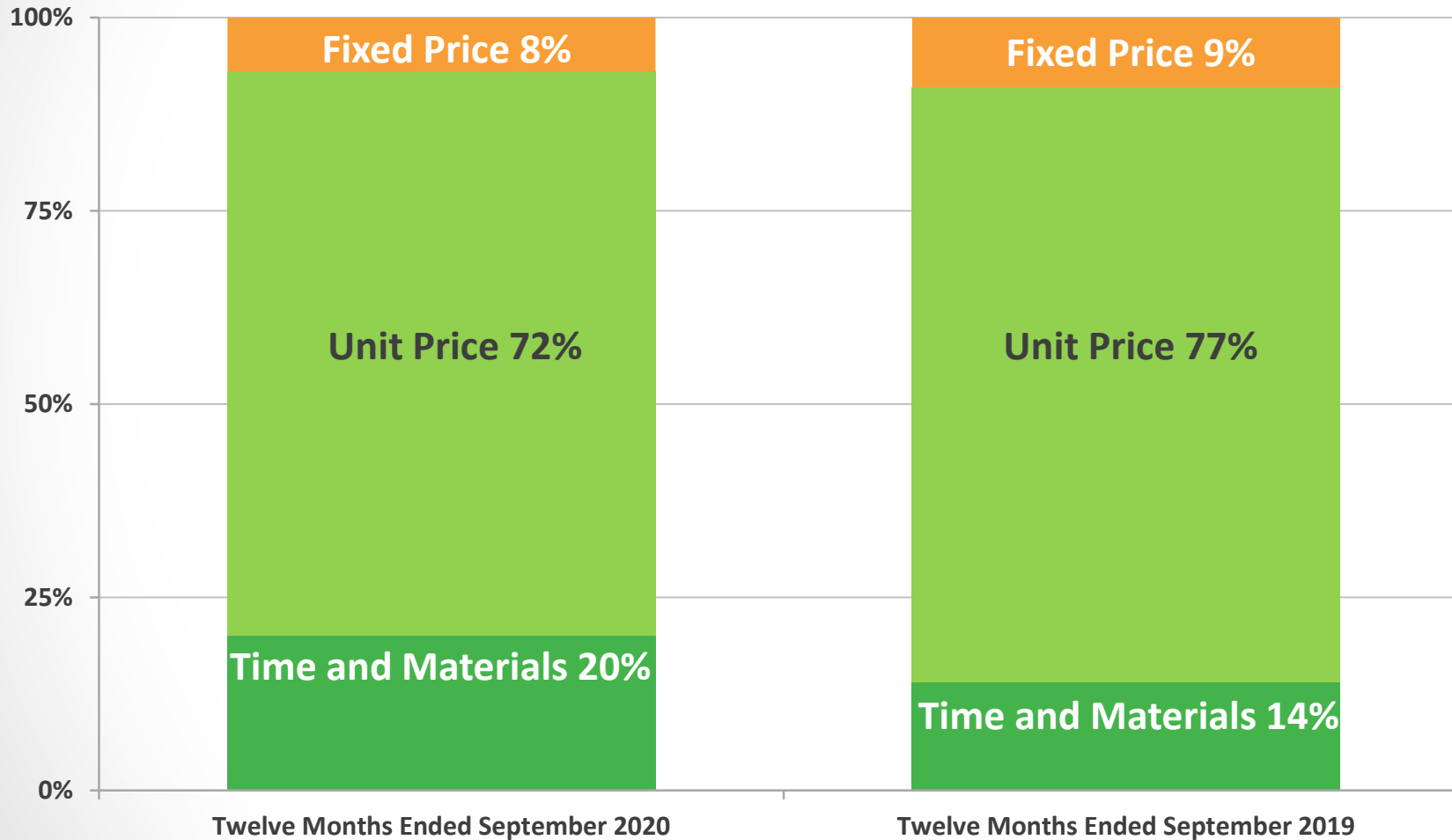
Twelve Months Ended September 2019



- Gas Infrastructure Services
- Electric Power Infrastructure Services
- Other Infrastructure Services

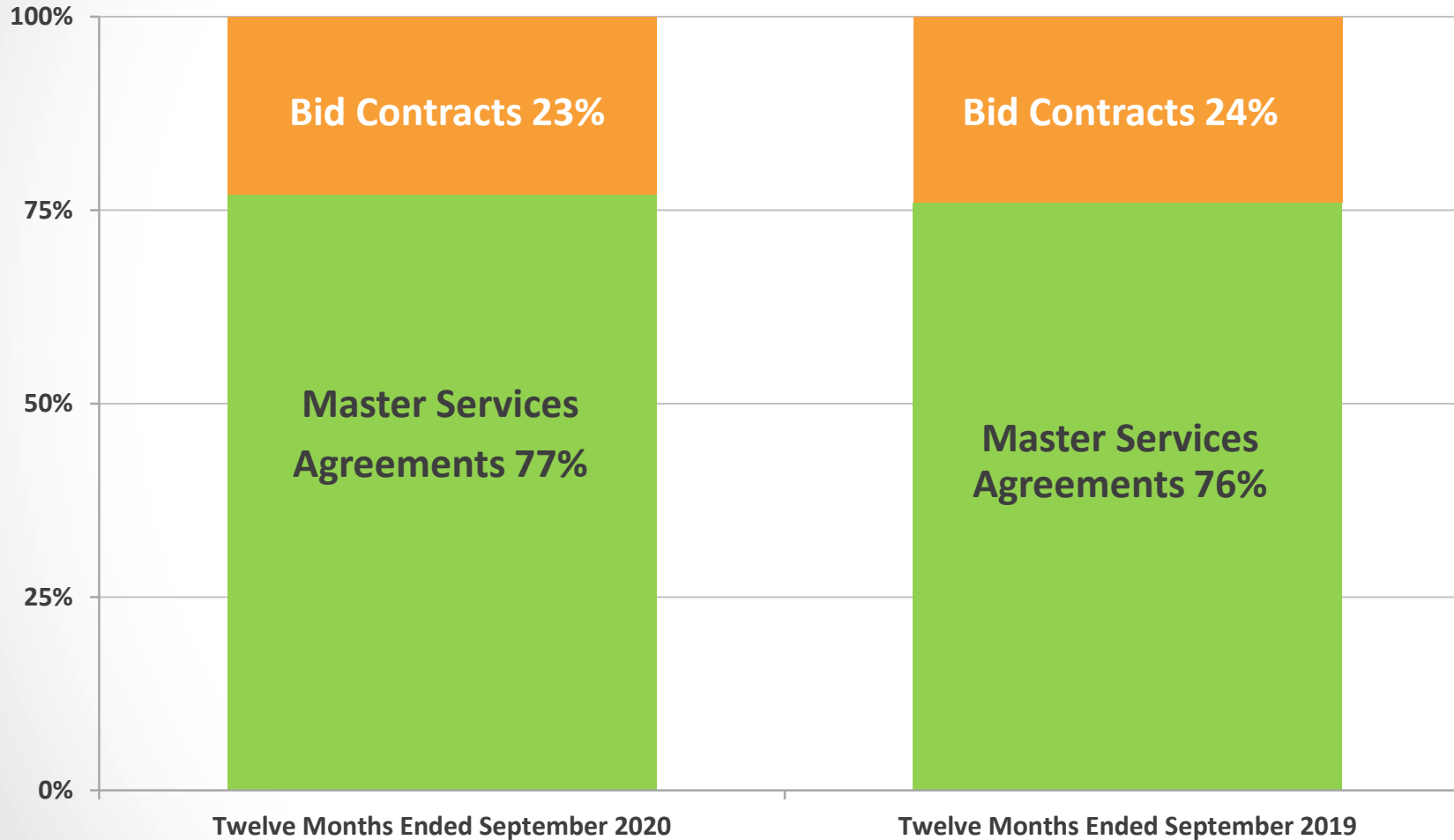
REVENUES BY CONTRACT PRICING TYPE

UTILITY INFRASTRUCTURE SERVICES



REVENUES BY CONTRACT STRUCTURE TYPE

UTILITY INFRASTRUCTURE SERVICES



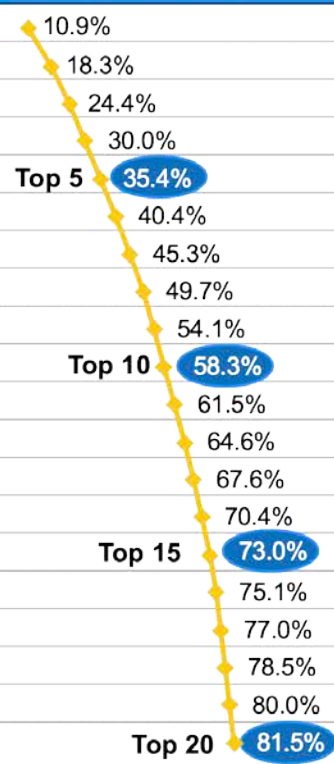
TOP 20 CUSTOMERS

UTILITY INFRASTRUCTURE SERVICES

>90%

Total Centuri Revenue From Regulated Utilities

#	Revenue as % of Total	Revenue ⁽¹⁾ (\$ in Millions)	Relationship Length (Years)	Total Contract Length (Years)
1	10.9%	\$205	42	5
2	7.4%	\$139	35	6
3	6.1%	\$114	24	7
4	5.6%	\$105	16	5
5	5.4%	\$101	19	5
6	5.0%	\$94	25	12
7	4.9%	\$92	13	5
8	4.4%	\$83	6	3
9	4.4%	\$82	43	3
10	4.2%	\$78	3	4
11	3.2%	\$61	12	8
12	3.1%	\$59	25	10
13	3.0%	\$57	20	5
14	2.8%	\$52	3	2
15	2.6%	\$49	31	8
16	2.1%	\$40	52	7
17	1.9%	\$35	4	5
18	1.5%	\$29	21	4
19	1.5%	\$28	9	5
20	1.5%	\$27	4	3
Total – Average (Weighted Average)		\$1,530	20 (23)	6 (6)



(1) Trailing Twelve Months Ended September 30, 2020

GOVERNANCE



ESG oversight by the
Nominating and Corporate
Governance Committee

COMMITTEE COMPOSITION

	AUDIT COMMITTEE	COMPENSATION COMMITTEE	NOMINATING AND CORP GOVERNANCE COMMITTEE
Michael J. Mefarkey - Chairman			
Robert L. Boughner			
José A. Cárdenas			
Stephen C. Comer ★			
Jane Lewis-Raymond			
Anne L. Mariucci ★			
A. Randall Thoman ★			
Thomas A. Thomas			
Leslie T. Thornton			

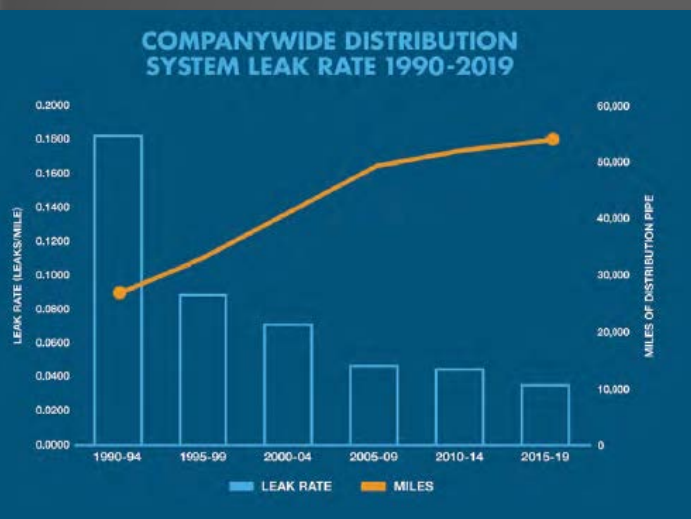
CHAIRPERSON
 MEMBER
 ★ FINANCIAL EXPERT

BOARD DIVERSITY

TOTAL PERCENTAGE	MALE	FEMALE	MINORITY
	70%	30%	20%

ENVIRONMENTAL STEWARDSHIP

Reduced leak rates



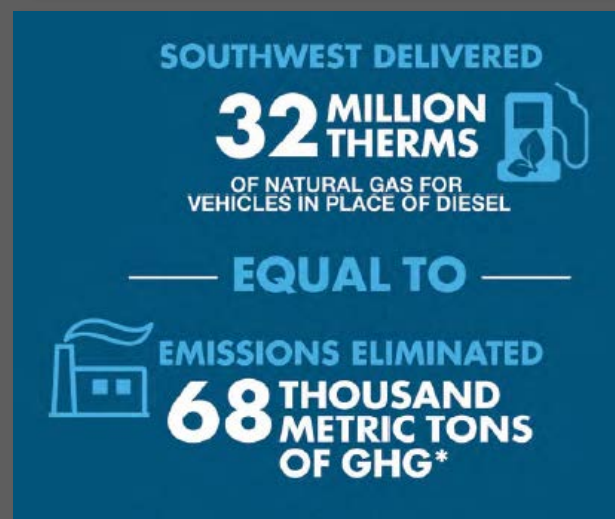
Our leak rate continues to decline even though we have more than doubled our infrastructure system by adding approximately 30,000 miles of pipe.

Emissions goal



We have set an aggressive goal to reduce Southwest’s greenhouse gas emissions from our company fleet and building facilities by 20% by 2025.

CNG for fleets



We continue to convert fleet customers to clean and affordable natural gas, effectively removing the equivalent of 14,500 passenger vehicles off the street.

Bringing RNG to market



We continue to pursue opportunities to include renewable natural gas in our energy offering.

RNG DEVELOPMENTS

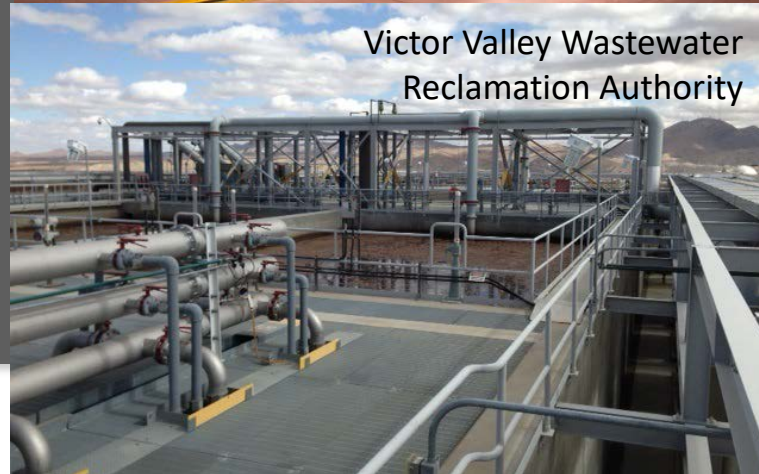
- Finalizing partnerships in Arizona, California and Nevada
- Supportive regulatory tariffs or mechanism for RNG
 - GCIM amendment to support RNG purchases
 - SB 154
 - G65



Regional Transportation Commission



Paloma Dairy



Victor Valley Wastewater Reclamation Authority



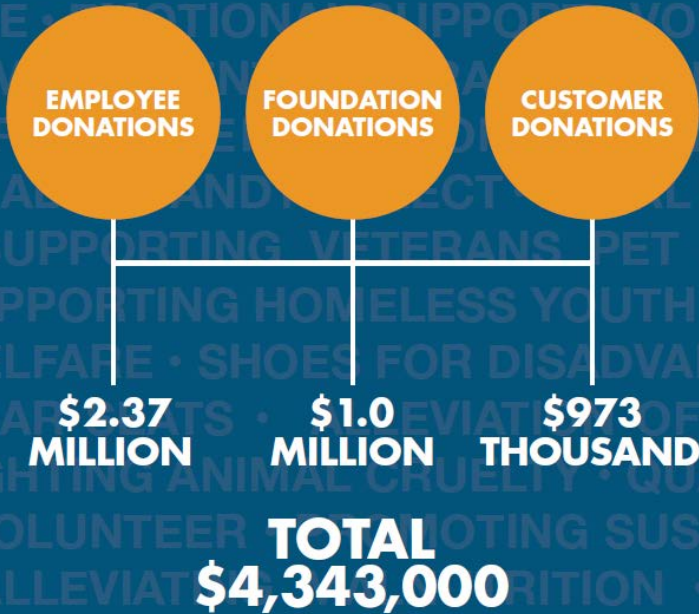
Pima County Wastewater Treatment

SOCIAL HIGHLIGHTS

96% CUSTOMER SATISFACTION

AVERAGE CUSTOMER RELATIONSHIP OF OVER 20 YEARS

EMPLOYEE, FOUNDATION AND CUSTOMER DONATIONS



HUNGER INITIATIVE



Provided more than 72,000 meals to 47 nonprofit organizations
Collected over 31,000 lbs. of food for distribution to 18 nonprofits
Created over 1,300 emergency food bags for donation to 5 nonprofits

COMMUNITY IMPACT



Facilitated Energy Share assistance to over 5,700 individuals in nearly 2,300 households



Volunteered over 3,300 hours in U.S. and Canada



Donated 550 backpacks to students in need



Adopted over 500 children for the holidays to receive presents



Planted or delivered over 300 trees and plants

COMMITMENTS



Sustainability

We are committed to safety, caring for the environment, providing affordable energy options for customers, supporting our local communities, being an employer of choice and creating economic value through sustainable and responsible business practices.



Environmental

We continually strives to provide services to our customers in a safe and environmentally responsible manner by promoting the protection and preservation of natural resources.



Human Rights

We oppose human trafficking, child labor and forced labor practices anywhere in the world, and we are committed to the protection of men, women, children and all vulnerable populations within our operating territories.

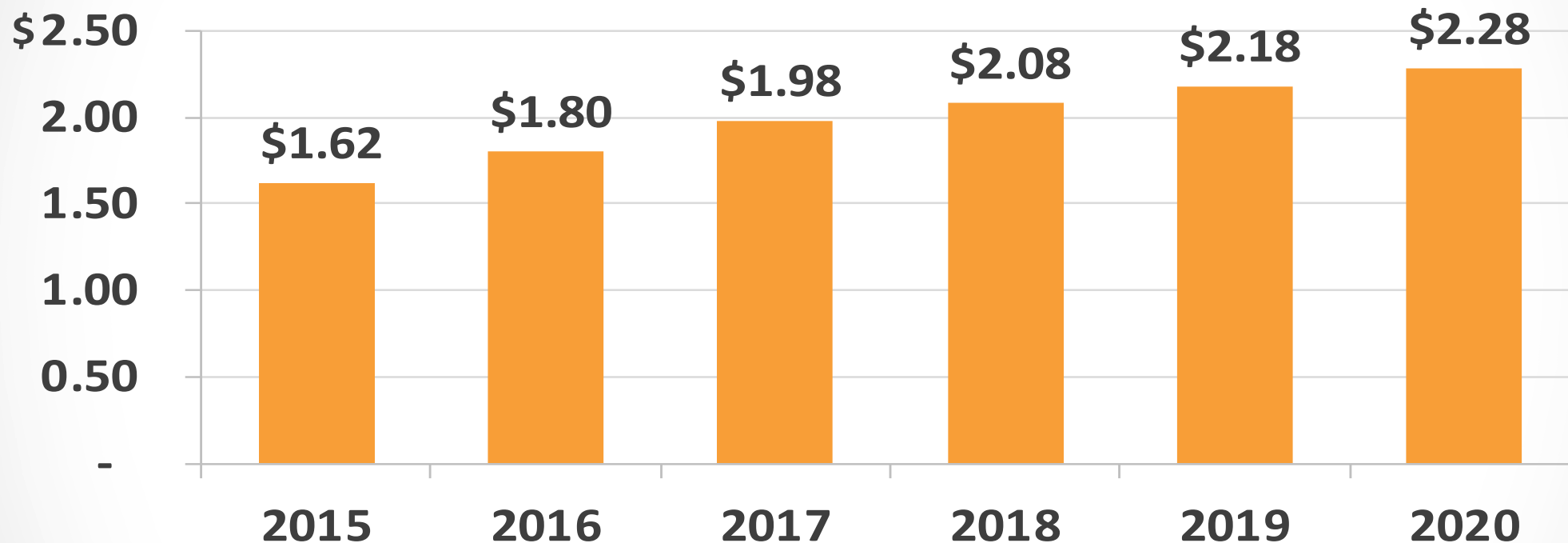
STOCK PERFORMANCE

Southwest Gas Holdings, Inc.
Common Stock Closing Price
September 30, 2010 – September 30, 2020



DIVIDEND GROWTH

7.1% 5-Year Dividend CAGR



CAGR = compound annual growth rate

Maintain target payout ratio between 55% – 65%

Expect future dividends to increase at the sustainable earnings growth rate

COMPARATIVE TOTAL RETURNS

Total Returns for Periods Ended September 30, 2020

	1-Year	3-Year	5-Year	10-Year
Southwest Gas Holdings	(28.49%)	(4.05%)	4.33%	9.41%
S&P 400 MidCap Gas Index	(29.21%)	(6.06%)	3.84%	7.77%
S&P Composite Utilities Index	(7.05%)	6.70%	10.15%	10.73%
S&P 500 Index	15.09%	12.25%	14.12%	13.72%

Total Return = Price appreciation plus gross dividends reinvested

CREDIT RATINGS

Investment Grade Ratings

Southwest Gas Holdings, Inc.

	Moody's	S&P	Fitch
Issuer Rating	Baa1	BBB+	BBB+
Outlook	Negative	Stable	Stable

Southwest Gas Corporation

	Moody's	S&P	Fitch
Senior Unsecured	A3	A-	A
Outlook	Negative	Stable	Stable

CONSOLIDATED CAPITAL STRUCTURE

(IN MILLIONS)

<u>Capitalization at September 30,</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Equity ¹	\$ 1,640	\$ 1,714	\$ 1,946	\$ 2,508	\$ 2,727
Long-Term Debt ²	1,643	1,760	2,157	2,500	2,730
Total Permanent Capital	<u>\$ 3,283</u>	<u>\$ 3,474</u>	<u>\$ 4,103</u>	<u>\$ 5,008</u>	<u>\$ 5,457</u>
Capitalization ratios					
Equity ¹	50.0%	49.3%	47.4%	50.1%	50.0%
Long-Term Debt ²	50.0%	50.7%	52.6%	49.9%	50.0%
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 interests, if applicable.

² Includes current maturities of long-term debt.

NON-GAAP MEASURE

- Non-GAAP Measure** – 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 September 30,		Twelve months ended September 30,	
	2020	2019	2020	2019
	(In thousands)			
<u>Natural Gas Operations</u>				
Gas operating revenue	\$ 210,834	\$ 209,980	\$ 1,355,666	\$ 1,359,581
Less: Net cost of gas sold	36,321	35,068	356,925	393,141
Operating margin	<u>\$ 174,513</u>	<u>\$ 174,912</u>	<u>\$ 998,741</u>	<u>\$ 966,440</u>