

Earnings Conference Call First Quarter 2023

May 9, 2023



Safe Harbor Statement

Forward-Looking Statements

Unless context otherwise requires, in this presentation, references to “we”, “us” and “our” are to Southwest Gas Holdings, Inc. (NYSE: SWX) (“Southwest Gas” or the “Company” or “SWX”) together with its consolidated subsidiaries, which include, among others, Southwest Gas Corporation (“Southwest”, “SWG” or “Natural Gas Distribution” segment), MountainWest Pipelines Holding Company (“MountainWest”, “MW” or “Pipelines and Storage” segment) formerly known as Dominion Energy Questar Pipelines, LLC, Centuri Group, Inc. (“Centuri” or “Utility Infrastructure Services” segment) and Great Basin Gas Transmission Company (“Great Basin” or “GBGTC”). The following are subsidiaries of Centuri: NPL Construction Co. (“NPL”), NPL Canada Ltd. (“NPL Canada”), New England Utility Constructors, Inc. (“Neuco”), Linetec Services, LLC (“Linetec”), Riggs Distler & Company, Inc. (“Riggs Distler”), Canyon Pipeline Construction, Inc. (“Canyon”), National Powerline LLC (“National Powerline”) and W.S. Nicholls Construction Inc. (“WSN Construction”).

This presentation contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements include, without limitation, statements regarding the Company and the Company’s expectations or intentions regarding the future. These forward-looking statements can often be identified by the use of words such as “will”, “predict”, “continue”, “forecast”, “expect”, “believe”, “anticipate”, “outlook”, “could”, “target”, “project”, “intend”, “plan”, “seek”, “estimate”, “should”, “may” and “assume”, as well as variations of such words and similar expressions referring to the future, and include (without limitation) statements regarding our expectations for our utility infrastructure services, natural gas operations, and pipeline and storage segments, estimated future capital expenditures, projected rate base growth, O&M per customer expectations, our 2023 financial guidance and expected value drivers, SWX and SWG financing plan, including forms of financing and amounts to be raised, and expectations with respect to future dividends, expectations with respect to a spin-off of Centuri, and the future performance of the Company, Southwest Gas Corporation and Centuri. A number of important factors affecting the business and financial results could cause actual results to differ materially from those stated in the forward-looking statements. These factors include, but are not limited to, the timing and impact of executing (or not executing) on various strategic alternatives, including whether we will spin Centuri, the timing and amount of rate relief, changes in rate design, customer growth rates, the effects of regulation/deregulation, tax reform and related regulatory decisions, the impacts of construction activity at Centuri, the potential for, and the impact of, a credit rating downgrade, future earnings trends, inflation, increasing interest rates, sufficiency of labor markets and similar resources, seasonal patterns, current and future litigation, the costs and effect of stockholder activism, and the impacts of stock market volatility. In addition, the Company can provide no assurance that its discussions about future operating margin, operating income, COLI earnings, interest expense, and capital expenditures of the natural gas distribution segment will occur. Likewise, the Company can provide no assurance regarding utility infrastructure services segment revenues, EBITDA, EBITDA margin or growth rates, that projects expected to be undertaken with results as stated will occur, nor that interest expense patterns will transpire as expected, nor assurance regarding potential transactions or their impacts, including management’s plans or expectations related thereto, including with regard to Centuri. The Company does not assume any obligation to update the forward-looking statements, whether written or oral, that may be made from time to time, whether as a result of new information, future developments, or otherwise.

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 are 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, those discussed under the heading “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Quantitative and Qualitative Disclosure about Market Risk” in the Company’s most recent Annual Report on Form 10-K and in the Company’s and Southwest Gas Corporation’s current and periodic reports, including our Quarterly Reports on Form 10-Q, filed from time to time with the SEC, and other reports that we file with the SEC from time to time.

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 website 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.

Non-GAAP Measures

Non-GAAP Measures. This presentation contains financial measures that have not been calculated in accordance with accounting principles generally accepted in the U.S. (“GAAP”). These non-GAAP measures include (i) Southwest Gas adjusted earnings per share, (ii) Southwest Gas adjusted net income, (iii) Corporate and Administrative adjusted earnings per share, (iv) Corporate and Administrative adjusted net income, (v) natural gas distribution segment adjusted earnings per share, (vi) natural gas distribution segment adjusted net income, (vii) utility infrastructure services segment adjusted net income, (viii) utility infrastructure services segment EBITDA, (ix) utility infrastructure services segment adjusted EBITDA, (x) pipeline and storage segment adjusted earnings per share. Management uses these non-GAAP measures internally to evaluate performance and in making financial and operational decisions. Management believes that its presentation of these measures provides investors greater transparency with respect to its results of operations and that these measures are useful for a period-to-period comparison of results. Management also believes that providing these non-GAAP financial measures helps investors evaluate the Company’s operating performance, profitability, and business trends in a way that is consistent with how management evaluates such performance.

Speakers and Agenda

SPEAKERS



KAREN HALLER

PRESIDENT AND CEO
SOUTHWEST GAS HOLDINGS



ROB STEFANI

SVP/CFO
SOUTHWEST GAS HOLDINGS



JUSTIN BROWN

PRESIDENT
SOUTHWEST GAS CORPORATION



PAUL DAILY

PRESIDENT AND CEO
CENTURI GROUP, INC.



THOMAS MORAN

VP/GENERAL COUNSEL/
CORPORATE SECRETARY
SOUTHWEST GAS HOLDINGS

PRESENTATION AGENDA

Strategic Update

Financial Update

Business Update

Guidance and Outlook

SWX: Becoming a Premier, Fully Regulated Natural Gas Utility

Utility Positioned for Continued Growth and Success

- Delivering safe, reliable, sustainable and affordable energy solutions across our footprint
- Significant population growth & strong demand across service territories
- Clear strategic focus on optimizing utility performance
- Working collaboratively with regulators to drive constructive regulatory outcomes to complement strong organic rate base growth
- Partnering with stakeholders to establish frameworks across jurisdictions to support investment opportunities in emerging technology energy initiatives

Committed to Delivering Value for SWX Stockholders

- Targeting **5% to 7%** rate base growth over the next three years
- Delivering competitive dividend to stockholders
- Maintaining strong investment grade balance sheet
- Completed sale of MountainWest; Advanced Centuri spin with IRS and ACC filings

Executing SWX's 2023 Strategic Priorities

MW Sale	Complete	
Closed	<input checked="" type="checkbox"/>	1Q 2023
RAS/RES	Complete	
Ratings Analyses	<input checked="" type="checkbox"/>	1Q 2023
2023 Financing Plan	Complete	
SWX Equity (~\$250 million)	<input checked="" type="checkbox"/>	1Q 2023
SWG Bond (~\$300 million)	<input checked="" type="checkbox"/>	1Q 2023
SWX Term Loan (~\$550 million)	<input checked="" type="checkbox"/>	2Q 2023
Centuri Spin	On Track	
IRS Private Letter Ruling Filing	<input checked="" type="checkbox"/>	1Q 2023
Arizona Corporation Commission Filing	<input checked="" type="checkbox"/>	2Q 2023
SEC Form 10 Submission	<input type="checkbox"/>	2Q 2023 – 3Q 2023
Centuri De-leveraging	<input type="checkbox"/>	4Q 2023 – 1Q 2024
Spin Day One	<input type="checkbox"/>	4Q 2023 – 1Q 2024
2023 Utility and Regulatory Strategy	On Track	
Arizona PGA Recovery Mechanism Filing	<input checked="" type="checkbox"/>	1Q 2023
Arizona Rate Case Finalized	<input checked="" type="checkbox"/>	1Q 2023
Nevada Rate Case Filing	<input type="checkbox"/>	3Q 2023
Utility Optimization Review and Prioritization of Initiatives	<input type="checkbox"/>	1Q 2023 – 4Q 2023

First Quarter 2023 Operational Highlights



\$23 million year over year increase in first quarter net income



42,000 new meter sets added during the last 12 months



Arizona general rate case finalized with revenue increase of \$54.3 million (the largest revenue increase in company history) and new rates effective February 1, 2023



Requested authority to modify PGA recovery mechanism in Arizona to facilitate faster recovery of the gas acquisition costs or receive improved cost of carry



Preparing third quarter 2023 Nevada rate case filing



SWG issued ~\$300 million of 5.45% Senior Notes due March 23, 2028 – with proceeds used to repay term loans/revolver and for general corporate purposes



\$28 million year over year increase in first quarter adjusted EBITDA



Reduced LTM net debt/EBITDA by ~0.5x from prior quarter



\$31 million storm restoration services revenue – represents approximately 2x the 2022 revenue generated in the first quarter



Signed \$172 million contract for new offshore wind business to support a project in New York, bringing Centuri to over \$525 million total in wind projects under contract



Signed \$125 million gas pipeline construction contract in Indiana - \$30 million of revenue recognized in first quarter

Utility Optimization Progress

Executing a multi-step evaluation process to optimize utility performance and deliver value to all stakeholders

1Q 2023

2Q 2023

3Q 2023

4Q 2023

Comprehensive Review and Identification of Potential Opportunities

Key Focus Areas

- Safe, reliable, sustainable, and affordable service
- Support customer growth and evolving customer needs
- Disciplined O&M
- CapEx optimization to support customer growth and system improvements
- Optimization of rate case process
- Delivery of sustainable energy options for customers

Evaluation and Prioritization of Initiatives to Execute

Projected Outcomes

- Constructive regulatory outcomes
- Meet and exceed customer and regulator expectations
- Attractive rate base growth of 5% - 7%
- ROE improvement
- Financial stability and improved credit profile
- Earnings growth

Strong Demand Dynamics Supporting Value Creation

Strong Economic Growth Across Service Areas

- From 2023 to 2028, projected population growth of 3.76% in Arizona and 3.95% in Nevada¹
- Between 2018 to 2022 First-Time Meter Sets increased:



in Arizona

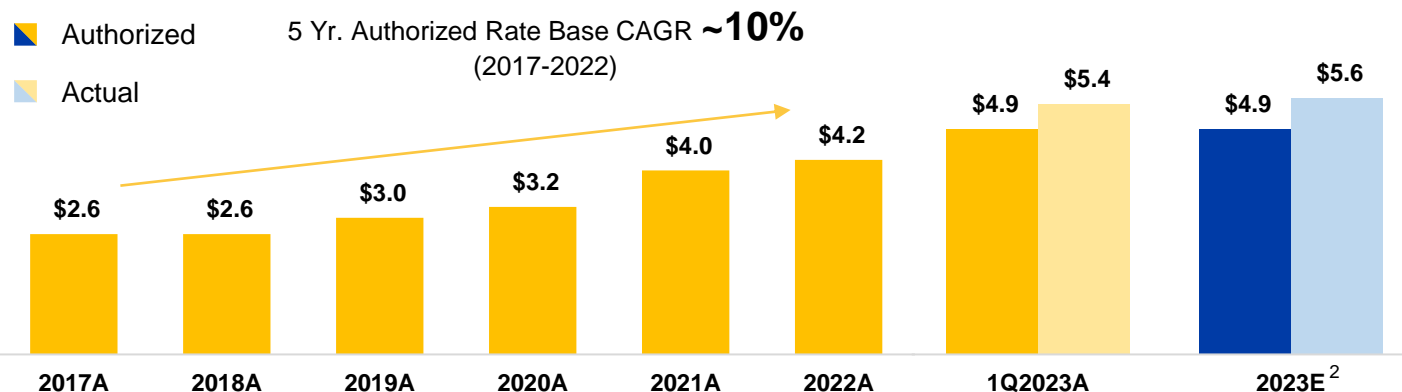


in California



in Nevada

Rate Base (\$ in billions)



\$2B

Capital Investment

Estimated 2023 – 2025

Plan Highlights

46%

in Safety & Integrity Management

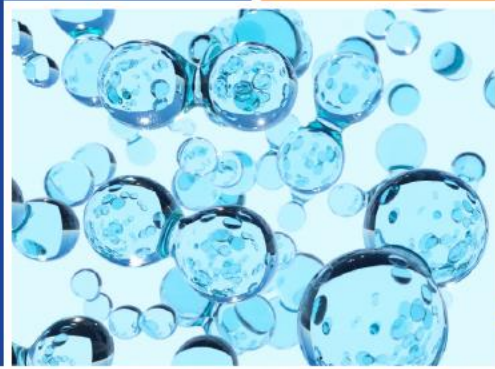
36%

in New Business & Reliability

65% - 70%

Expected percentage of three-year capital plan funded by internally generated cash

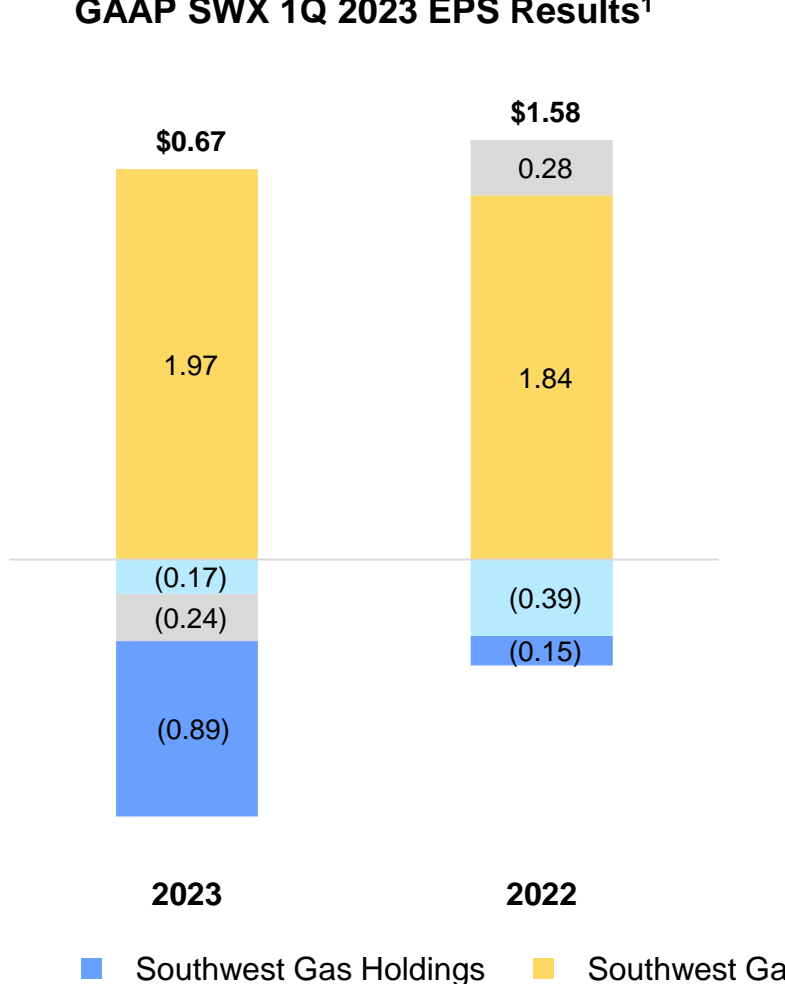
Financial Update



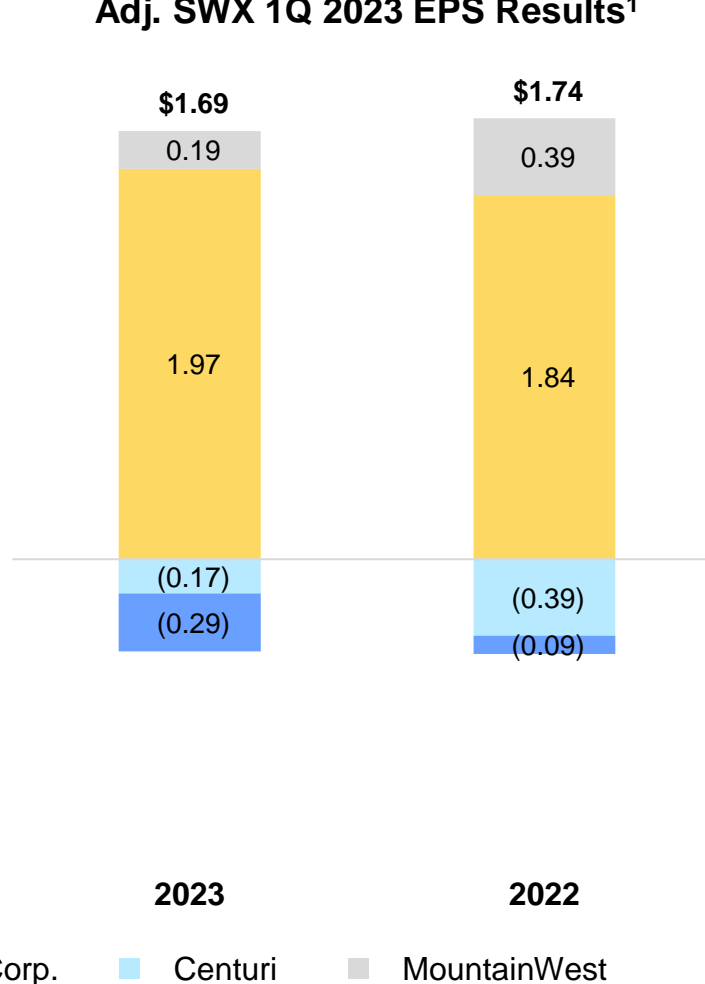
Southwest Gas
HOLDINGS

1Q 2023 SWX Results

GAAP SWX 1Q 2023 EPS Results¹



Adj. SWX 1Q 2023 EPS Results¹



Financial Highlights

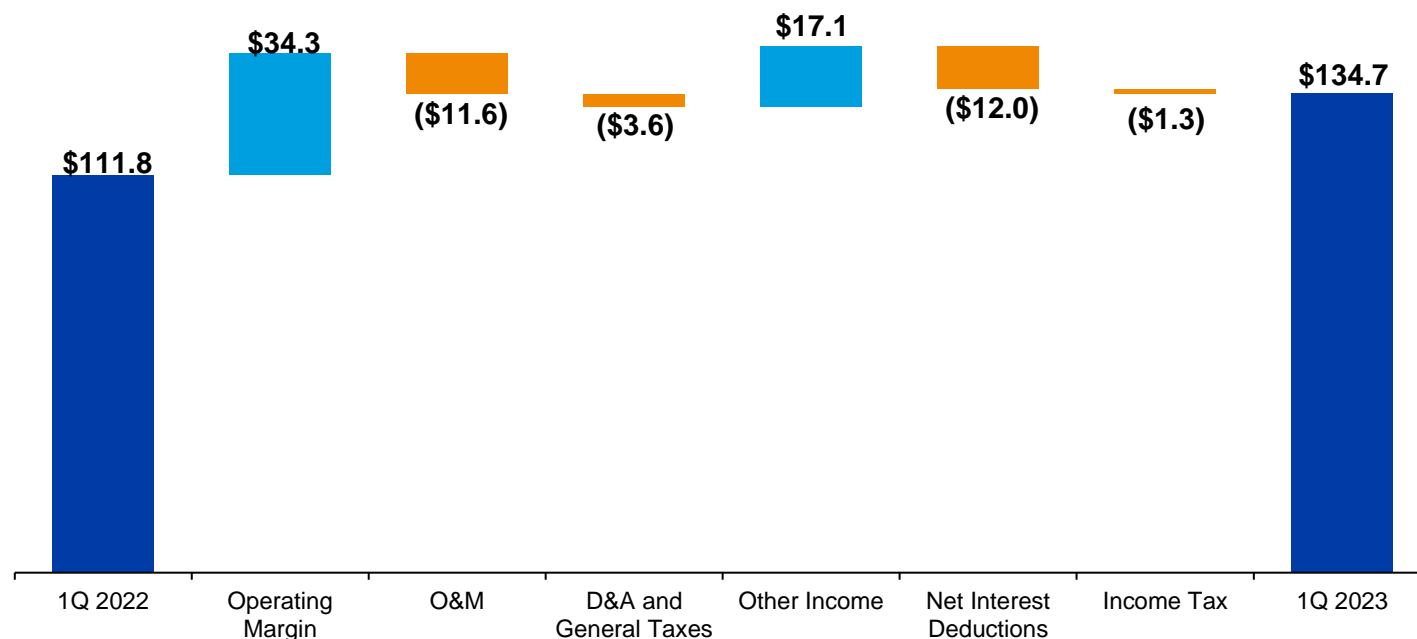
- Consolidated adjusted net income of ~\$116 million resulting in adjusted earnings per share of ~\$1.69
- SWG recorded highest quarterly net income on record
- Centuri recorded highest first-quarter revenue and EBITDA on record
- SWX earnings impacted by costs associated with the sale of MW, the Centuri Spin, and MW dis-integration costs
- MW earnings impacted by the goodwill impairment/loss on sale and tax impacts

1Q 2023 Southwest Net Income

NATURAL GAS DISTRIBUTION SEGMENT

Net Income (\$ in millions)

■ Favorable ■ Unfavorable



Year over year net income drivers include:

(parenthesis indicate unfavorable net income drivers)

↑ favorable impact to adj. net income ↓ unfavorable impact adj. to net income

↑ Operating Margin

- \$14 million – AZ and NV rate relief
- \$5 million – Customer growth

↓ O&M

- (\$4 million) – Increased cost of fuel used in operations¹
- (\$3 million) – Outside services
- (\$2 million) – Combined leak survey and line locating
- (\$1 million) – Insurance related claims

↓ D&A and General Taxes

- 6% Increase in avg. gas plant since 1Q 2022

↑ Other Income

- \$10 million – Increased interest income due to the increased receivable position related to the PGA mechanisms
- \$5 million – Decreased non-service-related components of employee pension and other retirement benefit costs
- \$4 million – Increase in COLI policy cash surrender

↓ Interest

- Primarily driven by interest associated with the issuance of \$600 million of Senior Notes in March 2022 and \$300 million of Senior Notes in March 2023

Highest Quarterly Net Income on Record



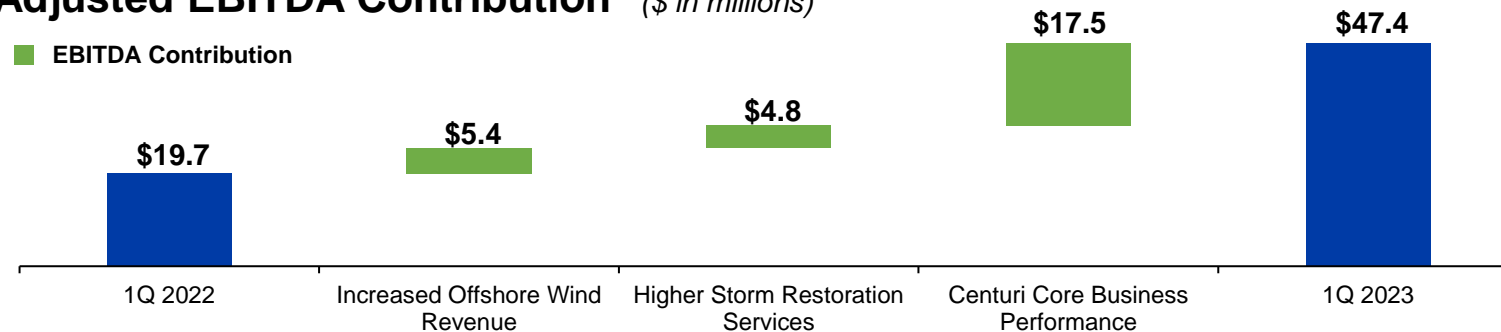
Notes:

¹ Fuel used in operations offset in margin

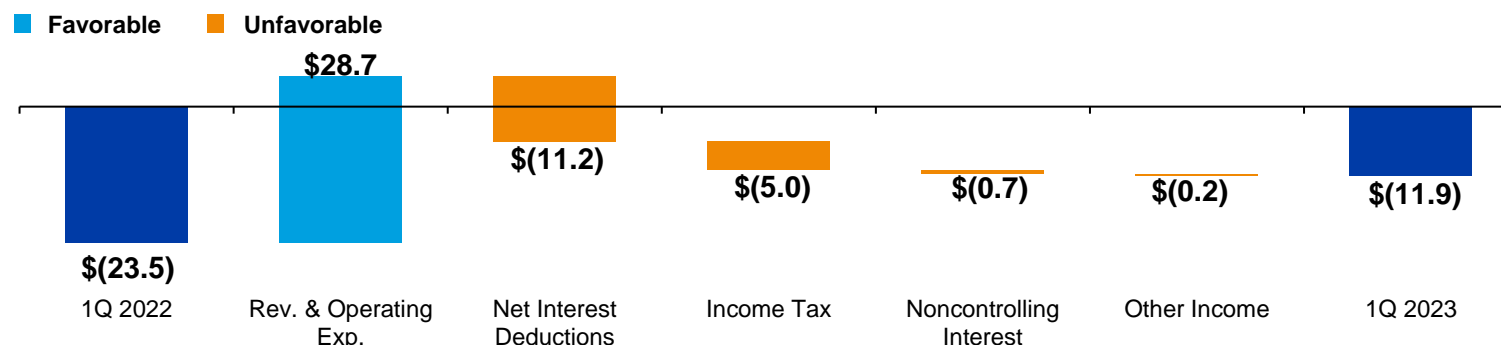
1Q 2023 Centuri Adjusted EBITDA and Net Income (Loss)

UTILITY INFRASTRUCTURE SERVICES SEGMENT

Adjusted EBITDA Contribution¹ (\$ in millions)



Net Income (Loss) (\$ in millions)



Year over year drivers include:

(parenthesis indicate unfavorable net income drivers)

↑ favorable impact to adj. net income ↓ unfavorable impact adj. to net income

↑ Revenues

- \$129 million – Total increase
- \$43 million – Increase in offshore wind revenue at Riggs Distler
- \$30 million – Large gas infrastructure project
- \$17 million – Increased storm restoration services

↓ Operating Expenses

- (\$100 million) Total increase – driven by higher volume of infrastructure services provided, increased subcontractor costs on offshore wind projects

↓ Net Interest Deductions

- Primarily due to higher interest rates on outstanding variable-rate borrowings associated with Riggs Distler acquisition

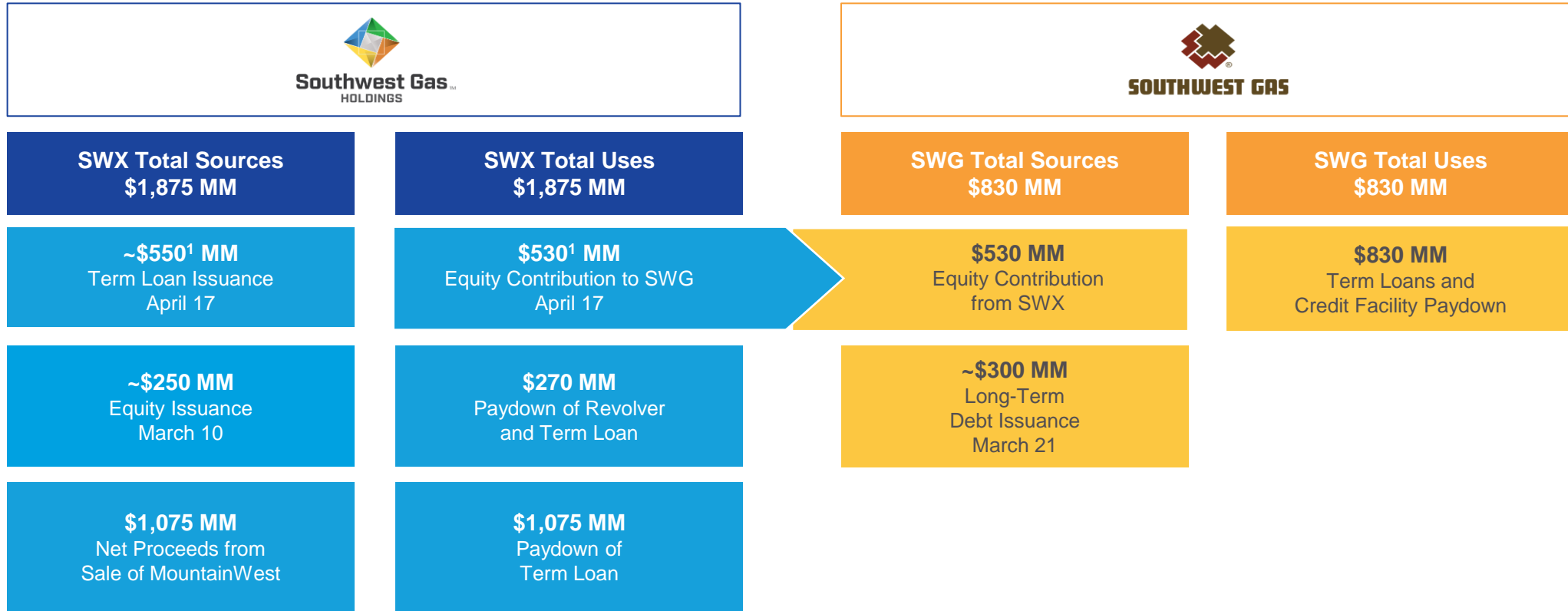
Record First Quarter Revenue and Adjusted EBITDA



Notes: See appendix for Adjusted EBITDA reconciliation.

¹ Adjusted EBITDA excludes costs of strategic review, one-time acquisition costs and non-cash stock-based compensation expense

2023 Financing Plan Complete



Limited Near-Term Equity Needs for 2024 and 2025

Business Update



Southwest Gas
HOLDINGS

Southwest Regulatory Update

Rate Case Activity

Arizona Rate Case Results Summary

The ACC approved SWG's most recent rate case, authorizing the largest revenue increase in SWG history (\$54 million) with rates effective February 1, 2023

Test Year	Twelve months ended August 2021
Post Test Year Plant	Twelve months ended August 2022
Equity Ratio	50%
Rate of Return	ROE: 9.3%; ROR: 6.73%
Rate Base	\$2.6 billion (~\$700 million increase)
Revenue Increase	\$54 million

Notes

- Prehearing stipulation on key issues: ROE and equity layer
- Continuation of full revenue decoupling
- Continuation of COYL program (infrastructure tracker program)
- Continuation of property tax tracker
- Continuation of TEAM (income tax tracker)
- Gas purchases, including \$185 million related to Winter Storm Uri, deemed prudent

Anticipated Timing of Future Rate Case Filings



3Q 2023



3Q 2024



Great Basin™
GAS TRANSMISSION COMPANY
A subsidiary of Southwest Gas

1Q – 2Q 2025¹

Southwest Regulatory Update

Other Regulatory Activity



Great Basin 2023 – Mainline Replacement Project

FERC issued order in February 2023 granting a certificate of public convenience and necessity (CPCN) for the construction and operation of the project which contemplates the replacement of ~20.4 miles of 16” pipe in Humboldt County. The current project estimate is ~\$47 million.

California Fort Irwin Expansion Project

Filed application with CPUC in November 2022 seeking authority to expand its service territory in Southern California to accommodate the Ft. Irwin expansion project.

Nevada Annual Rate Adjustment Filing

The Commission approved an all-party settlement authorizing a statewide increase in revenues of ~\$12 million and found that the Company’s gas purchases during the test period were reasonable and prudent.

Arizona PGA Filing

Filed application requesting authority to modify the Company’s PGA mechanism to facilitate faster recovery of the gas acquisition costs or receive improved cost of carry.

Great Basin 2024 – Expansion Project

Application filed with FERC in April 2023 seeking an order to abandon and replace certain pipeline facilities and granted a CPCN to construct and operate certain facilities to expand the transportation capacity of the system. The current project estimate is ~\$15 million.

California Hydrogen Demonstration Project

Application pending before CPUC approval of a hydrogen-blending demonstration project in Northern California.

Arizona COYL Annual Surcharge Filing

ACC is reviewing the Company’s annual COYL Surcharge filing submitted in February 2023, with a requested \$4.3 million margin increase. A decision is anticipated in May.

Legislative Activity - Nevada

Executive Order 2023-07

Outlines the state's energy priorities and policy objectives for the next decade

Focus

- Supports an all-of-the-above approach to energy in the state
- Emphasizes the importance of affordability and reliability of energy for consumers
- Protects the use of natural gas in homes and businesses and ensures Nevadans continue to have all energy options available to them
- Promotes economic development and investment in Nevada

SB 281 Gas Planning

Establishes an infrastructure planning process with the PUCN for natural gas utilities

Requires three-year plan to include:

- Current & projected demands for natural gas
- Significant projects & investments
- Energy efficiency & load management programs
- Renewable energy & low-carbon fuel initiatives

Gas Planning Benefits



Supports investment in clean fuel technologies and R&D opportunities



Creates opportunity to seek regulatory pre-approval for certain investments



Reinforces natural gas's role in providing safe, reliable and affordable energy



Creates pathways for natural gas utilities to support GHG reduction goals



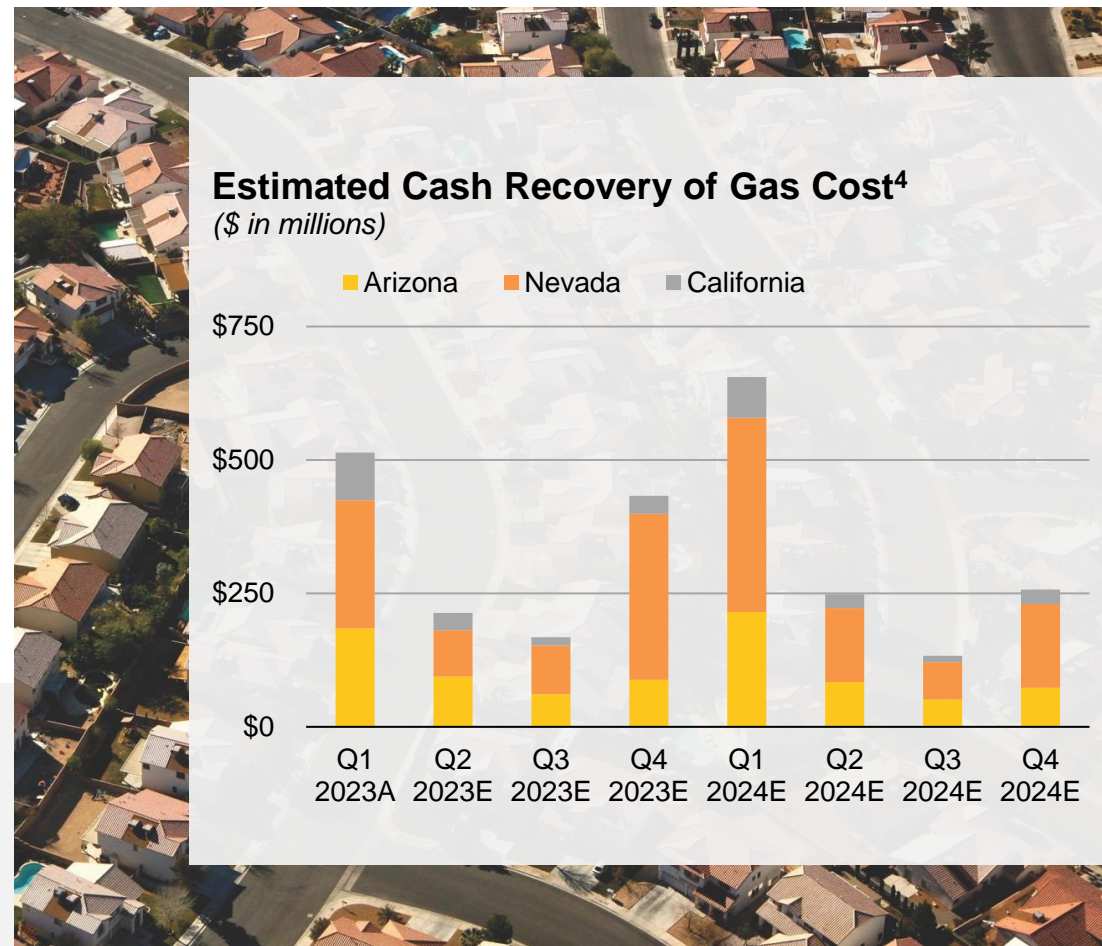
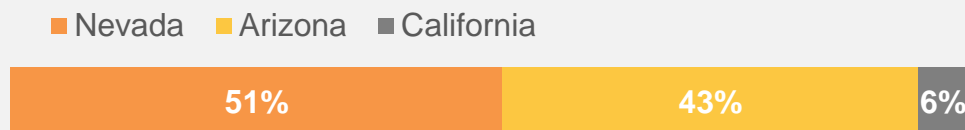
Enhances transparency for customers and interested stakeholders

Summary of Gas Cost Balances and Recovery Mechanisms

PGA¹ Balance and Recovery Mechanism Summary

State	Dec. 2022 Receivable Balance (\$ in millions)	Mar. 2023 Receivable Balance (\$ in millions)	Carrying Cost Rate	Gas Cost Rate Adjustment Frequency
AZ	\$292.5	\$417.9	1 Year Treasury Rate	Monthly ²
NV	\$150.3	\$495.7	Weighted Average Cost of Capital	Quarterly ²
CA	\$7.3	\$56.7	Commercial Paper Rate	Monthly ³
Total	\$450.1	\$970.3		

Balances by State as of 3/31/2023



Notes:

¹ PGA refers to FERC Acct. 191

² Using a 12-month rolling average, to account for changes in the cost of gas SWG purchased on behalf of its customers, with no profit to SWG

³ The gas cost rate is adjusted monthly based on a one-month forecast cost of gas plus the difference in the prior month's over or under recovery of the PGA balance

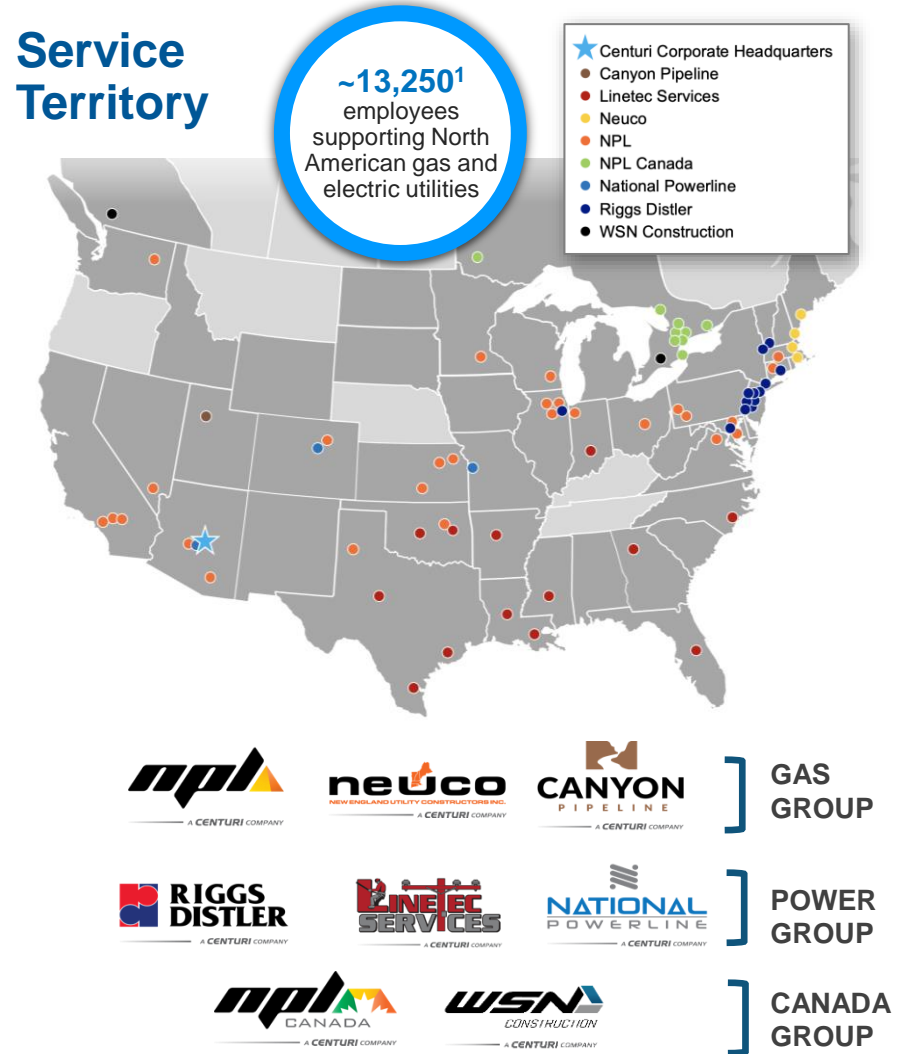
⁴ Includes estimated recoveries for base gas costs and gas cost balancing accounts

Centuri Overview: Strategic Utility Infrastructure Services Leader

High-Quality Utility Customer Base

Gas		Electric	Combination	

Service Territory



Notes:

¹ Peak employee headcount based on December 31, 2022 payroll inclusive of active and inactive employees

Centuri Execution on 2023 Projects

Achieving Growth

New Awards & Value-Enhanced Contracts

Signed \$125 million gas pipeline construction contract in Indiana

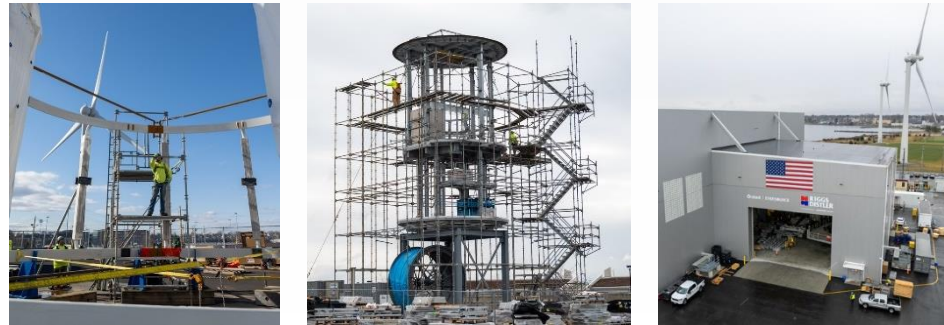


Strong Sector Outlook

Multi-decade outlook for significant growth in gas and electric T&D markets, significant multi-year opportunities in 5G and offshore wind related infrastructure

Clean Energy Projects Expansion

- \$47.5 million revenue recorded for sustainable wind energy projects during 1Q 2023 and projecting ~\$250 million for the full year
- Contracted to provide onshore assembly, fabrication, and port logistics for offshore wind projects in Mid-Atlantic and Northeastern United States
- Total of all wind contracts signed to date just over \$525 million
 - Southfork and Revolution projects are underway in Rhode Island
 - An additional contract has been signed for Ocean Wind in Maryland
 - Executed contract for Sunrise project in New York totaling \$172 million



Restoration Services

Crews responded across the Gulf Coast and eastern regions of the United States after several tornados and other storms left countless communities without power



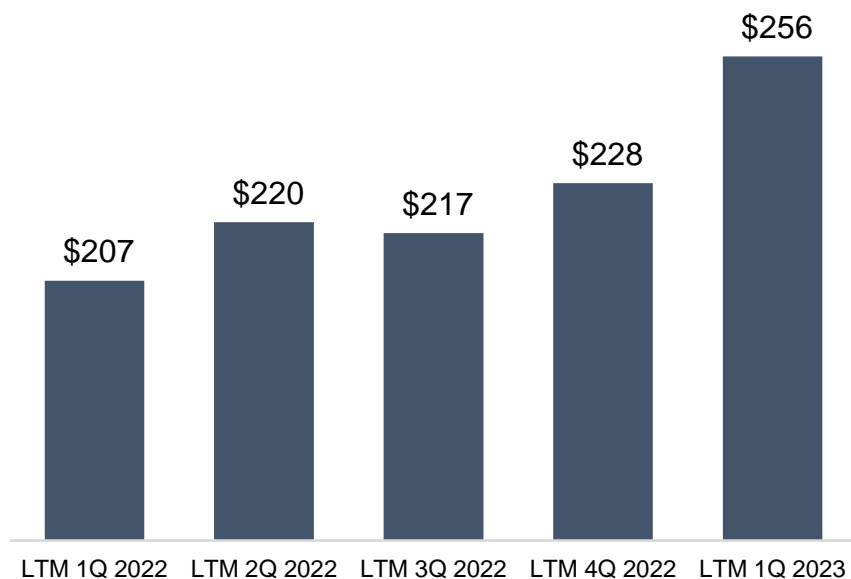
1,190
Employees
deployed

\$30.6m
Revenue earned
during 1Q 2023

22
States

Proven Performance Track Record

Centuri LTM Adjusted EBITDA¹
(\$ in millions)



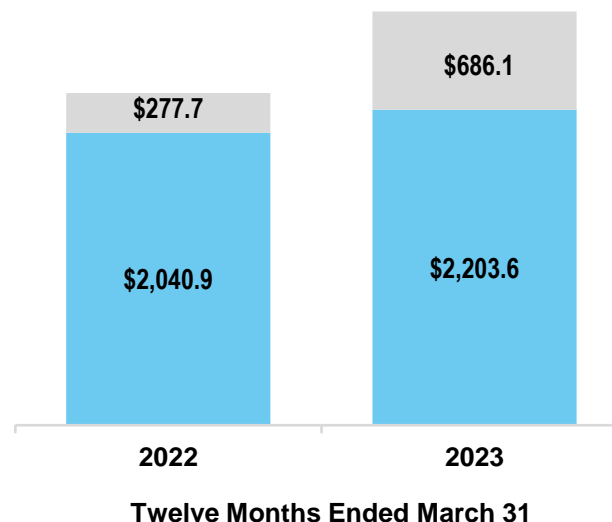
Driving Continued Growth in Adjusted EBITDA:

\$49M

year over year increase in LTM adjusted EBITDA

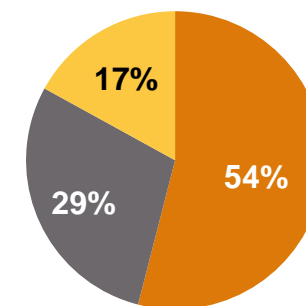
LTM Revenue
(\$ in millions)

■ Legacy Centuri ■ Incremental Riggs Distler

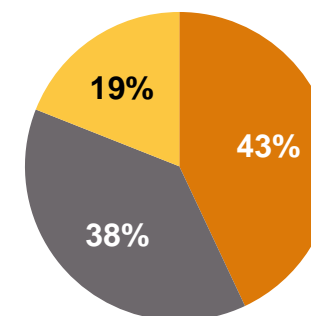


LTM Business Mix by Service Type

Revenues



Gross Profit



Guidance and Outlook



On Track to Achieve 2023 Company Guidance



SOUTHWEST GAS

2023 CapEx:

\$665 - \$685 million

2023 Net Income¹:

\$205 - \$215 million

3-year Rate Base CAGR²:

5% - 7%

3-year Total Capex²:

\$2.0 billion



CENTURI

2023 Revenue:

\$2.8 - \$3.0 billion

2023 Adjusted EBITDA³
Margin:

9.5% - 11.0%

2023 – 2026 Adjusted
EBITDA³ CAGR:

9% - 11.0%

Notes:

¹ Assumes \$3 - \$5 million COLI earnings

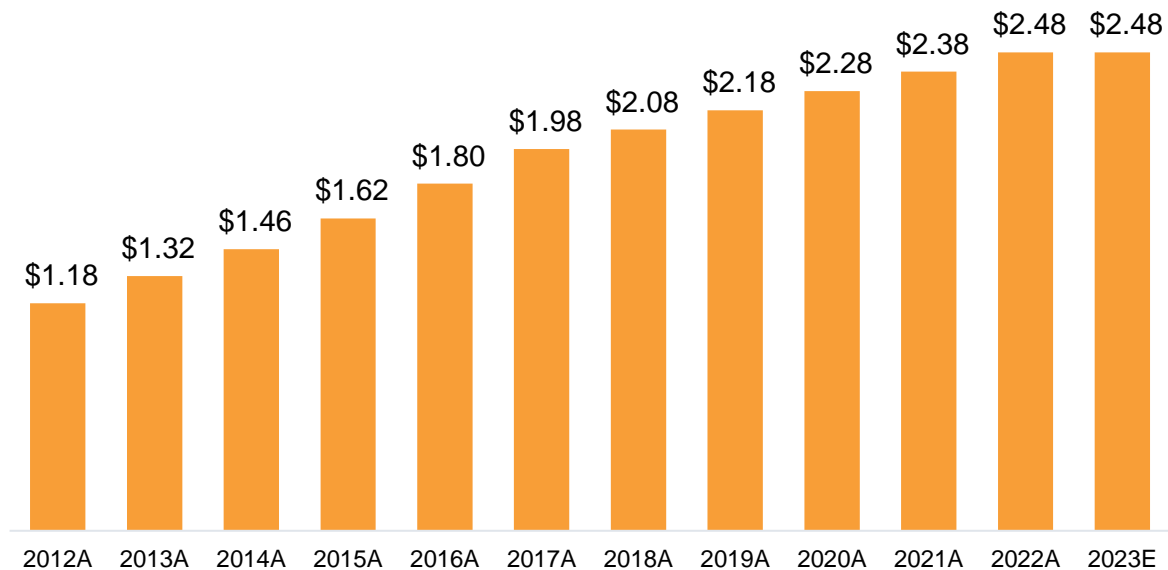
² 3-year: 2023 – 2025

³ Adjusted EBITDA excludes costs of strategic review, one-time acquisition costs and non-cash stock-based compensation expense

Maintaining a Competitive Dividend

Upon completion of the spin of Centuri, Southwest Gas Holdings plans to target a dividend payout ratio in line with gas utility peers

SWX Annual Dividend Per Share



- Southwest Gas is committed to paying a competitive dividend
- Southwest Gas has paid a dividend every year since 1956
- Upon completion of the spin of Centuri, Southwest Gas Holdings plans to target a dividend payout ratio in line with gas utility peers¹
- Until the planned spin has been completed, Southwest Gas Holdings expects to continue to pay its regular quarterly dividend¹
- Expect to size post-spin dividend off of future run rate earnings considering expected rate relief in Arizona, California, and Nevada¹

Positioned to Unlock Significant Stockholder Value



Enhancing SWX credit profile through the sale of MountainWest and strengthening capital and strategic flexibility through spin of Centuri



Maintain balance sheet flexibility and investment grade credit ratings



Positive regulatory developments and strong organic rate base growth



Optimizing the utility to deliver value through financial discipline, operational excellence, and constructive regulatory relationships



Providing safe, reliable, sustainable and affordable energy solutions for new and existing customers, with a dedicated focus on service



Capital expenditure plan supported by increased economic development and customer growth throughout our service areas



Well positioned to continue delivering sustainable energy options for our customers



Transitioning to a standalone world-class utility infrastructure services platform with strong leadership in infrastructure modernization and energy transition






Planning to de-lever the business organically in 2023 through EBITDA growth

Investment Grade Credit Ratings

SWX and SWG are committed to maintaining an investment grade profile

Credit Ratings and Outlook

Pro Forma¹ Net Debt (\$ in billions)

	Moody's		Standard and Poor's		Fitch		Pro Forma ¹ Net Debt (\$ in billions)				
	Ratings	Outlook	Ratings	Outlook	Ratings	Outlook	Total Debt	Cash	Net Debt		
 Southwest Gas HOLDINGS	Baa2	Stable	BBB-	Positive	BBB	Rating Watch Negative	\$0.5	⇒	\$0.0	⇒	\$0.5
 SOUTHWEST GAS	Baa1	Stable	BBB	Positive	A	Negative	\$3.4	⇒	\$0.1	⇒	\$3.3
 CENTURI	Ba2	Under Review For Downgrade	B+	Credit Watch Developing			\$1.1	⇒	\$0.0	⇒	\$1.1

Note: Purchased gas cost balance at the end of the quarter is \$970 million.

Notes:

¹ As of 3/31/2023 and includes the impact from the \$550 million SWX debt issuance

Sustainable Energy Investments

Renewable Natural Gas (RNG) Projects¹

RNG projects repurpose methane from waste supporting emissions reductions



Southwest Gas, RTC & U.S. Gain Partnership

- Leveraging RNG for the agency's public transit fleet

Tres Rios Renewable Natural Gas Project

- Facilitating the delivery of renewable energy as a byproduct of treated wastewater from the Pima County Wastewater Reclamation Facility

Sunoma Renewable Natural Gas Project

- Transforming methane emissions from Paloma Dairy into a sustainable energy source

SoCal Biomethane RNG

- Facilitating the delivery of pipeline quality gas to southern California from Victor Valley Wastewater Reclamation Authority

Butterfield RNG




- Facilitating the delivery of pipeline quality gas from the Butterfield Dairy in Buckeye, Arizona

Great Basin Cheyenne Trail Interconnection

- Providing interstate transportation service for captured methane produced by renewable resources

Fort Irwin Expansion Project

Fort Irwin's remote desert location provides an opportunity to enhance energy reliability, resilience, and security



- On-site generation capacity capable of maintaining critical loads during an electric outage
- Approximately 22 miles dedicated natural gas pipeline
- Estimated pipeline cost of \$39 million
- Filed an application with the CPUC in Nov 2022 seeking authority to expand its service territory to accommodate the project

California Hydrogen Demonstration Project

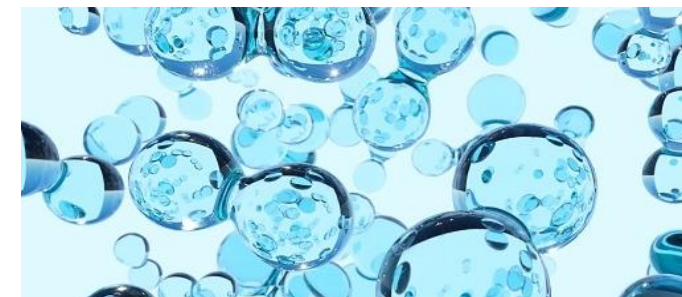
Filed for approval of a hydrogen-blending demonstration project with the California Public Utilities Commission on September 8, 2022

Project Objective:

- Establish critical knowledge targeting hydrogen-blending in extreme cold and high-elevations

Project Detail:

- Project will test a blend of 5% to 20% hydrogen with natural gas in plastic and steel pipe
- 18-month period of testing



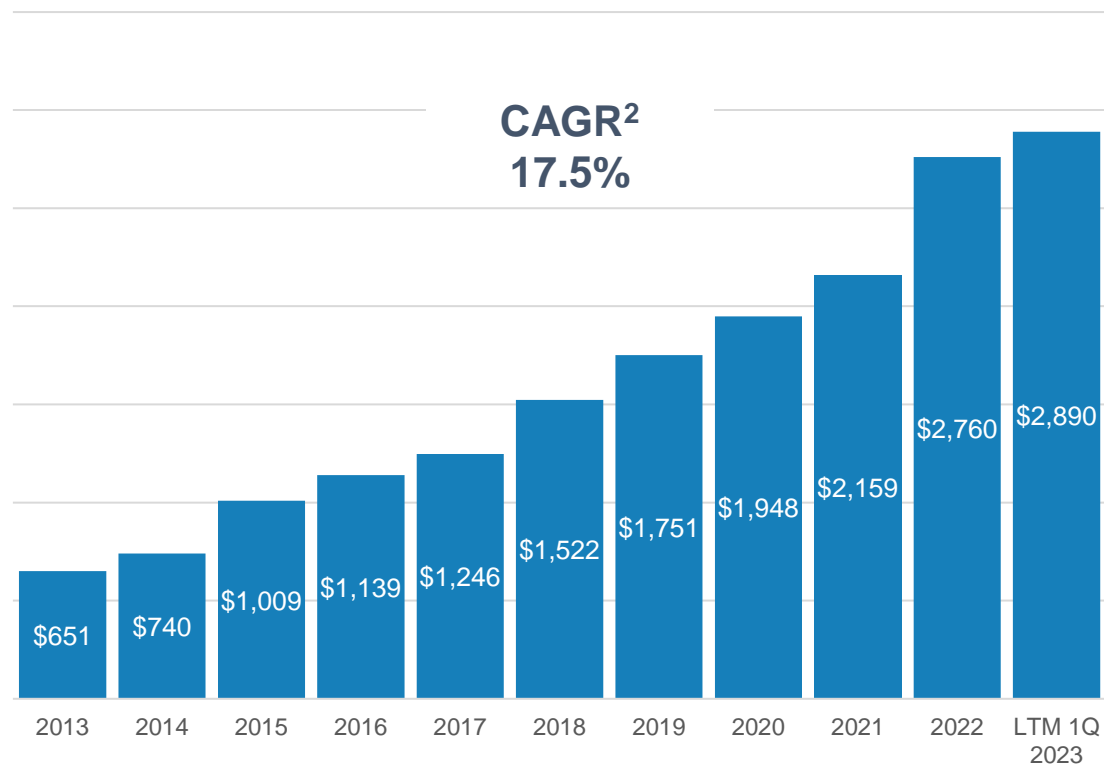
Notes:

¹ All bullets are a part of the natural gas distribution segment, except the Great Basin Cheyenne Trails Interconnection

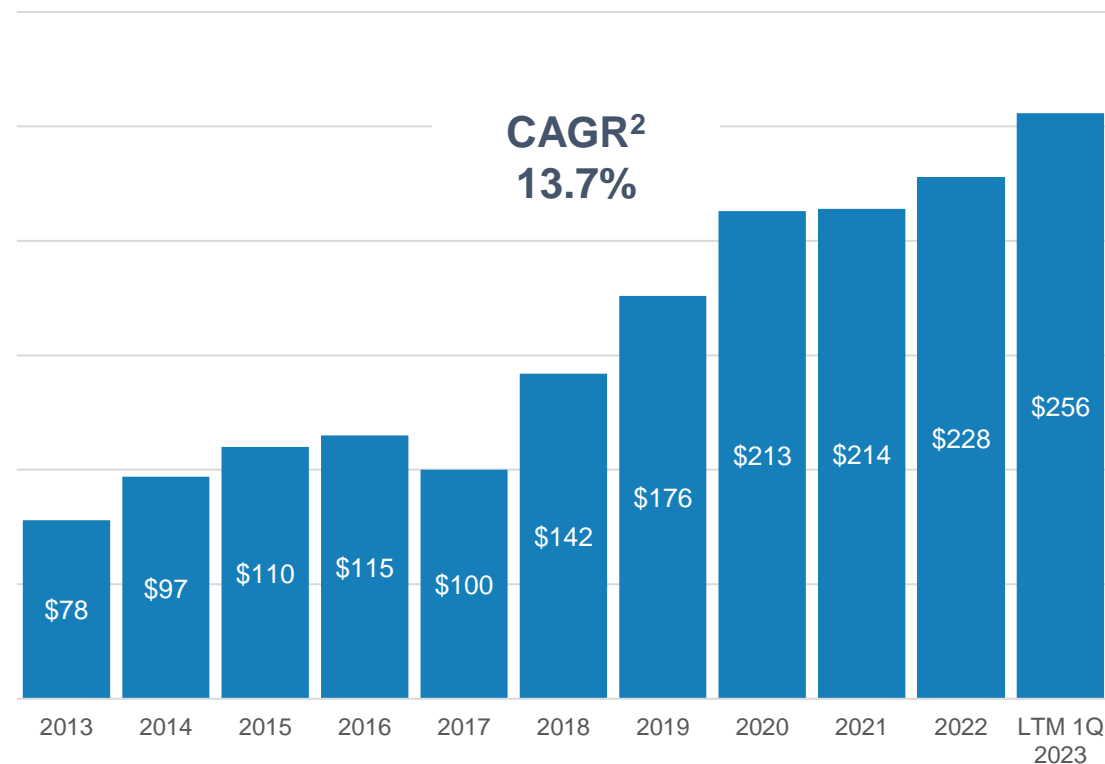
Proven Performance Track Record

(\$ in millions)

Revenues



Adjusted EBITDA¹





¹ Adjusted EBITDA excludes strategic review costs, one-time acquisition costs, the nonrecurring write-off of deferred financing fees related to Centuri's amended and restated credit facility, and non-cash stock-based compensation expense

² Compound annual growth from 2013 to LTM 1Q 2023

Top 20 Customers

#	Revenue as % of Total	Revenue ¹ (\$ in Millions)	Relationship Length (Yrs)	Total Contract Length (Yrs)
1	8.6%	\$249	27	9
2	8.6%	\$248	45	5
3	5.1%	\$148	6	5
4	4.8%	\$138	4	2
5	4.7%	\$135	38	4
6	4.5%	\$131	16	5
7	3.8%	\$109	46	5
8	3.6%	\$103	9	3
9	3.4%	\$99	28	12
10	3.3%	\$96	22	5
11	3.1%	\$89	16	3
12	2.8%	\$82	11	5
13	2.7%	\$79	16	2
14	2.6%	\$74	43	10
15	2.3%	\$66	27	4
16	2.2%	\$65	34	5
17	2.0%	\$57	19	5
18	1.6%	\$46	9	1
19	1.6%	\$46	6	5
20	1.6%	\$46	6	4
Total Top 20 Revenue		\$2,106	Avg 21.4	Avg 5

LTM Mar 2023

 CENTURI	\$ 2,204
 RIGGS DISTLER <small>A CENTURI COMPANY</small>	\$ 686
Centuri Total Revenue (USD)	\$ 2,890

¹ Last Twelve Months Ended March 31, 2023

1Q 2023 Financial Results

CONSOLIDATED

Results of Consolidated Operations <i>(in millions, except per share items)</i>	Three months ended		Twelve months ended	
	March 31,		March 31,	
	2023	2022	2023	2022
Natural gas distribution income	\$ 134.7	\$ 111.8	\$ 177.3	\$ 180.2
Utility infrastructure services income	(11.9)	(23.5)	13.7	17.8
Pipeline and storage (loss)	(16.3)	16.9	(317.0)	16.9
Corporate and administrative income (loss)	(60.6)	(9.1)	(127.6)	(35.3)
Net income (loss)	45.9	96.2	(253.6)	179.7
Non-GAAP adjustments ¹	70.0	10.0	459.9	46.2
Adjusted net income	115.9	106.2	206.4	225.9
Basic earnings (loss) per share	\$ 0.67	\$ 1.58	\$ (3.76)	\$ 3.00
Diluted earnings (loss) per share	\$ 0.67	\$ 1.58	\$ (3.76)	\$ 2.99
Basic adjusted earnings per share	\$ 1.70	\$ 1.75	\$ 3.06	\$ 3.77
Diluted adjusted earnings per share	\$ 1.69	\$ 1.74	\$ 3.06	\$ 3.76
Weighted average common shares	68.265	60.737	67.413	59.919
Weighted average diluted shares	68.419	60.854	67.413	60.044

Notes:

¹ The three months ended March 31, 2023 include the additional goodwill impairment and loss on sale. Incrementally, adjustments for the twelve months ended March 31, 2023 further include non-recurring stand-up costs associated with integrating MW; and proxy contest, stockholder litigation, strategic review & CEO separation costs. The adjustments for the three and twelve months ended March 31, 2022 include legal reserve; Riggs Distler transaction costs; non-recurring stand-up costs associated with integrating MW; MW transaction costs; and proxy contest, stockholder litigation, strategic review & CEO Separation.

Summary of Operating Results

NATURAL GAS DISTRIBUTION SEGMENT

Results of Natural Gas Distribution <i>(in thousands of dollars)</i>	Three months ended		Twelve months ended	
	March 31,		March 31,	
	2023	2022	2023	2022
Regulated operations revenues	\$ 914,879	\$ 676,539	\$ 2,173,409	\$ 1,676,397
Net cost of gas sold	501,169	297,121	993,264	572,007
Operating margin	413,710	379,418	1,180,145	1,104,390
Operations and maintenance expense	131,188	119,636	503,480	452,051
Depreciation and amortization	74,650	72,114	265,579	256,814
Taxes other than income taxes	22,740	21,652	84,285	81,308
Operating income	185,132	166,016	326,801	314,217
Other income	18,443	1,315	10,244	(3,794)
Net interest deductions	38,622	26,610	127,892	102,004
Income before income taxes	164,953	140,721	209,153	208,419
Income tax expense	30,257	28,926	31,872	28,204
Segment net income	<u>\$ 134,696</u>	<u>\$ 111,795</u>	<u>\$ 177,281</u>	<u>\$ 180,215</u>

Summary of Operating Results

UTILITY INFRASTRUCTURE SERVICES SEGMENT

Results of Utility Infrastructure Services

(Thousands of dollars)

Revenues
Cost of sales ¹
Gross profit
General and administrative expenses ²
Amortization of intangible assets
Operating income
Other income (deductions)
Net interest deductions
Income before income taxes
Income tax expense (benefit)
Net income
Net income attributable to noncontrolling interests
Contribution to consolidated net income attributable to Centuri

Three Months Ended March 31,		Twelve Months Ended March 31,	
2023	2022	2023	2022
\$ 653,293	\$ 523,877	\$ 2,889,743	\$ 2,318,563
611,344	509,380	2,647,679	2,119,093
41,949	14,497	242,064	199,470
23,539	23,622	109,114	112,058
6,667	7,842	28,584	22,445
11,743	(16,967)	104,366	64,967
(680)	(486)	(1,081)	683
22,376	11,131	72,616	30,508
(11,313)	(28,584)	30,669	35,142
(1,180)	(6,170)	10,717	11,406
(10,133)	(22,414)	19,952	23,736
1,739	1,072	6,273	5,943
\$ (11,872)	\$ (23,486)	\$ 13,679	\$ 17,793
\$ (11,804)	\$ (23,486)	\$ 15,146	\$ 29,456

Adjusted net income (loss) attributable to Centuri ³

- Cost of sales during the three months ended March 31, 2023 and 2022 includes depreciation expense of \$30,036 and \$28,632, respectively. Cost of sales during the twelve months ended March 31, 2023 and 2022 includes depreciation expense of \$122,197 and \$103,651, respectively.
- General and administrative expenses during the three months ended March 31, 2023 and 2022 includes depreciation expense of \$1,167 and \$1,138, respectively. General and administrative expenses during the twelve months ended March 31, 2023 and 2022 includes depreciation expense of \$4,830 and \$4,415, respectively.
- Excludes the impact of the write-off of acquisition costs and strategic review costs, net of the impact of income tax adjustments.

Non-GAAP Measures

(\$ in thousands)

Adjusted SWX income and adjusted EPS for the three and twelve months ended March 31, 2023, include the goodwill impairment and loss on sale; nonrecurring stand-up costs associated with integrating MW; and proxy contest, shareholders litigation, and strategic review costs. Adjusted SWX income and adjusted EPS for the three months ended March 31, 2022, include nonrecurring stand-up cost associated with integrating MW; proxy contest, stockholder litigation, settlement agreement, strategic review, and Centuri spin costs. Incrementally, the adjustments for the twelve months ended March 31, 2022, further include legal reserve and Riggs Distler transaction costs.

Adjusted Corporate and Administrative income and adjusted EPS for the three and twelve months ended March 31, 2023, include the goodwill impairment and loss on sale; MW transaction and stand-up/integration related costs; and proxy contest, stockholder litigation, settlement agreement, strategic review, and Centuri spin costs. Adjusted Corporate and Administrative income and adjusted EPS for the three and twelve months ended March 31, 2022, include MW transaction and related costs and proxy contest, stockholder litigation, settlement agreement, and strategic review costs.

There were no adjustments to SWG income for the three and twelve months ended March 31, 2023 or the three months ended March 31, 2022. However, adjusted SWG income and adjusted EPS for the twelve months ended March 31, 2022, include a legal reserve.

Adjusted MW income and adjusted EPS for the three and twelve months ended March 31, 2023, include nonrecurring stand-up costs, and the goodwill impairment and loss on sale. Adjusted MW income and adjusted EPS for the three and twelve months ended March 31, 2022, include nonrecurring stand-up costs.

We do not provide a reconciliation of forward-looking Non-GAAP Measures to the corresponding forward-looking GAAP measure due to our inability to project special charges and certain expenses.

	Three months ended March 31,		Twelve months ended March 31,	
	2023	2022	2023	2022
SWX Adjusted Net Income and Adjusted EPS				
SWX net income (loss)	\$ 45,911	\$ 96,178	\$ (253,557)	\$ 179,664
Legal reserve	-	-	-	5,000
Riggs Distler transaction costs	-	-	-	14,000
Nonrecurring stand-up cost associated with integrating MW	2,856	9,358	20,394	32,159
Goodwill impairment and loss on sale	72,688	-	528,113	-
Proxy contest, stockholder litigation, settlement agreement, strategic review, and Centuri spin	1,728	3,794	38,144	8,295
Income tax effect of adjustments	(7,260)	(3,157)	(126,744)	(13,246)
SWX adjusted net income	\$ 115,923	\$ 106,173	\$ 206,350	\$ 225,872
Weighted average diluted shares	68,419	60,854	67,413	60,044
SWX adjusted EPS	\$ 1.69	\$ 1.74	\$ 3.06	\$ 3.76
Corporate & Admin. Adjusted Net Income and Adjusted EPS				
Corporate and Admin. net (loss)	\$ (60,625)	\$ (9,061)	\$ (127,566)	\$ (35,274)
Goodwill impairment and loss on sale	51,473	-	57,292	-
MW stand-up, integration, and transaction-related costs	291	700	291	23,501
Proxy contest, shareholder litigation, settlement agreement, strategic review, and Centuri spin costs	1,637	3,794	36,200	8,295
Income tax effect of adjustments	(12,817)	(1,079)	(22,130)	(7,631)
Corporate and Admin. adjusted net (loss)	\$ (20,041)	\$ (5,646)	\$ (55,913)	\$ (11,109)
Weighted average diluted shares	68,419	60,854	67,413	60,044
Corporate and Admin. adjusted EPS	\$ (0.29)	\$ (0.09)	\$ (0.83)	\$ (0.19)
SWG Adjusted Net Income and Adjusted EPS				
SWG net income	\$ 134,696	\$ 111,795	\$ 177,281	\$ 180,215
Legal reserves	-	-	-	5,000
Income tax effect of adjustments	-	-	-	(1,200)
SWG adjusted net income	\$ 134,696	\$ 111,795	\$ 177,281	\$ 184,015
Weighted average diluted shares	68,419	60,854	67,413	60,044
SWG adjusted EPS	\$ 1.97	\$ 1.84	\$ 2.63	\$ 3.06
MW Adjusted Net Income and Adjusted EPS				
MW net (loss)	\$ (16,288)	\$ 16,930	\$ (316,951)	\$ 16,930
Nonrecurring stand-up cost	2,565	8,658	20,103	8,658
Goodwill impairment and loss on sale	21,215	-	470,821	-
Income tax effect of adjustments	5,580	(2,078)	(104,137)	(2,078)
MW adjusted net income	\$ 13,072	\$ 23,510	\$ 69,836	\$ 23,510
Weighted average diluted shares	68,419	60,854	67,413	60,044
MW adjusted EPS	\$ 0.19	\$ 0.39	\$ 1.04	\$ 0.39

Non-GAAP Measures (continued)

(\$ in thousands)

Adjusted Centuri income and adjusted EPS for the three and twelve months ended March 31, 2023, include strategic review costs. Adjusted Centuri income and adjusted EPS for the twelve months ended March 31, 2022, include acquisition costs.

Management believes that Centuri EBITDA, used in connection with net income provides useful information to investors as they evaluate Centuri performance. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Centuri adjusted EBITDA is adjusted for certain other items as described herein. Adjusted Centuri EBITDA for the three and twelve months ended March 31, 2023 include pre-tax strategic review costs (including costs related to the Centuri spin) and non-cash share-based compensation expense. The adjustments for the three and twelve months ended March 31, 2022 include non-cash share-based compensation expense. Incrementally, the adjustments for the twelve months ended March 31, 2022 include write-off of deferred financing fees and acquisition costs.

Centuri EBITDA and Adjusted EBITDA is provided below for the twelve months ended December 31, 2013 through December 31, 2022 and for the twelve months ended June 30, 2022, September 30, 2022, and March 31, 2023.

Because EBITDA and Adjusted EBITDA, as defined, exclude 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.

Centuri Adjusted Net Income and Adjusted EPS	Three months ended March 31,		Twelve months ended March 31,	
	2023	2022	2023	2022
Centuri net income	\$ (11,872)	\$ (23,486)	\$ 13,679	\$ 17,793
Acquisition costs	-	-	-	14,000
Strategic review costs, including Centuri spin	91	-	1,944	-
Income tax impact of adjustments	(23)	-	(477)	(2,337)
Centuri adjusted net income	\$ (11,804)	\$ (23,486)	\$ 15,146	\$ 29,456
Weighted average diluted shares	68,419	60,854	67,413	60,044
Centuri adjusted EPS	\$ (0.17)	\$ (0.39)	\$ 0.22	\$ 0.49
Centuri EBITDA and Adjusted EBITDA				
Centuri net income	\$ (11,872)	\$ (23,486)	\$ 13,679	\$ 17,793
Net interest deductions	22,376	11,131	72,616	30,508
Income tax expense	(1,180)	(6,170)	10,717	11,406
Depreciation and amortization	37,870	37,612	155,611	130,511
Centuri EBITDA	\$ 47,194	\$ 19,087	\$ 252,623	\$ 190,218
Write-off of deferred financing fees	-	-	-	673
Acquisition costs	-	-	-	14,000
Strategic review costs, including Centuri spin	91	-	1,944	-
Non-cash share-based compensation expense	144	649	1,147	1,923
Centuri Adjusted EBITDA	\$ 47,429	\$ 19,736	\$ 255,714	\$ 206,814

Centuri EBITDA and Adjusted EBITDA	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	LTM 2Q 2022	LTM 3Q 2022	LTM 4Q 2022	LTM 1Q 2023
Centuri net income	\$ 21,200	\$ 24,300	\$ 26,700	\$ 32,600	\$ 38,400	\$ 45,000	\$ 52,400	\$ 74,900	\$ 40,400	\$ 7,418	\$ 3,223	\$ 2,100	\$ 13,700	
Net interest deductions	1,100	3,800	7,800	6,700	8,000	14,200	14,100	9,300	21,000	41,474	51,825	61,400	72,600	
Income tax expense	12,600	14,800	18,500	19,900	2,400	18,400	21,400	31,100	18,800	7,941	4,754	5,700	10,700	
Depreciation and amortization	43,000	48,900	56,700	55,700	49,000	57,400	87,600	96,700	117,600	144,157	153,947	155,300	155,600	
Centuri EBITDA	\$ 77,900	\$ 91,800	\$ 109,700	\$ 114,900	\$ 97,800	\$ 135,000	\$ 175,500	\$ 212,000	\$ 197,800	\$ 200,990	\$ 213,749	\$ 224,500	\$ 252,600	
Write-off of deferred financing fees	-	-	-	-	-	-	-	-	700	673	-	-	-	
Acquisition costs	-	5,100	-	-	2,600	6,900	-	-	14,000	13,197	196	-	-	
Strategic review costs, including Centuri spin	-	-	-	-	-	-	-	-	-	2,248	1,610	1,800	1,900	
Non-cash share-based compensation expense	-	-	-	-	-	-	100	800	1,700	2,407	1,554	1,700	1,100	
Centuri Adjusted EBITDA	\$ 77,900	\$ 96,900	\$ 109,700	\$ 114,900	\$ 100,400	\$ 141,900	\$ 175,600	\$ 212,800	\$ 214,200	\$ 219,515	\$ 217,109	\$ 228,000	\$ 255,600	