



Southwest Gas™
HOLDINGS

Midwest Investor Meetings

June 21-22, 2017



Safe Harbor Statement



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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 2017 expectations for our construction services and natural gas operations segments, 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 2016 Annual Report on Form 10-K 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;
- Rate base growth rates;
- Conditions in housing markets;
- The effects of regulation/deregulation;
- The impacts of construction activity at our construction services segment;
- 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.

2017 Highlights



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Consolidated Results

- Dividend increased for the 11th straight year (10% increase)
- Entered into a \$100 million credit facility that expires in March 2022
- Established a \$150 million equity shelf program

Natural Gas Segment

- Arizona rate case decision effective April 1st
- Added 30,000 customers over the twelve months ended March 31
- Amended credit facility borrowing capacity from \$300 million to \$400 million

Construction Services Segment

- Projecting 2-5% revenue growth
- NPL celebrating 50th anniversary in 2017

Business Segments & Net Income



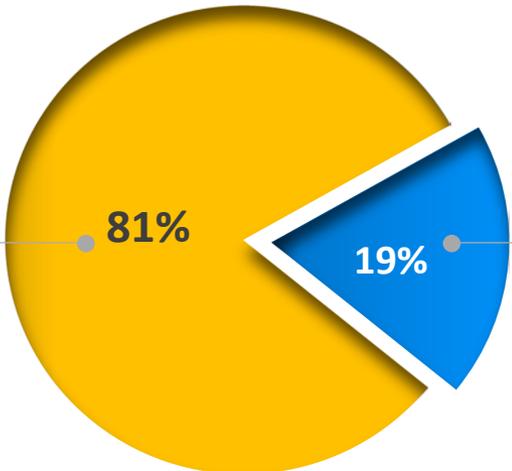
Natural gas operations

Construction services



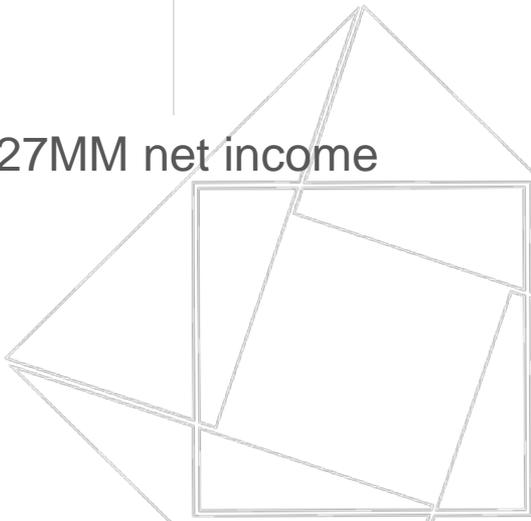
\$146MM

TMTD 3/31/17 Net Income



\$119MM net income

\$27MM net income



Longer-Term Value Drivers



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- Above average population growth in service territories
- Infrastructure investment opportunities
 - \$1.6 to \$1.8 billion in capital expenditures over the three-year period ended December 31, 2019, which is estimated to result in the area of a 9% rate base annual growth rate
- High profile projects plus infrastructure tracker mechanisms
- Centuri growth prospects in U.S. and Canada – pipe replacement efforts are a multi-decade proposition
- Holding company structure provides additional financial flexibility and optionality in managing business mix
- Dividend payout ratio within industry average range

Strategic Investment Opportunities



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Natural Gas Operations

- Underground gas storage assets
- Gas reserves
- Unserved or underserved areas of Nevada (SB151)
- Southern Nevada transmission replacement
- Customer Management System replacement

Construction Services

- Organic growth opportunities
- Acquisitions
 - Geographic diversification
 - Line of service diversification
- Other infrastructure work
 - Electric distribution
 - Pipeline integrity & maintenance
 - Natural gas compressor & pumping stations
 - Mid-stream gathering lines
 - Urban transmission
 - Water & sewer pipelines

Comparative Total Returns



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Total Returns for Periods Ended May 31, 2017

	1-Year	3-Year	5-Year	10-Year
Southwest Gas Holdings	17.38%	17.98%	16.68%	10.80%
S&P 400 MidCap Gas Index	18.35%	14.49%	18.62%	9.60%
S&P Utilities Index	17.44%	10.10%	15.38%	6.92%
S&P 500 Index	13.84%	12.15%	13.17%	7.31%

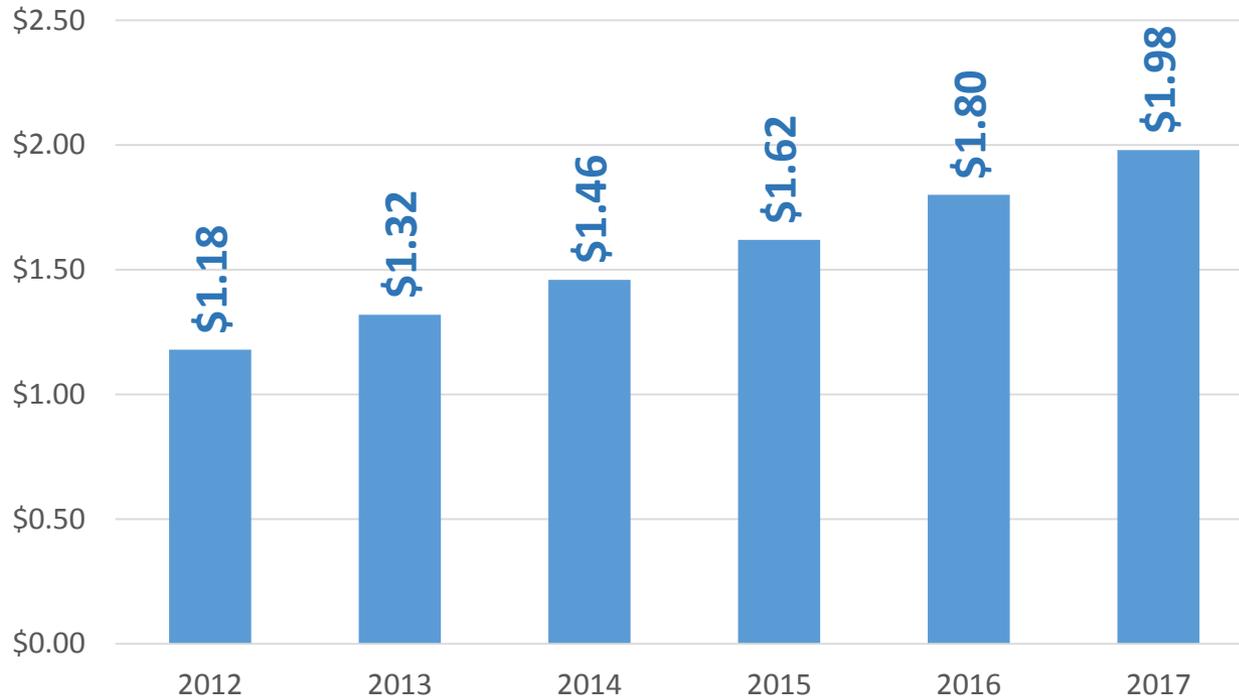
Total Return = Price appreciation plus gross dividends reinvested

Dividend Growth



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10.9% 5-Year CAGR



CAGR = compound annual growth rate



Governance



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Long-term focus on shareholder value, with “pay for performance” compensation program structured to mitigate excessive short-term risk-taking.



Nine of ten directors are independent. The Board of Directors brings deep and diverse management, financial and operational experience, significant expertise in the industries that matter most to our business and important ties to our key service territories.



We value input from shareholders and maintain a robust program of shareholder engagement on a range of topics, including our financial performance and matters of corporate governance.



Corporate governance practices that align with shareholder interests and support our core values, including robust stock ownership guidelines, annual election of all directors and the ability for shareholders to call special meetings and act by written consent

Sustainable and responsible business practices that protect the environment, preserve natural resources and support our local communities

Regional Leader in Natural Gas Distribution



Headquartered in
Las Vegas, NV

Largest distributor of natural gas in **Arizona** and **Nevada**; Distributes and transports natural gas in parts of **California**



1,994,000 customers in service territory at 3/31/2017

Over **99%** of customers are residential and small commercial



Stable Customer Base

Natural Gas Operations

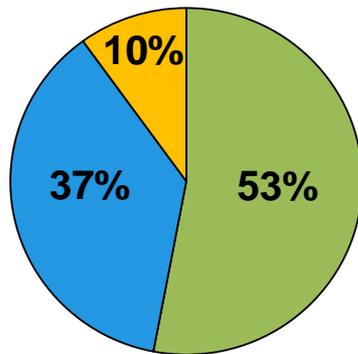


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TMTD March 31, 2017 Customer & Operating Margin Distribution

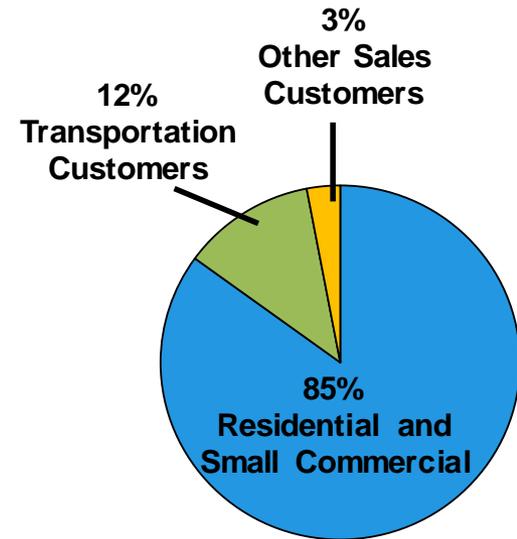
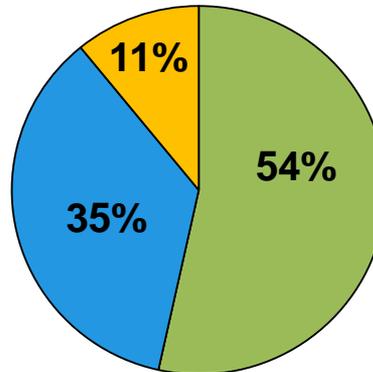
By State

Customers



- Arizona
- Nevada
- California

Margin



Consistent trends year over year

Customer Growth Breakdown

Natural Gas Operations
(In thousands)



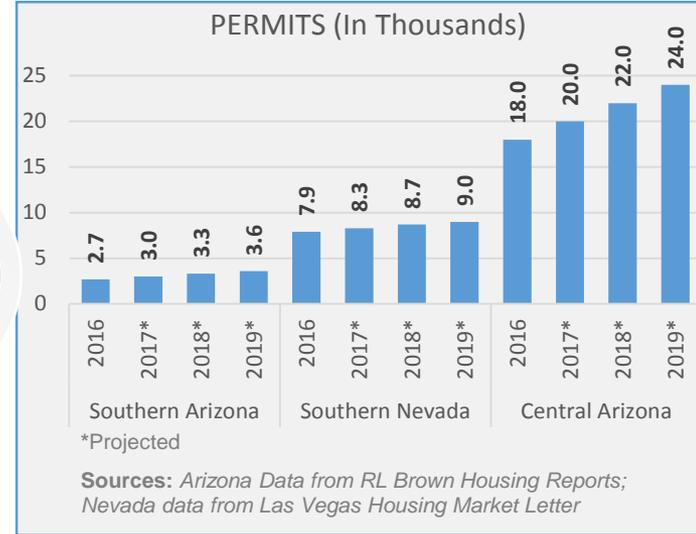
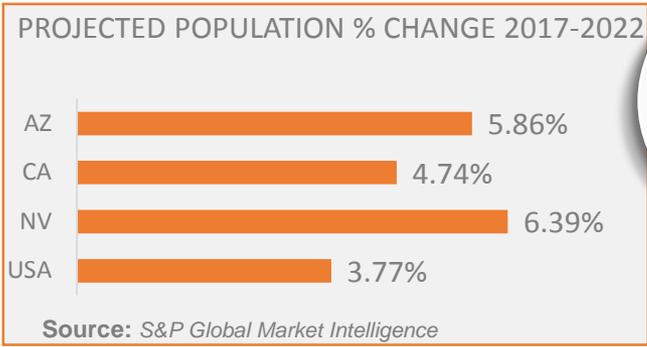
	Twelve Months Ended March 31,		
	2015	2016	2017
Beginning period	1,912	1,938	1,964
Net Customer Adds	26	26	30
Ending period	<u>1,938</u>	<u>1,964</u>	<u>1,994</u>

- Anticipates 1.5% customer growth for 2017

Growth

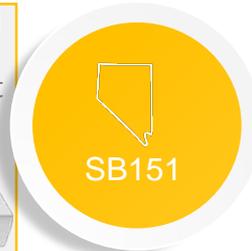


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Mesquite

- Residential & commercial conversion opportunities
- Infrastructure investment opportunities



HOMES MANUFACTURING VEHICLES



	Unemployment Rate		Employment Growth	
	2016	2017	2016	2017
Southern California	5.8%	5.3%	3.4%	3.8%
Southern Nevada	6.1%	4.8%	1.8%	2.4%
Northern Nevada	6.4%	4.7%	1.6%	2.1%
Southern Arizona	4.7%	4.4%	3.1%	0.6%
Central Arizona	4.5%	4.1%	3.7%	2.7%

Regulatory Collaboration

Natural Gas Operations



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Decoupling

- All three of the company's state regulatory jurisdictions have implemented a decoupling mechanism

Infrastructure Recovery Mechanisms

- Arizona COYL & VSP Programs
- Nevada GIR Mechanism
- California IRRAM/COYL

Major Infrastructure Projects

- Paiute Pipeline Company 2018 Expansion Project
- Nevada SB 151 – Expansion/Economic Development Legislation
- Arizona LNG Facility

Regulation – AZ Rate Case

Natural Gas Operations



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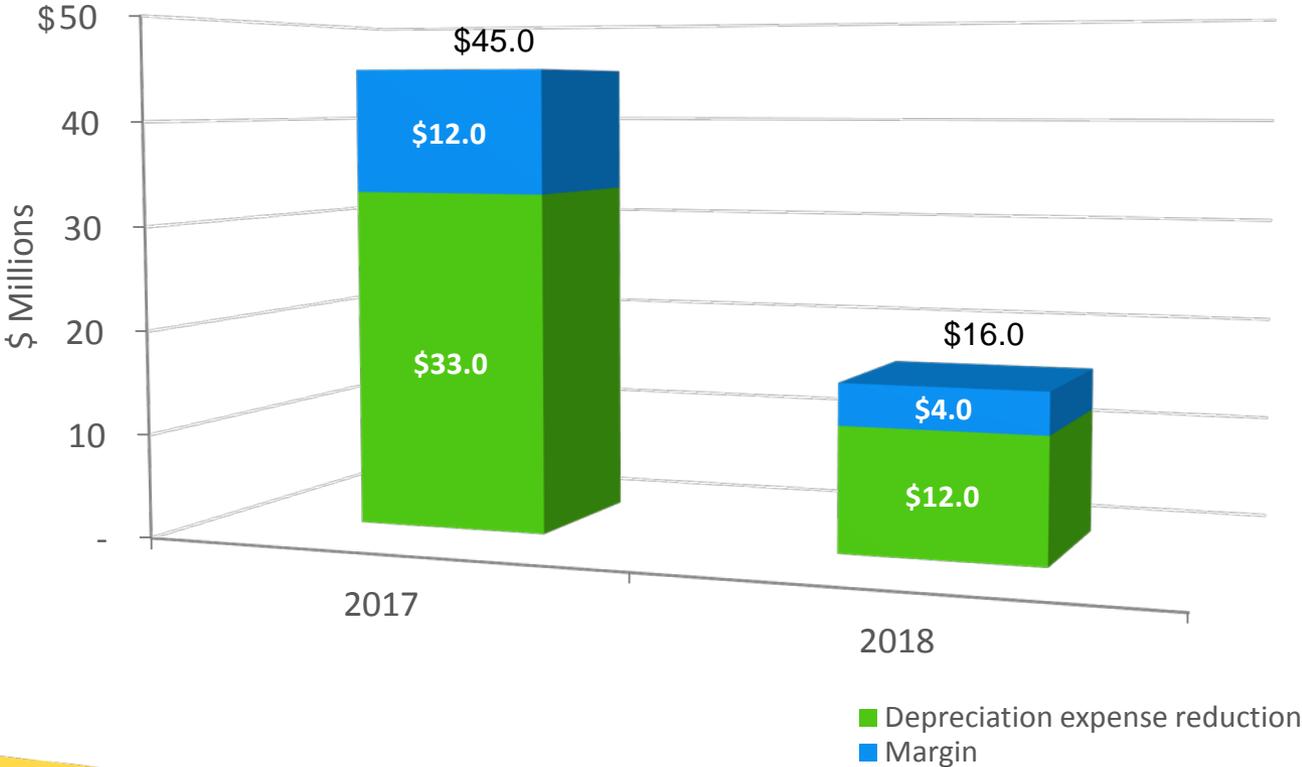
Arizona General Rate Case	Requested	Settlement
Rate Relief	\$32 Million	\$16 Million
Depreciation Expense	(\$42 Million)	(\$45 Million)
Rate Base	\$1.34 Billion	\$1.32 Billion
Return on Equity	10.25%	9.50%
Capital Structure - Equity Ratio	51.7%	51.7%
Rate Case Moratorium		May 1, 2019
Full Revenue Decoupling	✓	✓
Expanded Customer-Owned Yard Line Program	✓	✓
Vintage Steel Pipe Replacement Program	✓	✓
Property Tax Tracker	✓	✓
LNG Facility Cost Recovery	✓	✓

Regulation – Arizona Rate Case

Natural Gas Operations



Projected Operating Income Increase – New rates effective April 1, 2017



Regulation – CA Rate Case

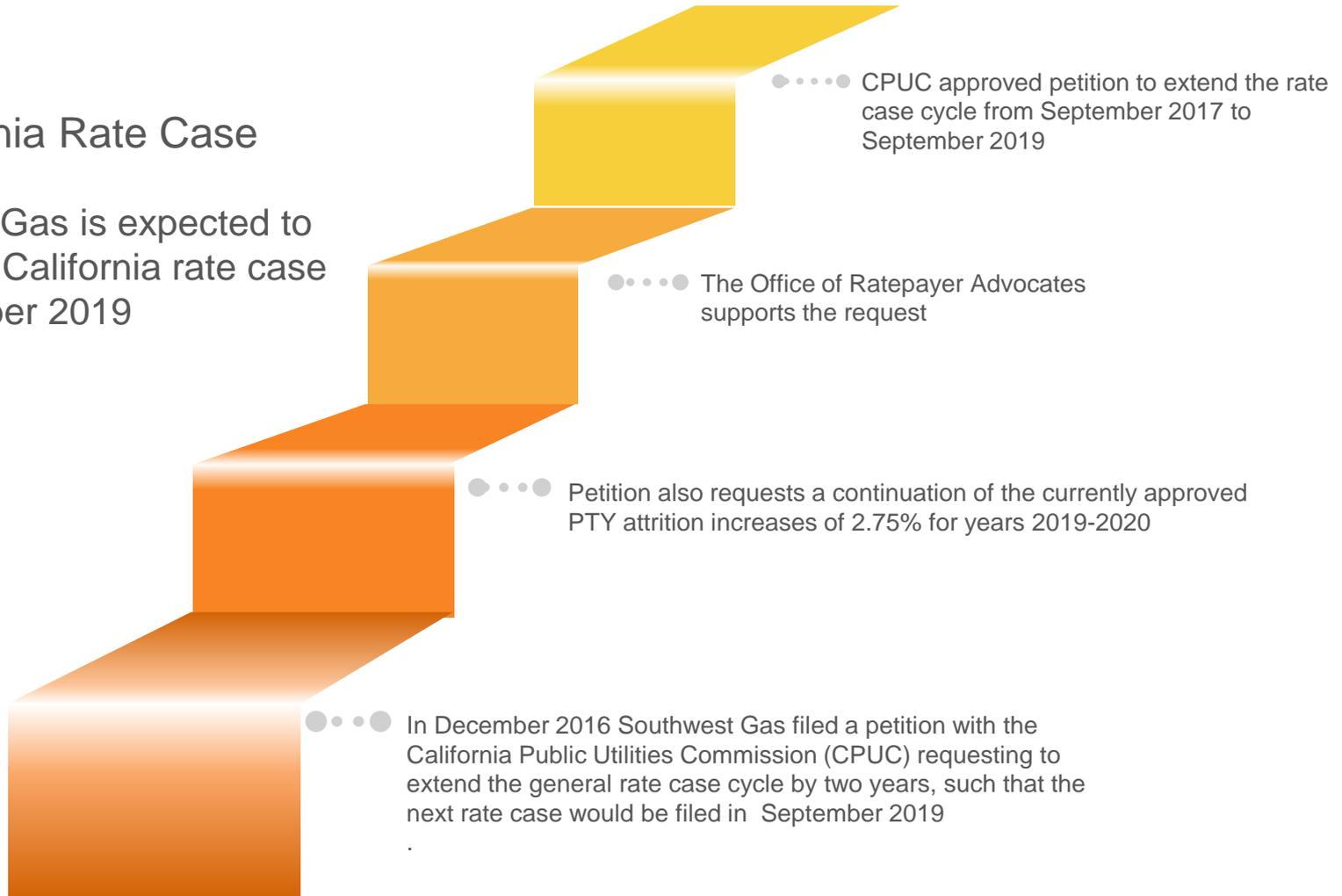
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California Rate Case

Southwest Gas is expected to file its next California rate case in September 2019



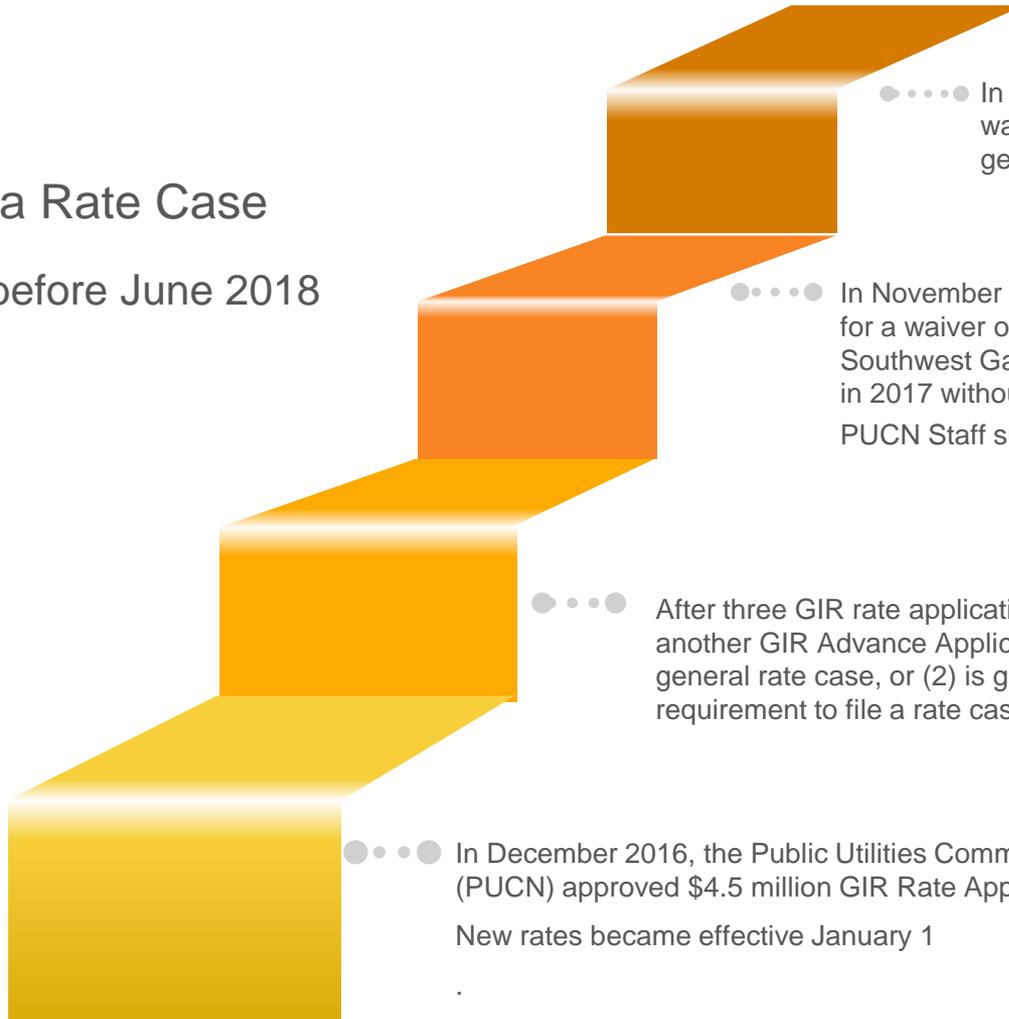
Regulation – NV Rate Case

Natural Gas Operations



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Nevada Rate Case
Expected before June 2018



● ● ● ● In December 2016, the Public Utilities Commission of Nevada (PUCN) approved \$4.5 million GIR Rate Application
New rates became effective January 1

● ● ● ● After three GIR rate applications, the GIR regulations prohibit another GIR Advance Application until the utility (1) files a general rate case, or (2) is granted a waiver of the requirement to file a rate case

● ● ● ● In November 2016 Southwest Gas filed a petition for a waiver of the GIR regulations to permit Southwest Gas to file a GIR Advance Application in 2017 without filing a general rate case
PUCN Staff supported the waiver

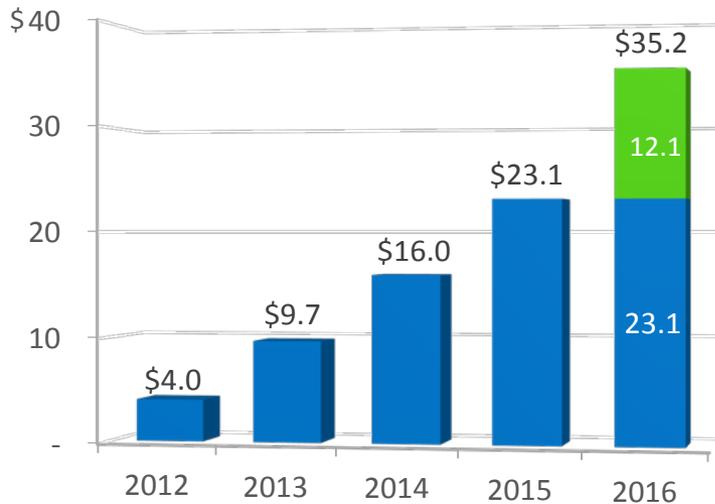
● ● ● ● In January 2017, the PUCN approved the waiver inclusive of a commitment to file a general rate case before June 2018

Regulation – Infrastructure Replacement Programs

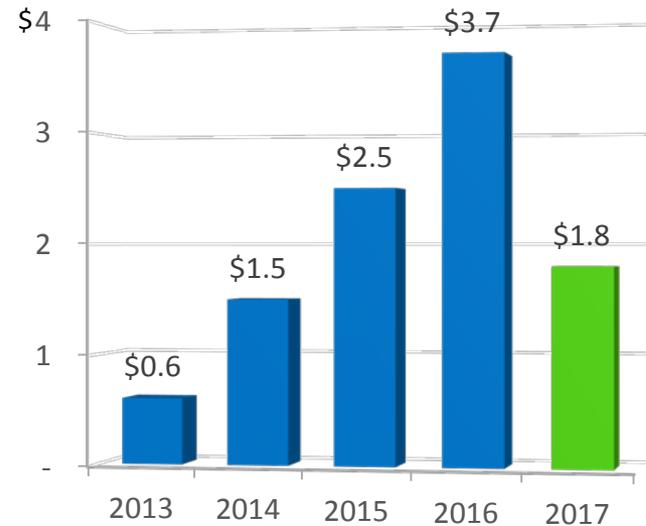


- Arizona COYL program first began in 2012
- Program expansion approved in 2017
- Capital expenditure tracking reset as of January 1, 2016

Cumulative COYL Capital Expenditures
As of December 31
(\$ in millions)



Annual COYL Surcharge
As of June 1
(\$ in millions)



■ Expenditures included in authorized rate base and recovery embedded in new rates
■ Current COYL program

Regulation – Infrastructure Replacement Programs

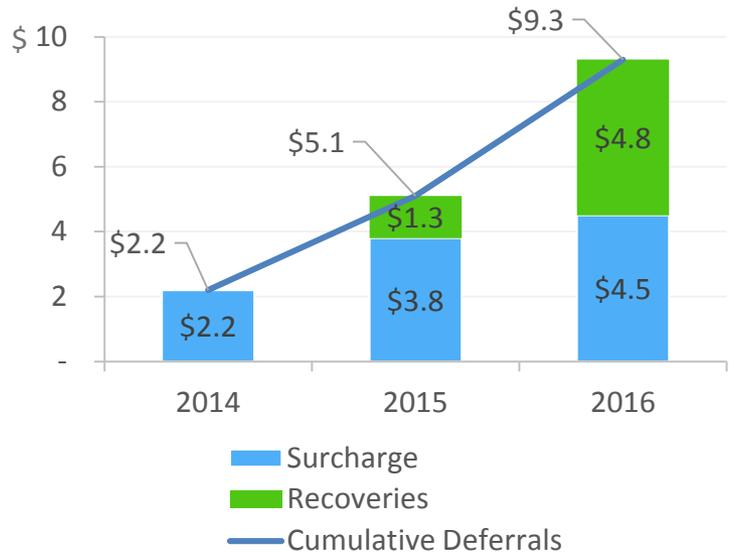


Nevada Gas Infrastructure Replacement (GIR) (\$ in millions)

GIR Approved/Requested Projects and Cumulative Net Plant



GIR Deferral Balances, Recoveries and Surcharges As of August 31
(surcharges effective January 1 of following year)



Regulation – Expansion Projects

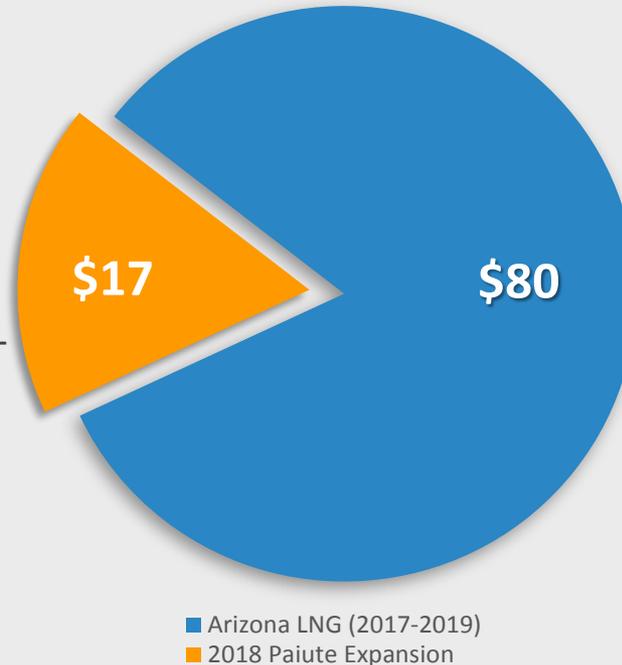
Natural Gas Operations



Expansion Projects (\$ in millions)

PAIUTE PIPELINE COMPANY EXPANSION

- Proposed project consists of approximately 8.4 miles of additional pipeline infrastructure and the estimated project cost is \$17 million
- In October 2016 Paiute initiated a pre-filing review process with the FERC for the expansion project and expects to file a formal certificate application by mid-2017
- If all proceeds as planned, the new facilities could be in place by the end of 2018



ARIZONA LNG FACILITY

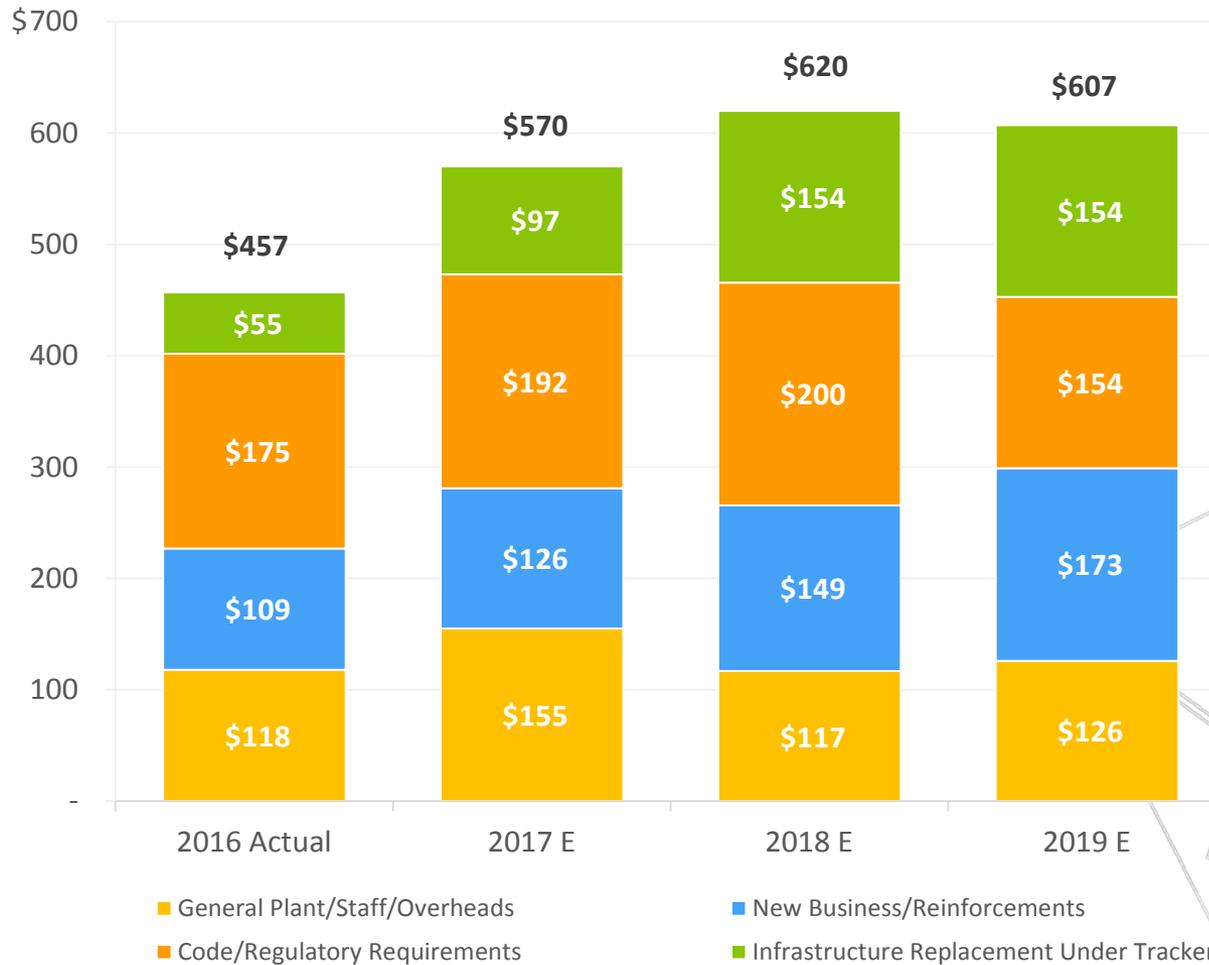
- On December 19, 2016, the ACC approved the requested modification for the preapproval to reflect a new not to exceed amount of \$80 million, reflective of current market pricing to construct the proposed 233,000 dekatherm LNG facility
- Rate case settlement includes an agreement to defer revenue requirement incurred before December 31, 2020 to next rate case
- Total project capital expenditures through March 2017 of \$5.3 million, including land for the project
- Construction expected to be completed by end of 2019

Capital Expenditures

Natural Gas Operations (In Millions)



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- 2017-2019 Estimate \$1.6 - \$1.8 billion
- Chart reflects upper end of estimated range of capital expenditures for 2017-2019

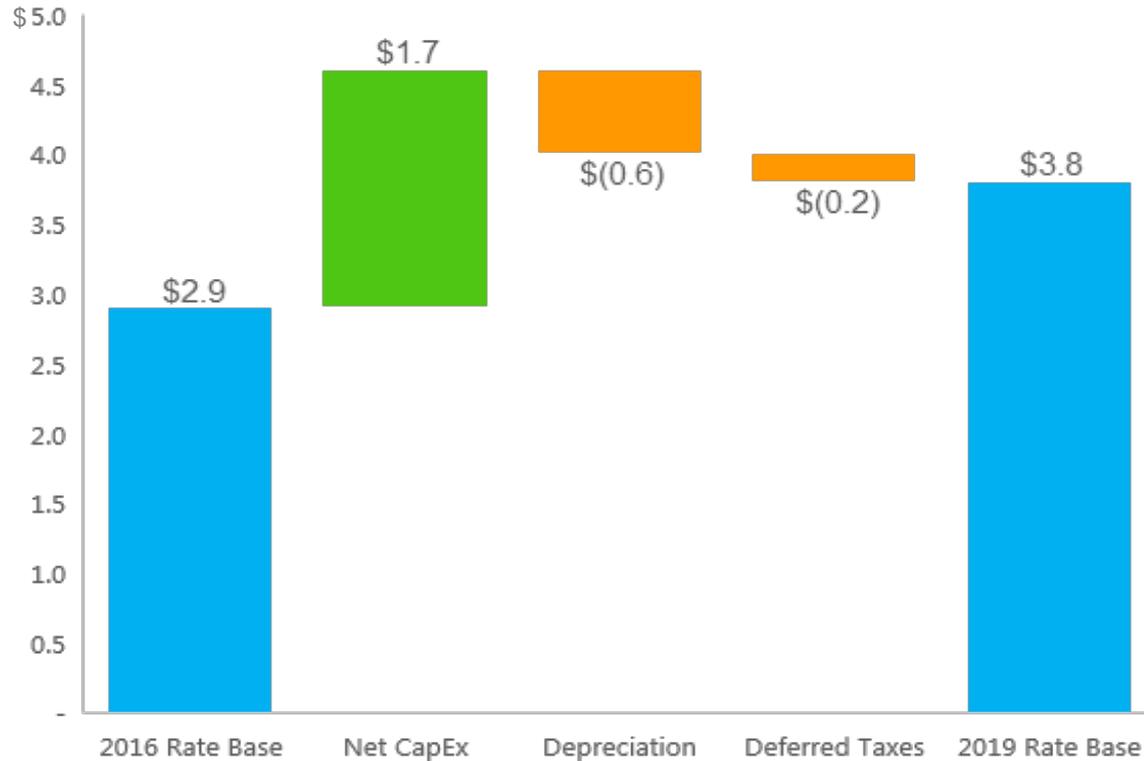
Projected Rate Base Growth

Natural Gas Operations

(In billions)



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- Projecting 9% CAGR in rate base over next 3 years
- The midpoint of the estimated range of the capital expenditures over this period is \$1.7 billion

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.

Authorized Rate Base and Rates of Return



Natural Gas Operations
(As of April 1, 2017)

<u>Rate Jurisdiction</u>	<u>Authorized Rate Base (In thousands)</u>	<u>Authorized Rate of Return</u>	<u>Authorized Return on Common Equity</u>
Arizona	\$ 1,324,902	7.42 %	9.50 %
Southern Nevada	825,190	6.46	10.00
Northern Nevada	115,933	7.88	9.30
Southern California	159,277	6.83	10.10
Northern California	67,620	8.18	10.10
South Lake Tahoe	25,389	8.18	10.10
Paiute Pipeline Company (1)	87,158	8.46	11.00

(1) Estimated amounts based on rate case settlement.

Centuri Construction Group

Construction Services



Headquartered in
Phoenix, AZ

Operates in several
major markets across
U.S. and **Canada**



One of North America's
largest providers of
utility and **energy**
construction services



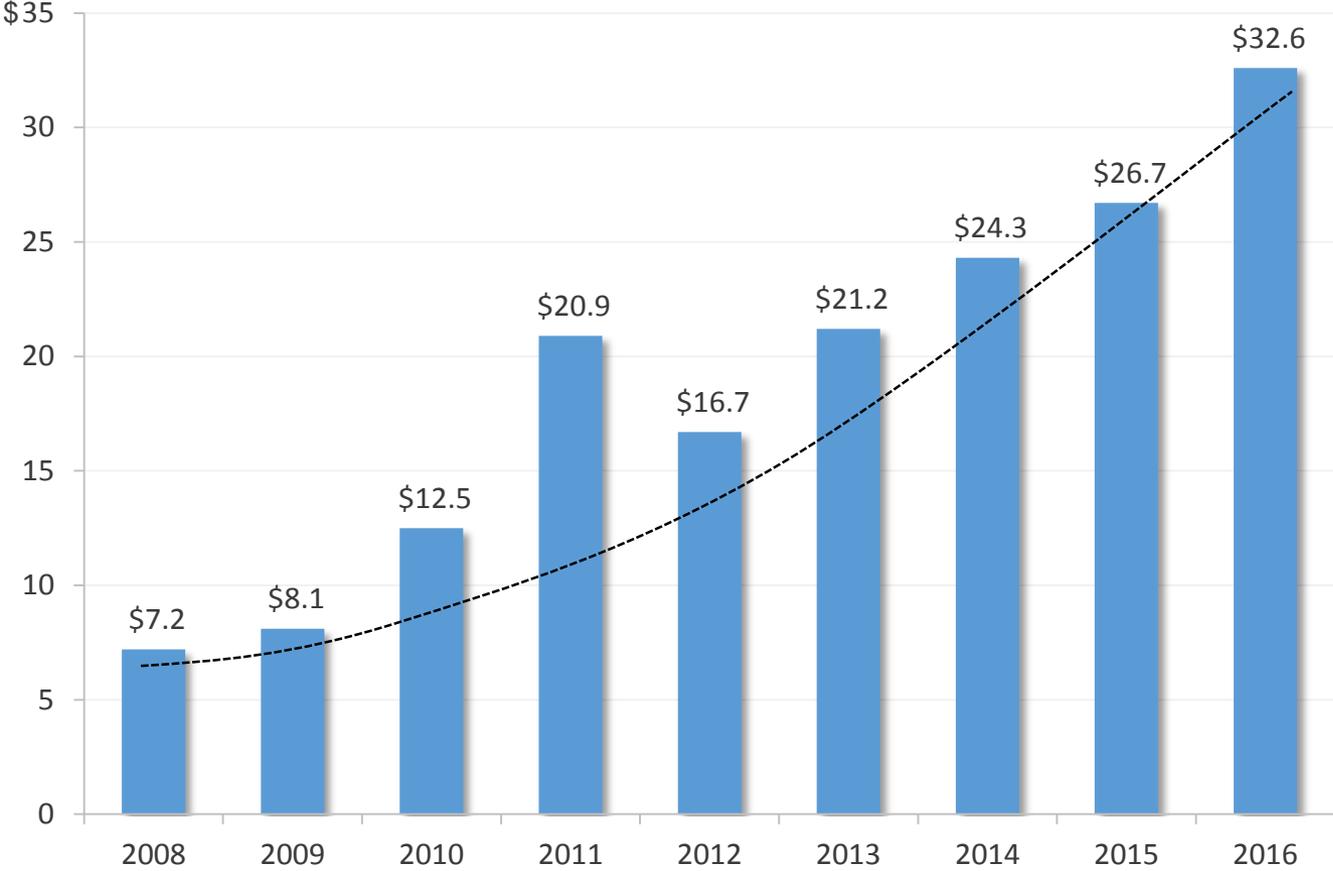
Centuri Construction Group

Construction Services



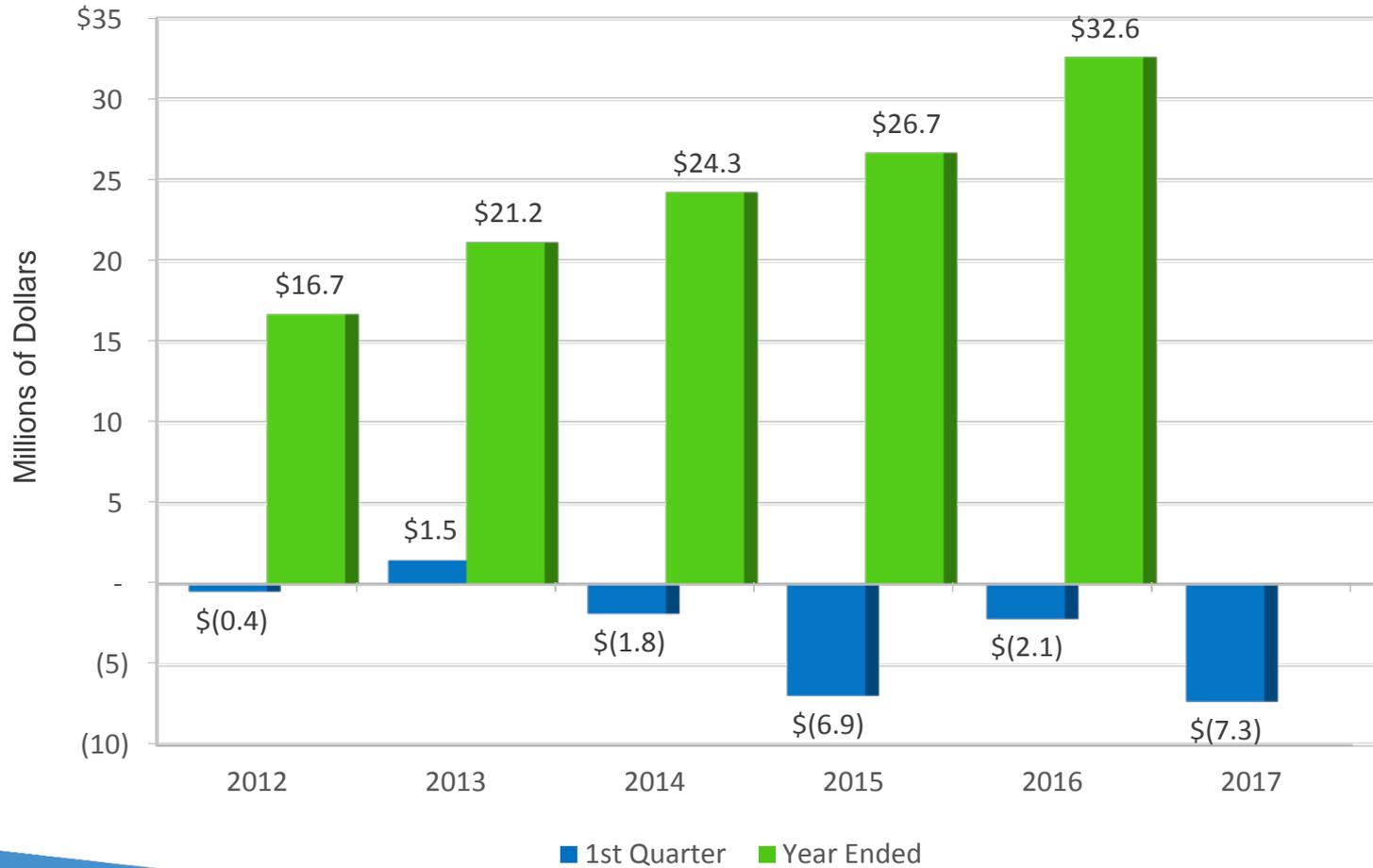
Centuri Construction Group

Historical Long-Term Profitability
(\$ in millions)



Net Income

Construction Services



2017 Expectations

Natural Gas Operations



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2017 Expectations

Construction Services



Expected to be between \$6 million – \$7 million.
(Based on current interest rate environment)



APPENDIX



Net Income

Three Months Ended March 31, 2017

Natural Gas Operations



Total Decrease - \$645,000



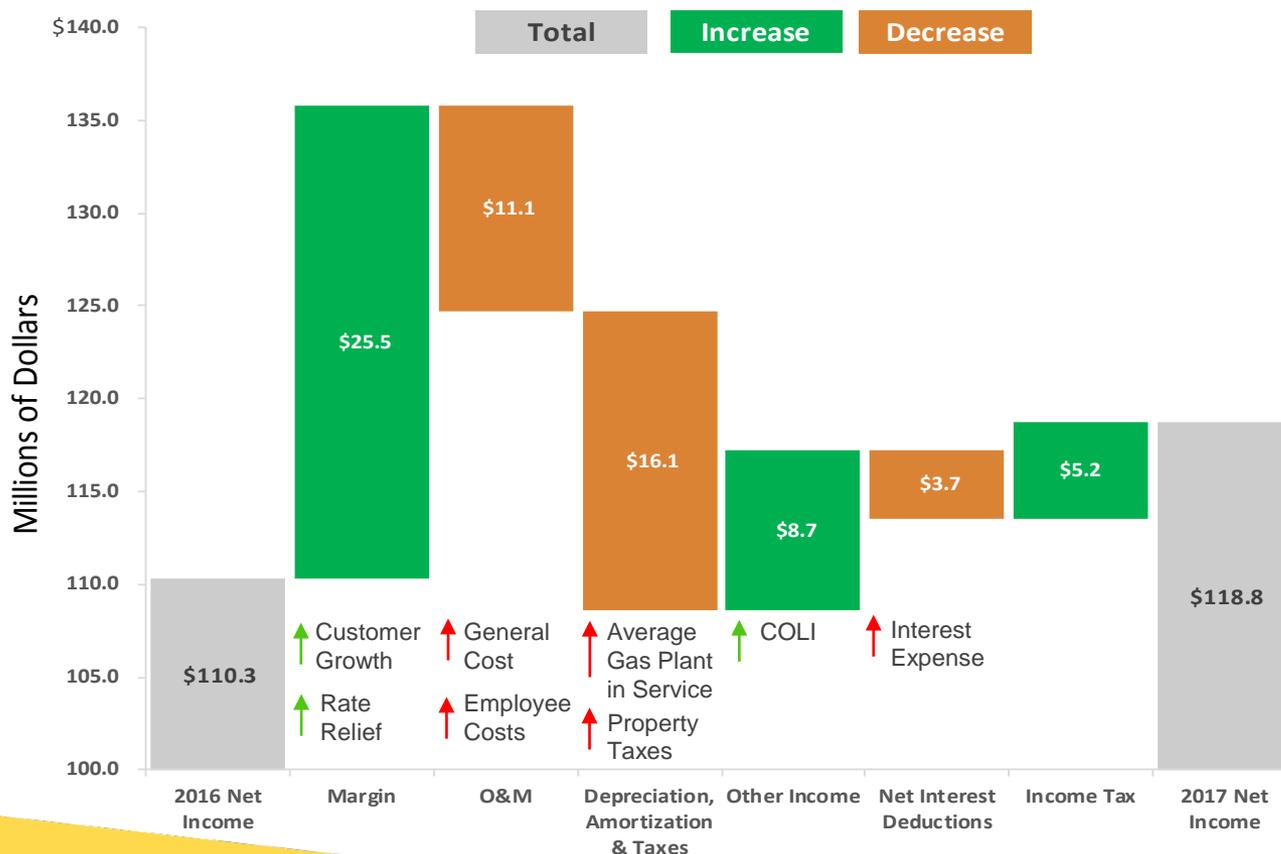
Net Income

Twelve Months Ended March 31, 2017

Natural Gas Operations



Total Increase - \$8.5 million



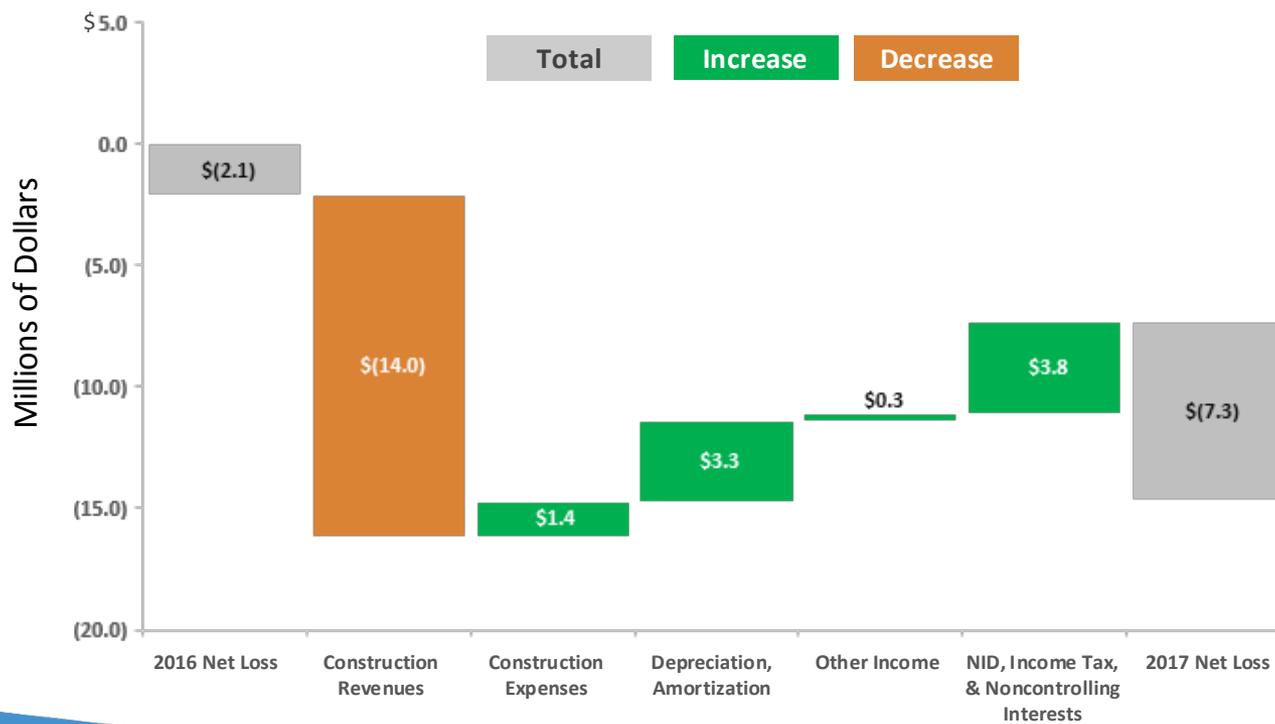
Net Income (Loss)

Three Months Ended March 31, 2017

Construction Services



Total Decrease - \$5.2 million

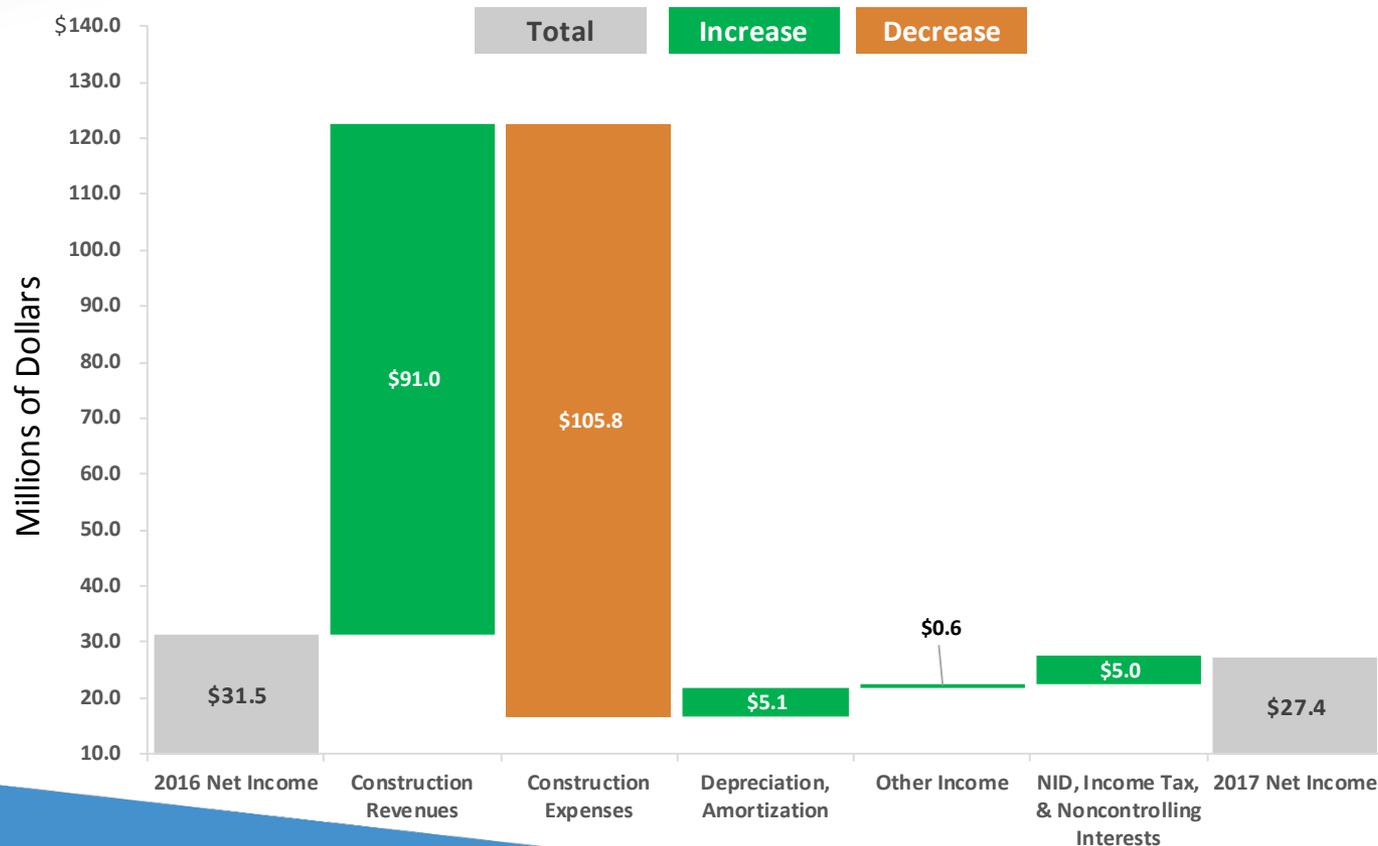


Net Income

Twelve Months Ended March 31, 2017
Construction Services



Total Decrease - \$4.1 million



Economic Overview – Service Area

Natural Gas Operations



	<u>Unemployment Rate</u>		<u>Employment Growth</u>	
	<u>March 2016</u>	<u>March 2017</u>	<u>March 2016</u>	<u>March 2017</u>
Southern California	5.8%	5.3%	3.4%	3.8%
Southern Nevada	6.1%	4.8%	1.8%	2.4%
Northern Nevada	6.4%	4.7%	1.6%	2.1%
Southern Arizona	4.7%	4.4%	3.1%	0.6%
Central Arizona	4.5%	4.1%	3.7%	2.7%

¹ [Source: State of California Employment Development Department, California Labor Market Review, <http://www.labormarketinfo.edd.ca.gov>]

² [Source: Nevada Department of Employment, Training and Rehabilitation (DETR), Economy In Brief, <http://nevadaworkforce.com>]

³ [Source: Nevada DETR, Data Search: Total Employment (Carson City, Churchill, Douglas, Elko, Humboldt, Lyon, and Pershing Counties, <http://nevadaworkforce.com>]

⁴ [Source: Arizona Office of Employment & Population Statistics, Employment Report, <https://laborstats.az.gov/>]

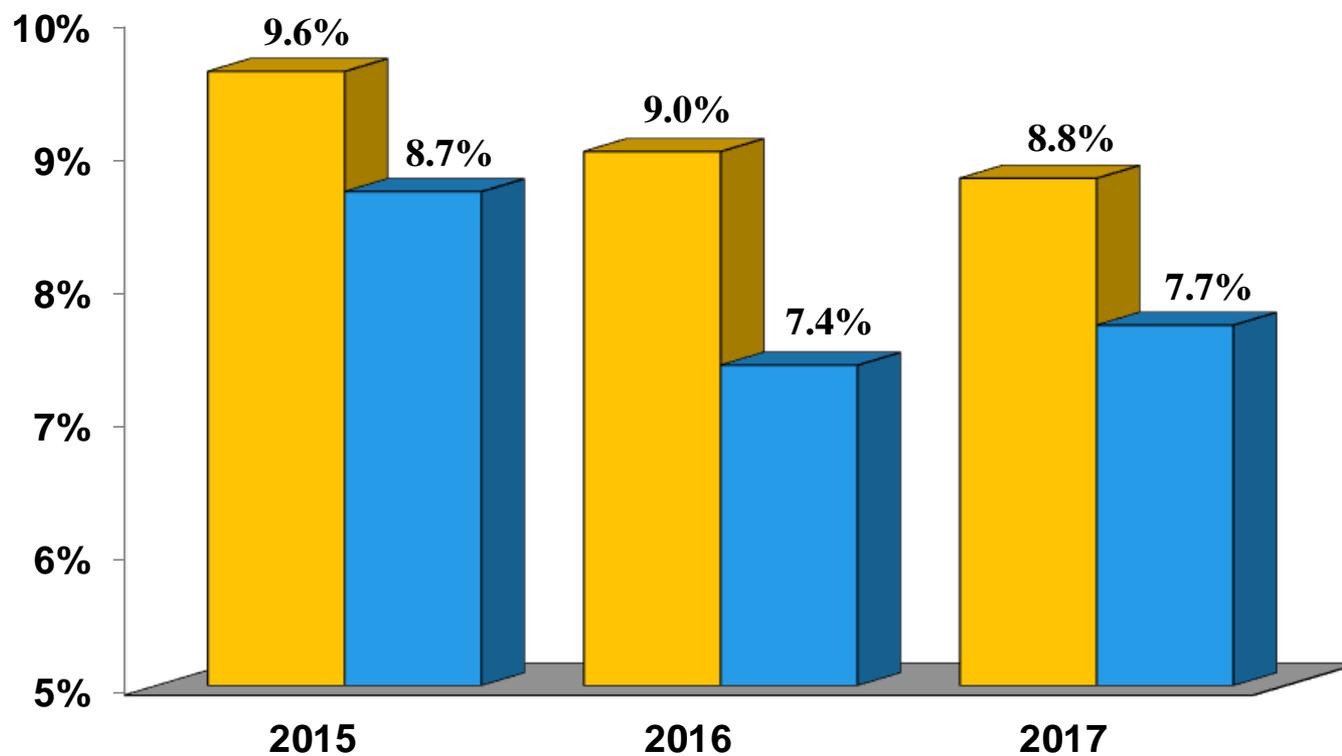


Return on Common Equity

Twelve months ended March 31,



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- Return on Common Equity - Total Company
- Return on Common Equity - Gas Operations

Investment Grade Credit Ratings



Southwest Gas Holdings, Inc.

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

Southwest Gas Corporation

	Moody's	S&P	Fitch
Issuer Rating	A3	BBB+	A-
Senior Unsecured	A3	BBB+	A
Outlook	Stable	Stable	Stable



Consolidated Capital Structure

(In millions)



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Capitalization at March 31,	2013	2014	2015	2016	2017
Equity ¹	\$ 1,379	\$ 1,470	\$ 1,571	\$ 1,666	\$ 1,737
Long-Term Debt ²	1,256	1,380	1,525	1,438	1,590
Total Permanent Capital	\$ 2,635	\$ 2,850	\$ 3,096	\$ 3,104	\$ 3,327
Capitalization ratios					
Equity ¹	52.3%	51.6%	50.7%	53.7%	52.2%
Long-Term Debt ²	47.7%	48.4%	49.3%	46.3%	47.8%
Total Permanent Capital	100.0%	100.0%	100.0%	100.0%	100.0%

¹Includes redeemable noncontrolling interest

²Includes current maturities of long-term debt

