

# Earnings Conference Call First Quarter 2024 Results

May 8, 2024



# 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 current and former consolidated subsidiaries, which include, among others, Southwest Gas Corporation (“Southwest”, “SWG”, “Utility” or “Natural Gas Distribution” segment), MountainWest Pipelines Holding Company (“MountainWest”, “MW” or “Pipelines and Storage” segment), Centuri Holdings, Inc., 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 WSN 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”, “pursue”, “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 and natural gas operations, estimated future capital expenditures, projected rate base growth, O&M per customer expectations, our 2024 financial guidance and expected value drivers, 2024 – 2026 financial guidance and expected value drivers, 2024 financing plan, and expectations with respect to future dividends, expectations with respect to a separation of our remaining interests in Centuri, and the future performance of the Company, Southwest Gas Corporation and Centuri. The Company can provide no assurances that a separation of our remaining interests in Centuri will occur on the expected timeline or at all. For purposes of any forward-looking consolidated financial information at Southwest Gas, full consolidation of Centuri has been modeled in this presentation. 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, statements regarding the proposed transaction structure and timing of a separation of our remaining interests in Centuri, the timing and impact of executing (or not executing) on such transaction alternatives, 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. 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

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 (loss) per share, (ii) Southwest Gas adjusted net income (loss), (iii) Corporate and Administrative adjusted earnings (loss) per share, (iv) Corporate and Administrative adjusted net income (loss), (v) natural gas distribution segment adjusted earnings (loss) per share, (vi) natural gas distribution segment adjusted net income (loss), (vii) utility infrastructure services adjusted earnings (loss) per share, (viii) utility infrastructure services segment adjusted net income (loss), (ix) pipeline and storage segment adjusted earnings per share, and (x) pipeline and storage segment adjusted income (loss). 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.

The amortization of certain acquisition intangible assets applies to our utility infrastructure services segment adjusted net income (loss) and therefore applies to adjusted net income at the Southwest Gas Holdings consolidated level as well. We believe this adjustment is a common adjustment in the infrastructure services industry and that this adjustment allows investors to more clearly compare earnings performance with Centuri peer performance; as such, beginning with the first quarter of 2024, the Company has presented this adjustment now that Centuri has completed its IPO and has begun as a public company. For comparison, the Company has recast adjusted net income for the first quarter of 2023, to add amortization of certain intangible assets in order to align the presentation of adjusted net income between periods, including related tax effects.

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. Following the Centuri IPO, we are no longer reporting Utility Infrastructure Services EBITDA and Adjusted EBITDA. Centuri will report those metrics in its own earnings materials.

# Speakers and Agenda

## SPEAKERS



**KAREN HALLER**

---

PRESIDENT AND CEO  
SOUTHWEST GAS HOLDINGS



**ROB STEFANI**

---

CFO  
SOUTHWEST GAS HOLDINGS

## PRESENTATION AGENDA

---

**Strategic and Business Update**

---

**Financial Update**

---

**Guidance and Outlook**



# SWX: Becoming a Premier, Fully Regulated Natural Gas Utility

## Positioned for Continued Growth and Success

- » Safely delivering reliable, sustainable, and affordable energy solutions
- » Significant population growth and 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

- » Affirming 2024 Southwest net income guidance range of \$228-\$238 million
- » Southwest targeting **10% to 12%** adjusted net income growth from 2024-2026 and **6.5% to 7.5%** rate base growth over the same period<sup>1</sup>
- » Improving earned return on equity through constructive regulatory outcomes and cost management efforts
- » Delivering competitive dividend to stockholders
- » Maintaining strong investment grade balance sheet

Notes:

1. Net income and rate base CAGR: base year 2024

# Executed Centuri IPO

## Initial Public Offering (“IPO”) Details

- » On April 17, 2024 SWX priced an IPO of Centuri Holdings stock, selling approximately 19% of Centuri at a price of \$21.00 per share
- » SWX retained ~81% interest in Centuri Holdings stock. Centuri’s market capitalization was valued at \$2.21 billion as of 5/7/2024<sup>1</sup>. We expect to consolidate Centuri until conditions for consolidation are no longer met

## Initial Public Offering

16.85M Shares

12.4M Base Deal

1.86M Overallotment

2.6M Private Placement

71.67M remaining shares owned by SWX<sup>2</sup>

## Completed IPO Within Targeted Timeframe

## Generated Significant Cash and Value

- » Generated ~\$329 million in net cash proceeds to Centuri
- » Proceeds used to reduce Centuri Holdings debt by \$316 million





# Advancing SWX's 2024 Strategic Priorities

## Centuri Separation

CEO onboarding	Complete	<input checked="" type="checkbox"/>	1Q 2024
Public Filing of S-1	Complete	<input checked="" type="checkbox"/>	2Q 2024
Centuri Deleveraging/Refinancing	Complete	<input checked="" type="checkbox"/>	2Q 2024
IPO Execution	Complete	<input checked="" type="checkbox"/>	2Q 2024
Complete Separation		<input type="checkbox"/>	Pending

## 2024 Financing Plan

SWX Equity issuance under ATM program (less than \$100M) <sup>1</sup>		<input type="checkbox"/>	1Q – 4Q 2024
SWX \$550M Term Loan Extension		<input type="checkbox"/>	2Q/3Q 2024
SWGC \$400M Revolving Credit Facility Extension		<input type="checkbox"/>	2Q/3Q 2024

## 2024 Utility and Regulatory Strategy

NV Rate Case Approval	Complete	<input checked="" type="checkbox"/>	2Q 2024
AZ Rate Case Filing	Complete	<input checked="" type="checkbox"/>	1Q 2024
CA Rate Case Filing		<input type="checkbox"/>	3Q 2024
GBGTC Rate Case Filing	Complete	<input checked="" type="checkbox"/>	1Q 2024
Utility Optimization Executing Planned Initiatives	Ongoing	<input type="checkbox"/>	1Q – 4Q 2024

# Regulatory Update - Nevada

## Rate Case Activity

### Nevada Rate Case Outcome Summary

*Dollars in millions*

<b>Proposed Revenue Increase<sup>1</sup></b>	<b>\$73.9</b>	<b>~98%</b> of request after depreciation adjustment and before adjustments to cost of capital
Depreciation Expense	(\$6.8)	
Cost of Service Adjustment	(\$1.6)	
<b>Stipulated Revenue Increase</b>	<b>~\$65.6</b>	<b>~\$297</b> million increase in rate base
Cost of Capital Adjustment	(\$6.5)	
<b>Authorized Revenue Increase</b>	<b>\$59.1</b>	

### Cost of Capital

	Requested at Certification	Authorized
<b>Target Equity Ratio</b>	50%	<b>50%</b>
<b>Return on Equity</b>	10.00%	<b>9.5%</b>
<b>Cost of Debt</b>	4.51% NNV 4.50% SNV	<b>Company's Position</b>





# Delivering Strong Results and Advancing Strategy



GAAP Net income of ~\$136 million, \$1 million year-over-year increase in 1Q 2024 net income



Approximately 40,000 new meter sets added during the last 12 months



NV rate general rate case approved (~\$59 million revenue increase), including an increase in allowed return on equity (9.5%) and an allowed equity capitalization of 50%



Operations and maintenance expenses were flat between comparative periods, reflecting cost discipline



Advanced regulatory strategy: filed AZ and GBGTC general rate cases and anticipate a CA rate case filing in 3Q 2024



Deferred purchased gas cost balances decreased by ~\$770 million from March 31, 2023 to March 31, 2024. Cash balance at March 31, 2024 now greater than \$400 million.



Completed initial public offering with proceeds used to partially de-lever Centuri



First quarter consolidated revenue of \$528 million despite unfavorable weather and timing of bid projects and storm work



Over \$40M of new awards from existing MSA customers supporting the work to advance critical reliability and integrity spending



In April, paid \$92 million to acquire the remaining 10% outstanding noncontrolling interest in Linetec Services, LLC

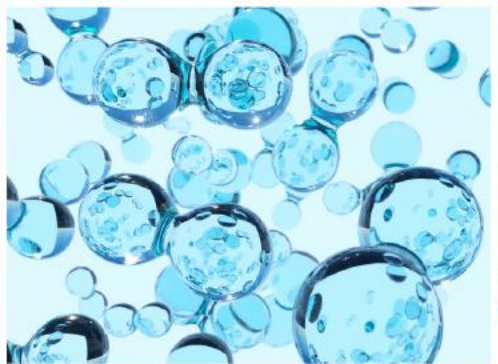


In April 2024, paid down \$316 million of debt from proceeds of the successful IPO



Successfully onboarded Bill Fehrman as President and CEO

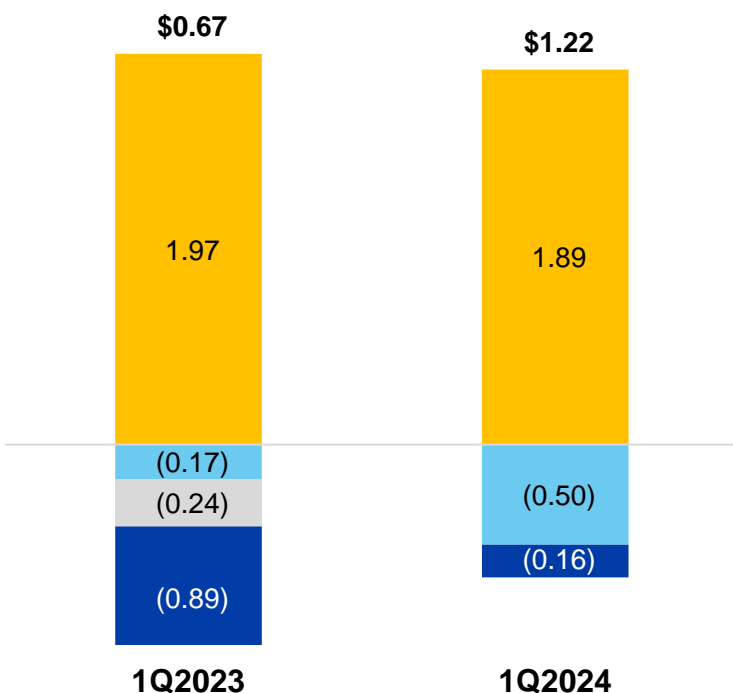
# Financial Update



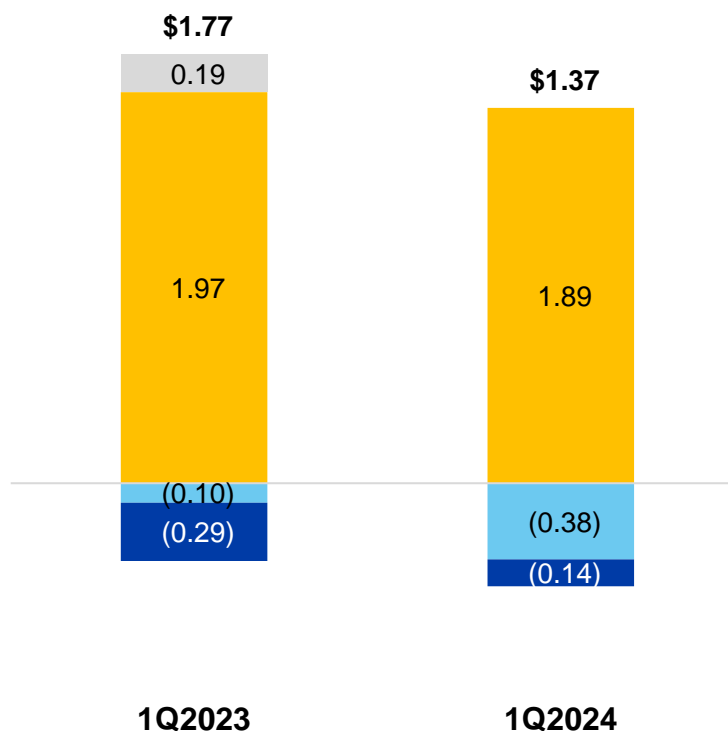
Southwest Gas  
HOLDINGS

# 1Q 2024 SWX Results

## GAAP SWX 1Q 2024 EPS Results



## Adj. SWX 1Q 2024 EPS Results<sup>1</sup>



■ HoldCo      ■ Southwest      ■ Centuri      ■ MountainWest

## Financial Highlights

- Consolidated first quarter 2024 adjusted net income of \$98.5 million resulting in adjusted earnings per share of \$1.37
- Southwest margin improved as a result of customer growth and combined rate relief stemming from plant investment
- HoldCo first quarter earnings impacted primarily by \$2.7 million of costs related to the Centuri Separation and interest expense on the \$550 million HoldCo term loan

Notes: charts may not add due to rounding

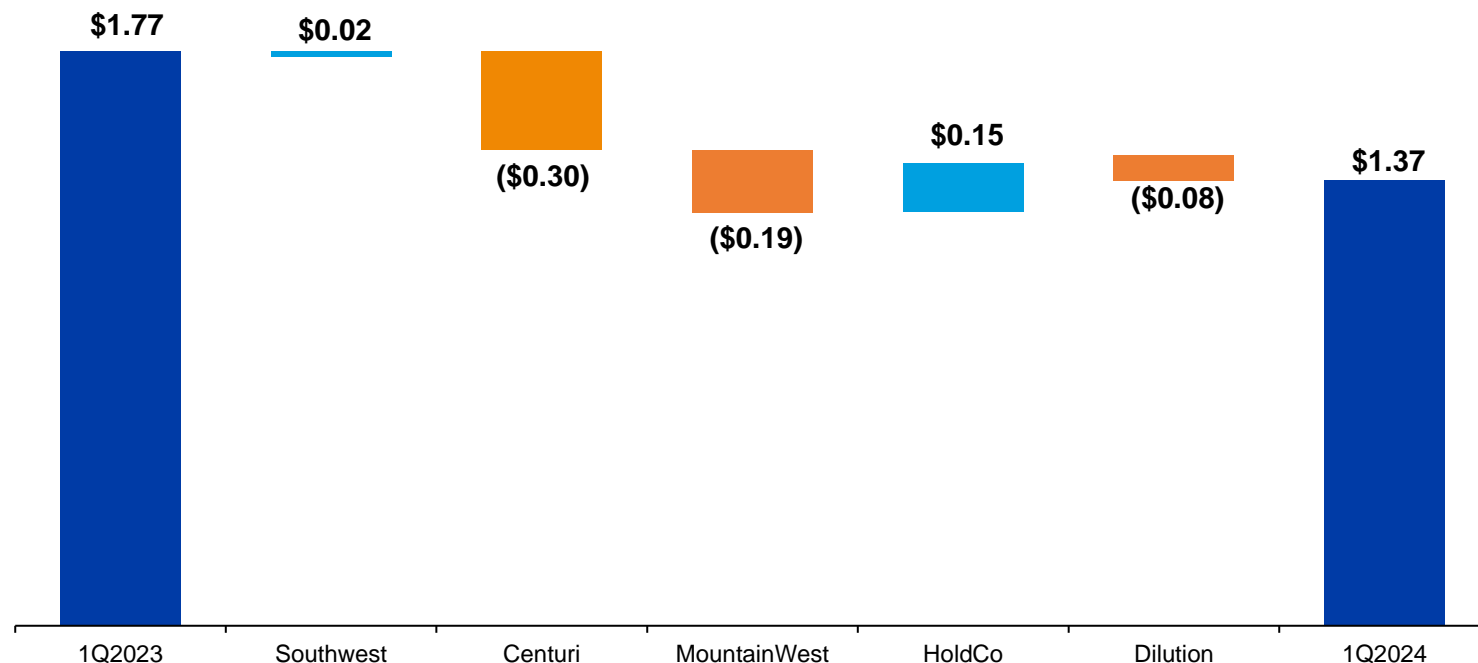
<sup>1</sup> Adjusted SWX EPS for the three months ended March 31, 2024, adjusts for strategic review, including Centuri separation costs and the amortization of intangible assets. Incrementally, the adjustments for three months ended March 31, 2023, further adjusts for the goodwill impairment and loss on sale and nonrecurring stand-up costs associated with integrating MW. Beginning with first quarter 2024, we changed our calculation of adjusted net income by adding an adjustment for the amortization of intangible assets at our utility infrastructure services segment. For comparative purposes, we have also recast adjusted net income for the three months ended March 31, 2023. See "Non-GAAP Measures" for more information and for full reconciliations of our non-GAAP financial measures.



# 1Q 2024 SWX Adjusted Earnings Per Share Walk

## Adjusted Earnings Per Share (\$ in millions)

■ Favorable ■ Unfavorable



## Financial Highlights

- Southwest benefited from higher margin which was partially offset by increased D&A and reductions in interest income
- Centuri EPS lower due to lower storm work and lower volume of work
- HoldCo benefited from lower expenses compared to 1Q 2023, including lower interest expense and contractor costs
- Share dilution due to equity issuance in 2023

Notes: charts may not add due to rounding

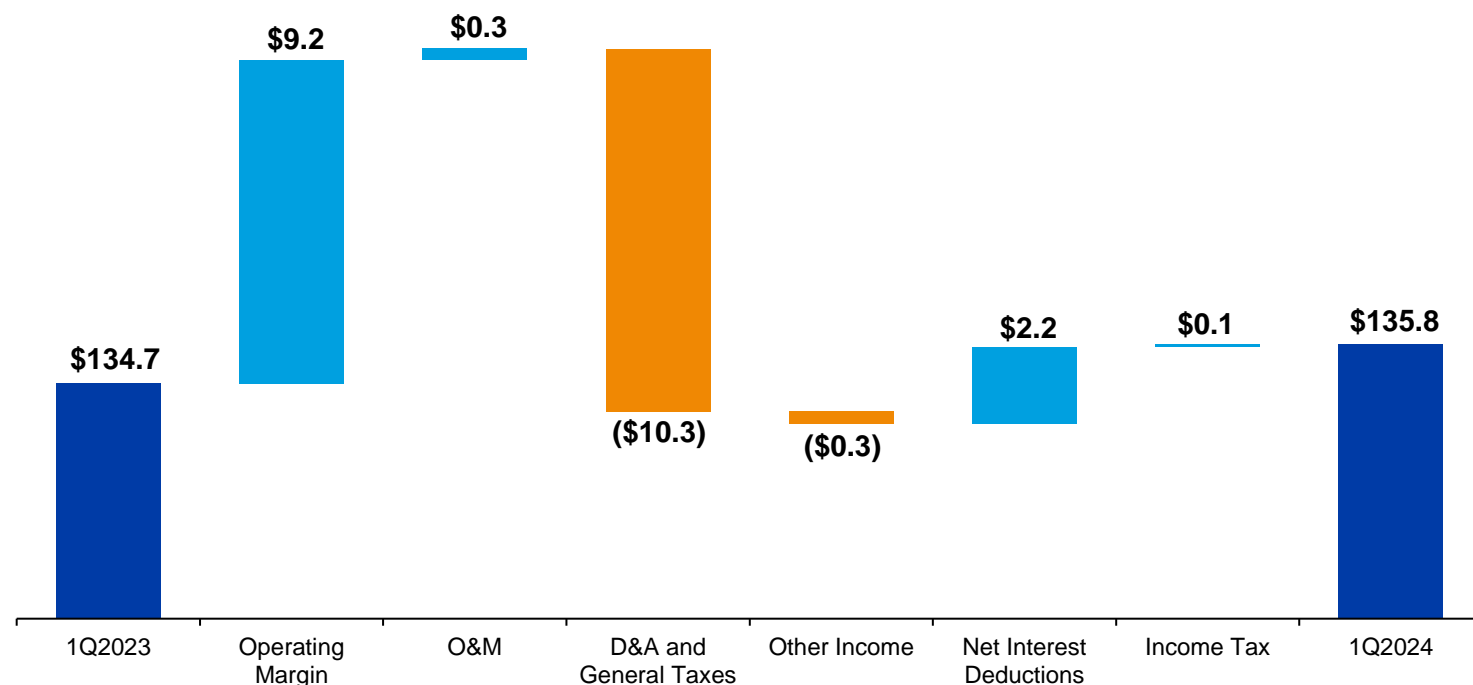
<sup>1</sup> Adjusted SWX EPS for the three months ended March 31, 2024, adjusts for strategic review, including Centuri separation costs and the amortization of intangible assets. Incrementally, the adjustments for three months ended March 31, 2023, further adjusts for the goodwill impairment and loss on sale and nonrecurring stand-up costs associated with integrating MW. Beginning with first quarter 2024, we changed our calculation of adjusted net income by adding an adjustment for the amortization of intangible assets at our utility infrastructure services segment. For comparative purposes, we have also recast adjusted net income for the three months ended March 31, 2023. See "Non-GAAP Measures" for more information and for full reconciliations of our non-GAAP financial measures.

# 1Q 2024 Southwest GAAP Net Income

NATURAL GAS DISTRIBUTION SEGMENT

## GAAP Net Income (Loss) (\$ in millions)

■ Favorable ■ Unfavorable



**Highest quarterly net income on record**

### Year-over-year net income (loss) drivers include:

(parentheses indicate unfavorable net income drivers)

↑ favorable impact      ↓ unfavorable impact

#### ↑ Operating Margin<sup>1</sup>

- \$10 million – Combined rate relief stemming from plant investment
- \$5 million – Customer growth
- \$7 million – Increase in recoveries associated with regulatory programs offset in D&A below
- (\$8 million) – out-of-period adjusting entry in 2023 related to net cost of gas sold

#### ↑ O&M

- O&M remained flat primarily related to decreases in cost of fuel used in operations and mostly offset by increases in employee-related labor and benefits costs in various areas of the business

#### ↓ D&A and General Taxes

- (\$7 million) – Increase in amortization related to regulatory account recoveries (offset in operating margin above)
- Remaining increase largely reflective of a 7% increase in average gas plant in service since the corresponding first quarter of 2023<sup>2</sup>

#### ↓ Other Income

- (\$3 million) – Decline in interest income related to carrying charges associated with the elevated deferred PGA<sup>3</sup> balance
- \$2 million – Increase in equity portion of the allowance for funds used in construction
- \$1 million – Increase in values underlying COLI<sup>4</sup> policies between periods

#### ↑ Interest

- Primarily driven by the payoff of \$450 million term loan in April 2023 partially offset by the impact of the issuance of \$300 million of Senior Notes in March of 2023

Notes: Chart may not add due to rounding

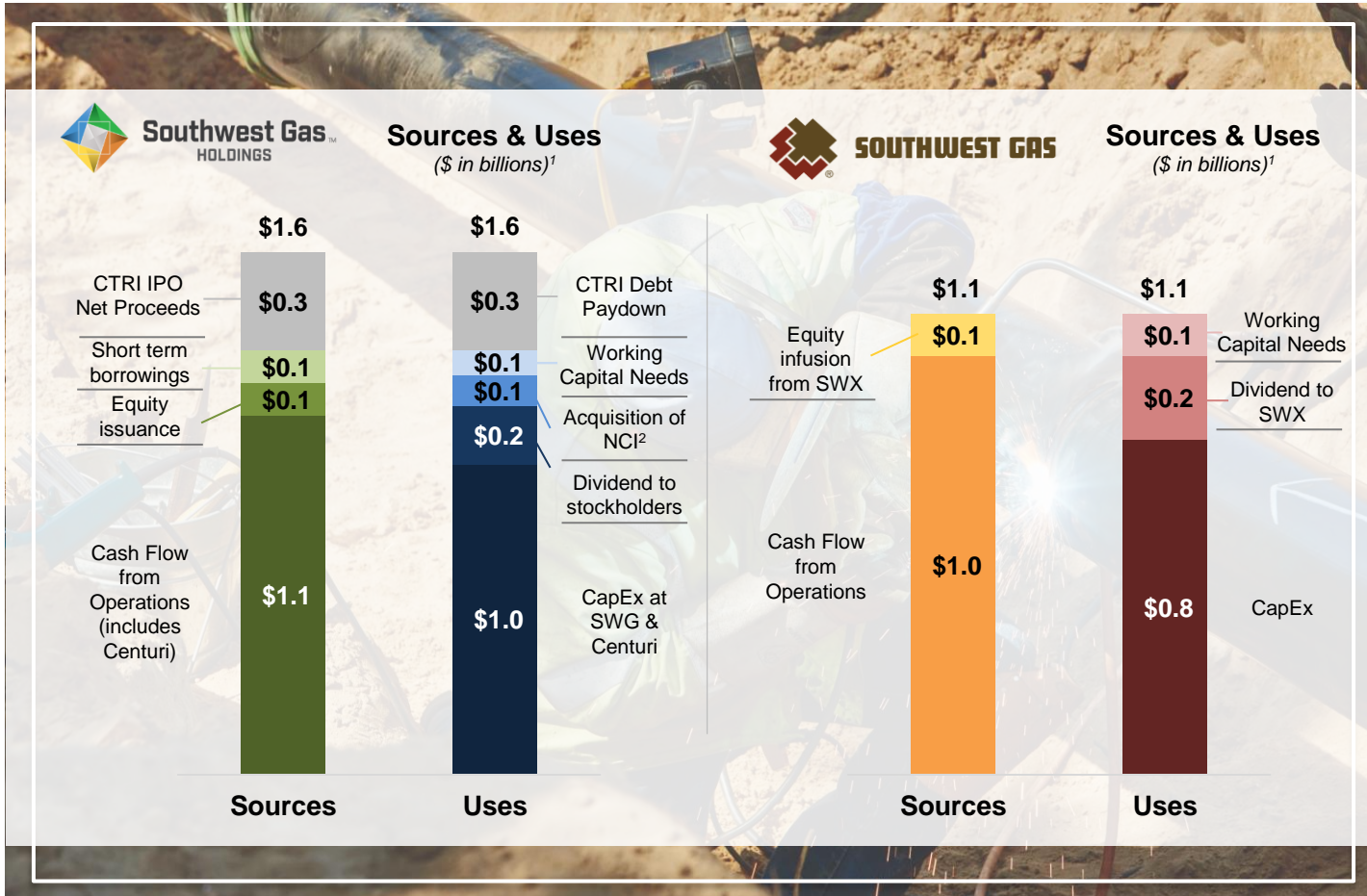
<sup>1</sup> Remaining variance primarily relates to miscellaneous revenue and customers outside of the decoupling mechanism

<sup>2</sup> Increase in plant was attributable to pipeline capacity reinforcement work, franchise requirements, scheduled pipe replacement activities, and new infrastructure

<sup>3</sup> Purchased Gas Cost Adjustment ("PGA")

<sup>4</sup> Company Owned Life Insurance ("COLI")

# 2024 Financing Plan






## Assumptions

- » Centuri consolidated
- » Significant cash from collection of PGA at Southwest
  - » Cash flow from operations anticipated to fully fund capital plan
  - » Approximately \$600 million in PGA recoveries forecasted
- » Expect limited equity needs to be funded using an ATM (less than \$100 million in 2024) depending on Centuri separation timing and strategy
- » No significant debt financing or refinancing at Southwest in 2024
- » Amend/extend Southwest Gas Holdings \$550 million Term Loan in 2Q/3Q 2024 as well as the Southwest \$400 million revolver



# Balance Sheet Strength

SWX and SWG are committed to maintaining an investment grade profile

	Net Debt <sup>1</sup> (\$ in billions)					Credit Ratings and Outlook <sup>3</sup>					
	Total Debt	Cash	Net Debt	PGA <sup>2</sup> Balance	Net Debt less PGA	Moody's		Standard and Poor's		Fitch	
						Ratings	Outlook	Ratings	Outlook	Ratings	Outlook
 Southwest Gas HOLDINGS	\$0.6	\$0.0	\$0.6	n/a	\$0.6	Baa2	Stable	BBB-	Positive	BBB	Rating Watch Negative
 SOUTHWEST GAS	\$3.5	\$0.4	\$3.1	\$0.2	\$2.9	Baa1	Stable	BBB	Positive	A-	Stable
 Centuri <sup>4</sup>	\$0.9	\$0.0	\$0.9	n/a	\$0.9	Ba3	Negative	B+	Credit Watch Developing	Not Rated	Not Rated

Notes:

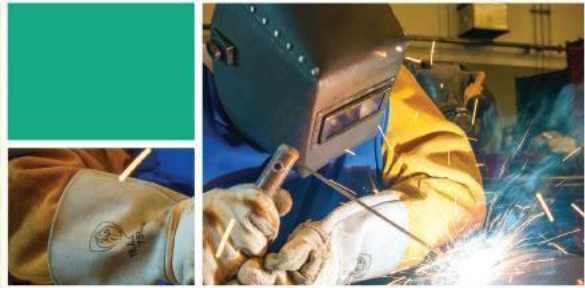
<sup>1</sup> As of 3/31/2024, except for Centuri – 4/29/24 paydown

<sup>2</sup> PGA Balances include purchase gas costs net of amounts received/refunded to or from customers

<sup>3</sup> Issuer ratings shown for Southwest Gas Holdings and Centuri; Senior unsecured long-term ratings shown for Southwest Gas Corporation

<sup>4</sup> Includes paydown from IPO proceeds completed on 4/29/24

# Guidance and Outlook



# Southwest 2024 and Forward-Looking Financial Guidance

## 2024 Guidance

Affirmed

Net Income <sup>1</sup>	\$228 - \$238 million
CapEx	~\$830 million

*Following the conclusion of the Nevada rate case and advancement of our disciplined business management approach across Southwest, we are expecting 2024 utility income toward the upper half of our range.*

## Forward-Looking Guidance

2024 – 2026 base yr 2024

Affirmed

Net Income <sup>2</sup> (CAGR)	10.0% - 12.0%
Rate Base <sup>2</sup> (CAGR)	6.5% - 7.5%
CapEx <sup>3</sup>	\$2.4 billion

Notes: charts/tables may not add due to rounding

<sup>1</sup> Assumes \$3 - \$5 million COLI earnings

<sup>2</sup> Net Income and Rate Base CAGR: base year 2024

<sup>3</sup> 3-year Capital Expenditures 2024 – 2026



# Positioned to Unlock Significant Stockholder Value



Enhancing SWX credit profile through strengthening capital and strategic flexibility by separation 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



Safely delivering 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 into a standalone world-class utility infrastructure services platform with strong leadership in infrastructure modernization and energy transition



Progress on separation remains on track



Deleveraging the business with net IPO proceeds of ~\$329 million and organically through EBITDA growth

# Contact Information

## Investors & Analysts

### Justin S. Forsberg

Vice President of Investor Relations & Treasurer

(702) 364-3135

[justin.forsberg@swgas.com](mailto:justin.forsberg@swgas.com)

## Media

### Sean Corbett

Manager, Corporate Communications

(702) 364-3310

[corpcomms@swgas.com](mailto:corpcomms@swgas.com)



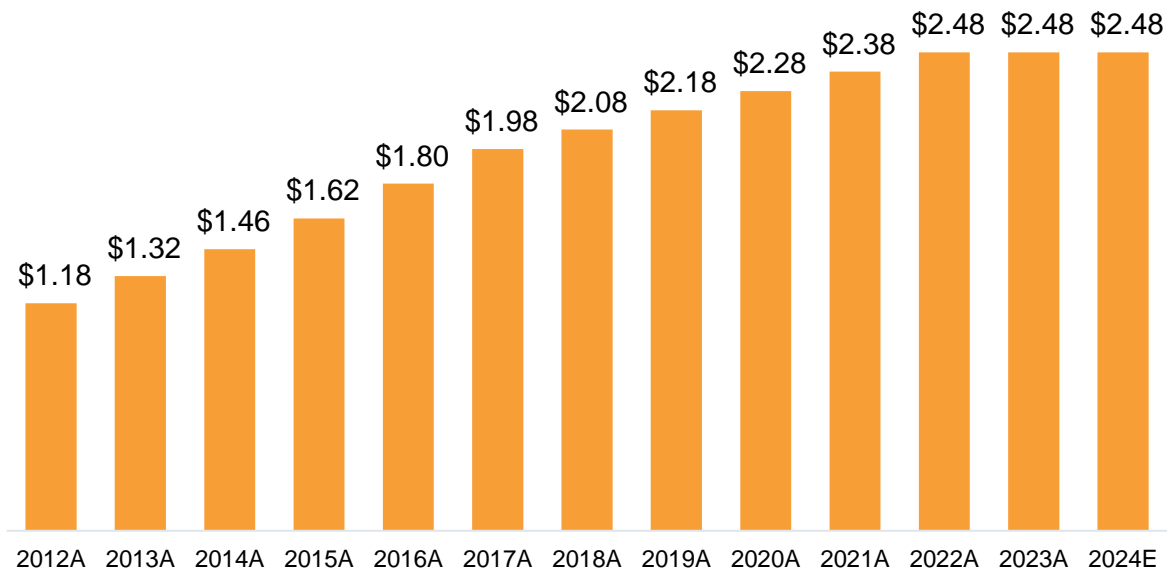




# Maintaining a Competitive Dividend

Upon completion of the separation 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 Holdings is committed to paying a competitive dividend
- Southwest Gas Holdings has paid a dividend every year since 1956
- Upon completion of the separation of Centuri, Southwest Gas Holdings plans to target a dividend payout ratio in line with gas utility peers<sup>1</sup>
- Until the planned separation has been completed, Southwest Gas Holdings expects to continue to pay its regular quarterly dividend<sup>1</sup>
- Expect to size post-separation dividend off of future run rate earnings considering expected rate relief in Arizona, California, and Nevada<sup>1</sup>



# Utility Optimization Progress



*In 2023 Southwest boosted its culture of continuous improvement and optimization by identifying opportunities to generate long-term benefits for all stakeholders*



## 2023 Summary

- » Formation of Office of Continuous Improvement & Optimization
- » Identified and prioritized company-wide initiatives
- » Finalized 6-year initiative playbook

## Initiative Playbook

- » Initiative playbook contains several initiatives intended to drive value and long-term improvement across the organization
- » Investment in systems, technology, and processes

## Value Driver Examples

- » Near-term Initiatives: outside services insourcing, customer contact center enhancements and fleet optimization
- » Long-term Initiatives: work management system modernization, advanced mobile leak detection deployment, information technology, application and storage optimization

## Anticipating Results

- » Increase O&M savings to achieve flat O&M per customer over 2024-2026 forecast period

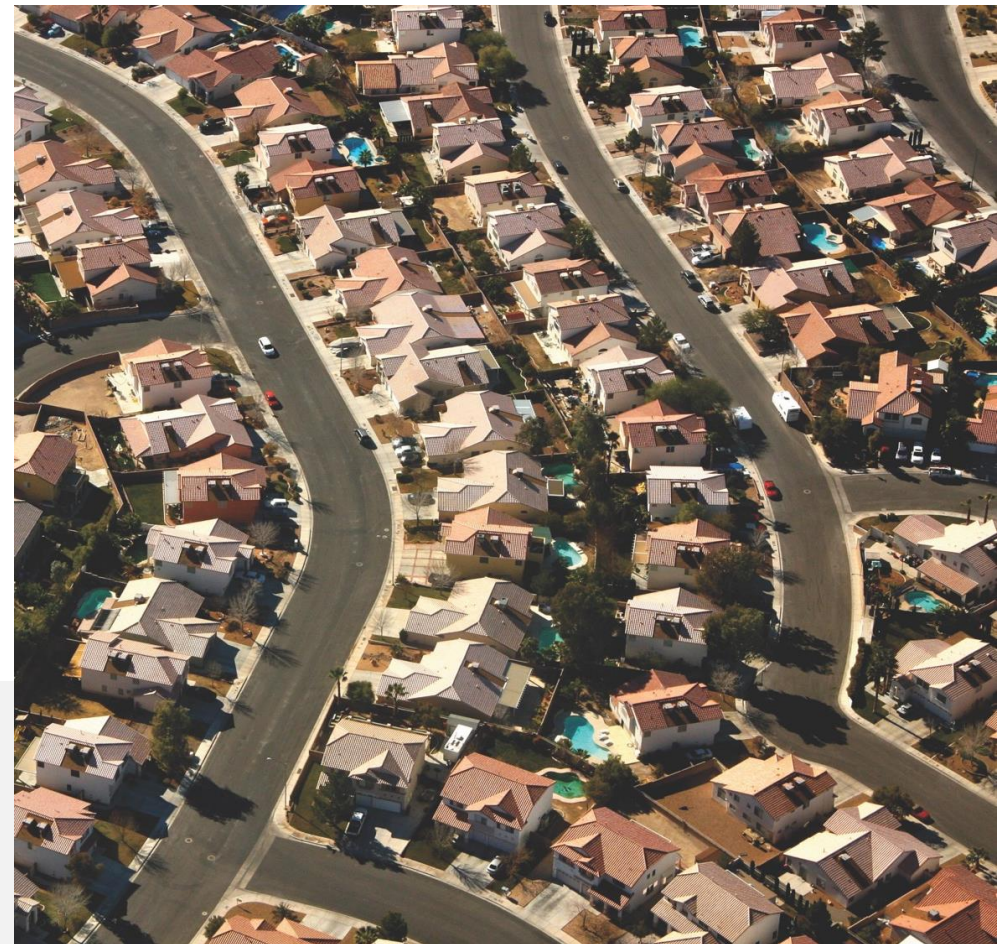
**Accelerating our Pursuit of Excellence:**  
Striving to be a leader in safety, quality, customer service, operational performance, and cost management

# Summary of Gas Cost Balances and Recovery Mechanisms

## PGA<sup>1</sup> Receivable Balance and Recovery Mechanism Summary

State	Dec. 2023 Receivable Balance (\$ in millions)	March 2024 Receivable Balance (\$ in millions)	Carrying Cost Rate	Gas Cost Rate Adjustment Frequency
AZ	\$251.4	\$135.9	1-Year Treasury Rate	Monthly <sup>2</sup>
NV	\$264.5	\$42.0	Weighted Average Cost of Capital	Quarterly <sup>2</sup>
CA	\$36.9	\$20.8	Commercial Paper Rate	Monthly <sup>3</sup>
<b>Total</b>	<b>\$552.9</b>	<b>\$198.7</b>		

### Balances by State as of 3/31/2024



Notes: charts and tables may not add due to rounding

<sup>1</sup> PGA refers to FERC Acct. 191

<sup>2</sup> 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

<sup>3</sup> 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

<sup>4</sup> Includes estimated recoveries for base gas costs and gas cost balancing accounts

# Southwest Net Income Drivers and Assumptions

Drivers	2024	2025	2026
Rate Relief	<ul style="list-style-type: none"> <li>▲ Nevada rates effective April 2024</li> <li>▲ GBGTC rates effective September 2024</li> </ul>	<ul style="list-style-type: none"> <li>▲ Arizona rates effective April 2025</li> </ul>	<ul style="list-style-type: none"> <li>▲ California rates effective January 2026</li> </ul>
	<ul style="list-style-type: none"> <li>▲ Assumes rate case filings and outcomes in line with historical cadence and experience</li> </ul>		
Customer Growth	<ul style="list-style-type: none"> <li>▲ Anticipate customer growth of ~1.6% per year</li> </ul>		
O&M	<ul style="list-style-type: none"> <li>↔ Targeting flat O&amp;M per customer</li> </ul>		
D&A	<ul style="list-style-type: none"> <li>▼ Increased YoY CapEx to support continued customer growth as well as one-time projects</li> </ul>	<ul style="list-style-type: none"> <li>▲ Expect declining capital to depreciation ratio after 2024</li> </ul>	
Financing Assumptions	<ul style="list-style-type: none"> <li>Targeting 50/50 utility capital structure over time</li> </ul>		





# Regulatory Update - Arizona

## Rate Case Activity

### Arizona Rate Case Filing Summary

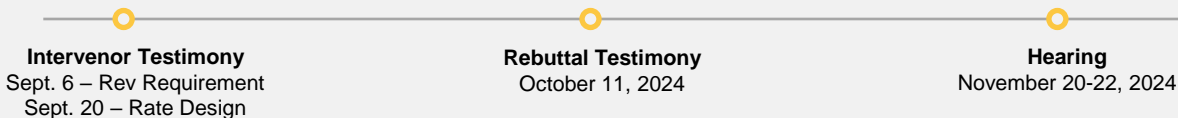
In February 2024, Southwest filed a rate case requesting a revenue increase of approximately \$126 million with rates anticipated to become effective April 2025

Target Equity Ratio	50%
Rate of Return	10.15%
Fair Value Return on Rate Base	0.81%
Rate Base	\$3.3 billion (~\$646 million increase, or ~24%)
Proposed Revenue Increase	~\$126 million

#### Notes

- » 364-Day Procedural Schedule
- » Continuation of full revenue decoupling<sup>1</sup>
- » ~\$40 million increase in O&M
- » Test year from 11/1/22 – 10/31/23 with \$229 million of rate base requested in the post test year period of 11/1/23 – 10/31/24
- » Proposed Capital Tracker (~40% of AZ capital budget)
- » Proposed Unrecovered Gas Cost Expense Rate
- » No significant changes to rate design

#### Procedural Schedule



### Proposed System Improvement Benefit (SIB) Mechanism

Encompass all required safety-related infrastructure investments that account for ~40% of the Company's Capital Budget dedicated to Arizona.<sup>2</sup>

#### Key Objectives

- Enhance Safety
- Minimize Regulatory Lag
- Minimize Customer Bill Impact
- Reduce Frequency of Rate Case Filings

Rate effective each February, subject to refund.



# Regulatory Update – GBGTC and California

## Rate Case Activity

### GBGTC Filing Summary

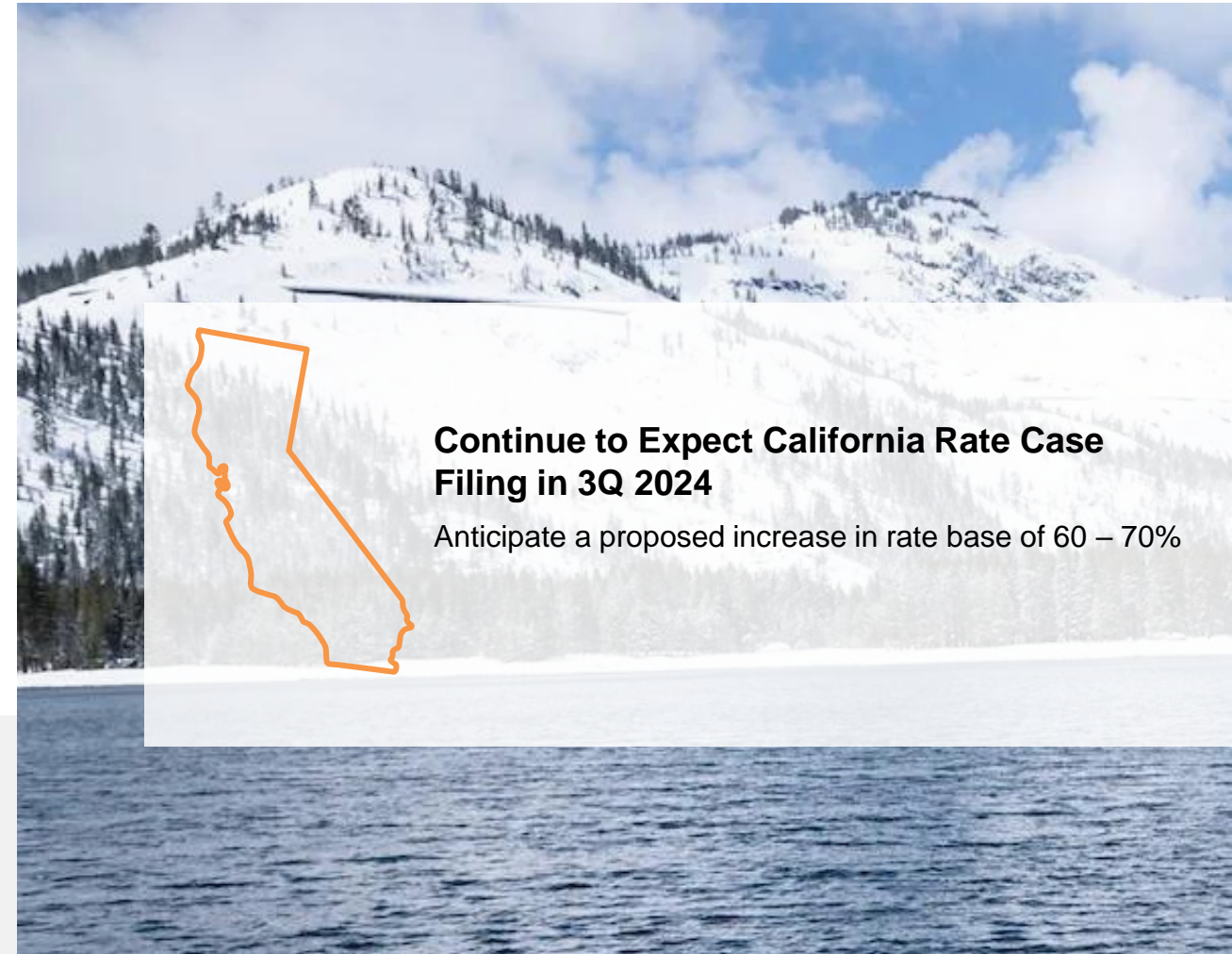
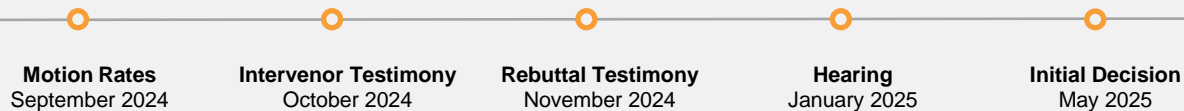
Filed GBGTC rate case on March 6, 2024 requesting a revenue increase of approximately \$16 million with rates anticipated to become effective September 1, 2024, subject to refund.

Target Equity Ratio	56%
Return on Equity	13.05%
Rate Base	\$387 million (~\$99 million increase)
Proposed Test Year Revenue Increase	~\$16 million

#### Notes

- » \$1.5 million increase in depreciation expense
- » No changes in rate design

#### Anticipated Procedural Schedule



# Strong Demand Dynamics Supporting Value Creation

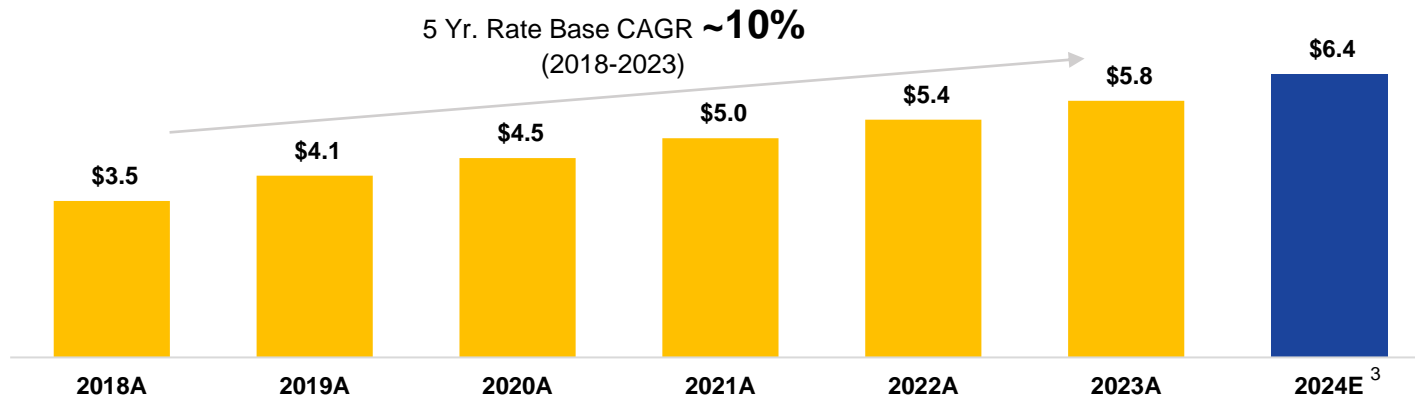


## Strong Economic Growth Projected Across Service Areas

- From 2024 to 2029, projected population growth of 3.52% in Arizona and 2.61% in Nevada, compared to the 2.40% average growth in the US<sup>1</sup>
- Continued growth in First-Time Meter Sets

**~40k** First-Time Meter Sets during the last 12 months as of March 2024

Rate Base<sup>2</sup> (\$ in billions)



**\$2.4B**

Capital Investment to Support Growth

**6.5 – 7.5%**

Rate Base Growth

Estimated 2024 – 2026

## Plan Highlights

**53%**

in Safety & Integrity Management

**28%**

in New Business

**90% - 95%**

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

Notes:

<sup>1</sup> S&P Global Capital IQ, 22 April 2024.

<sup>2</sup> Rate base amounts reflect estimated total investment in facilities to provide utility service, less estimated retirements, depreciation, and deferred taxes plus working capital as of 12/31 of each year depicted. This is different than our authorized rate base, which is the rate base approved by our regulatory bodies in our most recent rate cases and that is reflected in current rates.

<sup>3</sup> 2024E rate base assumes CapEx at 2024 guidance (~\$830 million)

# Southwest Regulatory Update

## Other Regulatory Activity



### Arizona PGA Filing

Received ACC approval to increase the Gas Cost Balancing Account rate (for up to two years) to facilitate timely recovery of an approximate \$358 million purchased gas cost balance, effective August 1, 2023.

### Arizona COYL Annual Surcharge Filing

In February, the Company submitted its annual COYL Surcharge filing requesting a \$1.8 million margin increase.

### California Hydrogen Demonstration Project

Application pending before California Public Utilities Commission (“CPUC”) for approval of a hydrogen-blending demonstration project in Northern California.

### California Fort Irwin Expansion Project

CPUC approved the expansion of the Company’s service territory in Southern California to accommodate the construction of an ~21-mile pipeline to extend service to the Army’s National Training Center at Fort Irwin.

### 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. Great Basin has requested authority from FERC to place the line in service April 24, 2024.

### Great Basin 2024 – Expansion Project

In April 2024, the FERC issued the order approving SWG’s application to abandon and replace certain pipeline facilities and grant a CPCN to construct and operate certain facilities to expand the transportation capacity of the system. The current project estimate is ~\$15 million.

### Nevada Annual Rate Adjustment Filing

The Company’s application filed in November 2023 contemplates a statewide decrease in revenues of ~\$10.6 million. A partial stipulation was filed in April 2024.

Notes:

<sup>1</sup> Arizona Corporate Commission (“ACC”)

# 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<sup>1</sup> for natural gas utilities. The rulemaking is currently underway at the PUCN*

### 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 greenhouse gas emissions reduction goals



Enhances transparency for customers and interested stakeholders

Notes:

<sup>1</sup> Public Utilities Commission of Nevada ("PUCN")



# 1Q 2024 Financial Results

CONSOLIDATED

Results of Consolidated Operations	Three Months Ended	
	March 31,	
	2024	2023
<i>(in millions, except per share items)</i>		
Natural gas distribution income	\$ 135.8	\$ 134.7
Utility infrastructure services loss	(36.2)	(11.9)
Pipeline and storage loss	-	(16.3)
Corporate and administrative loss	(11.9)	(60.6)
Net income	87.7	45.9
Non-GAAP adjustments <sup>(1)</sup>	10.7	75.0
Adjusted net income	98.5	121.0
Basic earnings per share	\$ 1.22	\$ 0.67
Diluted earnings per share	\$ 1.22	\$ 0.67
Basic adjusted earnings per share	\$ 1.37	\$ 1.77
Diluted adjusted earnings per share	\$ 1.37	\$ 1.77
Weighted average common shares	71.728	68.265
Weighted average diluted shares	71.882	68.419

Notes: table may not add due to rounding

<sup>1</sup> Adjusted SWX net income and EPS for the three months ended March 31, 2024, adjusts for strategic review, including Centuri separation costs and the amortization of intangible assets. Incrementally, the adjustments for three months ended March 31, 2023, further adjusts for the goodwill impairment and loss on sale and nonrecurring stand-up costs associated with integrating MW. Beginning with first quarter 2024, we changed our calculation of adjusted net income by adding an adjustment for the amortization of intangible assets at our utility infrastructure services segment. For comparative purposes, we have also recast adjusted net income for the three months ended March 31, 2023. See "Non-GAAP Measures" for more information and for full reconciliations of our non-GAAP financial measures.

# Summary of Operating Results

## NATURAL GAS DISTRIBUTION SEGMENT

	Three Months Ended	
	March 31,	
	2024	2023
<b>Results of Natural Gas Distribution</b>		
<i>(in thousands of dollars)</i>		
Regulated operations revenues	\$ 1,052,933	\$ 914,879
Net cost of gas sold	629,997	501,169
Operating margin	422,936	413,710
Operations and maintenance expense	130,866	131,188
Depreciation and amortization	84,823	74,650
Taxes other than income taxes	22,903	22,740
Operating income	184,344	185,132
Other income	18,100	18,443
Net interest deductions	36,444	38,622
Income before income taxes	166,000	164,953
Income tax expense	30,175	30,257
Segment net income	\$ 135,825	\$ 134,696

# Non-GAAP Measures

(\$ in thousands, except per share amounts)

Adjusted SWX income and adjusted EPS for the three months ended March 31, 2024, adjusts for strategic review, including Centuri separation costs and the amortization of intangible assets. Incrementally, the adjustments for three months ended March 31, 2023, further adjusts for the goodwill impairment and loss on sale and nonrecurring stand-up costs associated with integrating MW. The amortization of certain acquisition intangible assets applies to our utility infrastructure services segment adjusted net income (loss) and therefore applies to adjusted net income at the Southwest Gas Holdings consolidated level as well. We believe this adjustment is a common adjustment in the infrastructure services industry and that this adjustment allows investors to more clearly compare earnings performance with Centuri peer performance; as such, beginning with the first quarter of 2024, the Company has presented this adjustment now that Centuri has completed its IPO and has begun as a public company. For comparison, the Company has recast adjusted net income for the first quarter of 2023, to add amortization of certain intangible assets in order to align the presentation of adjusted net income between periods, including related tax effects.

Adjusted Corporate and Administrative loss and adjusted EPS for the three months ended March 31, 2024 adjusts for Centuri separation costs. Incrementally, the adjustments for the three months ended March 31, 2023, further adjusts for goodwill impairment and loss on sale and MW stand-up, integration, and transaction-related costs.

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

Adjusted Centuri net income (loss) and adjusted EPS for the three months ended March 31, 2024 and March 31, 2023, adjusts for strategic review costs, including the Centuri separation and the amortization of intangible assets. Following the Centuri IPO, we are no longer reporting Utility Infrastructure Services EBITDA and Adjusted EBITDA. Centuri will report those metrics in its own earnings materials.

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.

## SWX Adjusted Net Income and Adjusted EPS

	Three months ended	
	March 31,	
	2024	2023
SWX net income	\$ 87,737	\$ 45,911
Goodwill impairment and loss on sale	-	72,688
Nonrecurring stand-up cost associated with integrating MW	-	2,856
Strategic review and Centuri separation	6,602	1,728
Amortization of intangible assets	6,668	6,668
Income tax effect of adjustments	(2,546)	(8,896)
<b>SWX adjusted net income</b>	<b>\$ 98,461</b>	<b>\$ 120,955</b>

Weighted average diluted shares

	71,882	68,419
<b>SWX adjusted EPS</b>	<b>\$ 1.37</b>	<b>\$ 1.77</b>

## Corporate & Admin. Adjusted Net Income and Adjusted EPS

Corporate and Admin. net loss	\$ (11,858)	\$ (60,625)
Goodwill impairment and loss on sale	-	51,473
MW stand-up, integration, and transaction-related costs	-	291
Centuri separation cost	2,725	1,637
Income tax effect of adjustments	(654)	(12,817)
<b>Corporate and Admin. adjusted net loss</b>	<b>\$ (9,787)</b>	<b>\$ (20,041)</b>

Weighted average diluted shares

	71,882	68,419
<b>Corporate and Admin. adjusted EPS</b>	<b>\$ (0.14)</b>	<b>\$ (0.29)</b>

## MW Adjusted Net Income and Adjusted EPS

MW net loss	\$ -	\$ (16,288)
Nonrecurring stand-up cost	-	2,565
Goodwill impairment and loss on sale	-	21,215
Income tax effect of adjustments	-	5,580
<b>MW adjusted net income</b>	<b>\$ -</b>	<b>\$ 13,072</b>

Weighted average diluted shares

	71,882	68,419
<b>MW adjusted EPS</b>	<b>\$ -</b>	<b>\$ 0.19</b>

## Centuri Adjusted Net Income and Adjusted EPS

	2024	2023
Centuri net loss	\$ (36,230)	\$ (11,872)
Strategic review costs, including Centuri separation	3,877	91
Amortization of intangibles	6,668	6,668
Income tax impact of adjustments	(1,892)	(1,659)
<b>Centuri adjusted net loss</b>	<b>\$ (27,577)</b>	<b>\$ (6,772)</b>

Weighted average diluted shares

	71,882	68,419
<b>Centuri adjusted EPS</b>	<b>\$ (0.38)</b>	<b>\$ (0.10)</b>