



Southwest Gas™
HOLDINGS

Siebert Williams Shank - West Cost Utilities Conference

March 17, 2021



PARTICIPANTS



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SAFE HARBOR STATEMENT

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

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

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

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

PRESENTATION OUTLINE



Company Overview



Financial Highlights



Regulation



Customer Growth & Economic Overview



Sustainability Initiatives



Capital Expenditures and Rate Base Growth



Dividend Growth



2021 EPS Guidance & Focus



Long-Term Value Drivers

2020 HIGHLIGHTS



- Record net income of \$232 million
- Record earnings per share of \$4.15
- 15th year of dividend increases (\$0.10 increase from \$2.28 to \$2.38 annually)



- Added 37,000 new customers (1.8% growth rate is the highest since 2006)
- Operating margin increased \$24 million
- Managed operations and maintenance expense (\$16 million decrease)
- Approved rate relief of \$59.8 million from Nevada and Arizona general rate cases
- California general rate case agreement reached (rate relief of \$6.4 million), with the delay in rate relief in 2021 being tracked in a memorandum account



- Record revenues of \$1.9 billion
 - ✓ Increase of \$197 million (11.3%) over 2019
 - ✓ 11th year in a row of increases
- Emergency restoration services provided \$82 million of revenue compared to \$13 million in 2019
 - ✓ Responded to 8 major hurricanes /storms in 14 states
- Record net income of \$74.9 million
 - ✓ Increase of \$22.5 million (43%) over 2019
 - ✓ 8th year in a row of increases
- Paid cash dividends to parent of \$26 million
 - ✓ Have paid \$76 million in dividends over past 4 years

BUSINESS SEGMENTS

Natural Gas Operations

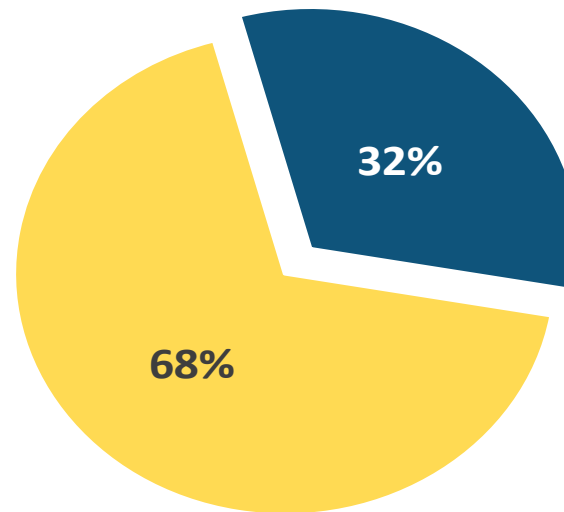


Utility Infrastructure Services



\$232.3 million

Year ended 12/31/20 Net Income



SOUTHWEST GAS

NATURAL GAS OPERATIONS - OVERVIEW

- Largest distributor of natural gas in Arizona (including Phoenix and Tucson metropolitan areas) and Nevada (including Las Vegas), and also distributes and transports gas in parts of California (including the Lake Tahoe area)
- Operates a pipeline transmission system (including an LNG storage facility) through Paiute Pipeline Company (“Paiute”), a wholly owned subsidiary
- Headquartered in Las Vegas
- As of January 1, 2021, 2,123,000 customers, 99% of which are residential and small commercial, and total authorized rate base of approximately \$3.8 billion

NATURAL GAS OPERATIONS—SERVICE TERRITORIES

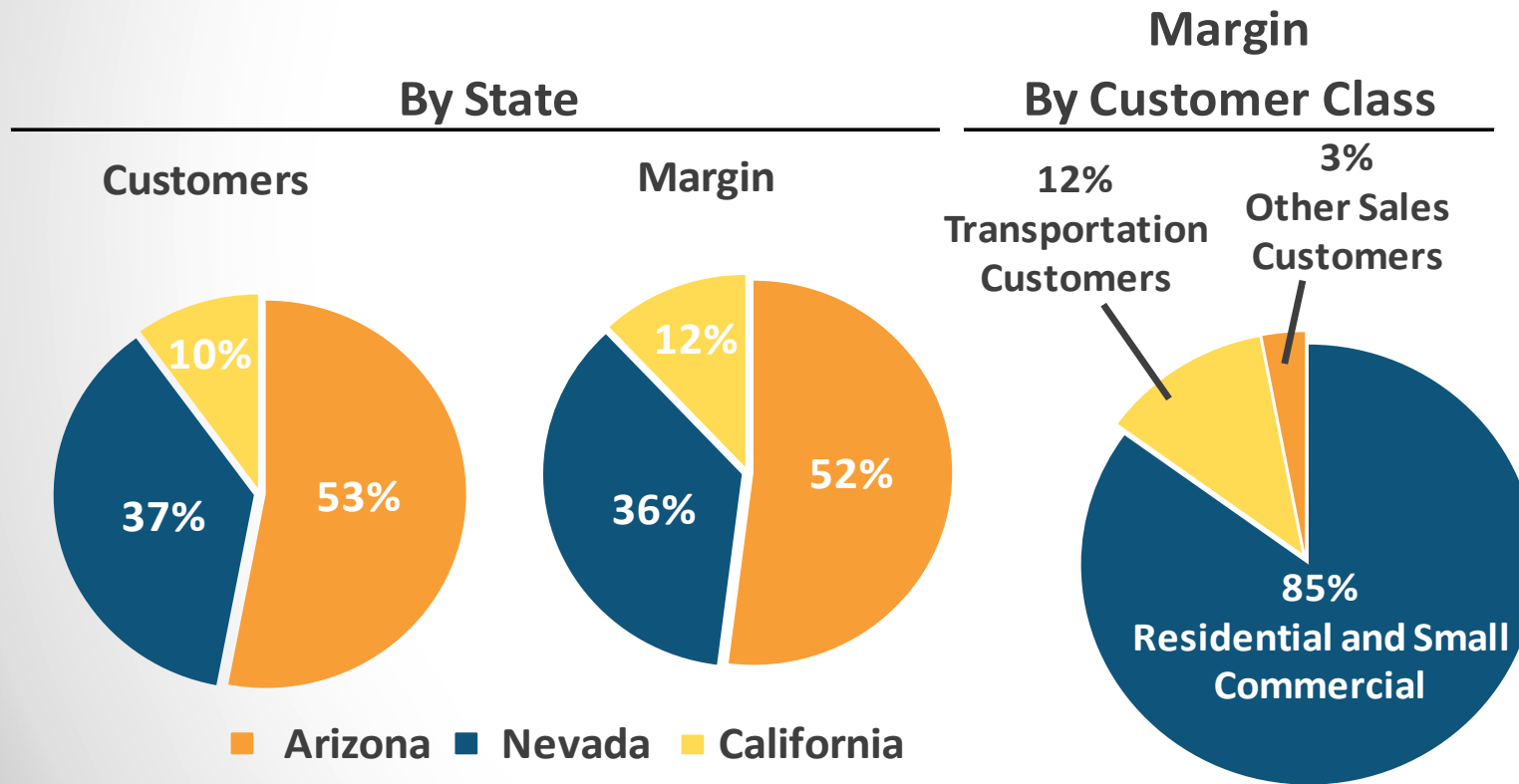


DIVERSIFIED AND GROWING CUSTOMER BASE

NATURAL GAS OPERATIONS

Year Ended December 31, 2020

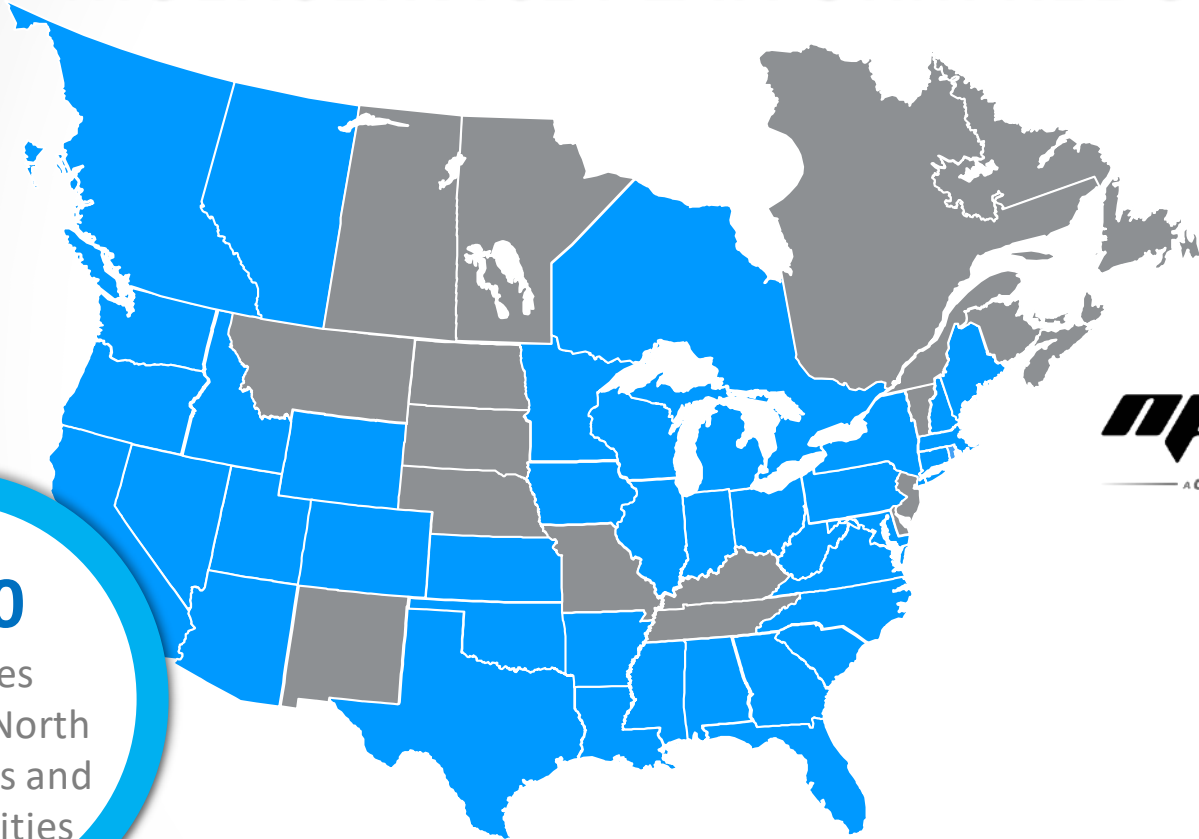
Customer & Operating Margin Distribution



- Decoupled rate structure in all three states
- Residential and small commercial customers represent over 99% of the total customer base
- 85% of margin (residential and small commercial) under decoupled rate structure
- 37,000 first-time meter sets during 2020
- Continued growing customer base

DIVERSIFIED INFRASTRUCTURE SERVICES

MULTISERVICE PLATFORM REDUCES RISK



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



GAS
GROUP



POWER
GROUP



CANADA
GROUP

MAJOR UTILITY CUSTOMERS

UTILITY INFRASTRUCTURE SERVICES

Gas

ATMOS
energy

 Southern
California
Gas Company

Columbia Gas®

A Semptra Energy company

ENBRIDGE
Life Takes Energy™

PEOPLES GAS®
NATURAL GAS DELIVERY

 **Kansas
Gas Service.**
A Division of ONE Gas

 **SOUTHWEST GAS**

MINNESOTA
ENERGY
RESOURCES

 **SCG**

 Nicor Gas

 **uniongas**

 **Oklahoma
Natural Gas.**
A Division of ONE Gas

 **Washington
Gas**
A WGL Company

Electric

AEP **AMERICAN
ELECTRIC
POWER**

 **aps**

 **CLECO.**

 Georgia Power

Combination

AVISTA

nationalgrid

BGE
An Exelon Company

NIPSCO

OG&E

 **Dominion
Energy**

 **Unitil**

 **DUKE
ENERGY.**

we energies. 

 **Entergy**

 **NV Energy**

 Southern Company

TOP 20 CUSTOMERS

UTILITY INFRASTRUCTURE SERVICES

>89%

Total Centuri Revenue From Regulated Utilities

#	Revenue as % of Total	Revenue ¹ (\$ in Millions)	Relationship Length (Years)	Total Contract Length (Years)
1	11.3%	\$220	42	5
2	6.9%	\$135	35	6
3	5.8%	\$113	24	7
4	5.5%	\$107	16	5
5	5.4%	\$106	19	5
6	5.2%	\$102	6	3
7	4.8%	\$94	25	12
8	4.6%	\$90	13	6
9	4.4%	\$85	43	3
10	4.3%	\$83	3	3
11	3.1%	\$60	12	8
12	3.0%	\$59	25	10
13	2.8%	\$55	3	4
14	2.7%	\$53	20	5
15	2.4%	\$47	31	8
16	1.9%	\$37	52	7
17	1.6%	\$32	4	6
18	1.5%	\$29	28	4
19	1.5%	\$29	24	7
20	1.4%	\$28	2	1
Total – Average (Weighted Average)		\$1,564	21 (24)	6 (6)

Top 5

34.9%

Top 10

58.2%

Top 15

72.2%

Top 20






80.1%

(1) Trailing Year Ended December 31, 2020

CENTURI BUSINESS PROFILE





















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

COMPETITIVE POSITION

					
Double-breasted workforce	✓	✓	✓	✓	✓
Gas distribution construction	✓	✓	✓	✓	✗
No cross-country pipeline projects	✓	✗	✗	✗	✓
Electric distribution construction	✓	✓	✓	✓	✓
No cross-country electric transmission projects	✓	✗	✗	✗	✗

Based on company filings.

HIGHEST GROWTH AND LEAST VOLATILITY

RANK	10Y EBITDA CAGR	10Y EBITDA VOLATILITY
1	 Highest growth	 Least volatile
2		
3		
4		
5		
RANK	10Y NET INCOME CAGR	10Y NET INCOME VOLATILITY
1	 Highest growth	 Least volatile
2		
3		
4		
5		

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

SUMMARY OF OPERATING RESULTS

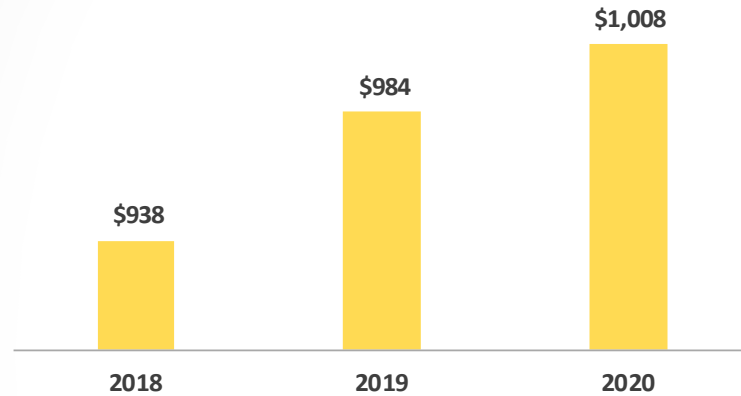
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Year ended December 31,		
	2020	2019	2018
Results of Consolidated Operations			
Natural gas operations income	\$ 159,118	\$ 163,171	\$ 138,842
Utility infrastructure services income	74,862	52,404	44,977
Other - corporate and administrative	(1,656)	(1,639)	(1,542)
Net income	<u>\$ 232,324</u>	<u>\$ 213,936</u>	<u>\$ 182,277</u>
Basic earnings per share	<u>\$ 4.15</u>	<u>\$ 3.94</u>	<u>\$ 3.69</u>
Diluted earnings per share	<u>\$ 4.14</u>	<u>\$ 3.94</u>	<u>\$ 3.68</u>
Weighted average common shares	55,998	54,245	49,419
Weighted average diluted shares	56,076	54,312	49,476

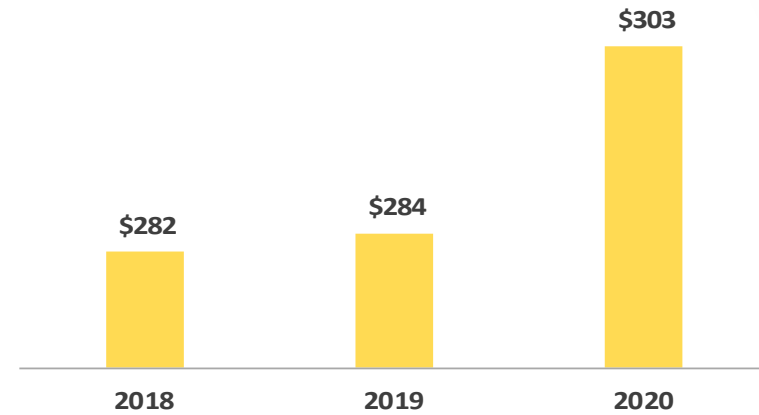
PERFORMANCE HIGHLIGHTS

(dollars in millions)

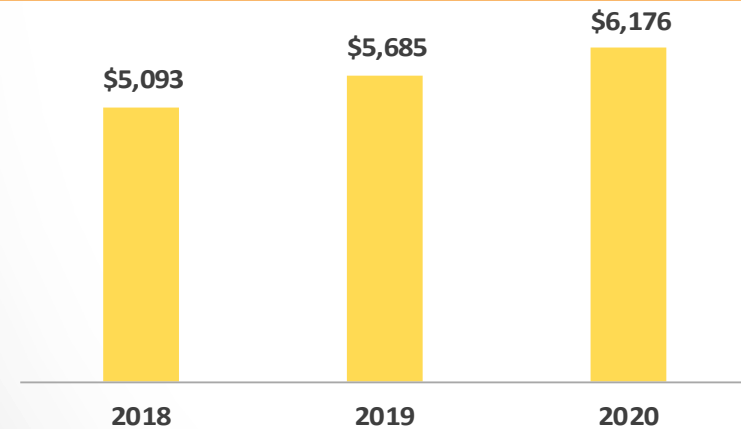
OPERATING MARGIN ¹



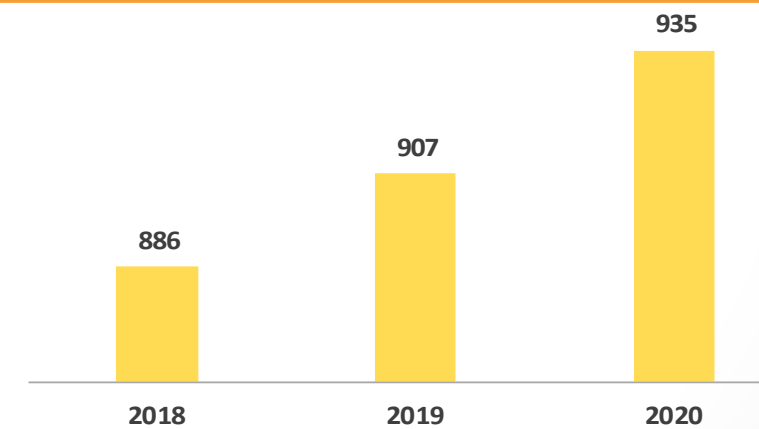
OPERATING INCOME



NET UTILITY PLANT



CUSTOMER TO EMPLOYEE RATIO



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

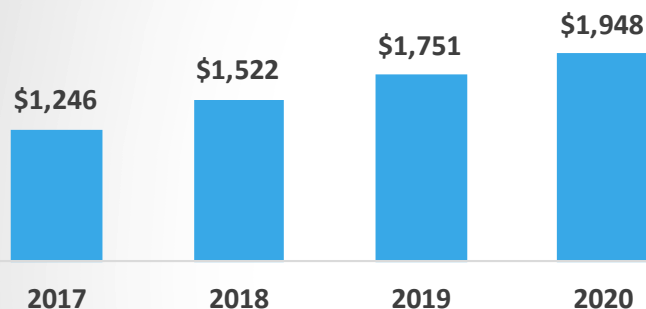
PERFORMANCE HIGHLIGHTS

Consistent growth and increasing diversification of revenue streams

(in millions)

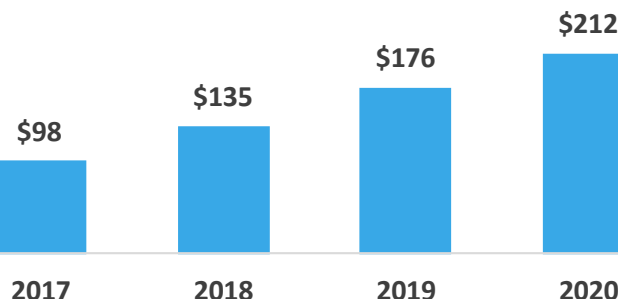
REVENUE

CAGR 16.1%



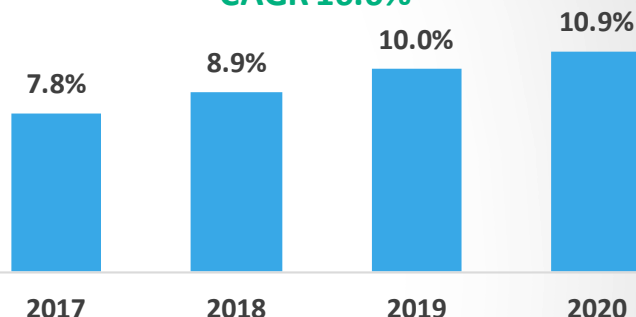
EBITDA ¹

CAGR 29.4%



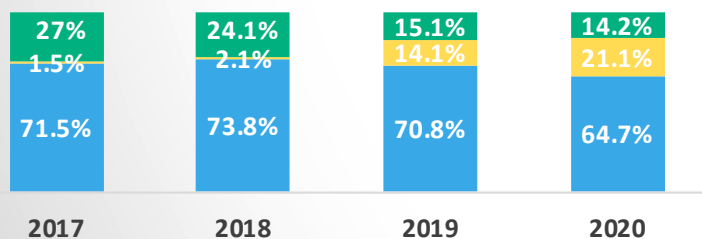
EBITDA MARGIN

CAGR 16.6%



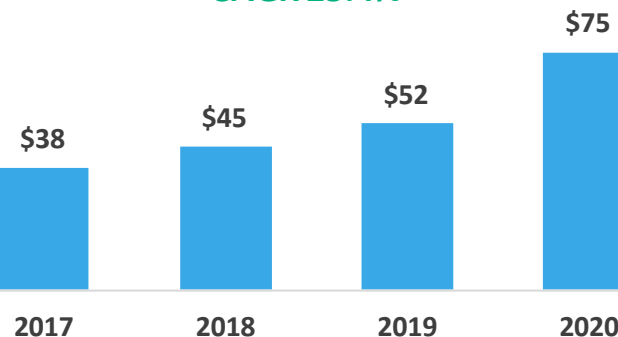
REVENUE MIX

■ Other
■ Electric Power Infrastructure Services
■ Gas Infrastructure Services



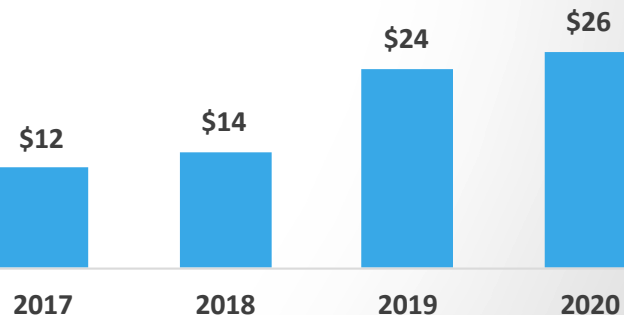
NET INCOME

CAGR 25.4%



DIVIDENDS TO PARENT

CAGR 29.4%



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

REGULATION - RATE CASE ACTIVITY

ARIZONA
NATURAL GAS OPERATIONS

	Final Decision
Rate Relief	\$36.8M
Rate Base	\$1.9B
ROE / Fair Value Increment	9.10% / 0.18%
Capital Structure Equity Ratio	51.1%
Amortization of EDIT	(\$9.8M)
Other Highlights	Continuation of Decoupling Continuation of Property Tax Tracker New Income Tax Tracker Continuation of COYL Program VSP and COYL Compliance Filing within 60 days RNG Workshop Interest on EDIT – (\$1.5M) one time bill credit
Rates Effective	January 2021

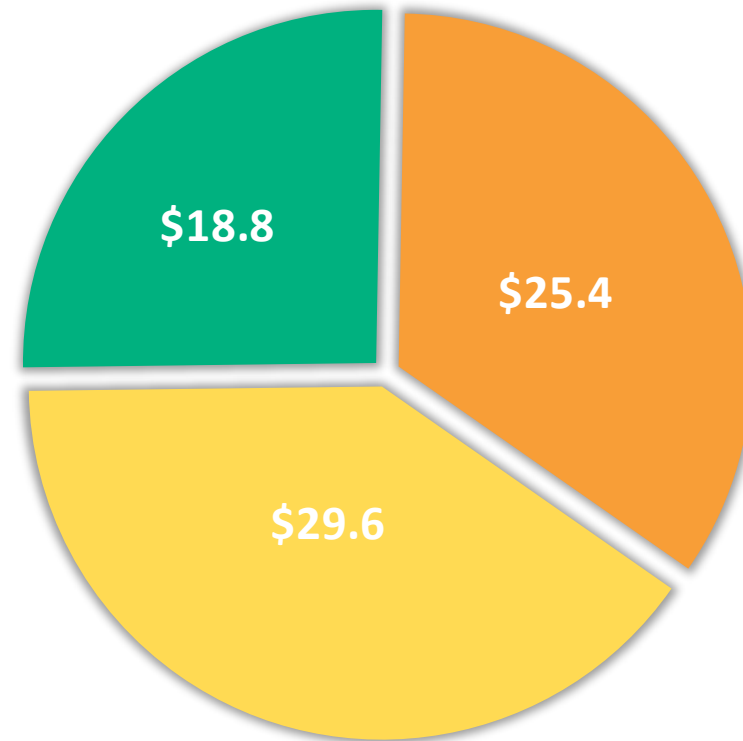
REGULATION - RATE CASE ACTIVITY

ARIZONA
NATURAL GAS OPERATIONS

COYL & VSP COMPLIANCE FILING (\$ in millions)

Three Components:

- 2019 COYL & VSP Revenue Requirement
 - 2020 COYL & VSP Revenue Requirement
 - 2021 -2022 VSP Revenue Requirement
- Compliance application to be filed within 90 days
 - Recovery periods by component to be determined
 - Expect decision by year end 2021



REGULATION - RATE CASE ACTIVITY

NEVADA

NATURAL GAS OPERATIONS

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

REGULATION - RATE CASE ACTIVITY

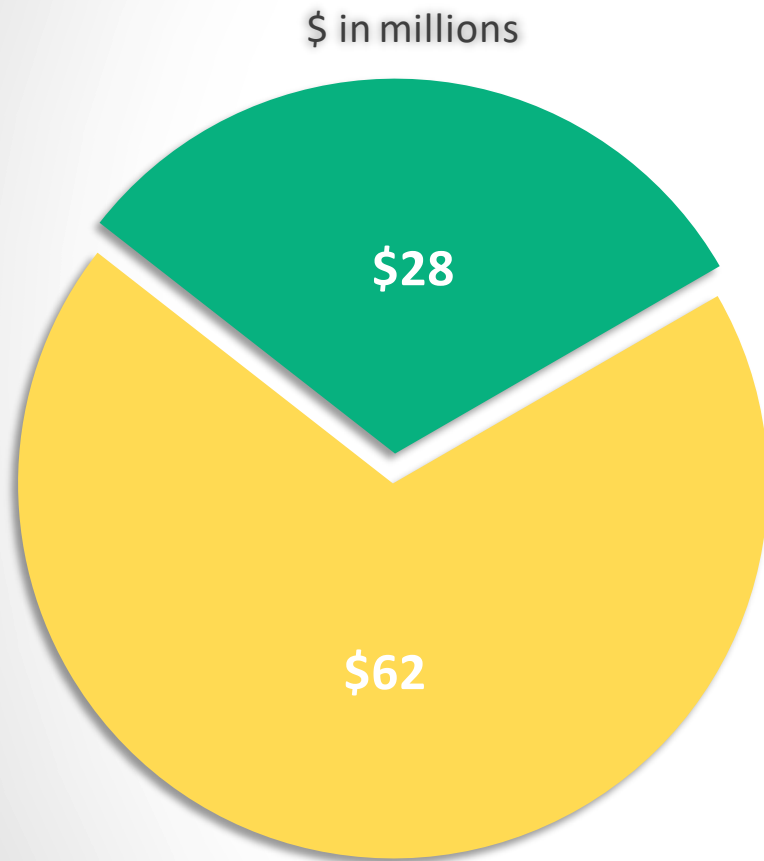
CALIFORNIA

NATURAL GAS OPERATIONS

Proposed Settlement	
Rate Relief	\$6.4M
Rate Base	\$435.5M
ROE	10.0%
Capital Structure Equity Ratio	52%
Rate Design	Continuation of Decoupling Mechanism Increase Basic Service Charge
Other Proposals	Continuation of Pension Balancing Account Continuation of 2.75% Annual Attrition Adjustment Targeted Pipe Replacement Program - \$90M* Meter Protection Program - \$19M* School COYL Program - \$10M* Remove NT Lateral Project from Base Rates to Future Surcharge *5 yr. cumulative
Schedule	Settlement Agreement filed August 3, 2020 Final Decision – 1Q 2021

REGULATION - EXPANSION PROJECTS

NATURAL GAS OPERATIONS



SOUTHERN NEVADA EXPANSION

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

NORTHERN NEVADA EXPANSION

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

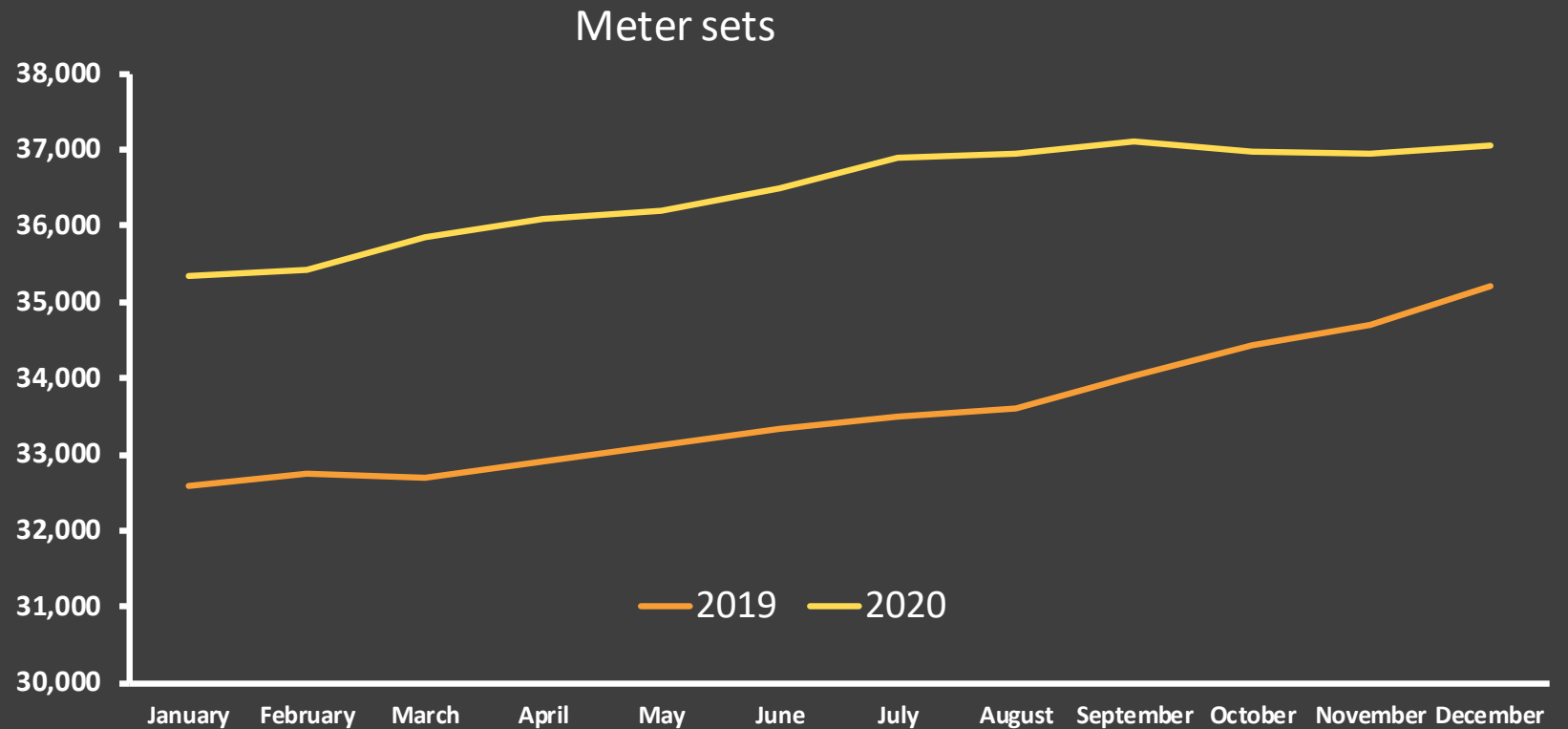
2020 CUSTOMER GROWTH WAS STRONG DESPITE COVID-19



37,000

New customers
added in 2020

COVID-19 pandemic did not
impact the Company's growth



CUSTOMERS DEMAND NATURAL GAS FOR VALUE & EFFICIENCY



Affordable & Reliable

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



Preferred Choice

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



Satisfied Customers

- Southwest Gas customer satisfaction is at an impressive 96% for 2020.
- Southwest ranked first in an independent survey of gas utility customers.

CUSTOMER DEMAND IS HIGH IN NEW SERVICE TERRITORIES



Elko Daily FREE PRESS

Southwest Gas welcomes
Elko Summit Estates to the family

Spring Creek, NV

- Excellent customer response
- 100% of the residents in the Elko Summit Estates signed up to convert to natural gas

MESQUITE LOCAL NEWS

Long road to natural gas ends



Mesquite, NV

"I'm looking ahead five, ten, twenty years, and this will be a city virtually all natural gas... There will be a cost savings."

- Mayor Allan Litman, City of Mesquite, NV

NEVADA HOME SALES SURGE HEADING INTO 2021



“Las Vegas’ housing market, after heating up last year despite widespread economic pain, started 2021 far ahead of year-ago levels.”

- Las Vegas Review Journal, 2/8/21



Builders landed more than 11,000 net sales (in 2020)... the most since 2007, according to figures from Las Vegas housing tracker Andrew Smith, president of Home Builders Research.

- Las Vegas Review Journal, 1/30/21

“The Las Vegas area continues to attract new residents mainly due to: continued low interest rates, relative affordability compared to the majority of western U.S. cities, a high standard of living, and a more attractive tax environment compared with many other states.”

- Andrew Smith, President of Home Builders Research, Inc.

OUTLOOK ON ARIZONA HOUSING MARKET IS STRONG



“The 2021 Phoenix MSA population estimate is 5 million over the next two decades. A whopping 1.765 million new residents will require a total of 630,000 single-family and multifamily housing units.”

- AZBigMedia, “Here’s the outlook for land and housing in 2021,” 2/8/21



Source: North Phoenix News

“Metro Phoenix will remain in the top tier for housing, population and job growth 2021-2025... We are and will remain a land of great opportunity.”

- 2021 Metro Phoenix Land and Housing Forecast - Greg Vogel, CEO of Land Advisors

“The economic and population boost we have seen, and gave us that unforeseen boost in new home orders and permits, will continue in 2021.”

- Jim Daniel, President of RL Brown Housing Reports

ARIZONA & NEVADA ECONOMIC DEVELOPMENT

Economic diversification is the key to
strengthening Arizona and Nevada economies

Billions in investments are
planned that would bring
thousands of jobs to Arizona
and Nevada

Recent Economic Development Wins in AZ & NV



SUSTAINABILITY INITIATIVES

LEGISLATIVE & REGULATORY FRAMEWORKS



Arizona



RNG

G65 Tariff

Facilitates the development of biogas and RNG projects



CNG

G55 Tariff

Facilitates the development of CNG projects



California



RNG

Biomethane Gas Program

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



Nevada



RNG

Biogas & RNG Service Tariff

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



RNG

SB 154 (2019)

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

SUSTAINABILITY INITIATIVES EXECUTING ON PROJECTS

Arizona



8/12/20
Special procurement agreement
for the supply of natural gas for
CNG vehicles



08/12/20
RNG interconnection for
Sunoma Dairy



10/02/20
RNG interconnection for Tres
Rios Water Reclamation Facility
(Pima County, AZ)



12/17/20
RNG interconnections for Milky
Way Dairy and Butterfield Dairy

California



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

Nevada



12/23/20
RNG purchase agreement
between Southwest Gas and the
Regional Transportation
Commission of Southern Nevada



1/5/21 - Filed
Requests authority to purchase
RNG to be included in supply
portfolio (Ongoing)

The associated RNG projects are expected to start gas deliveries at various times beginning in mid-2021 through fall 2022.

2020 SUSTAINABILITY REPORT AVAILABLE

Adopted the SASB Disclosure Framework

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

- Larry Fink, CEO BlackRock Funds



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

CAPITAL EXPENDITURES

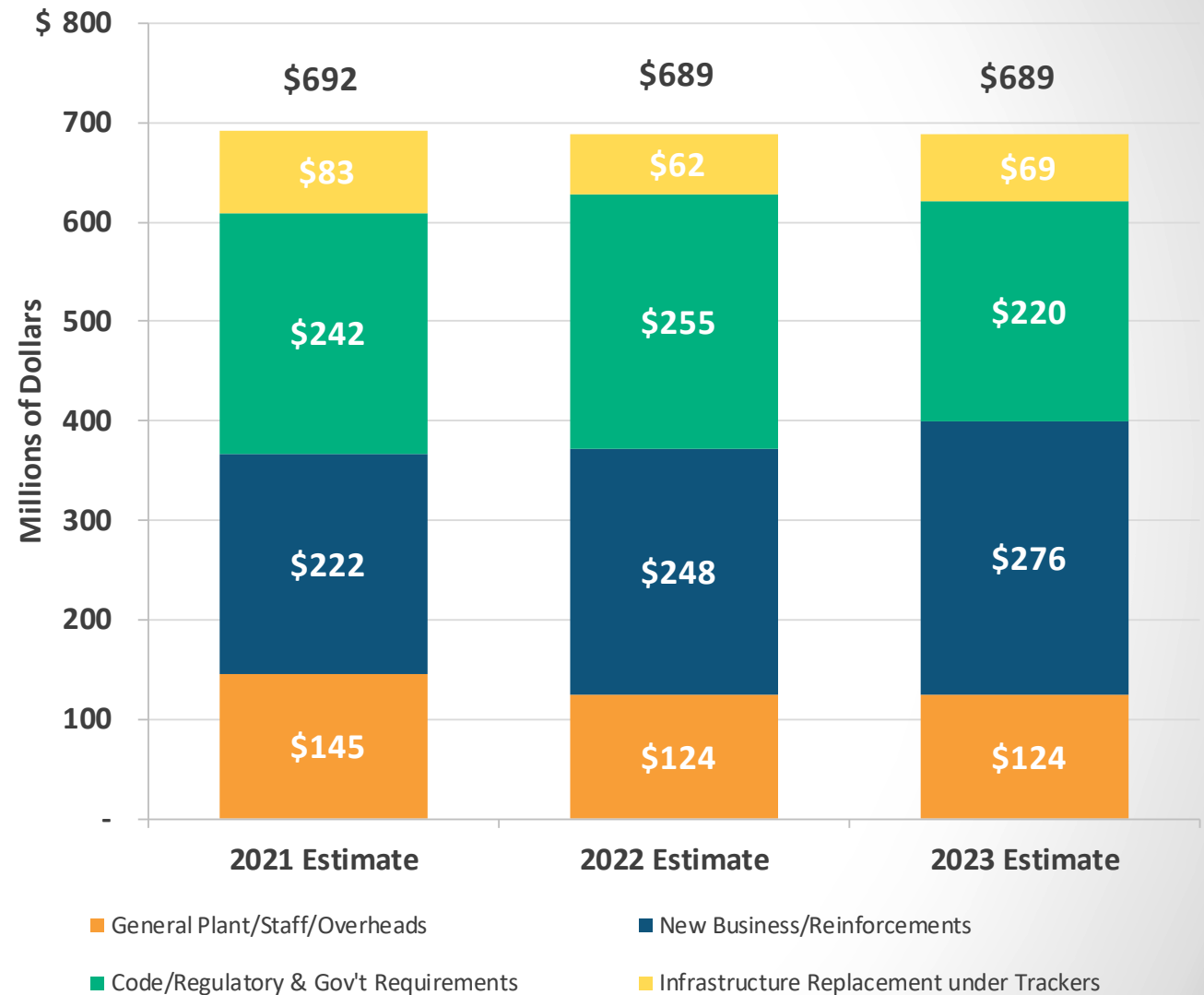
NATURAL GAS OPERATIONS

**\$2.1 Billion
Capital
Investment**

Estimated
2021-2023

Three-Year Plan Highlights

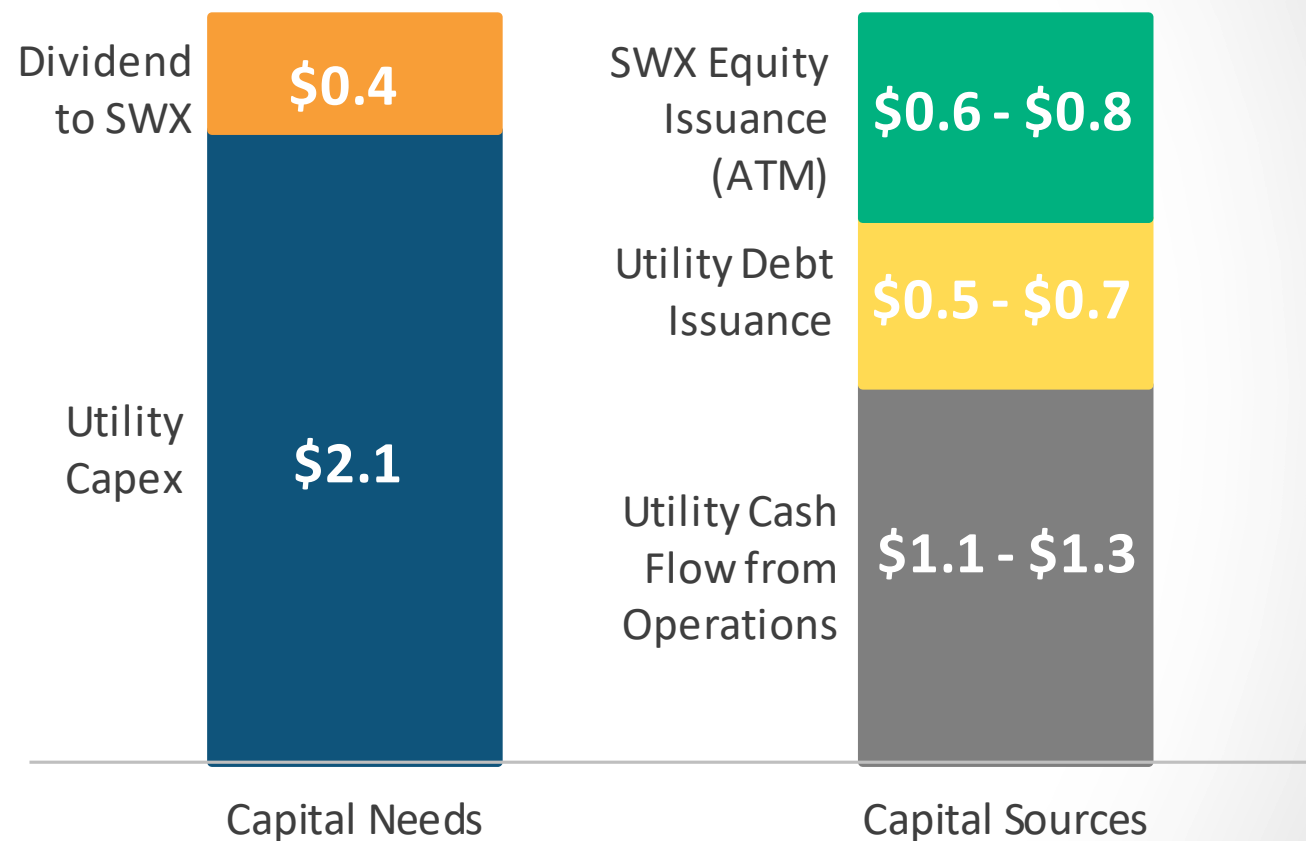
- 45% Investments in Safety and Reliability
 - 36% New Business/Reinforcements
 - 19% General Plant
-
- Anticipate funding 50% from internal cash flows and remaining 50% through a balance of debt and equity (ATM Program)



CAPITAL FUNDING

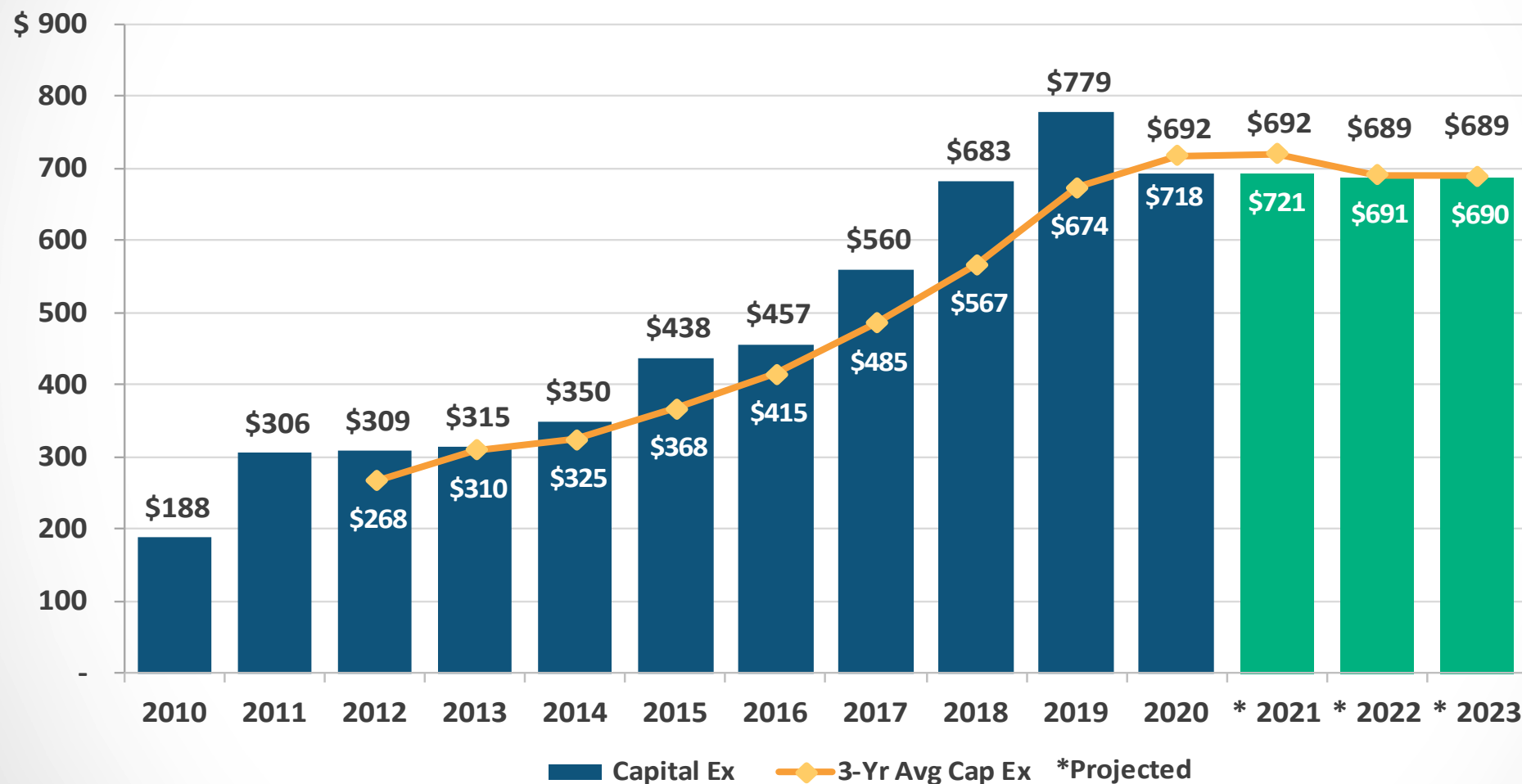
NATURAL GAS OPERATIONS

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



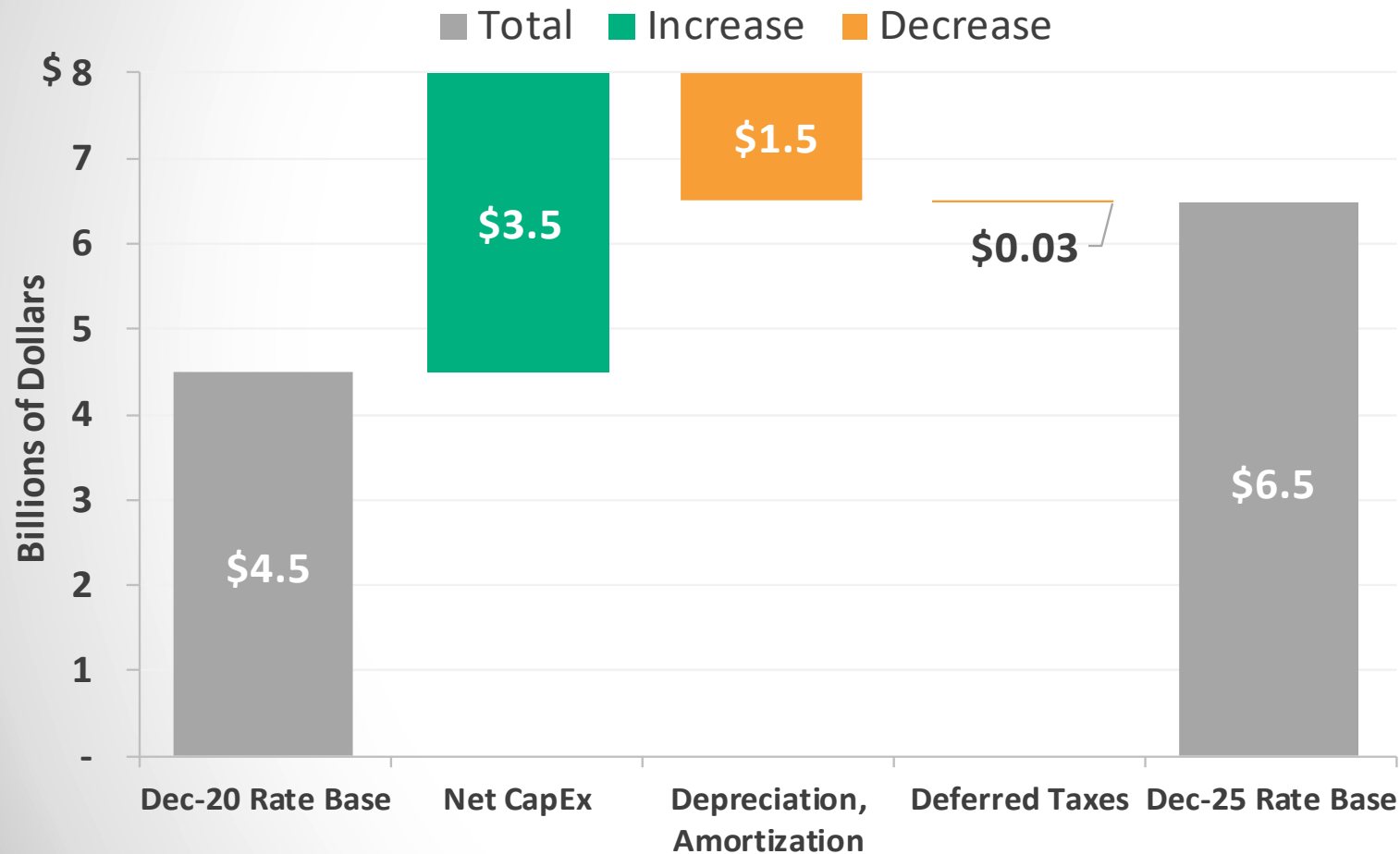
CAPITAL EXPENDITURES

(\$ IN MILLIONS)



RATE BASE GROWTH

NATURAL GAS OPERATIONS

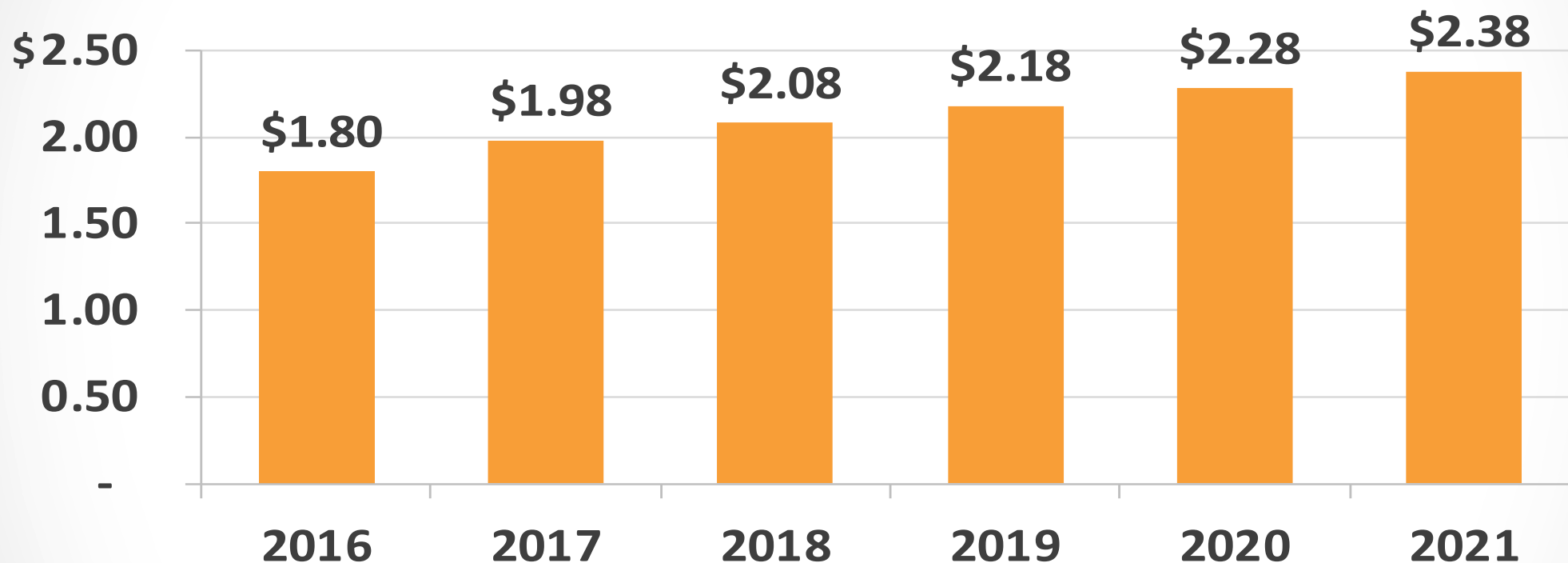


Rate base amounts reflect estimated total investment in facilities necessary to provide utility service. This is different than our authorized rate base, which is the rate base investment that has been approved by our regulatory bodies and that is reflected in rates.

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

DIVIDEND GROWTH

5.8% 5-Year Dividend CAGR



CAGR = compound annual growth rate

Maintain target payout ratio between 55%–65%

Expect future dividends to increase at the sustainable earnings growth rate

STRONG AND STABLE WITH DISCIPLINED FOCUS

Natural Gas Operations

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

Utility Infrastructure Services

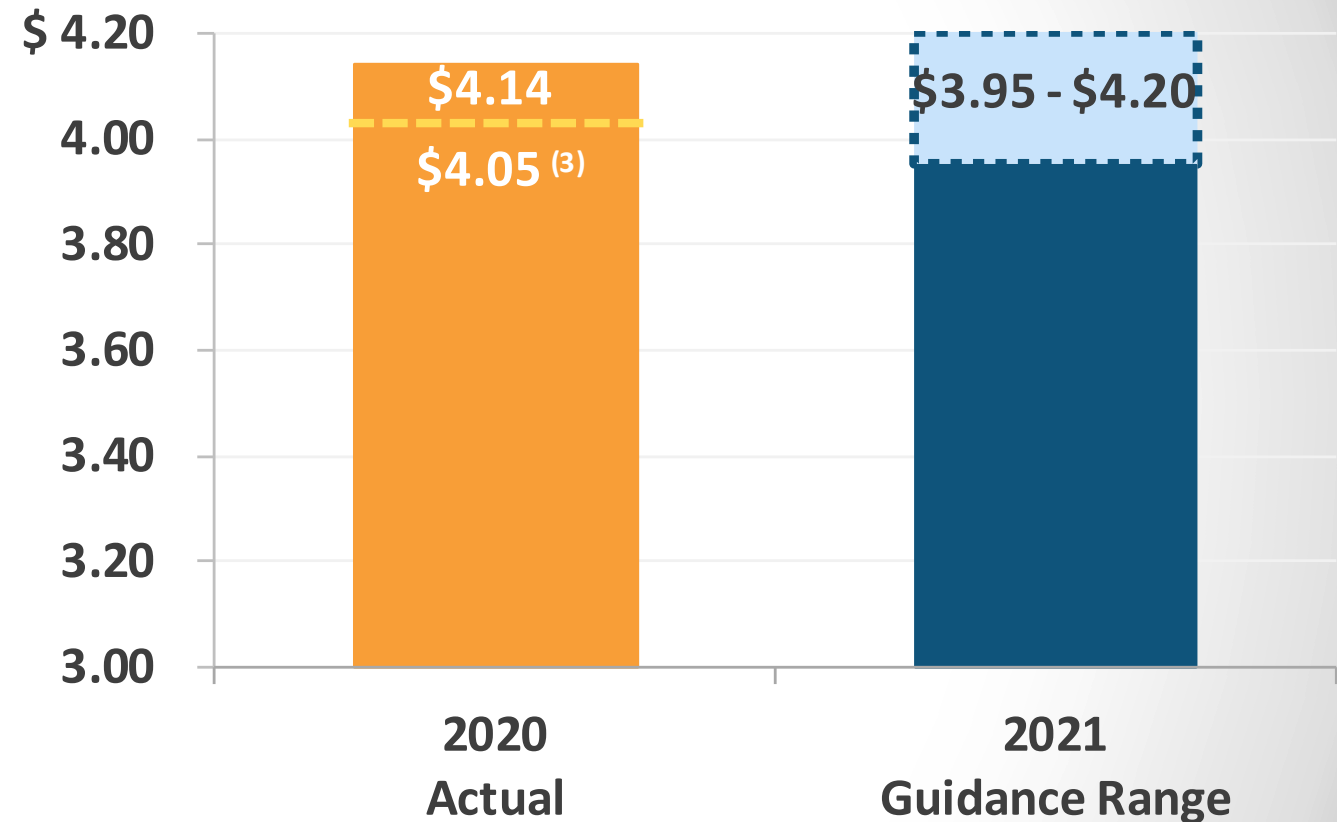
- Very favorable electric and gas growth opportunities
- Operations execution focus
- Cost management and resource optimization
- Cross-selling services
- Increasing profitability and dividends
- Cash source for SWX



2021 EPS GUIDANCE

\$3.95 - \$4.20 ^{(1),(2)}
diluted EPS

Diluted Earnings Per Share



Notes:
(1) Changes in economic conditions, events, or other circumstances that the Company cannot currently anticipate could materially impact earnings and, in turn, result in earnings for 2021 significantly above or below this EPS guidance.
(2) COLI of \$3 - \$5 million assumed within EPS guidance.
(3) Based on normalized COLI of \$4 million (versus actual of \$9.2 million).

2021 LINE ITEM GUIDANCE

Natural Gas Operations

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

Utility Infrastructure Services

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

LONG-TERM EXPECTATIONS

AFFIRM EXPECTATIONS

Holdings

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

Natural Gas Operations

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

Utility Infrastructure Services

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

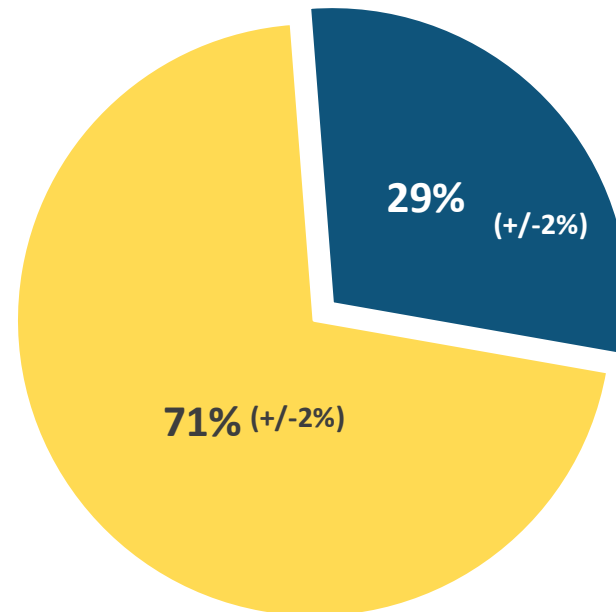
ATTRACTIVE & COMPLEMENTARY BUSINESS SEGMENTS

Natural Gas Operations



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

Projected % Net Income
2021-2023



Utility Infrastructure Services



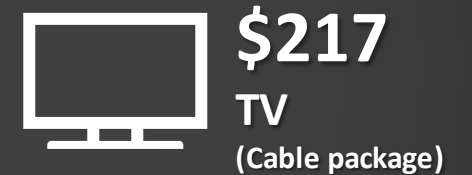
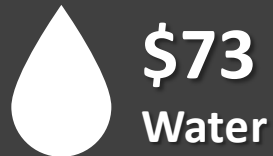
- Favorable growth opportunities
- Low risk service platform
- Long-term relationships with exceptional, investment-grade customers
- Increasing dividends and free cash flow

APPENDIX



AFFORDABILITY FOR CUSTOMERS

Natural gas is often the least expensive utility consumers pay

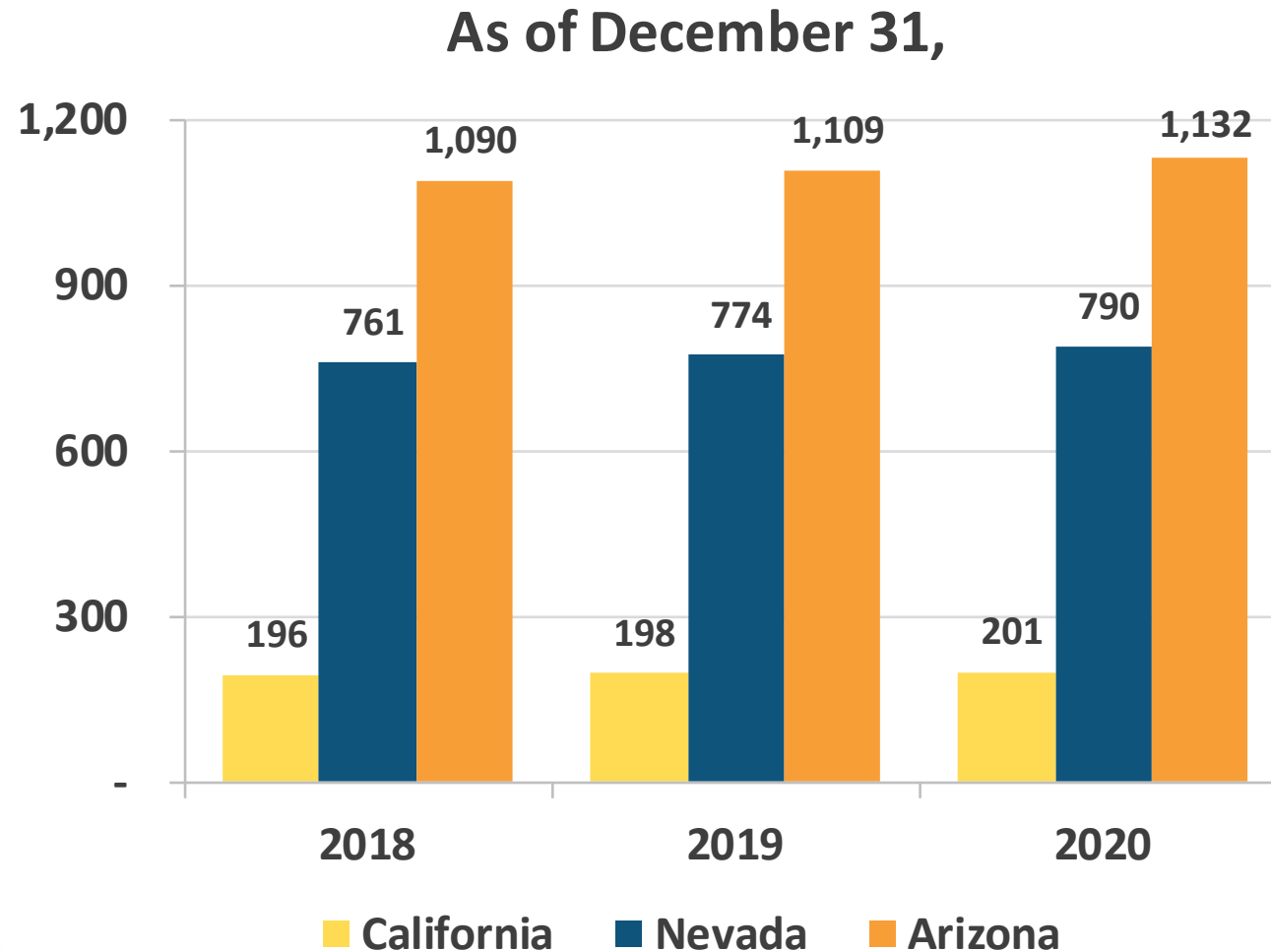


Sources:

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

CUSTOMERS BY STATE

NATURAL GAS OPERATIONS
(IN THOUSANDS)



SUMMARY OPERATING RESULTS

NATURAL GAS OPERATIONS (IN THOUSANDS)

	Year ended December 31,	
	2020	2019
Results of Natural Gas Operations		
Gas operating revenues	\$ 1,350,585	\$ 1,368,939
Net cost of gas sold	342,837	385,164
Operating margin	1,007,748	983,775
Operations and maintenance expense	406,382	422,174
Depreciation and amortization	235,295	215,620
Taxes other than income taxes	63,460	62,328
Operating income	302,611	283,653
Other income (deductions)	(6,590)	9,517
Net interest deductions	101,148	95,026
Income before income taxes	194,873	198,144
Income tax expense	35,755	34,973
Segment net income	\$ 159,118	\$ 163,171

AUTHORIZED RATE BASE AND RATES OF RETURN

NATURAL GAS OPERATIONS

<u>Rate Jurisdiction</u>	<u>Authorized Rate Base (In thousands)</u>	<u>% of Total Rate Base</u>	<u>Authorized Rate of Return</u>	<u>Authorized Return on Common Equity (ROE)</u>	<u>Authorized Common Equity Ratio</u>
Arizona ¹	\$ 1,930,612	50.82 %	7.03 %	9.10 %	51.10 %
Southern Nevada ²	1,325,236	34.89	6.52	9.25	49.26
Northern Nevada ²	154,966	4.08	6.75	9.25	49.26
Southern California	159,277	4.19	6.83	10.10	55.00
Northern California	67,620	1.78	8.18	10.10	55.00
South Lake Tahoe	25,389	0.67	8.18	10.10	55.00
Paiute Pipeline Company	135,460	3.57	8.30	11.80	51.75
Total	<u>\$ 3,798,560</u>	<u>100.00 %</u>		<u>9.32 %</u>	

Weighted average authorized ROE.

¹ Rates effective January 1, 2021.

² Rates effective October 2020.

REGULATION - COMMISSIONS

COMMISSIONER UPDATE NATURAL GAS OPERATIONS

Arizona Commissioners	Party Affiliation	Term Ends
Lea Marquez Peterson (Chair)	R	Jan. 2025
Justin Olson	R	Jan. 2023
Sandra Kennedy	D	Jan. 2023
Anna Tovar	D	Jan. 2025
James O'Conner	R	Jan. 2025

Nevada Commissioners	Party Affiliation	Term Ends
Hayley Williamson (Chair)	D	Apr. 2023
C.J. Manthe	R	Sept. 2021
Tammy Cordova	-	June 2024

California Commissioners	Party Affiliation	Term Ends
Marybel Batjer (President)	D	Jan. 2027
Clifford Rechtschaffen	D	Jan. 2023
Martha Guzman Aceves	D	Jan. 2023
Genevieve Shiroma	D	Jan. 2025
Darcie Houck	D	Jan. 2027

FERC Commissioners	Party Affiliation	Term Ends
Richard Glick (Chair)	D	June 2022
Neil Chatterjee	R	June 2021
James Danly	R	June 2023
Allison Clements	D	June 2024
Mark C. Christie	R	June 2025

SUMMARY OPERATING RESULTS

UTILITY INFRASTRUCTURE SERVICES (IN THOUSANDS)

	Year ended December 31,	
	2020	2019
Revenues	\$ 1,948,288	\$ 1,750,978
Cost of sales ⁽¹⁾	1,734,433	1,593,064
Gross profit	213,855	157,914
General and administrative expenses ⁽²⁾	80,939	57,072
Amortization of intangible assets	10,789	10,708
Operating income	122,127	90,134
Other income (deductions)	(207)	466
Net interest deductions	9,269	14,086
Income before income taxes	112,651	76,514
Income tax expense	31,128	21,399
Net income	81,523	55,115
Net income attributable to noncontrolling interest	6,661	2,711
Contribution to consolidated net income attributable to Centuri	\$ 74,862	\$ 52,404

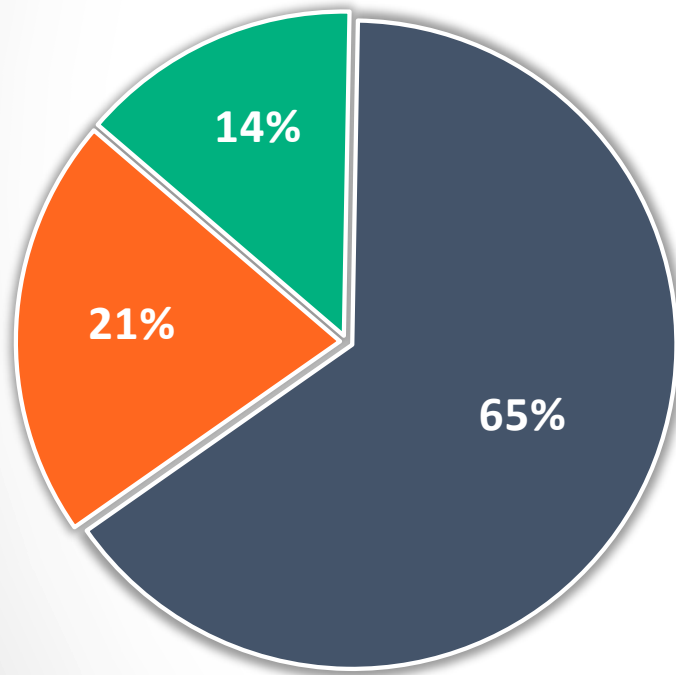
⁽¹⁾ Included in Cost of sales during the twelve months ended December 31, 2020 and 2019 is depreciation expense of \$82,894 and \$73,365, respectively.

⁽²⁾ Included in General and administrative expenses during the twelve months ended December 31, 2020 and 2019 is depreciation expense of \$3,049 and \$3,544, respectively.

REVENUES BY SERVICE TYPE

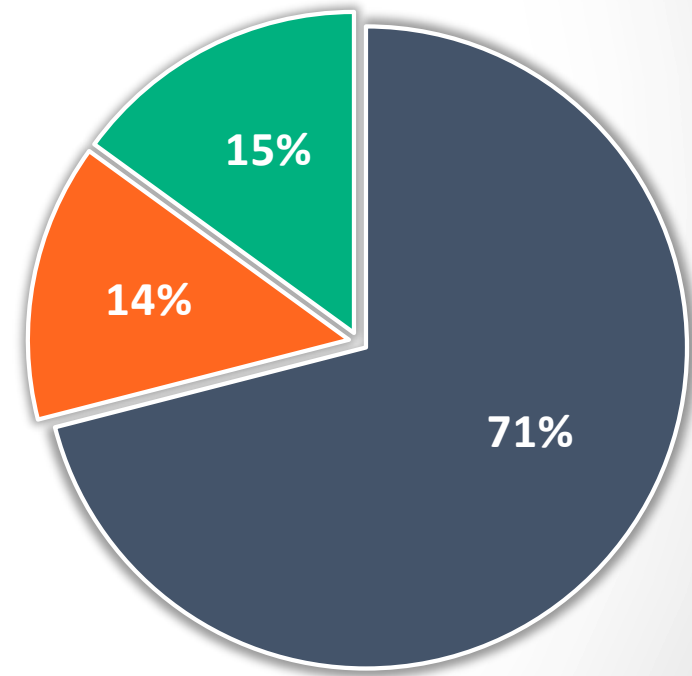
UTILITY INFRASTRUCTURE SERVICES

Twelve Months Ended December 31, 2020



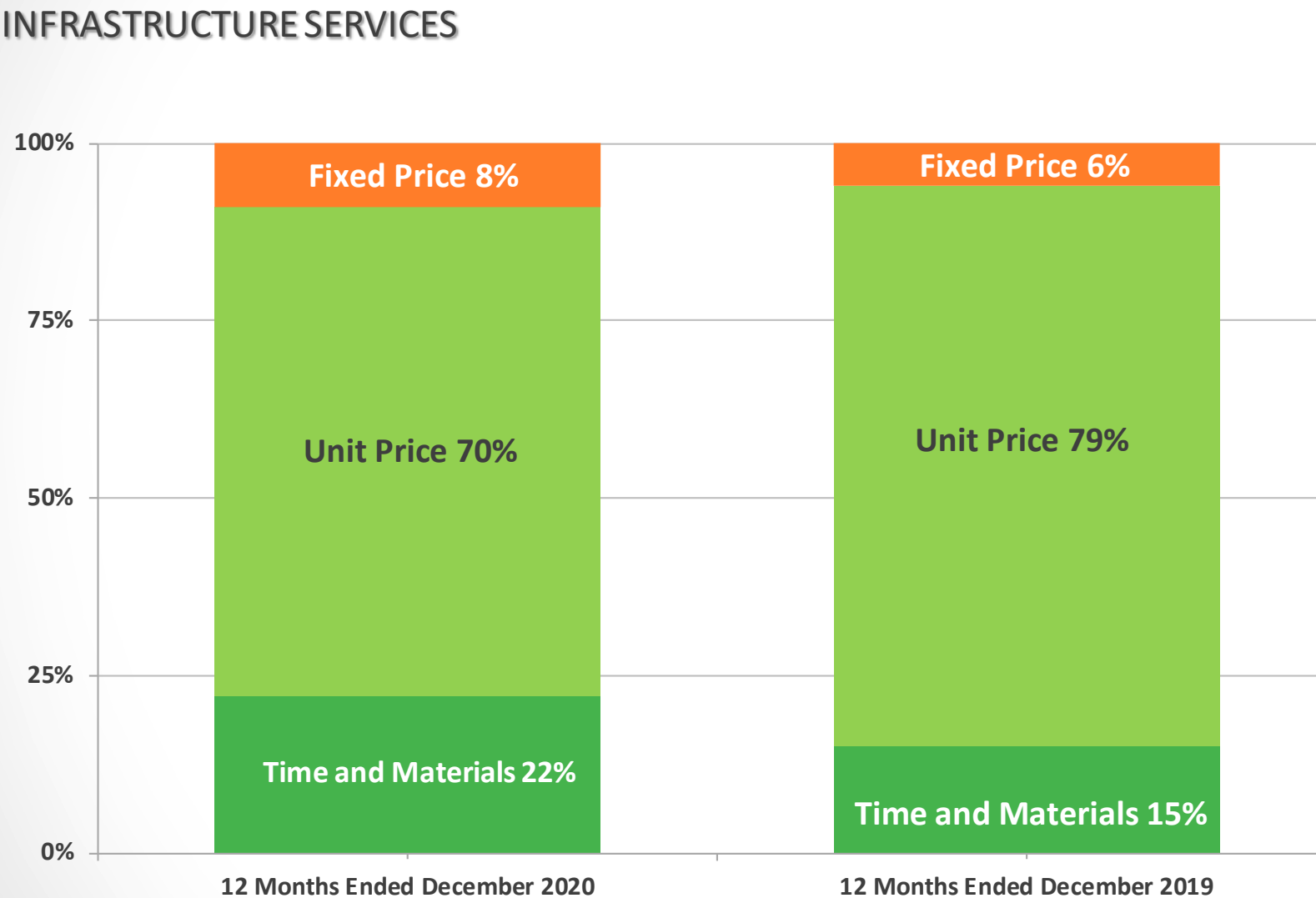
- Gas Infrastructure Services
- Electric Power Infrastructure Services
- Other Infrastructure Services

Twelve Months Ended December 31, 2019



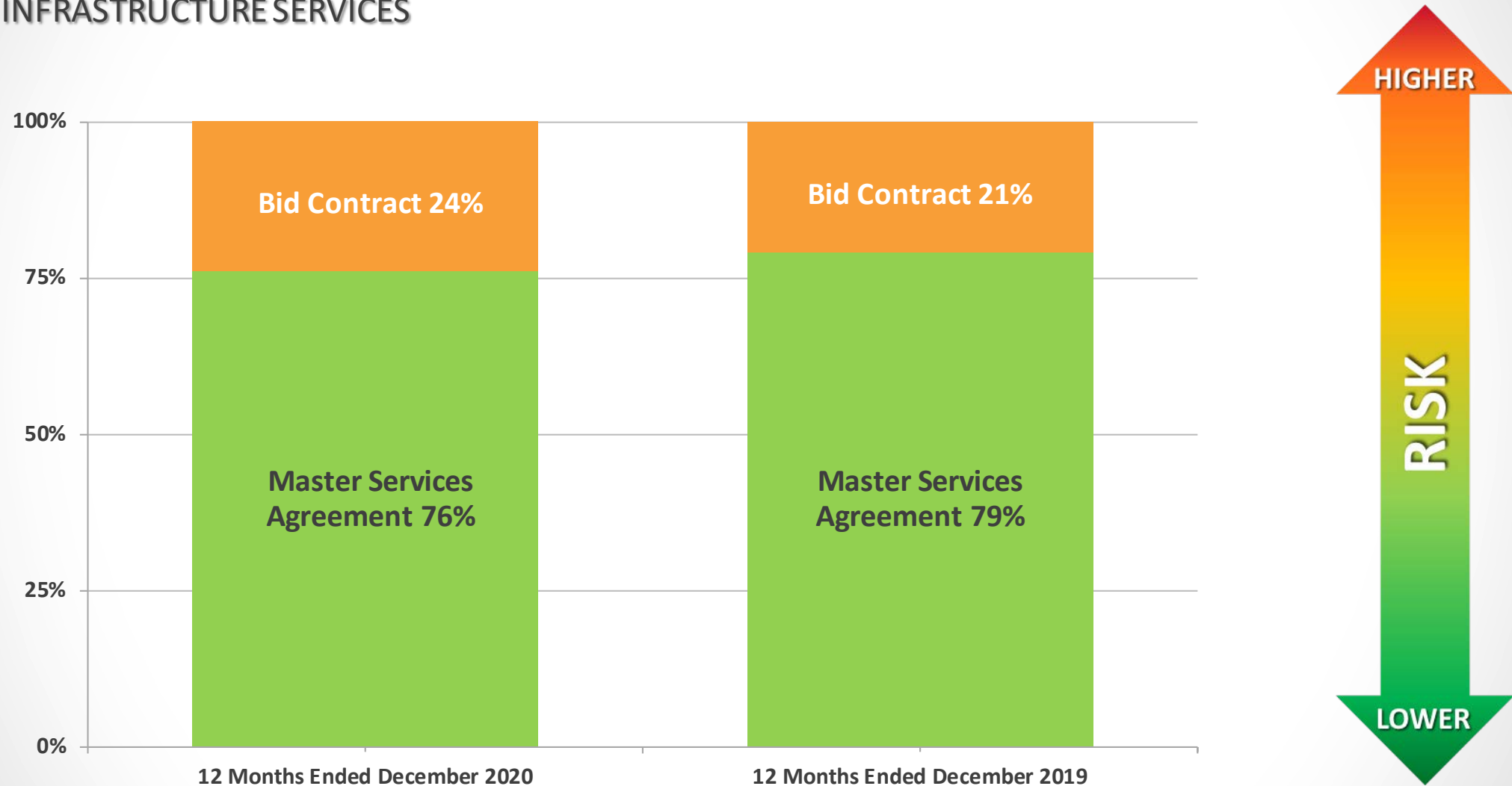
REVENUES BY CONTRACT PRICING TYPE

UTILITY INFRASTRUCTURE SERVICES



REVENUES BY CONTRACT STRUCTURE TYPE

UTILITY INFRASTRUCTURE SERVICES



STOCK PERFORMANCE

Southwest Gas Holdings, Inc.
Common Stock Closing Price
December 31, 2010 – December 31, 2020



CREDIT RATINGS

Investment Grade Ratings

Southwest Gas Holdings, Inc.

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

Southwest Gas Corporation

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

CONSOLIDATED CAPITAL STRUCTURE

(IN MILLIONS)

Capitalization at December 31,	2016	2017	2018	2019	2020
Equity ¹	\$ 1,684	\$ 1,812	\$ 2,333	\$ 2,590	\$ 2,841
Long-Term Debt ²	1,600	1,824	2,141	2,464	2,772
Total Permanent Capital	<u>\$ 3,284</u>	<u>\$ 3,636</u>	<u>\$ 4,474</u>	<u>\$ 5,054</u>	<u>\$ 5,613</u>
Capitalization ratios					
Equity ¹	51.3%	49.8%	52.2%	51.3%	50.6%
Long-Term Debt ²	48.7%	50.2%	47.8%	48.7%	49.4%
Total Permanent Capital	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

¹ Includes redeemable noncontrolling interest, if applicable.

² Includes current maturities of long-term debt.

NON-GAAP MEASURE

UTILITY INFRASTRUCTURE SERVICES (IN THOUSANDS)

Non-GAAP Measure EBITDA - The following table presents the non-GAAP financial measure of EBITDA for the twelve months ended December 31, 2020, 2019, 2018 and 2017, which, when used in connection with net income attributable to Centuri, is intended to provide useful information to investors and analysts as they evaluate Centuri's performance. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. This measure should not be considered as an alternative to net income attributable to Centuri or other measures of performance that are derived in accordance with GAAP. Management believes that the exclusion of these items from net income attributable to Centuri provides an effective evaluation of Centuri's operations period over period and identifies operating trends that might not be apparent when including the excluded items. Because EBITDA, as defined, excludes some, but not all, items that affect net income attributable to Centuri, such measure may not be comparable to similarly titled measures of other companies. The most comparable GAAP financial measure, net income attributable to Centuri, and information reconciling the GAAP and non-GAAP financial measures, are included below.

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

	Year Ended December 31,			
	2020	2019	2018	2017
Contribution to consolidated net income attributable to Centuri	\$ 74,862	\$ 52,404	\$ 44,977	\$ 38,360
Net interest deductions	9,269	14,086	14,190	7,986
Income tax expense	31,128	21,399	18,420	2,390
Depreciation expense	85,943	76,909	49,831	44,940
Amortization of intangible assets	10,789	10,708	7,565	4,089
EBITDA	<u>\$ 211,991</u>	<u>\$ 175,506</u>	<u>\$ 134,983</u>	<u>\$ 97,765</u>

NON-GAAP MEASURE

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

	Year ended December 31,		
	2020	2019	2018
	(In thousands)		
<u>Natural Gas Operations</u>			
Gas operating revenue	\$ 1,350,585	\$ 1,368,939	\$ 1,357,728
Less: Net cost of gas sold	342,837	385,164	419,388
Operating margin	<u>\$ 1,007,748</u>	<u>\$ 983,775</u>	<u>\$ 938,340</u>