

AGA FINANCIAL FORUM

MAY 19-20, 2021



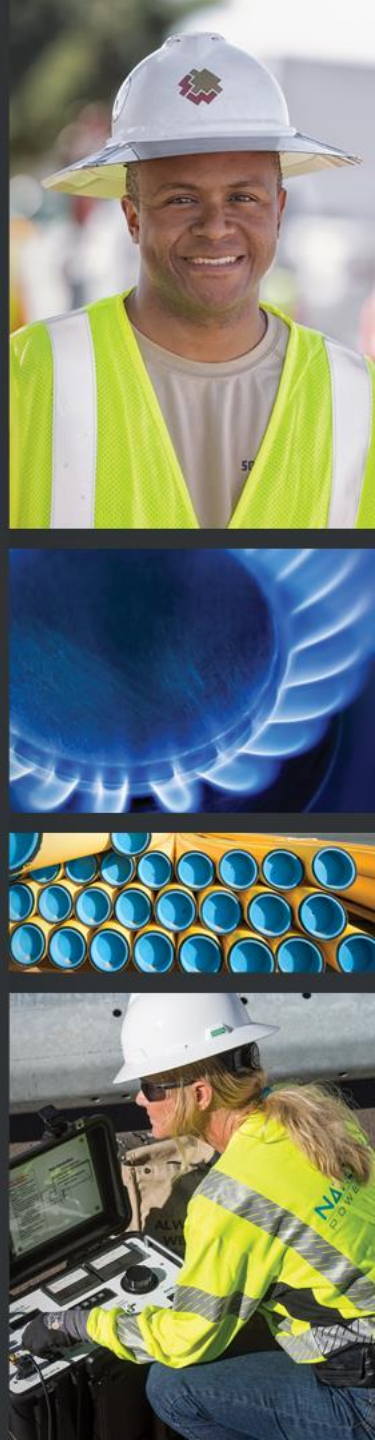
Southwest Gas™
HOLDINGS



SOUTHWEST GAS



CENTURI



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 and our quarterly report on Form 10-Q for the three months ended March 31, 2021 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.

OUTLINE



Company Overview



Financial Overview



Regulation



Future Focus: Performance, Customers & Sustainability



Value Proposition for the Future

COMPANY OVERVIEW



BUSINESS SEGMENTS

Natural Gas Operations

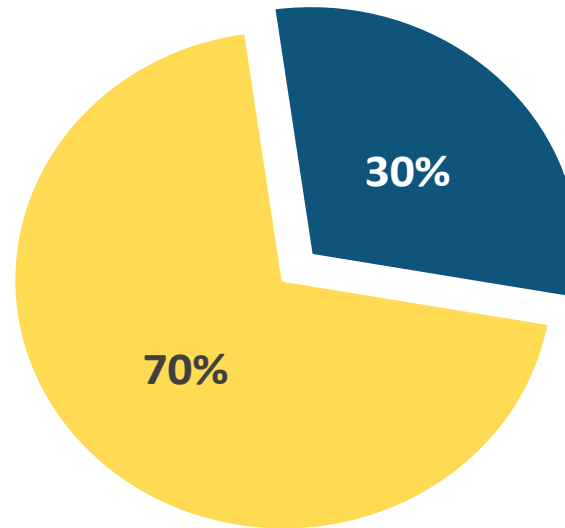


Utility Infrastructure Services



\$277 million

Twelve Months Ended 3/31/21 Net Income

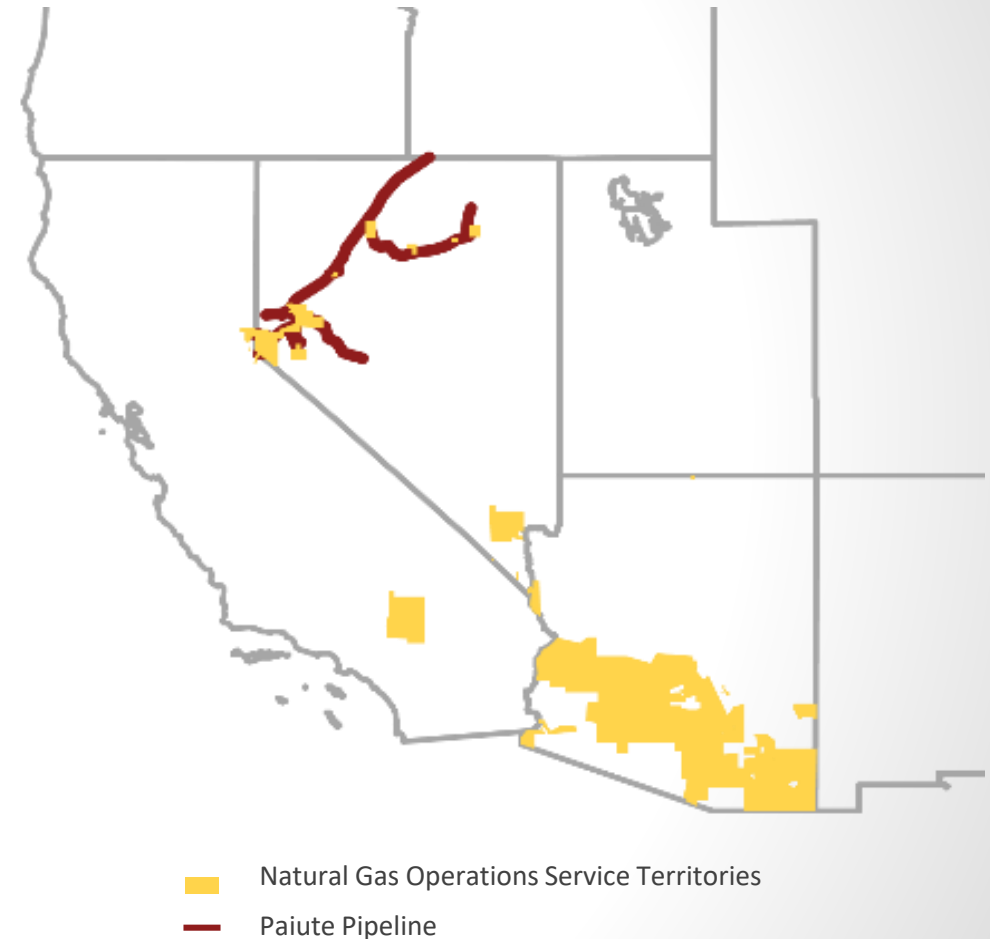


SOUTHWEST GAS

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 March 31, 2021, 2,133,000 customers, 99% of which are residential and small commercial, and total authorized rate base of approximately \$4.0 billion

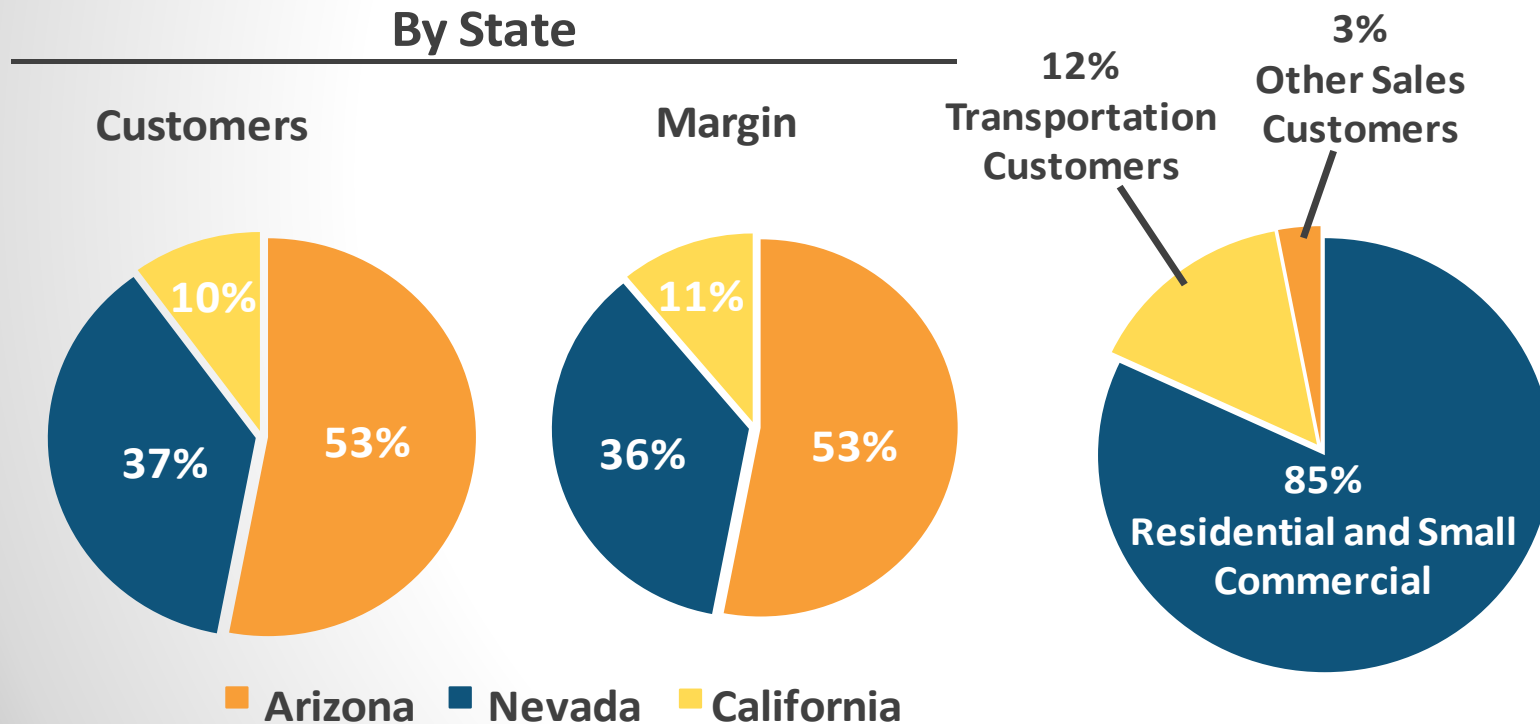
NATURAL GAS OPERATIONS—SERVICE TERRITORIES



DIVERSIFIED AND GROWING CUSTOMER BASE

NATURAL GAS OPERATIONS

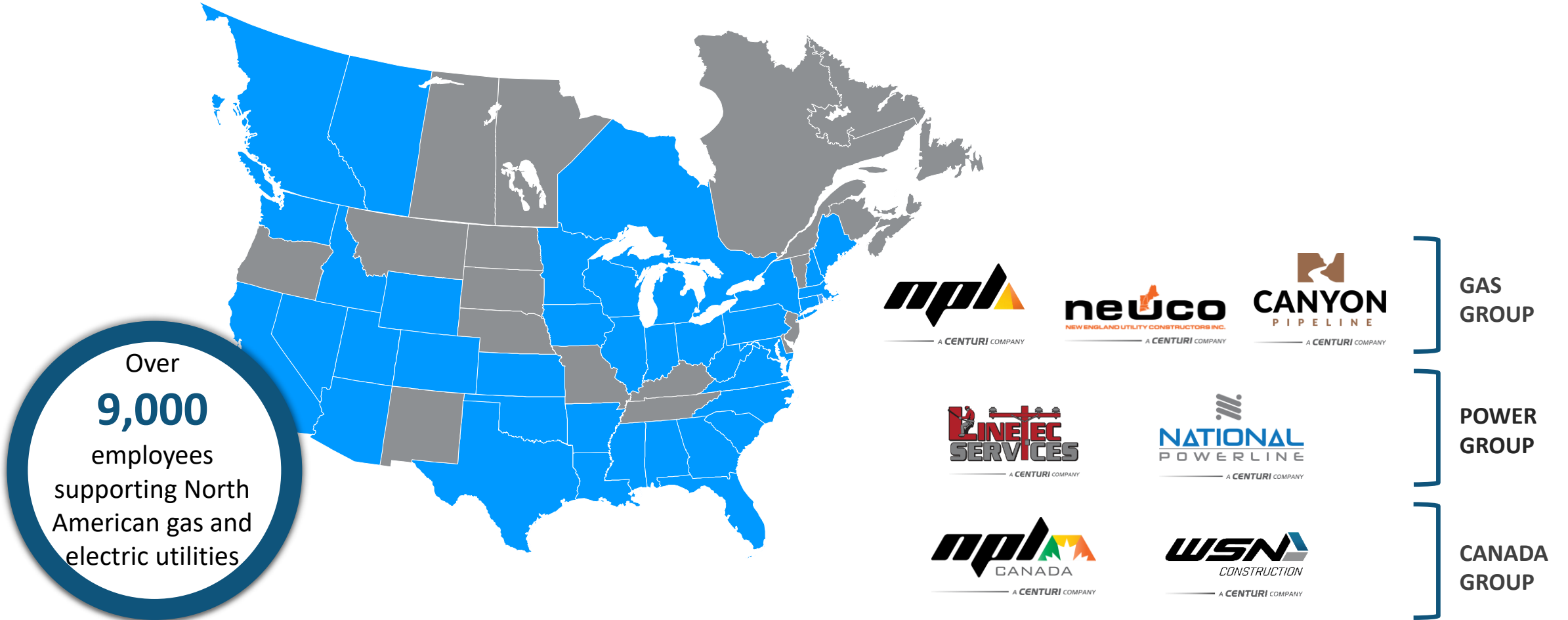
Twelve Months Ended March 31, 2021 Customer & Operating Margin Distribution



- 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
- 37,100 first-time meter sets
- Continued growing customer base

DIVERSIFIED INFRASTRUCTURE SERVICES

MULTISERVICE PLATFORM REDUCES RISK



MAJOR UTILITY CUSTOMERS

UTILITY INFRASTRUCTURE SERVICES

Gas

ATMOS
energy

Columbia Gas®

ENBRIDGE
Life Takes Energy™

Kansas Gas Service
A Division of ONE Gas

MINNESOTA ENERGY RESOURCES

Nicor Gas

Oklahoma Natural Gas
A Division of ONE Gas

Southern California Gas Company

A Semptra Energy company

PEOPLES GAS
NATURAL GAS DELIVERY

SOUTHWEST GAS

SCG

uniongas

Washington Gas
A WGL Company

Electric

AEP AMERICAN ELECTRIC POWER

aps

CLECO

Georgia Power

Combination

AVISTA

nationalgrid

BGE
An Exelon Company

NIPSCO

NV Energy

Dominion Energy

Southern Company

DUKE ENERGY

Unitil

Entergy

we energies we

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	11.8%	\$233	43	5
2	6.4%	\$126	36	4
3	5.7%	\$112	25	7
4	5.6%	\$111	19	5
5	5.6%	\$111	7	3
6	5.2%	\$103	17	5
7	4.6%	\$92	14	6
8	4.6%	\$91	26	12
9	4.4%	\$88	4	3
10	4.3%	\$85	44	3
11	3.3%	\$65	13	8
12	2.9%	\$57	26	10
13	2.7%	\$53	21	5
14	2.6%	\$52	4	4
15	2.3%	\$45	32	8
16	1.9%	\$37	53	7
17	1.8%	\$36	5	3
18	1.6%	\$31	5	2
19	1.6%	\$31	29	5
20	1.5%	\$29	25	7
Total – Average (Weighted Average)		\$1,588	22 (24)	6 (5)

Top 5

35.1%

Top 10

58.2%

Top 15

72.0%

Top 20






80.4%

(1) Trailing Twelve Months Ended March 31, 2021

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.

FINANCIAL OVERVIEW



2021 HIGHLIGHTS



- Record quarterly basic EPS of \$2.04
- Dividend increase for the 15th consecutive year
- Updated EPS guidance



- Added 37,000 new customers (1.8% growth rate) over the past 12 months
- Operating margin increased \$24 million
- Issued \$250 million term loan due March 2022 to fund incremental gas costs
- California rate case approved by CPUC



- Revenues increased \$30 million, or 9.1%
- Supported customers with restoration services following winter freeze event (\$9 million of incremental revenue)
- EBITDA of \$26.7 million, a \$13.2 million, or 98% increase

SUMMARY OF OPERATING RESULTS

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Three months ended March 31,		Twelve months ended March 31,	
	2021	2020	2021	2020
Results of Consolidated Operations				
Natural gas operations income	\$ 118,715	\$ 83,599	\$ 194,234	\$ 143,381
Utility infrastructure services income (loss)	(859)	(10,204)	84,207	50,231
Other - corporate and administrative	(563)	(853)	(1,366)	(1,943)
Net income	<u>\$ 117,293</u>	<u>\$ 72,542</u>	<u>\$ 277,075</u>	<u>\$ 191,669</u>
Basic earnings per share	<u>\$ 2.04</u>	<u>\$ 1.31</u>	<u>\$ 4.90</u>	<u>\$ 3.50</u>
Diluted earnings per share	<u>\$ 2.03</u>	<u>\$ 1.31</u>	<u>\$ 4.89</u>	<u>\$ 3.50</u>
Weighted average common shares	57,600	55,310	56,564	54,726
Weighted average diluted shares	57,679	55,363	56,649	54,792

REGULATION OVERVIEW



REGULATION - RATE CASE ACTIVITY

CALIFORNIA

NATURAL GAS OPERATIONS

Final Decision	
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 Highlights	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
Rates Effective	April 1, 2021 CPUC approved rates back to January 1, 2021

REGULATION - RATE CASE ACTIVITY

NATURAL GAS OPERATIONS

AUTHORIZED	ARIZONA		NEVADA
	Rate Relief	\$36.8M	\$23M
	Rate Base	\$1.9B	\$1.48B
	ROE / Fair Value Increment (AZ)	9.10% / 0.18%	9.25%
	Capital Structure Equity Ratio	51.1%	49.26%
	Amortization of EDIT	(\$9.8M)	(\$2.1M)
	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	Continuation of Decoupling Inclusion of Gas Infrastructure Replacement and Mesquite Expansion Projects in rate base. Recovery of the unamortized balance of previously excluded software projects.
	Rates Effective	January 2021	October 2020

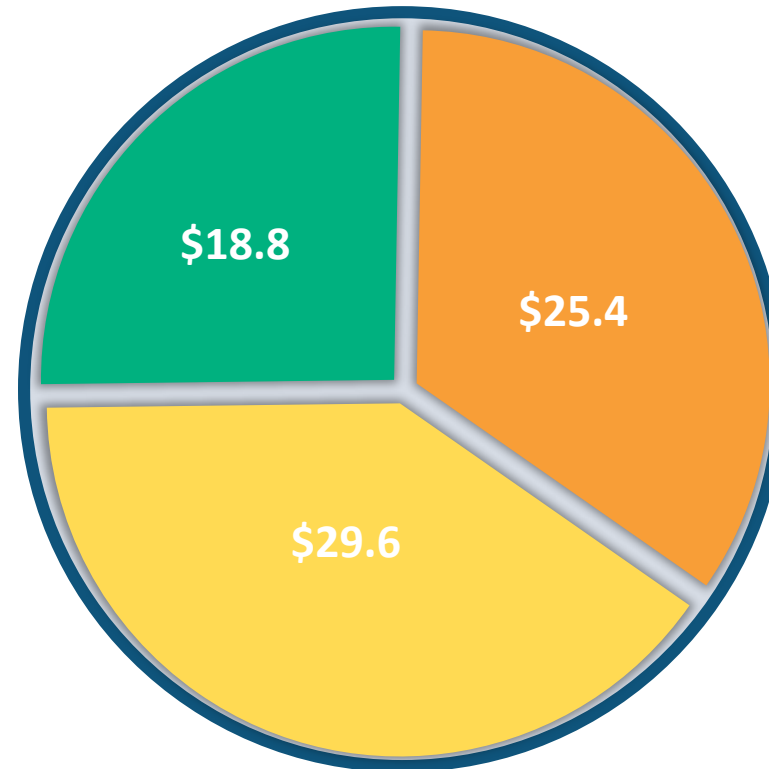
REGULATION - RATE CASE ACTIVITY

ARIZONA NATURAL GAS OPERATIONS

COYL & VSP COMPLIANCE FILING (\$ in millions)

Three Components:

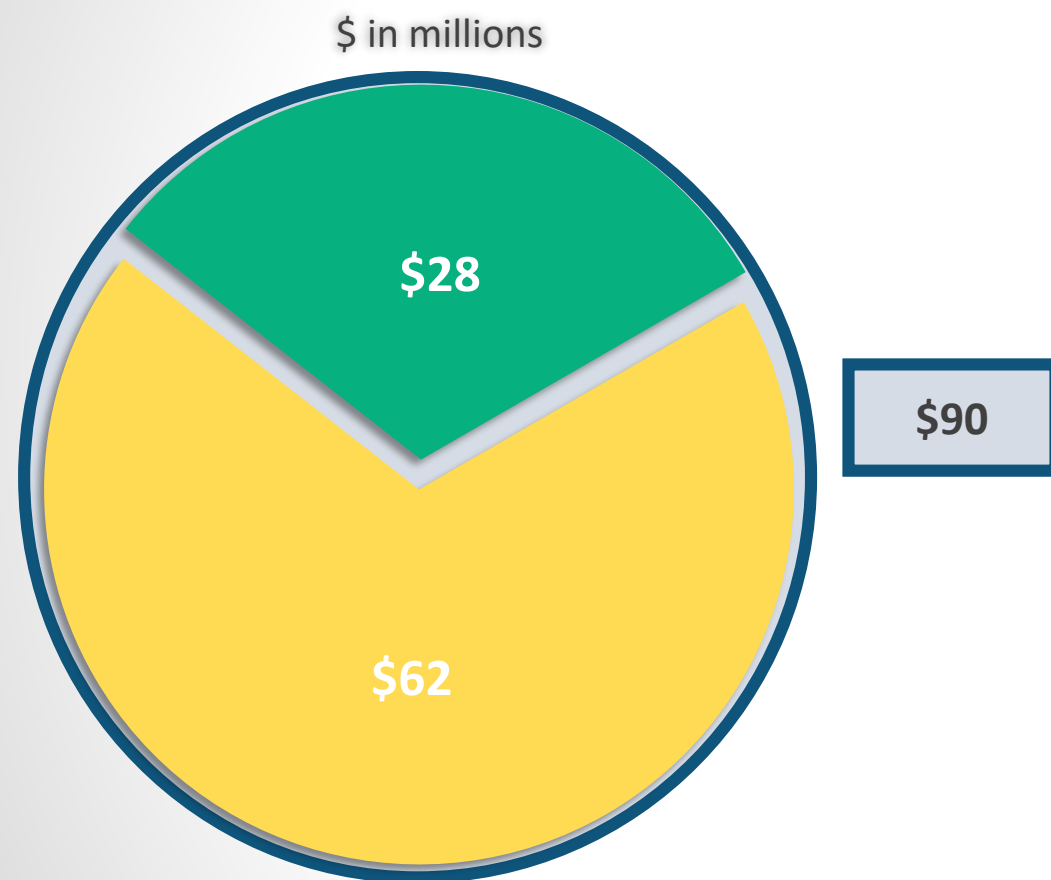
- 2019 COYL & VSP Revenue Requirement
 - 2020 COYL & VSP Revenue Requirement
 - 2021 -2022 VSP Revenue Requirement
- Compliance filing describing plan for reconciliation made in February
 - Cost recovery proposal to be filed in May
 - Recovery periods by component to be determined
 - Expect decision by year end 2021



\$73.8

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

REGULATION - EXPANSION PROJECTS

NATURAL GAS OPERATIONS



SOUTHERN ARIZONA EXPANSION

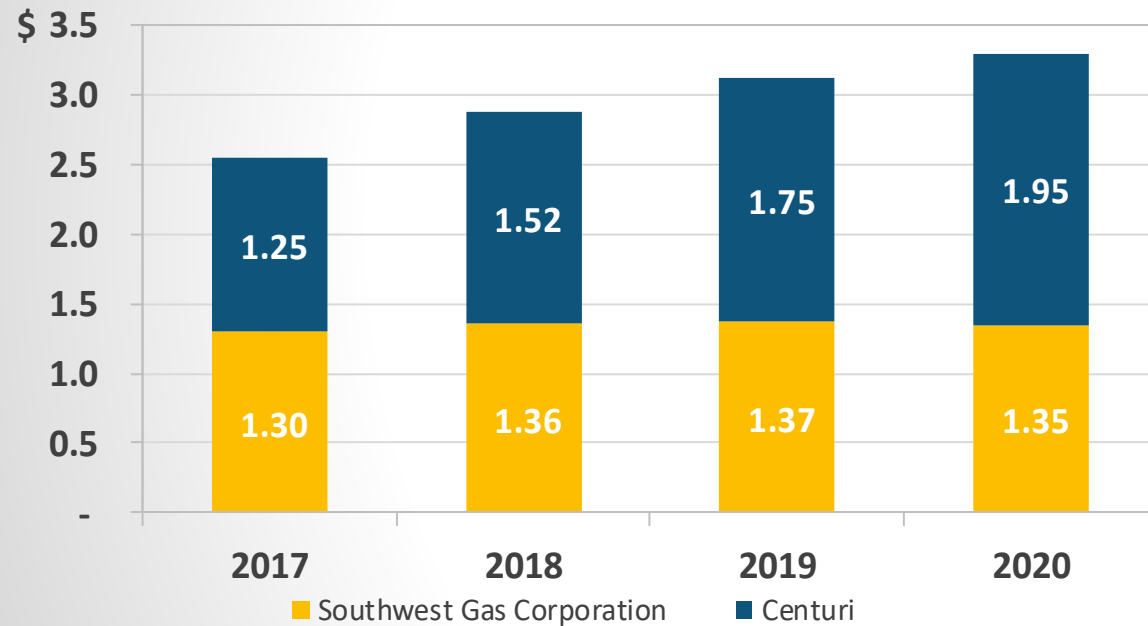
- \$3.5 million acquisition of Graham County Utilities gas assets
- Member-owned cooperative in southeast Arizona
- Approximately 5,200 customers
- Estimated rate base as of December 31, 2020 of \$2.6 million
- Agreement executed in February 2021
- Application seeking approval filed with the ACC in April 2021
- Approval anticipated in 4th quarter of 2021

FUTURE FOCUS: PERFORMANCE

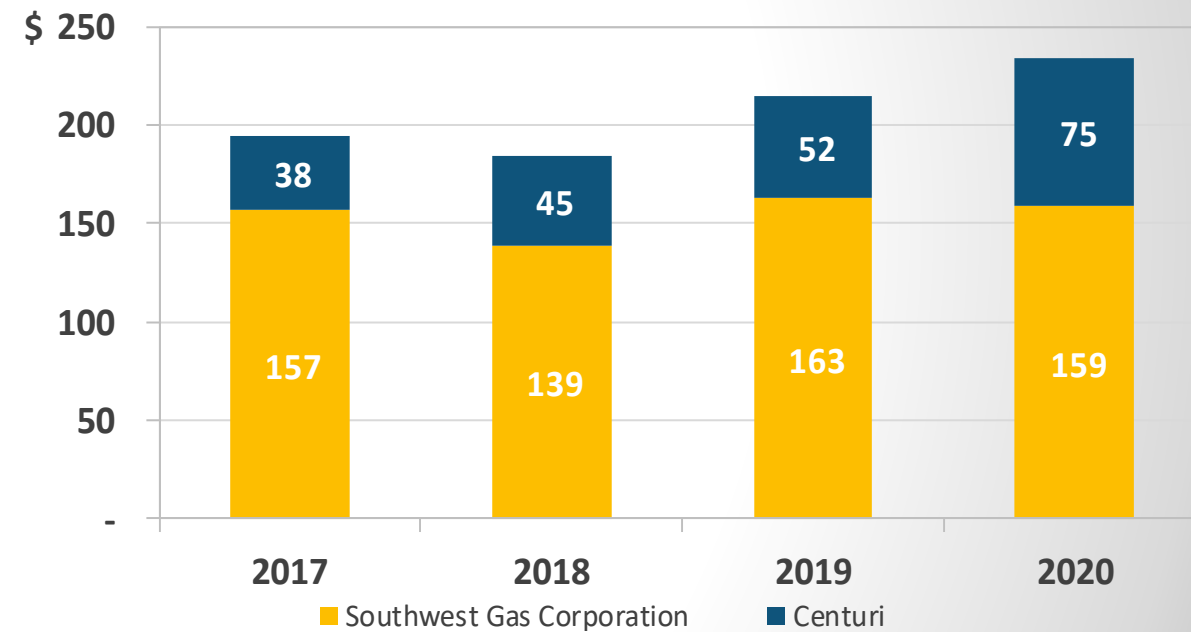


FINANCIAL PERFORMANCE

ANNUAL REVENUE HISTORY BY SEGMENT
(BILLIONS OF DOLLARS)

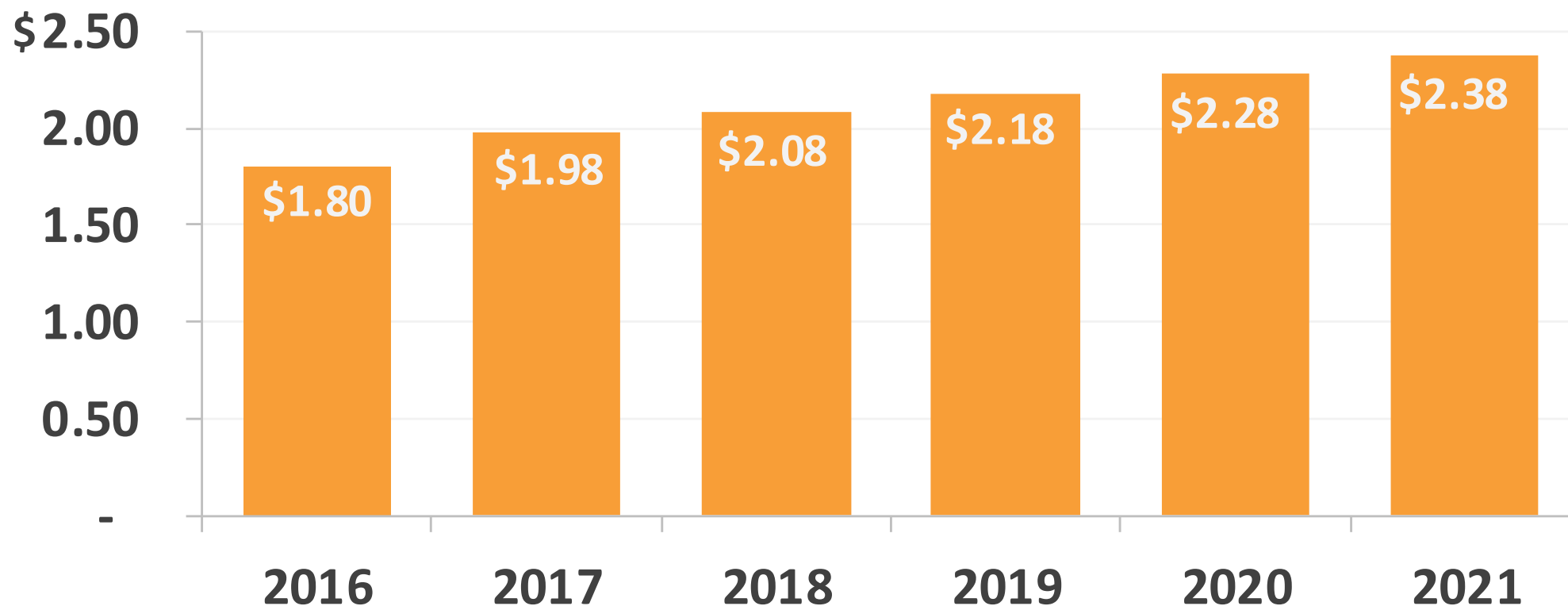


ANNUAL NET INCOME HISTORY BY SEGMENT
(IN MILLIONS OF DOLLARS)



DIVIDEND GROWTH

5.8% 5-Year Dividend CAGR



Maintain target payout ratio between 55% – 65%

Expect future dividends to increase at the sustainable earnings growth rate

CAGR = compound annual growth rate

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

CAPITAL EXPENDITURES

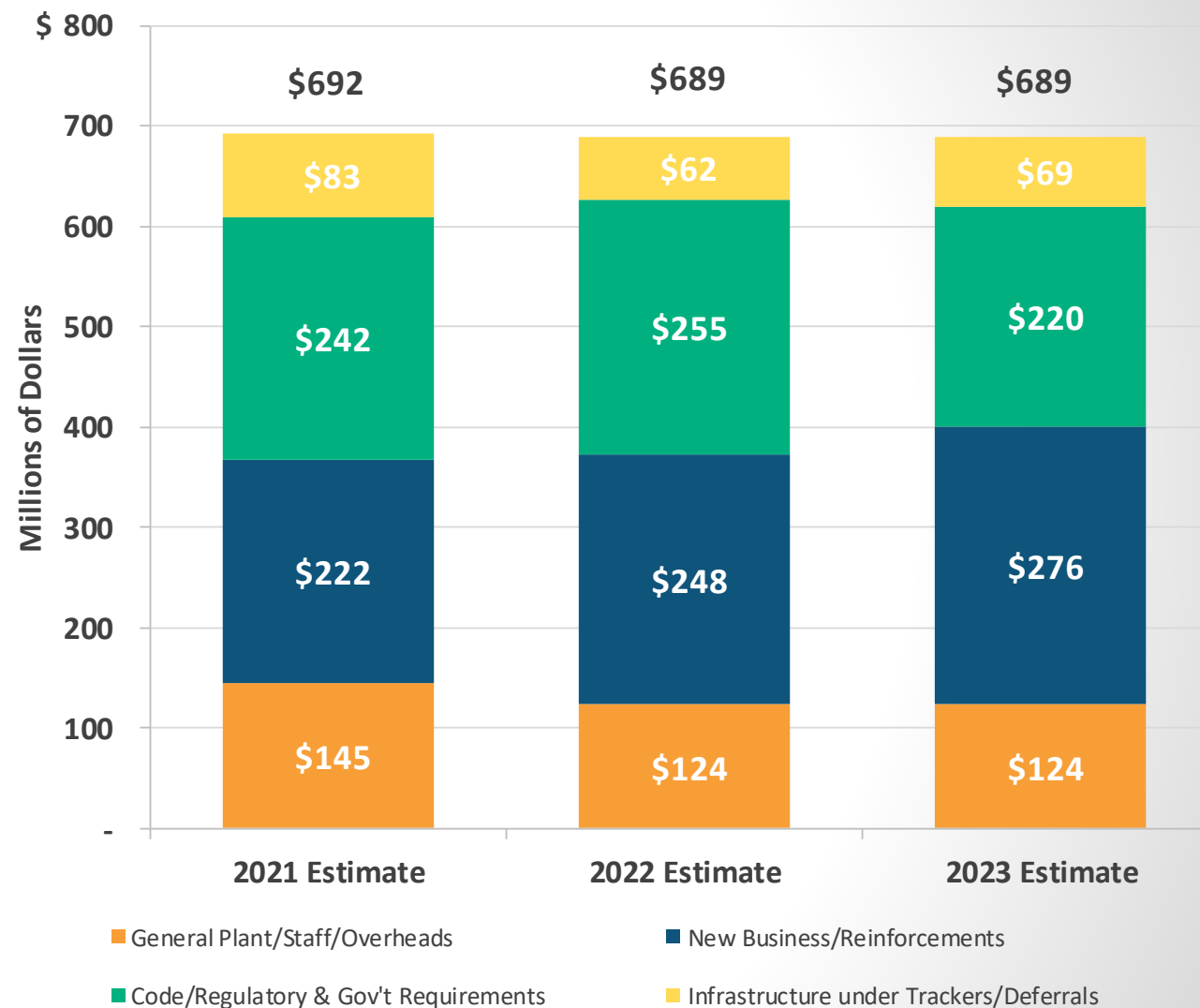
NATURAL GAS OPERATIONS

\$2.1 Billion
Capital
Investment

Estimated
2021-2023

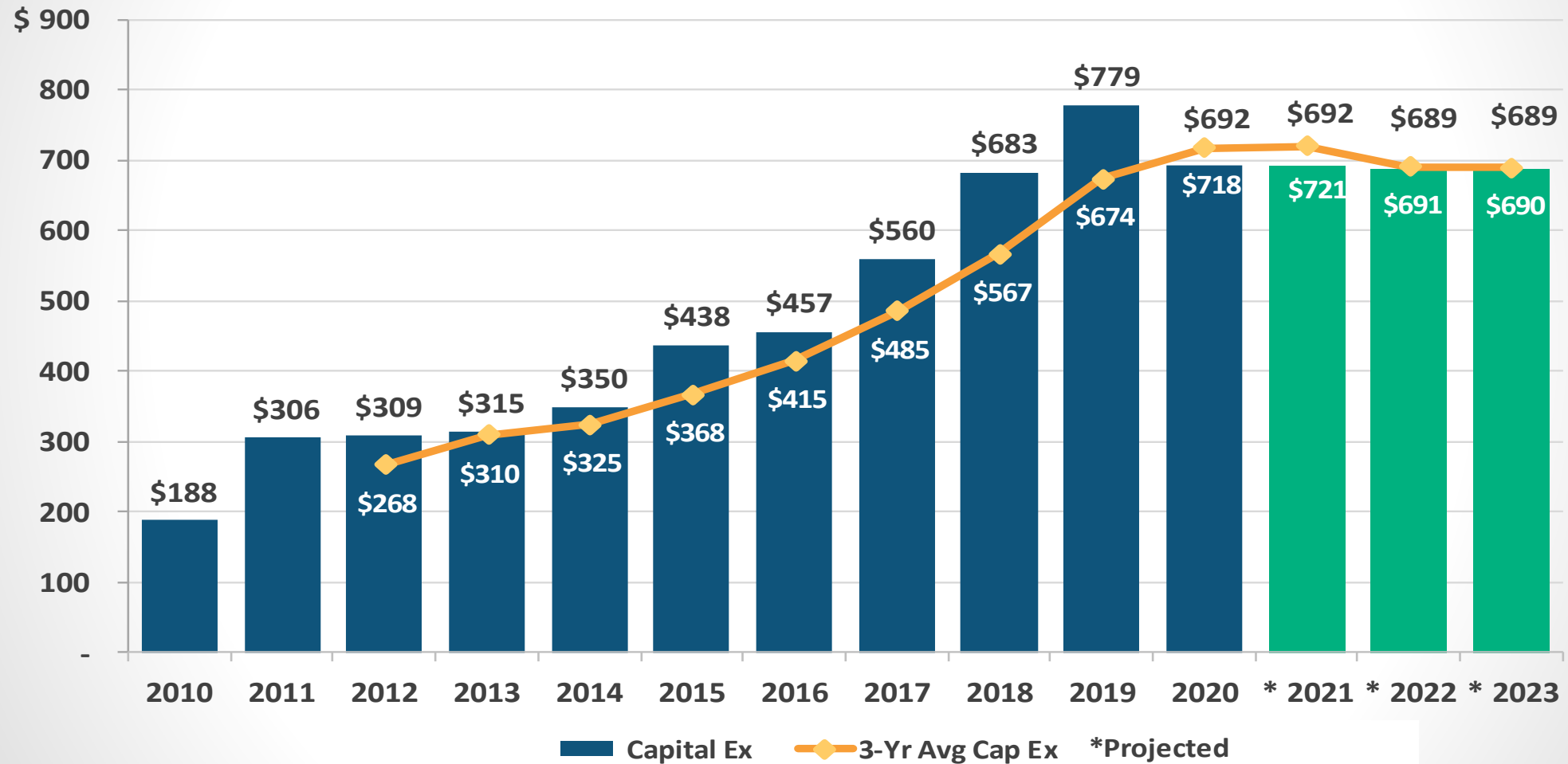
Three-Year Plan Highlights

- 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)



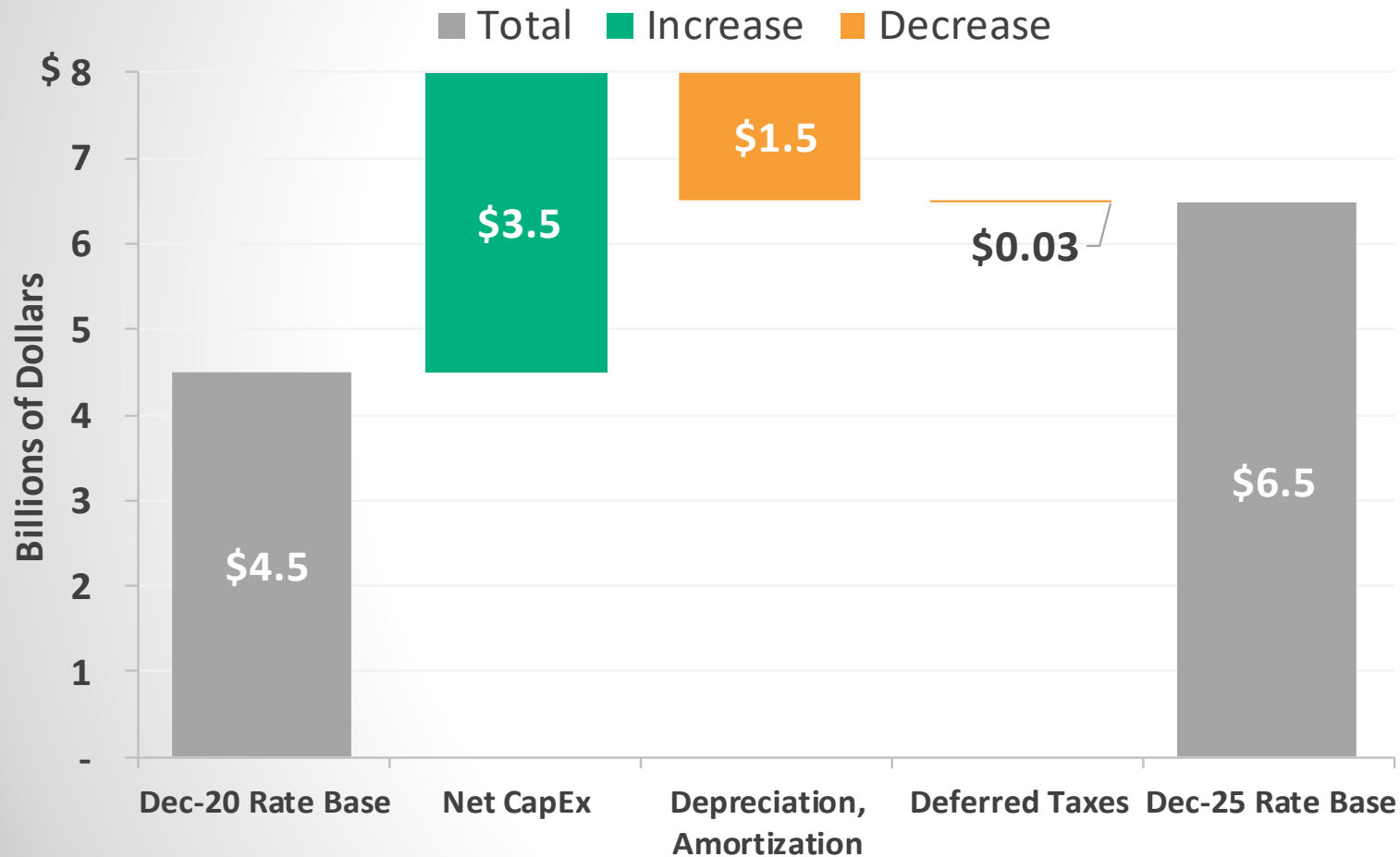
CAPITAL EXPENDITURES

(\$ 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).

FUTURE FOCUS: CUSTOMERS



AFFORDABILITY FOR CONSUMERS

\$217



Cable TV

\$160



Mobile
Phone

\$112



Electric

\$73



Water

\$46



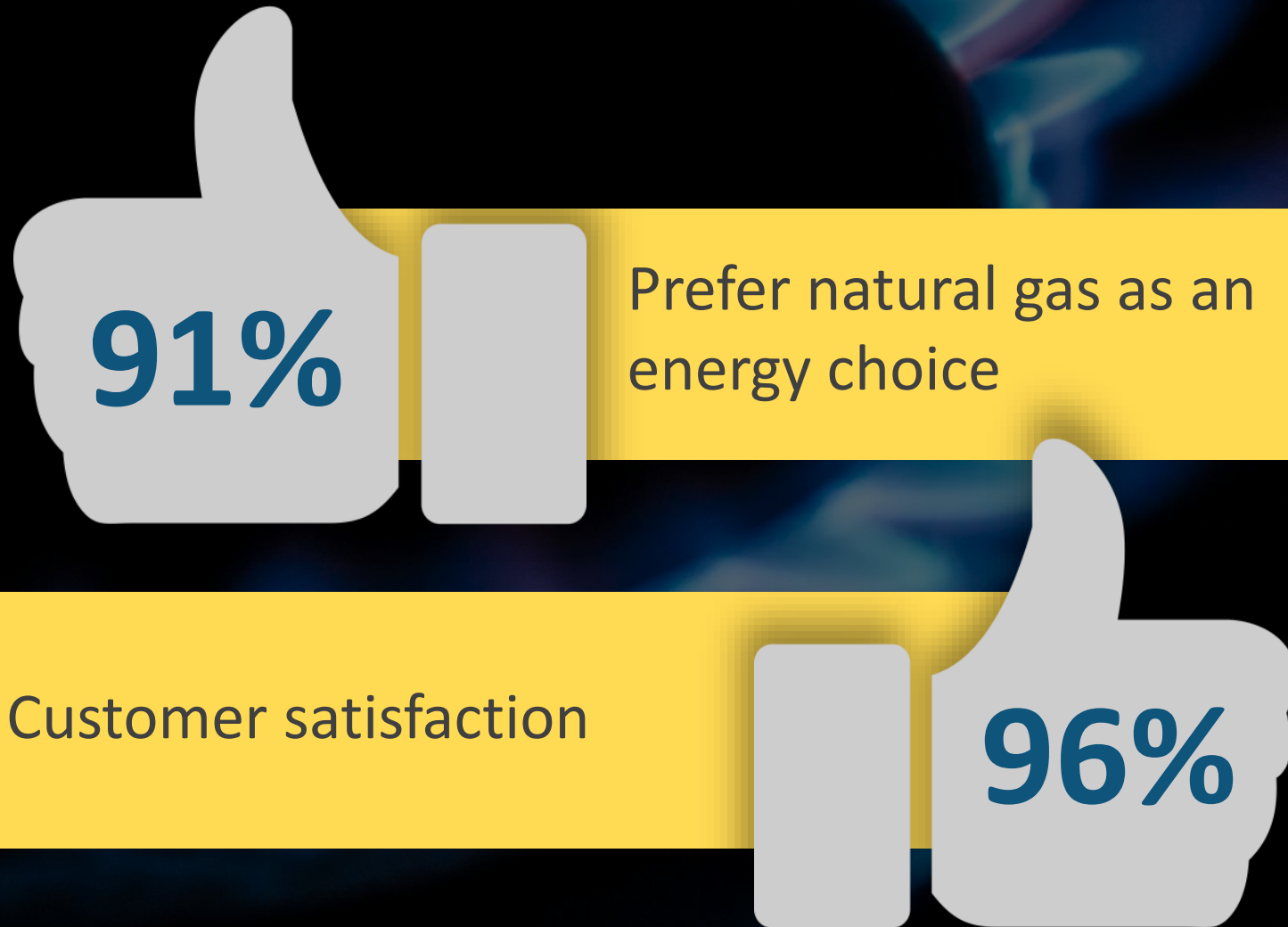
Natural Gas

Natural gas is
often the least
expensive utility
consumers pay

Sources:

- **Natural Gas \$46** – 2021 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
- **Cable/Satellite TV \$217** – Consumer Reports (www.consumerreport.org); Cable Company Fees Add \$450 to a Typical Annual TV Bill
- **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

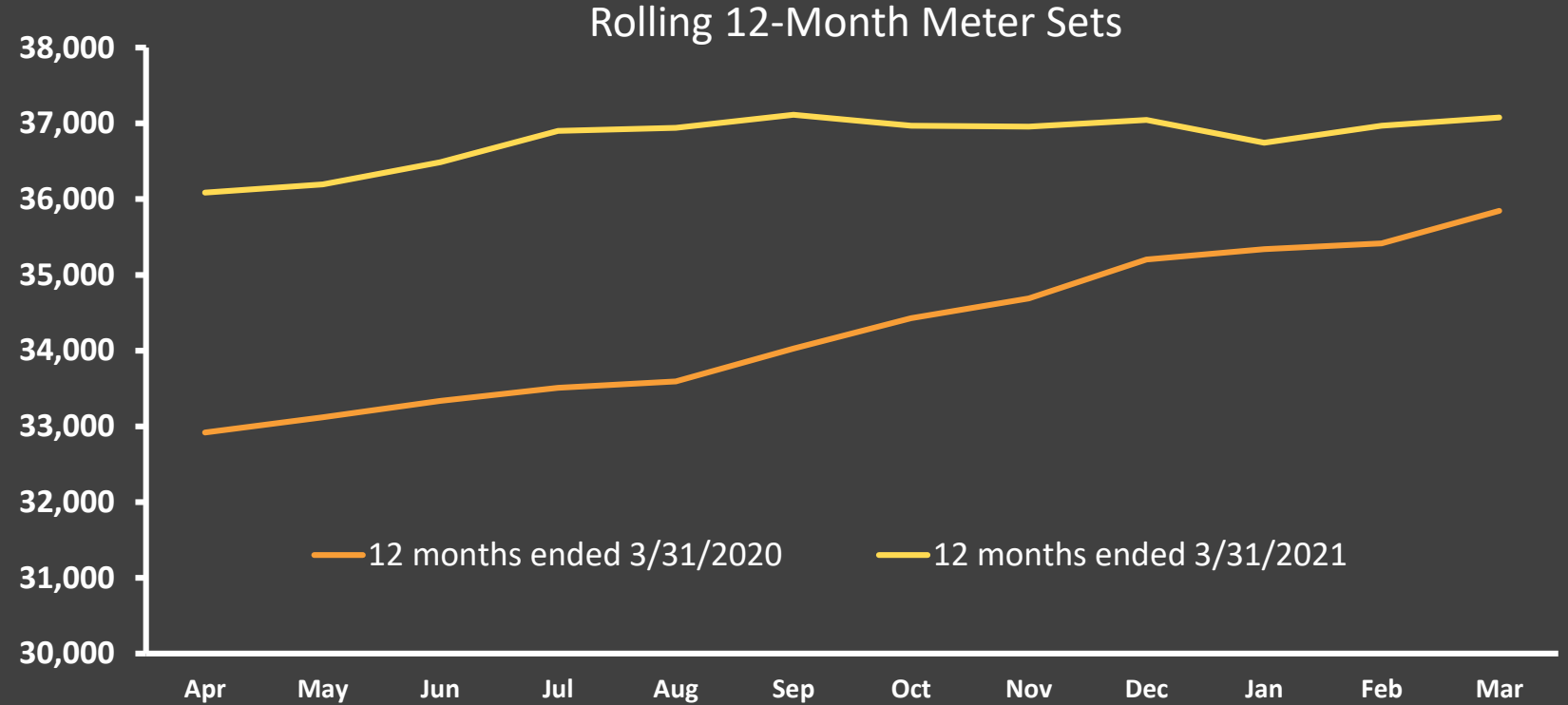
DEMANDED BY CUSTOMERS



CUSTOMER GROWTH STRONG DESPITE COVID-19



37,100
New customers
added over
the past 12 months



ARIZONA IS RECOVERING QUICKLY



“The housing market is looking extremely strong for the Phoenix area in 2021. Realtor.com’s most recent forecast predicts home sales in the Valley will jump 11.4% over last year’s levels, which is more than the national average.”

- AZBigMedia, “5 Arizona housing market predictions for 2021”, 4/29/21



“Arizona’s economic recovery from the COVID-19 pandemic-induced recession is among the best in the nation.”

- Patch.com, Wallethub.com, 4/8/21

“Arizona is among the top six states in a national ranking of economic momentum.”

In terms of population growth, Arizona was ranked No. 2 in the country with population growth of 1.8% between July 2019 and July 2020.”

- Phoenix Business Journal, 4/22/21

LAS VEGAS RECOVERING AS HOUSING BOOMS



“Still, the housing market seems to have reached dizzying speeds lately as vaccines roll out, the economy regains momentum and daily life begins to sort of return to normal.”

- Las Vegas Review Journal, 4/29/21



“Experts expected Las Vegas would recover, but not this quickly. A number of positive trends have emerged in recent weeks, with analysts reporting that resort foot traffic and occupancy rates are quickly closing in on pre-pandemic levels. Various gaming experts say they are bullish on a speedy recovery in Las Vegas.”

- Las Vegas Review Journal, 4/8/21

“Homebuilders’ sales and permits soared past year-ago levels in the first quarter as Las Vegas’ buying frenzy accelerates and developers draw up more construction plans.”

- Las Vegas Review Journal, 4/27/21

“Other booming states, based on growth percentage, include Idaho, Texas, North Dakota, Nevada and Colorado.”

- AARP.com “13 States That Grew the Fastest in the 2020 Census” 4/27/21

EXPANDING TO UNDERSERVED COMMUNITIES

Nearly \$100M in expansion projects under SB151 filings

This legislation allows Southwest Gas to expand infrastructure in a manner consistent with a program of economic development.



Southwest Gas breaks ground for Spring Creek expansion

Toni Milano

The sight of construction soon to begin along Lamoille Highway "is going to generate a lot of buzz"

Elko Daily FREE PRESS

4/29/21

"Southwest Gas Corp. broke ground on the second phase of the Spring Creek Expansion Wednesday afternoon."

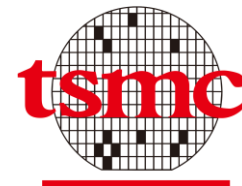
"Josh Park, (Spring Creek Association) board chairman, called the new utility in Spring Creek a step toward growth for the area. "We're grateful for the investment Southwest Gas has made to the community and excited about the future and the additional services and opportunities that this will bring to Spring Creek and our neighbors," Park said.

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



FUTURE FOCUS: SUSTAINABILITY





Southwest Gas is committed to helping our communities achieve their emissions reduction goals through balanced energy solutions

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

¹
H

11/20/20 - Filed

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



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

In Progress

- Sunoma Renewable Biofuel (Dairy)
- Maricopa RNG (Dairy)
- Butterfield RNG (Dairy)
- Pima County Wastewater Reclamation

Developing

- 1 landfill project
- 1 dairy project



California

In Progress

- Victor Valley Wastewater Reclamation Authority



1

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HYDROGEN

In Progress

- Arizona State University Pilot



Nevada

In Progress

- Regional Transportation Commission of Southern Nevada (End use)

Developing

- 1 wastewater treatment project
- 1 dairy project

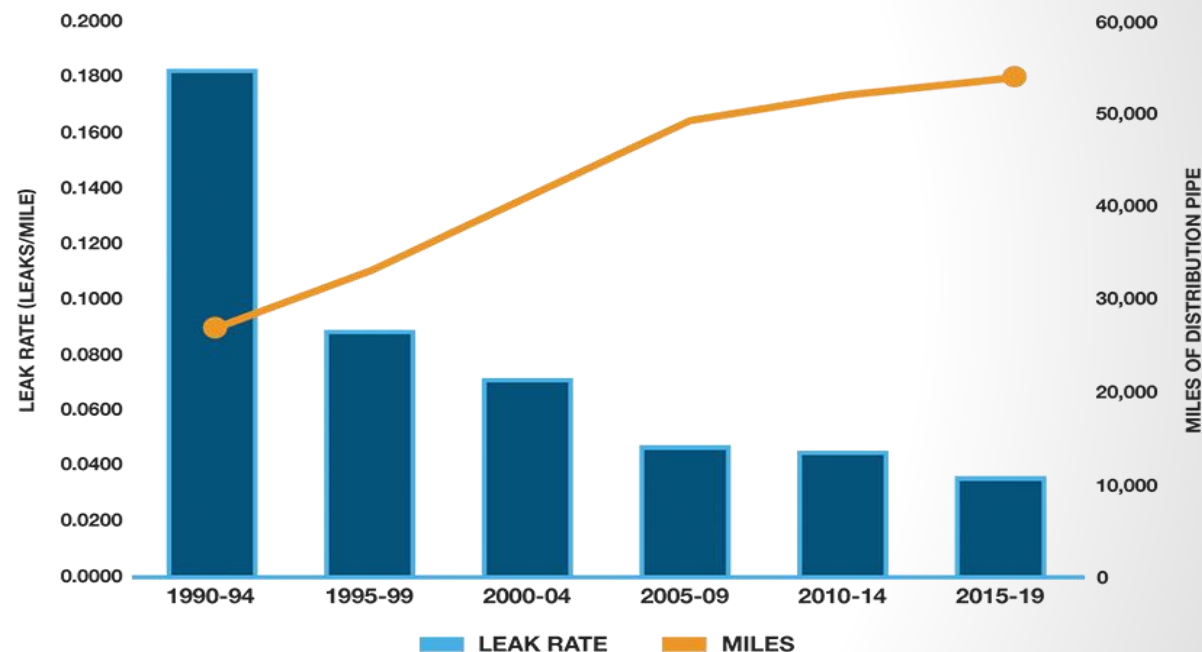
Evaluating

- 5 industrial/commercial projects
- 4 residential projects
- 1 emergency operations center

ENVIRONMENTAL HIGHLIGHTS – LEAK REDUCTIONS

Over the last 30 years, Southwest grew its system by approximately 30,000 miles of pipe – more than doubling the infrastructure system – **while also reducing the leak rate by 500%**

COMPANYWIDE DISTRIBUTION
SYSTEM LEAK RATE 1990-2019



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>

LONG-TERM VALUE DRIVERS



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
- Sustainability focused

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
- Sustainability focused
- Cash source for SWX



LONG-TERM 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

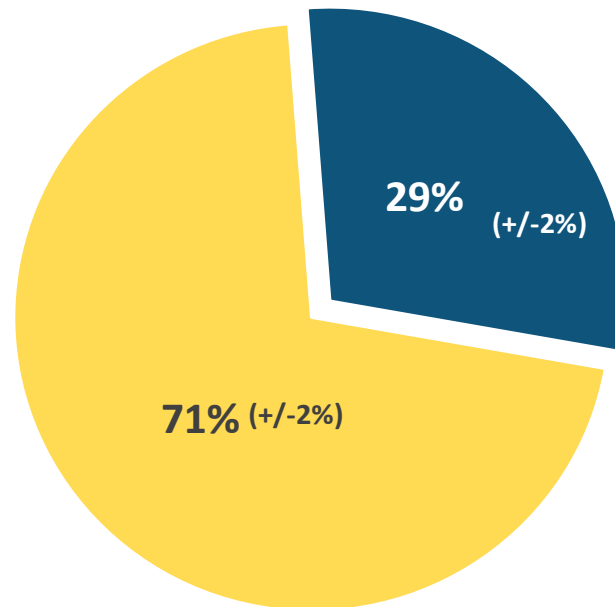
ATTRACTIVE & COMPLEMENTARY BUSINESS SEGMENTS

Natural Gas Operations



- Favorable 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



SUMMARY OPERATING RESULTS

NATURAL GAS OPERATIONS (IN THOUSANDS)

	Three months ended March 31,	
	2021	2020
Results of Natural Gas Operations		
Gas operating revenues	\$ 521,932	\$ 502,827
Net cost of gas sold	156,021	160,821
Operating margin	365,911	342,006
Operations and maintenance expense	106,135	103,088
Depreciation and amortization	68,698	64,725
Taxes other than income taxes	20,687	16,378
Operating income	170,391	157,815
Other income (deductions)	550	(20,536)
Net interest deductions	22,166	25,058
Income before income taxes	148,775	112,221
Income tax expense	30,060	28,622
Segment net income	\$ 118,715	\$ 83,599

SUMMARY OPERATING RESULTS

NATURAL GAS OPERATIONS (IN THOUSANDS)

	Twelve months ended March 31,	
	2021	2020
Results of Natural Gas Operations		
Gas operating revenues	\$ 1,369,690	\$ 1,351,089
Net cost of gas sold	338,037	353,381
Operating margin	1,031,653	997,708
Operations and maintenance expense	409,429	419,720
Depreciation and amortization	239,268	222,733
Taxes other than income taxes	67,769	62,500
Operating income	315,187	292,755
Other income (deductions)	14,496	(16,965)
Net interest deductions	98,256	96,985
Income before income taxes	231,427	178,805
Income tax expense	37,193	35,424
Segment net income	\$ 194,234	\$ 143,381

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 ROE</u>	<u>Authorized Common Equity Ratio</u>
Arizona ¹	\$ 1,930,612	48.49 %	7.03 %	9.10 %	51.10 %
Southern Nevada ²	1,325,236	33.28	6.52	9.25	49.26
Northern Nevada ²	154,966	3.89	6.75	9.25	49.26
Southern California ³	285,691	7.17	7.11	10.00	52.00
Northern California ³	92,983	2.34	7.44	10.00	52.00
South Lake Tahoe ³	56,818	1.43	7.44	10.00	52.00
Paiute Pipeline Company ⁴	135,460	3.40	8.30	11.80	51.75
Total	<u>\$ 3,981,766</u>	<u>100.00 %</u>			
Weighted average authorized Return on Common Equity (ROE)				<u>9.35 %</u>	

¹ Rates effective January 1, 2021

³ Rates effective April 1, 2021

² Rates effective October 7, 2020

⁴ Rates effective December 1, 2019

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)

	Three Months Ended March 31,	
	2021	2020
Revenue	\$ 363,975	\$ 333,493
Cost of sales ⁽¹⁾	341,180	326,711
Gross profit	22,795	6,782
General and administrative expenses ⁽²⁾	16,465	12,857
Amortization of intangible assets	2,713	2,674
Operating income (loss)	3,617	(8,749)
Other income (deductions)	(102)	(242)
Net interest deductions	1,622	2,899
Income (loss) before income taxes	1,893	(11,890)
Income tax expense (benefit)	1,200	(2,149)
Net income (loss)	693	(9,741)
Net income attributable to noncontrolling interests	1,552	463
Contribution to consolidated net income (loss) attributable to Centuri	\$ (859)	\$ (10,204)

(1) Included in Cost of sales during the three months ended March 31, 2021 and 2020 is depreciation expense of \$20,932 and \$19,508, respectively.

(2) Included in General and administrative expenses during the three months ended March 31, 2021 and 2020 is depreciation expense of \$1,099 and \$746, respectively.

SUMMARY OPERATING RESULTS

UTILITY INFRASTRUCTURE SERVICES

(IN THOUSANDS)

	Twelve Months Ended March 31,	
	2021	2020
Revenue	\$ 1,978,770	\$ 1,771,609
Cost of sales ⁽¹⁾	1,748,902	1,613,309
Gross profit	229,868	158,300
General and administrative expenses ⁽²⁾	84,547	58,417
Amortization of intangible assets	10,828	10,968
Operating income	134,493	88,915
Other income (deductions)	(67)	(651)
Net interest deductions	7,992	13,716
Income before income taxes	126,434	74,548
Income tax expense	34,477	21,718
Net income	91,957	52,830
Net income attributable to noncontrolling interests	7,750	2,599
Contribution to consolidated net income attributable to Centuri	\$ 84,207	\$ 50,231

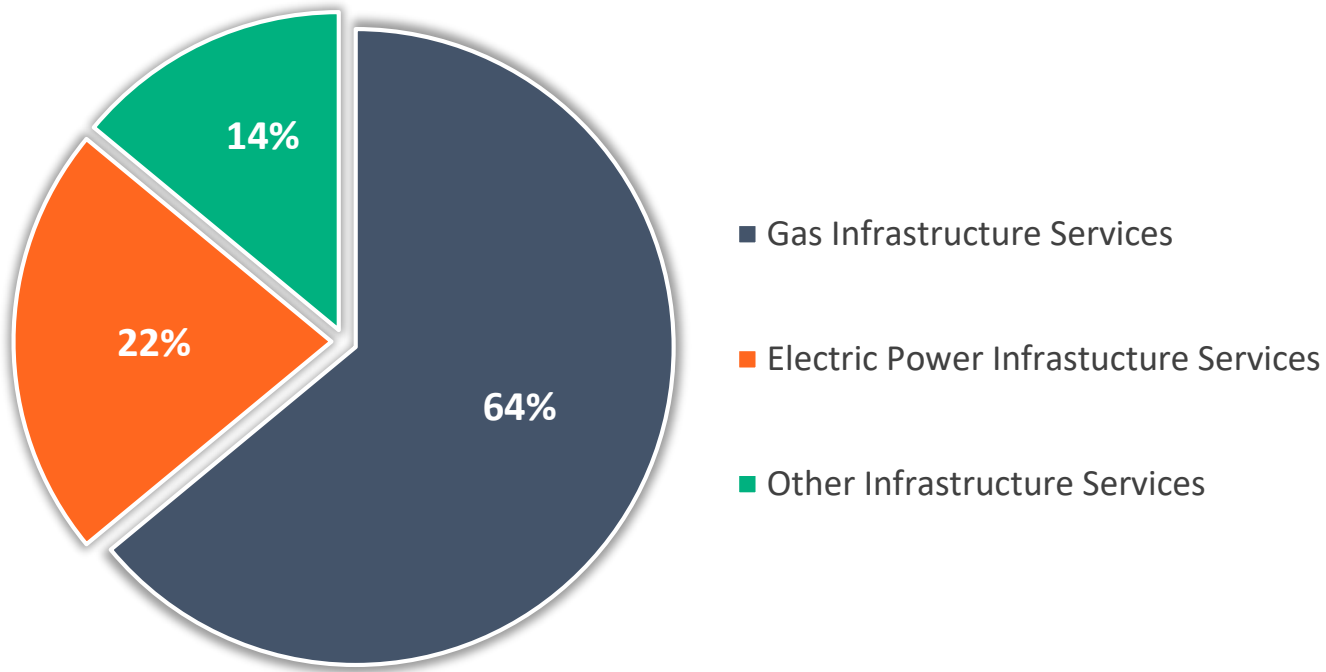
(1) Included in Cost of sales during the twelve months ended March 31, 2021 and 2020 is depreciation expense of \$84,318 and \$76,314, respectively.

(2) Included in General and administrative expenses during the twelve months ended March 31, 2021 and 2020 is depreciation expense of \$3,402 and \$3,336, respectively.

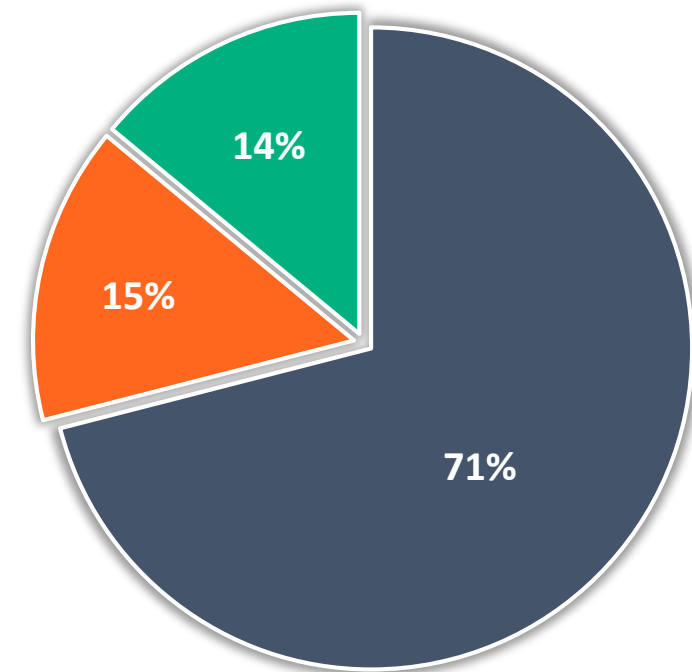
REVENUES BY SERVICE TYPE

UTILITY INFRASTRUCTURE SERVICES

Twelve Months Ended March 31, 2021

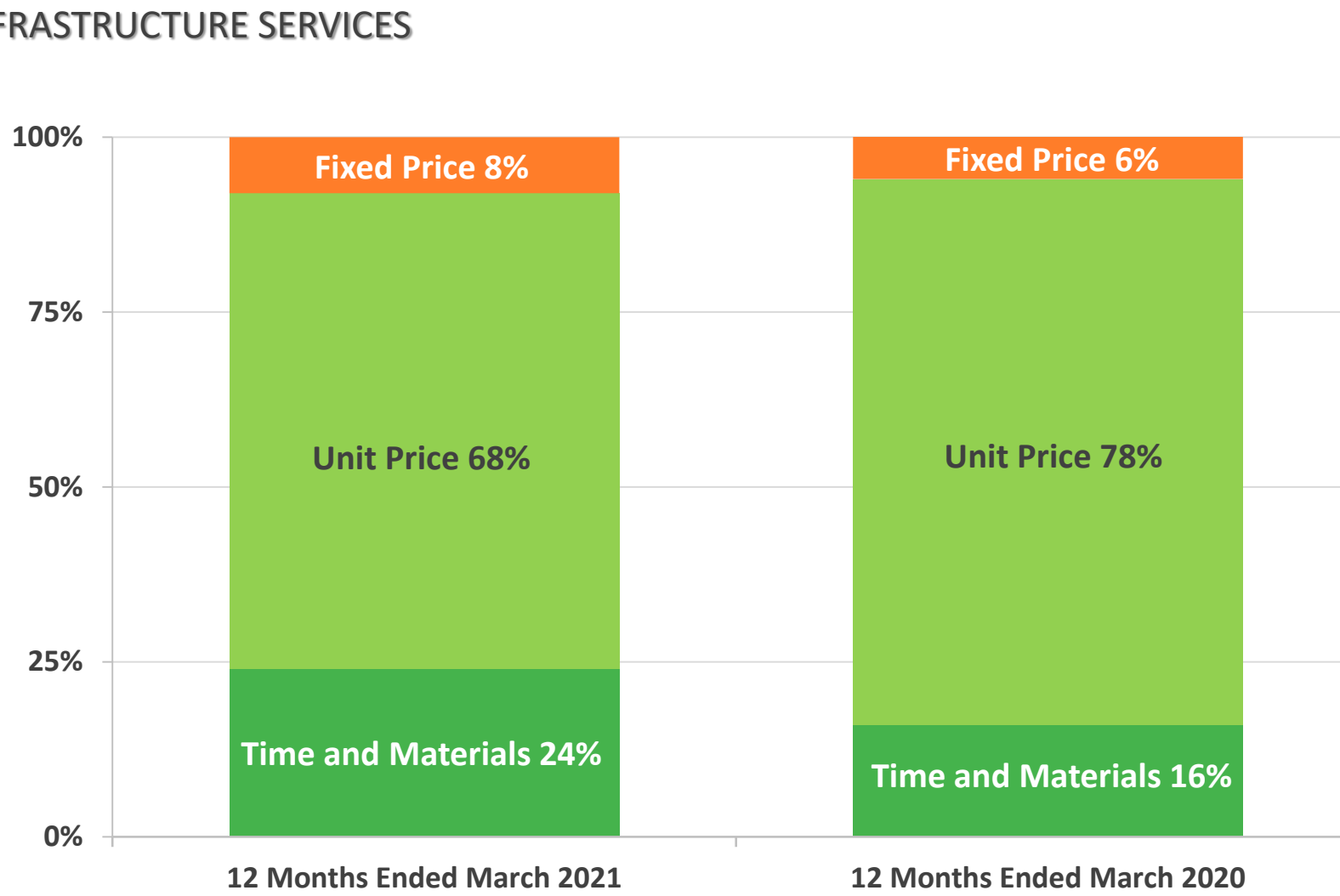


Twelve Months Ended March 31, 2020



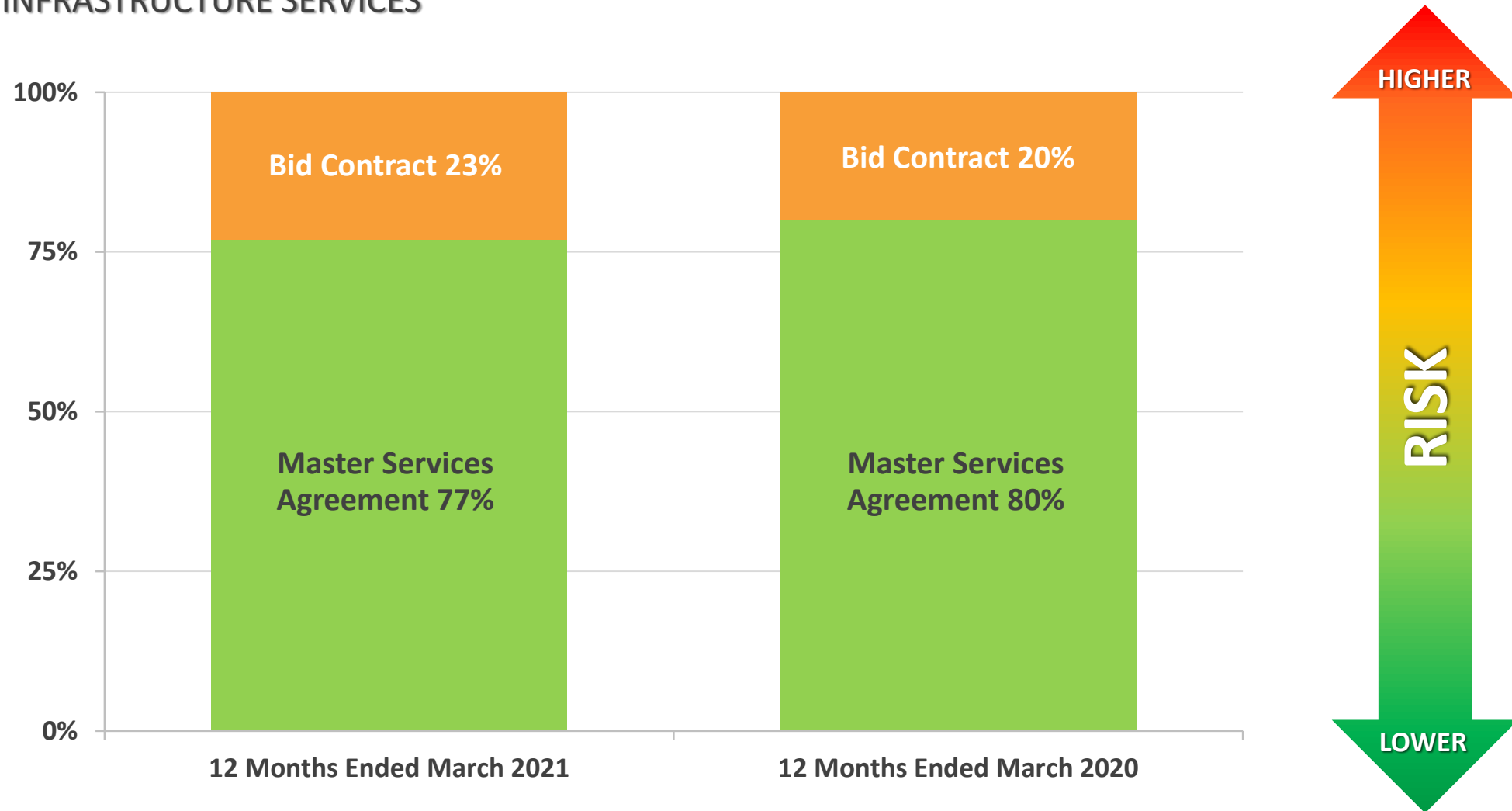
REVENUES BY CONTRACT PRICING TYPE

UTILITY INFRASTRUCTURE SERVICES



REVENUES BY CONTRACT STRUCTURE TYPE

UTILITY INFRASTRUCTURE SERVICES



CONSOLIDATED CAPITAL STRUCTURE

(IN MILLIONS)

Capitalization at March 31,	2017	2018	2019	2020	2021
Equity ¹	\$ 1,737	\$ 1,876	\$ 2,429	\$ 2,633	\$ 2,979
Long-Term Debt ²	1,590	2,023	2,141	2,480	2,764
Total Permanent Capital	<u>\$ 3,327</u>	<u>\$ 3,899</u>	<u>\$ 4,570</u>	<u>\$ 5,113</u>	<u>\$ 5,743</u>
Capitalization ratios					
Equity ¹	52.2%	48.1%	53.2%	51.5%	51.9%
Long-Term Debt ²	47.8%	51.9%	46.8%	48.5%	48.1%
Total Permanent Capital	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

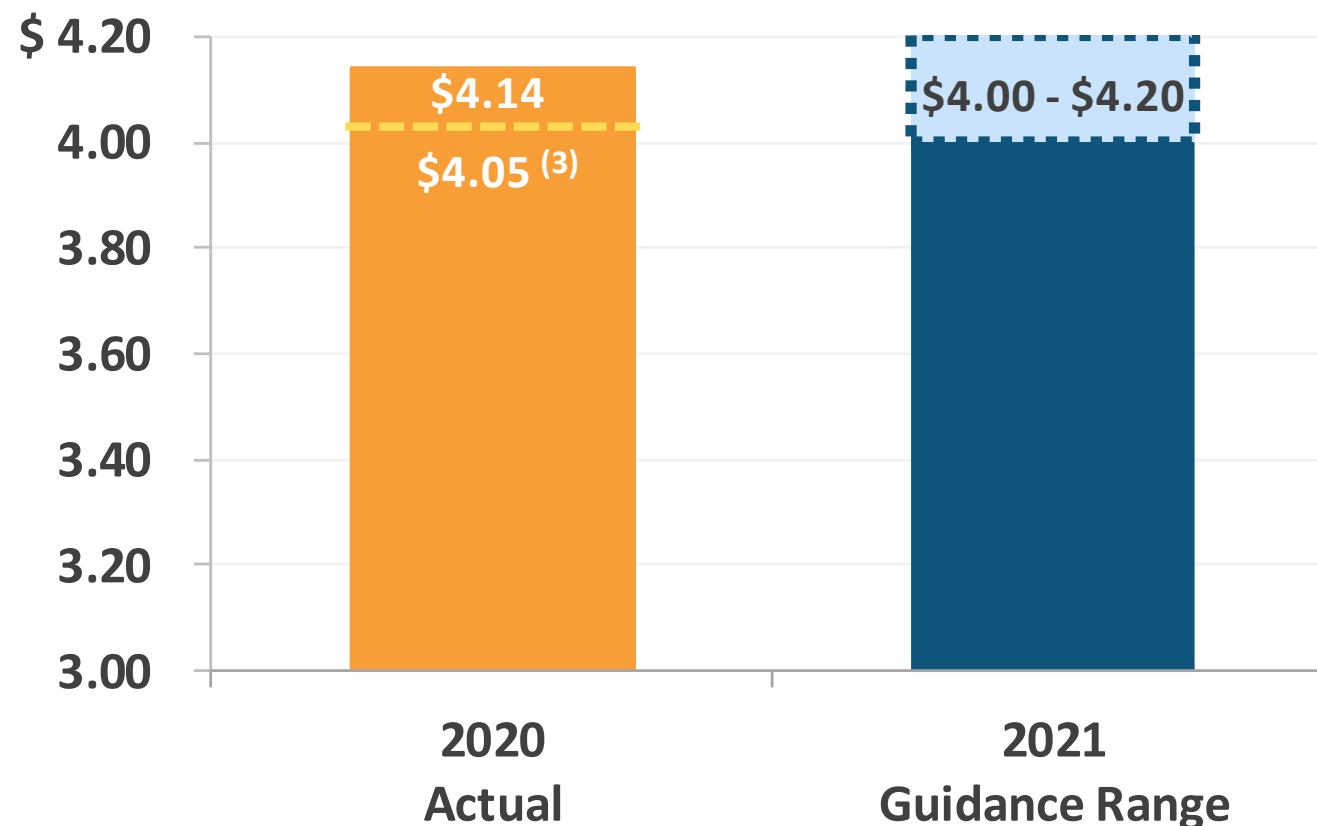
¹ Includes redeemable noncontrolling interest, if applicable.

² Includes current maturities of long-term debt.

2021 EPS GUIDANCE



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 \$7 million – \$8 million (previously \$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

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.

Reconciliation of Revenue to Operating Margin (Non-GAAP measure)

	Three months ended March 31,		Twelve months ended March 31,	
	2021	2020	2021	2020
	(In thousands)			
<u>Natural Gas Operations</u>				
Gas operating revenues	\$ 521,932	\$ 502,827	\$ 1,369,690	\$ 1,351,089
Less: Net cost of gas sold	156,021	160,821	338,037	353,381
Operating margin	<u>\$ 365,911</u>	<u>\$ 342,006</u>	<u>\$ 1,031,653</u>	<u>\$ 997,708</u>

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>