

AGA Financial Forum

Phoenix, AZ

May 20-22, 2018



Southwest Gas™
HOLDINGS

Safe Harbor Statement



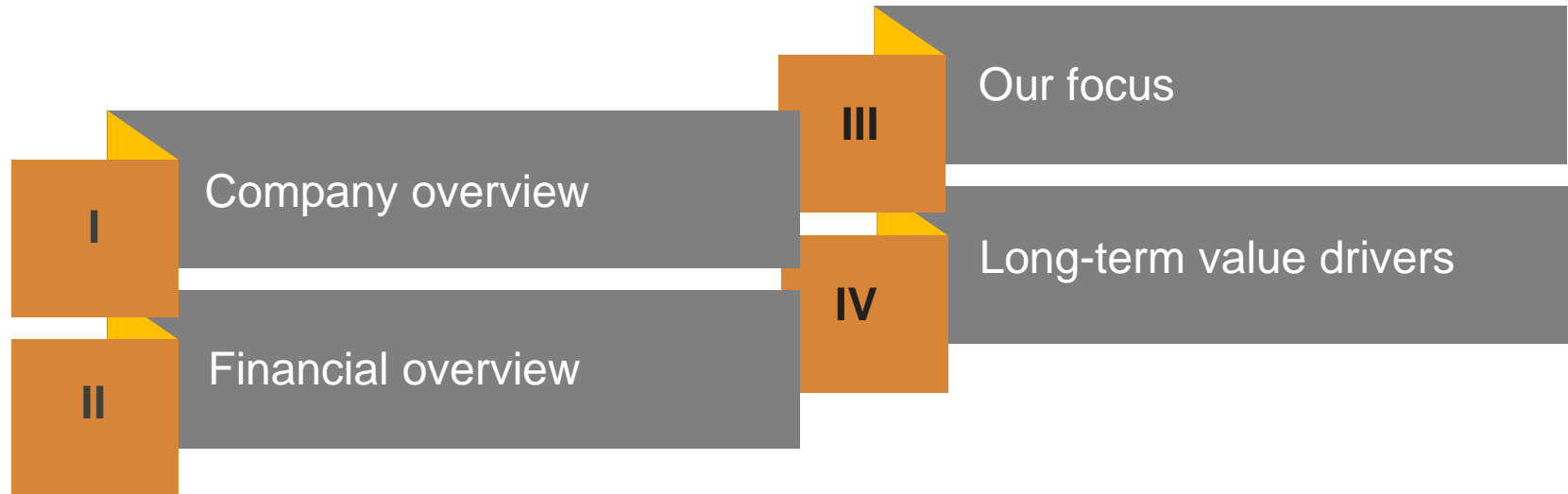
This presentation includes “forward-looking statements” as defined by the Securities and Exchange Commission (SEC). We make these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995. All statements, other than statements 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 2018 expectations for our construction services and natural gas operations segments, as well as statements regarding our expansion projects and other investment opportunities.

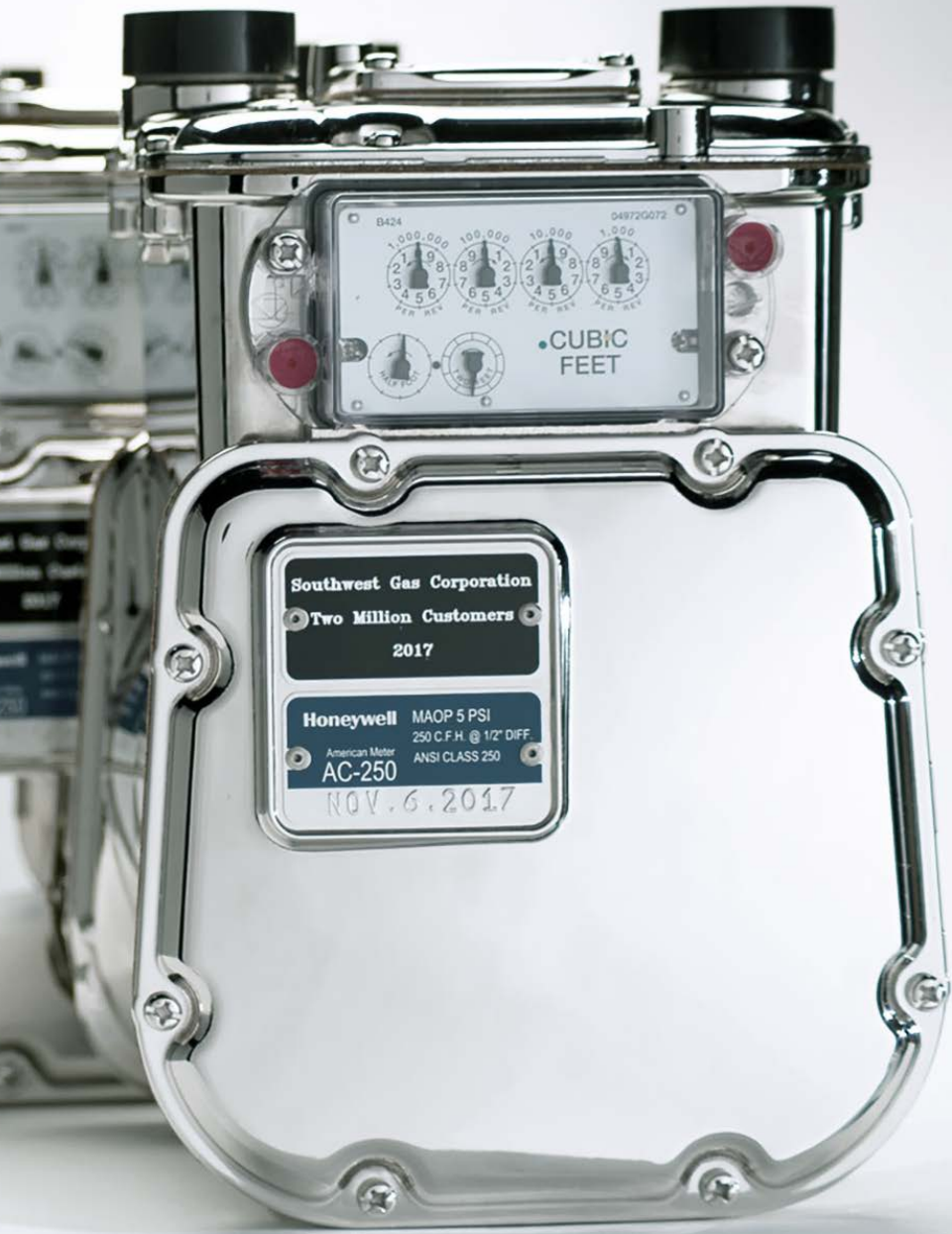
Forward-looking statements are based on assumptions which we believe are reasonable, based on current expectations and projections about future events and industry conditions and trends affecting our business. However, whether actual results and developments will conform to our expectations and predictions is subject to a number of risks and uncertainties that, among other things, could cause actual results to differ materially from those contained in the forward-looking statements, including without limitation, the risk factors described in Part I, Item 1A “Risk Factors,” and Part II, Item 7 and Item 7A “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Quantitative and Qualitative Disclosure about Market Risk” of our 2017 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 construction services segment;
- The impacts from acquisitions;
- 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

Corporate Platform

✓ Natural Gas Operations



DIVERSIFIED LDC PLATFORM IN THREE STATES

- Largest LDC in Arizona and Nevada, also distribute and transport gas in parts of California
- Operate transmission system – Paiute Pipeline
- Over 2 million customers and growing, of which 99% are residential and small commercial
- Blended authorized ROE of 9.76%, and \$2.6 billion authorized rate base
- Constructive regulatory mechanisms which mitigate lag

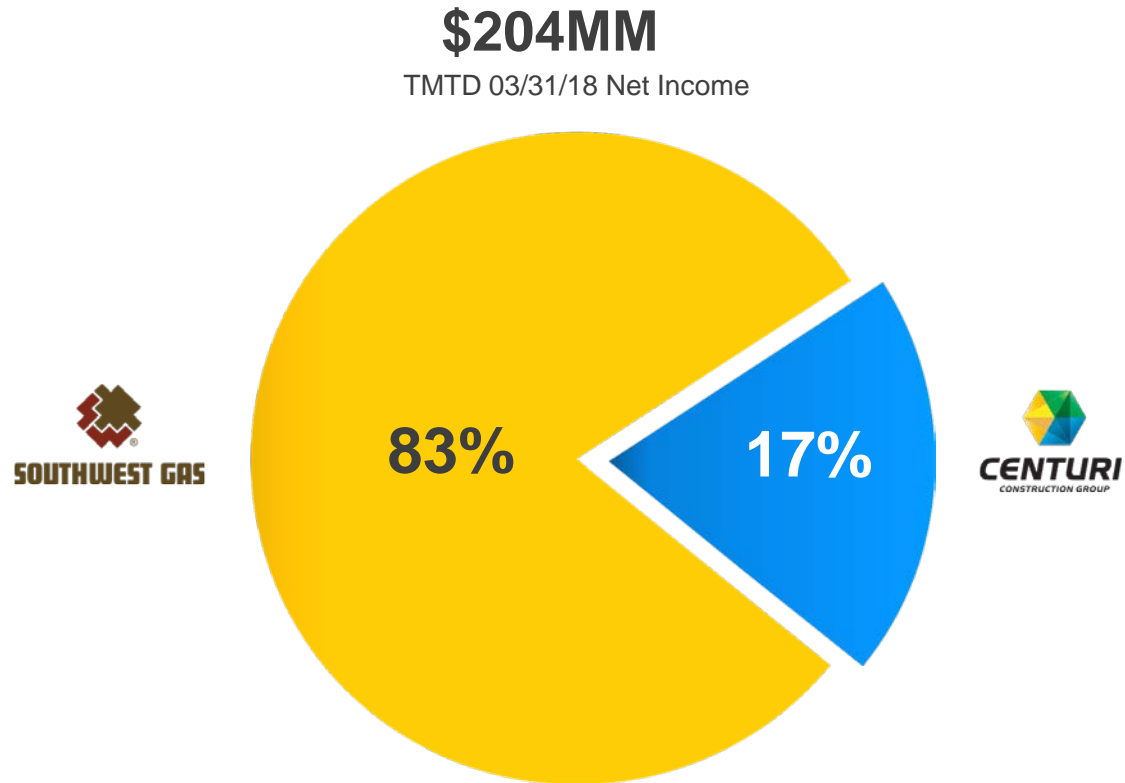
✓ Construction Services



ONE OF NORTH AMERICA'S LARGEST FULL-SERVICE UNDERGROUND PIPELINE CONTRACTORS

- Headquartered in Phoenix, AZ
- Operates in 25 markets across the U.S. and Canada
- Long-term, industry and customer commitments
- Over \$1.2 billion in revenues - 2017

Business Mix



Stable Customer Base

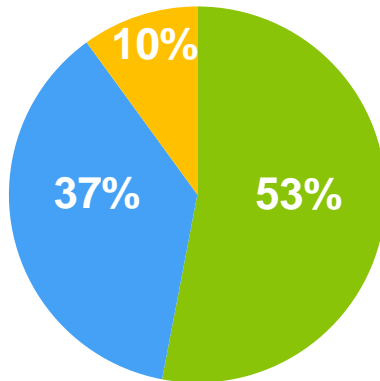
Natural Gas Operations



TMTD March 31, 2018 Customer & Operating Margin Distribution

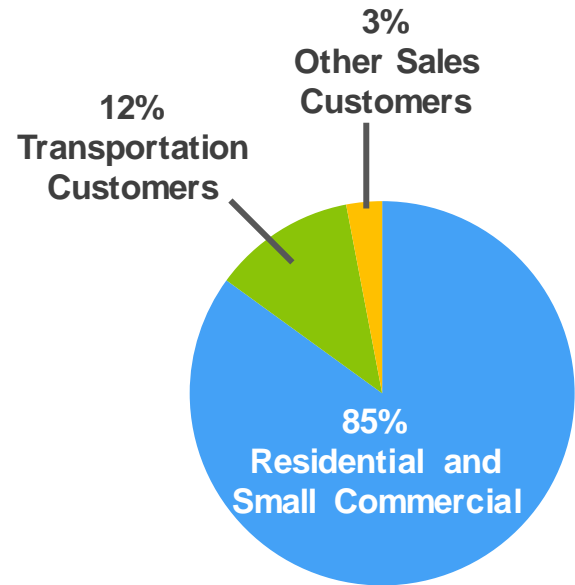
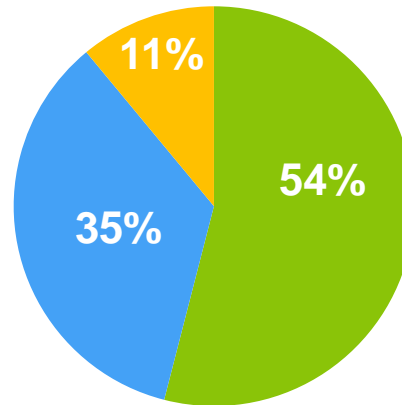
By State

Customers



■ Arizona
■ Nevada
■ California

Margin



Consistent trends year over year

Centuri Construction Group

Construction Services

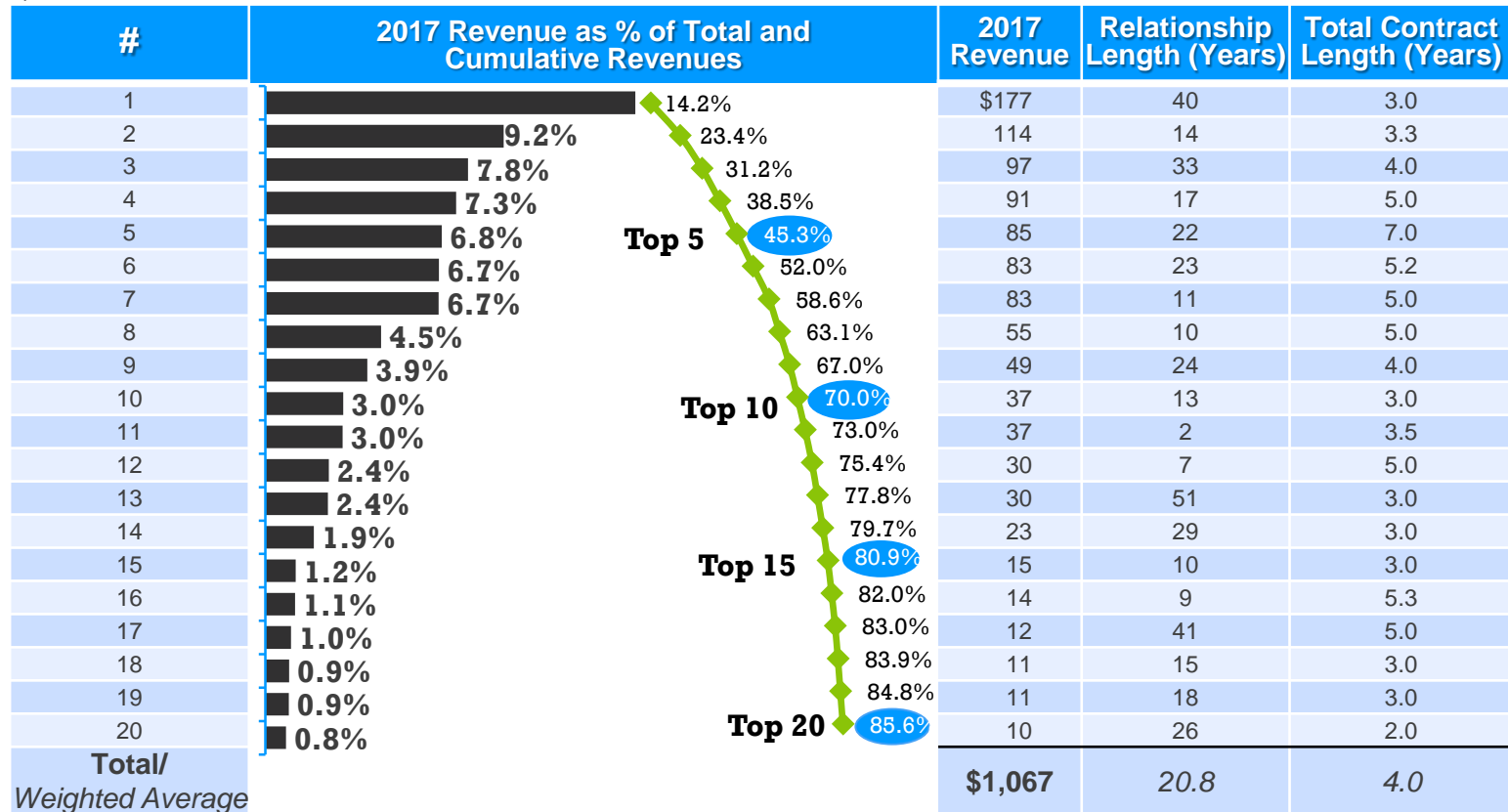


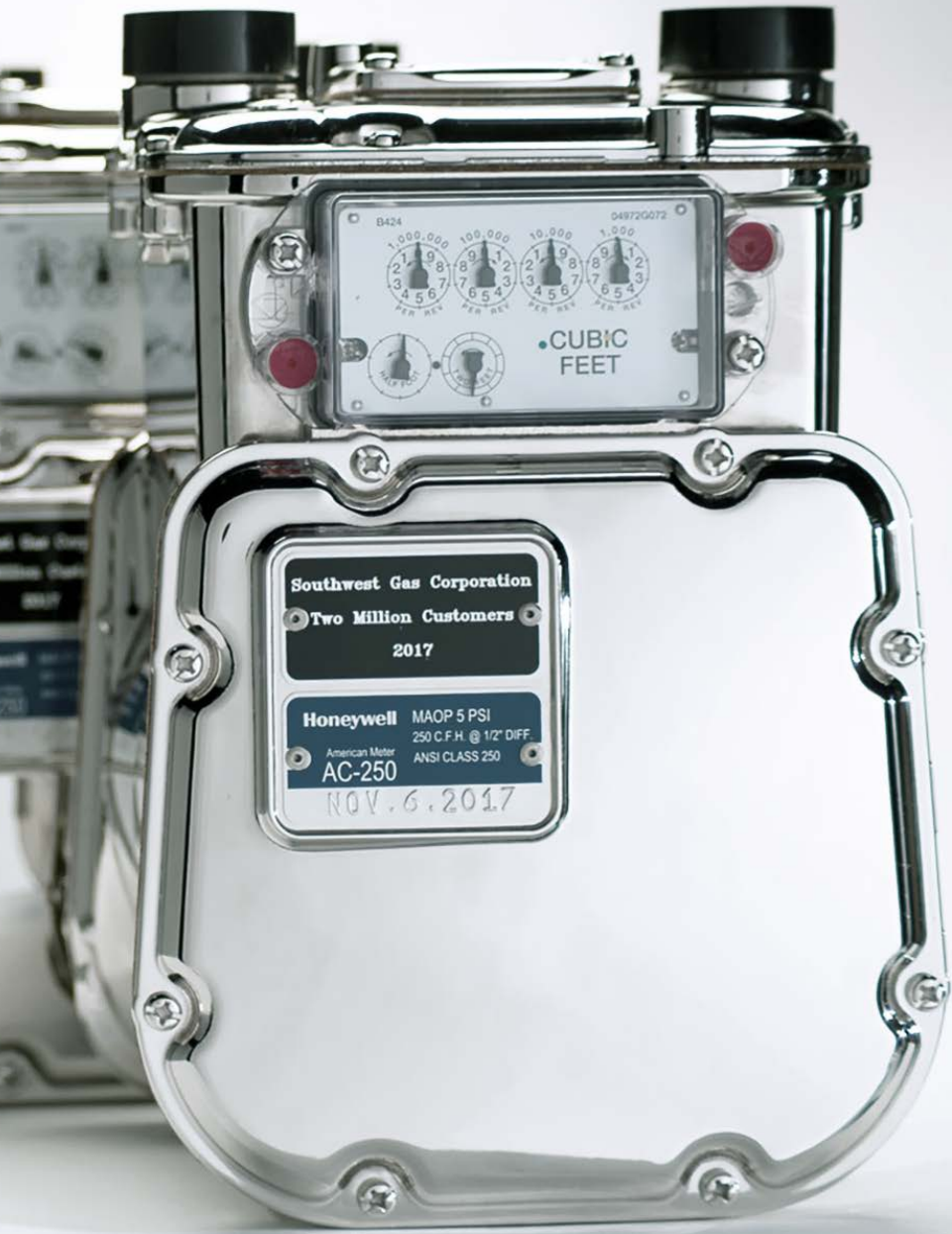
Top 20 Customers

Construction Services



\$ in Millions





Financial Overview

2018 Highlights



Southwest Gas
HOLDINGS

Consolidated Results

- E.P.S. of \$4.23 for 12 months ended March 2018
- Dividend increased for the 12th straight year (\$1.98 to \$2.08 annually)

Natural Gas Segment

- Added 32,000 net new customers over the past 12 months
- Net income for 12 months increased \$51.5 million
- Invested \$591 million in capital over the last 12 months
- Issued \$300 million in Senior Notes due in 2028

Construction Services Segment

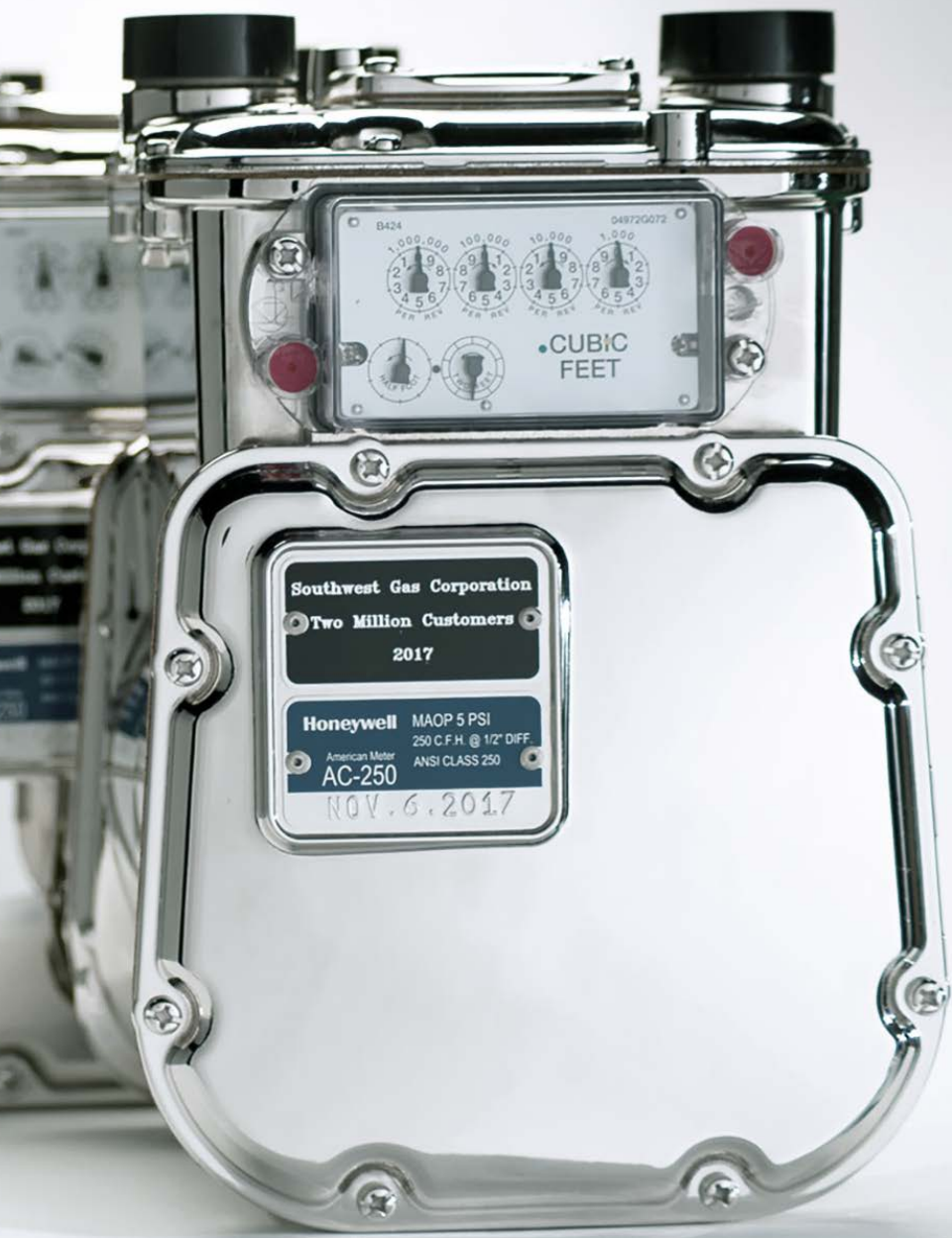
- Quarterly revenues increased \$67.9 million
- Net income for 12 months of \$34.7 million
- Neuco acquisition exceeding expectations
- Enthusiastic about full-year Centuri performance

Summary Operating Results

(In thousands, except per share amounts)



	THREE MONTHS ENDED MARCH 31,		TWELVE MONTHS ENDED MARCH 31,	
	2018	2017	2018	2017
Results of Consolidated Operations				
Gas operations income	\$ 90,349	\$ 76,938	\$ 170,229	\$ 118,778
Construction services income (loss)	(11,001)	(7,334)	34,693	27,421
Other - corporate and administrative	(257)	(296)	(1,298)	(296)
Net income	<u>\$ 79,091</u>	<u>\$ 69,308</u>	<u>\$ 203,624</u>	<u>\$ 145,903</u>
Basic earnings per share	<u>\$ 1.63</u>	<u>\$ 1.46</u>	<u>\$ 4.23</u>	<u>\$ 3.07</u>
Diluted earnings per share	<u>\$ 1.63</u>	<u>\$ 1.45</u>	<u>\$ 4.23</u>	<u>\$ 3.05</u>
Average shares outstanding	48,416	47,530	48,105	47,492
Average shares outstanding (assuming dilution)	48,459	47,864	48,139	47,839



Our Focus

Southwest Gas Corporation
Two Million Customers
2017

Honeywell MAOP 5 PSI
250 C.F.H. @ 1/2" DIFF.
American Meter
AC-250
ANSI CLASS 250

NOV. 6, 2017

Core Fundamentals

Customer
Growth

Collaborative
Regulation

Operations
Excellence

Capital
Investment

Dividend
Growth

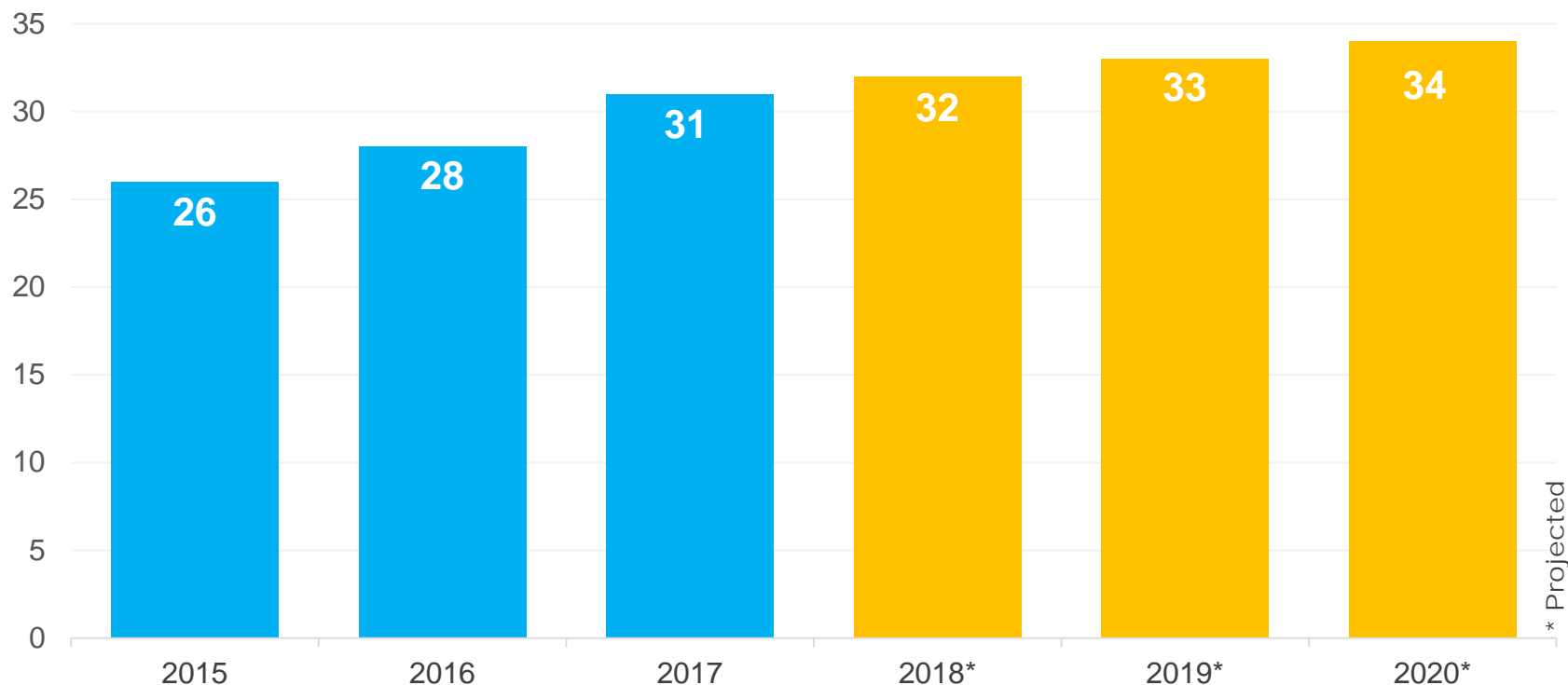
Customer Growth

Natural Gas Operations



CUSTOMER GROWTH

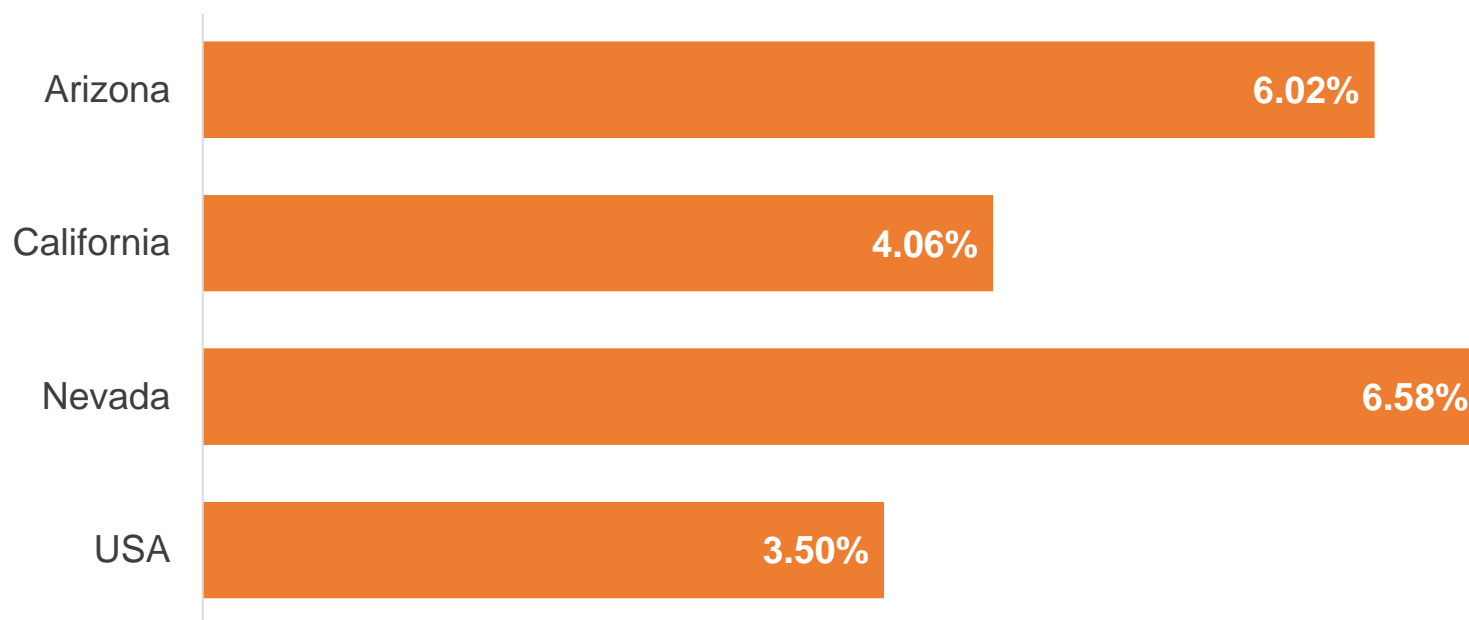
Twelve Months Ended December 31
(In thousands)



Added 32,000 net new customers as of twelve months ended March 31, 2018

Population Growth

PROJECTED POPULATION CUMULATIVE % CHANGE 2018-2023



Source: S&P Global Market Intelligence

Economic Expansion



Las Vegas
Raiders -
2020¹



Las Vegas
Ballpark –
2019²



Dot Foods
Distribution
Center,
Bullhead, AZ -
2018³



Caterpillar
Headquarters,
Phoenix, AZ -
2019⁴

¹ Source: Review Journal (www.reviewjournal.com); Economists Weigh Economic Impact of Stadium for Raiders in Las Vegas

² Source: Review Journal (www.reviewjournal.com); Las Vegas 51s Moving to \$150M Summerlin Stadium in 2019

³ Source: Governor Doug Ducey (www.azgovernor.gov); America's Largest Food Redistributor Comes to Arizona

⁴ Source: AZ Big Media (www.azbigmedia.com); Arizona's Economic Developers Continue to Create Jobs

Regulatory Collaboration

Natural Gas Operations



Regulatory Programs

- Upcoming Nevada General Rate Case filing (May 2018)
- Successful Arizona General Rate Case Filing
- Decoupled rate designs
- Collaborative tax reform proceedings

Infrastructure Replacement Programs

- Arizona COYL and VSP programs
- Nevada GIR

Expansion Projects

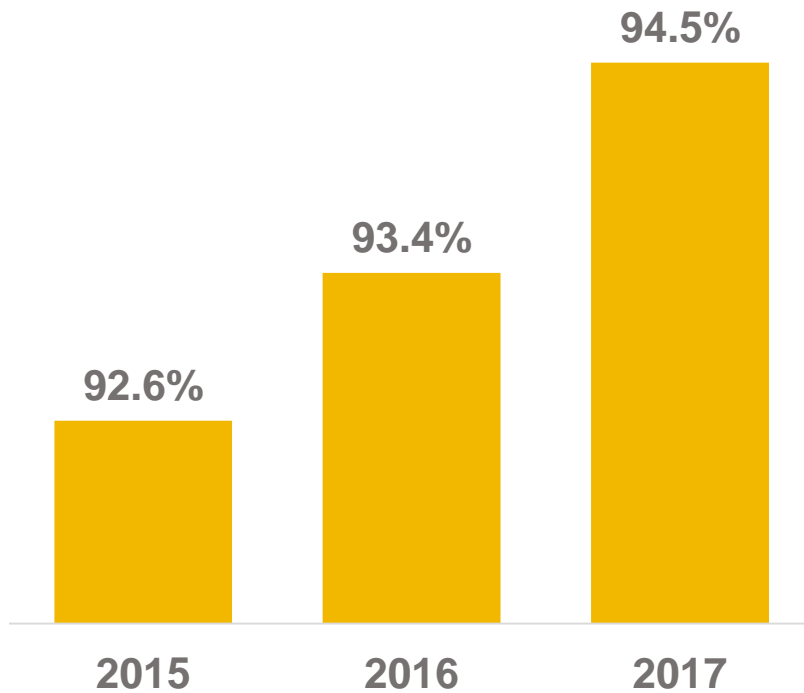
- LNG Facility 2019 in-service date
- Paiute Expansion project approved May 2018
- Mesquite Expansion project (\$30MM)

Customer Satisfaction

Natural Gas Operations



Customer Satisfaction



Accomplishments

- ✓ Enhanced call efficiency
- ✓ Short wait time for service at call center
- ✓ Timely service; enhanced service to include 2 hours next business day service
- ✓ En route notification to customers prior to service visit

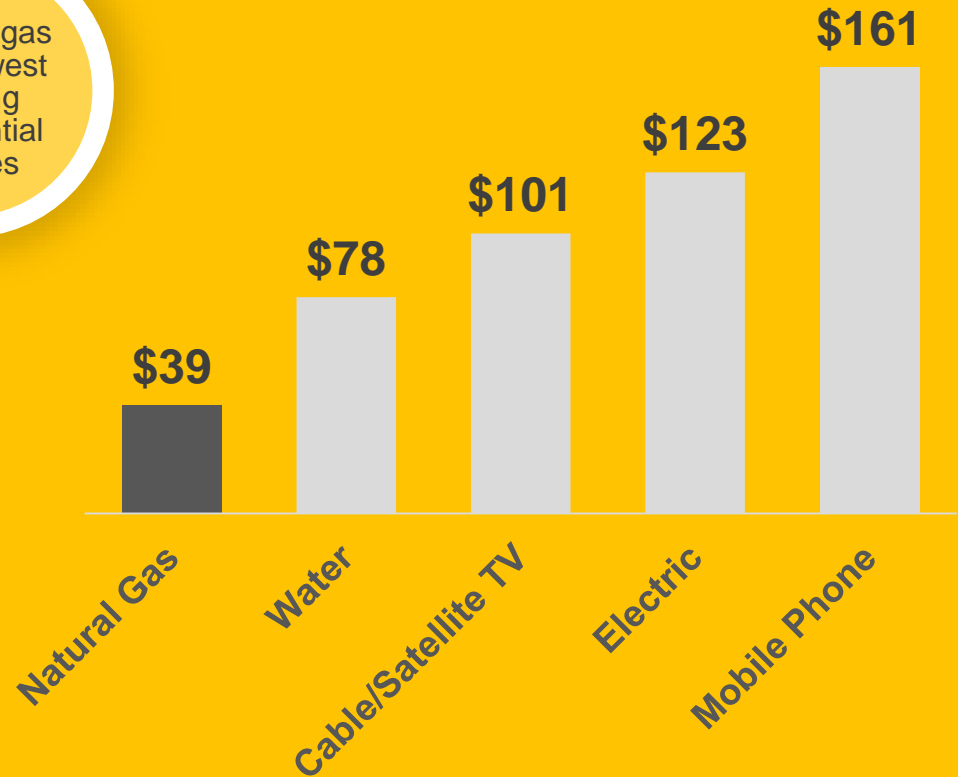
Monthly Household Bills

Natural Gas Operations



SOUTHWEST GAS

Natural gas
bills lowest
among
residential
utilities



Sources:

- **Natural Gas \$39** - 2017 Southwest Gas average monthly residential bill
- **Water \$78** - Circle of Blue (www.circleofblue.org); Price of Water 2017: Four Percent Increase in 30 Large U.S. Cities
- **Cable/Satellite TV \$101** - USA Today (www.usatoday.com); TV Rate Hikes: Why Cable Bills are Rising Again and What Can You Do
- **Electric \$123** - U.S. Energy Information Administration (www.eia.gov); Electricity data
- **Mobile Phone** - Federal Communications Commission (<https://apps.fcc.gov>); March 2017 average cell phone bill for 2 smartphones
- **Photo** - Richmond American Homes (www.richmondamerican.com); Granite Falls

Public Safety – Damage Prevention

Natural Gas Operations

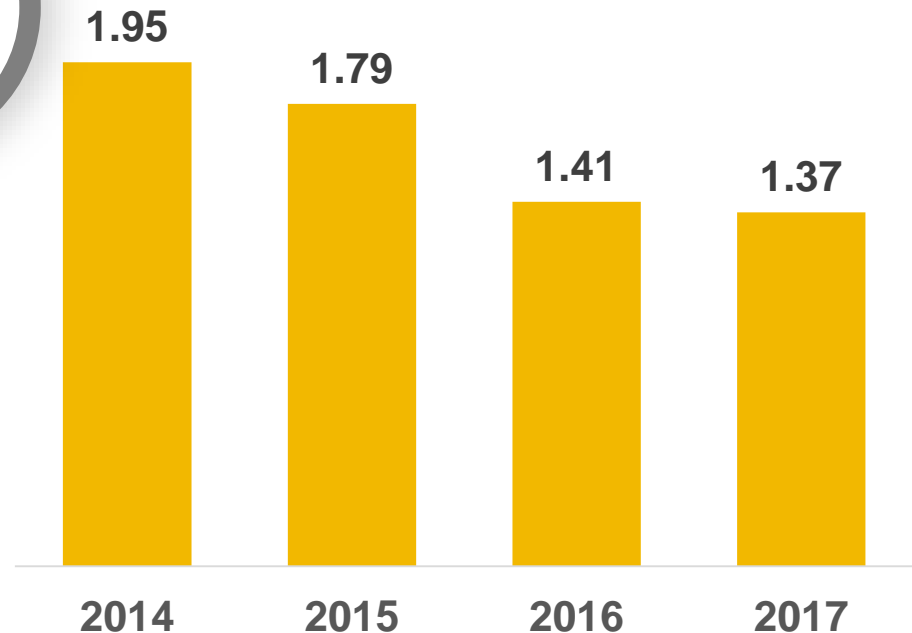


SOUTHWEST GAS



Ranked
second
among AGA
peer
companies in
2017

Decreasing Damages Per 1,000 Tickets



Sustainability Efforts

Natural Gas Operations



SOUTHWEST GAS



Reduce greenhouse gas emissions

- Facilities
- Fleet and CNG conversions



Modifying field procedures

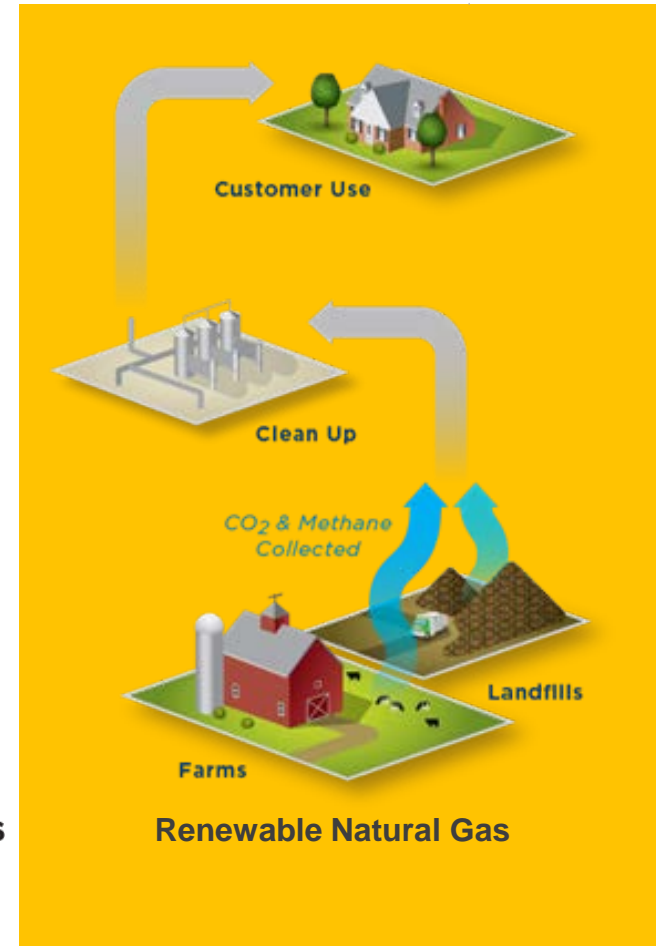


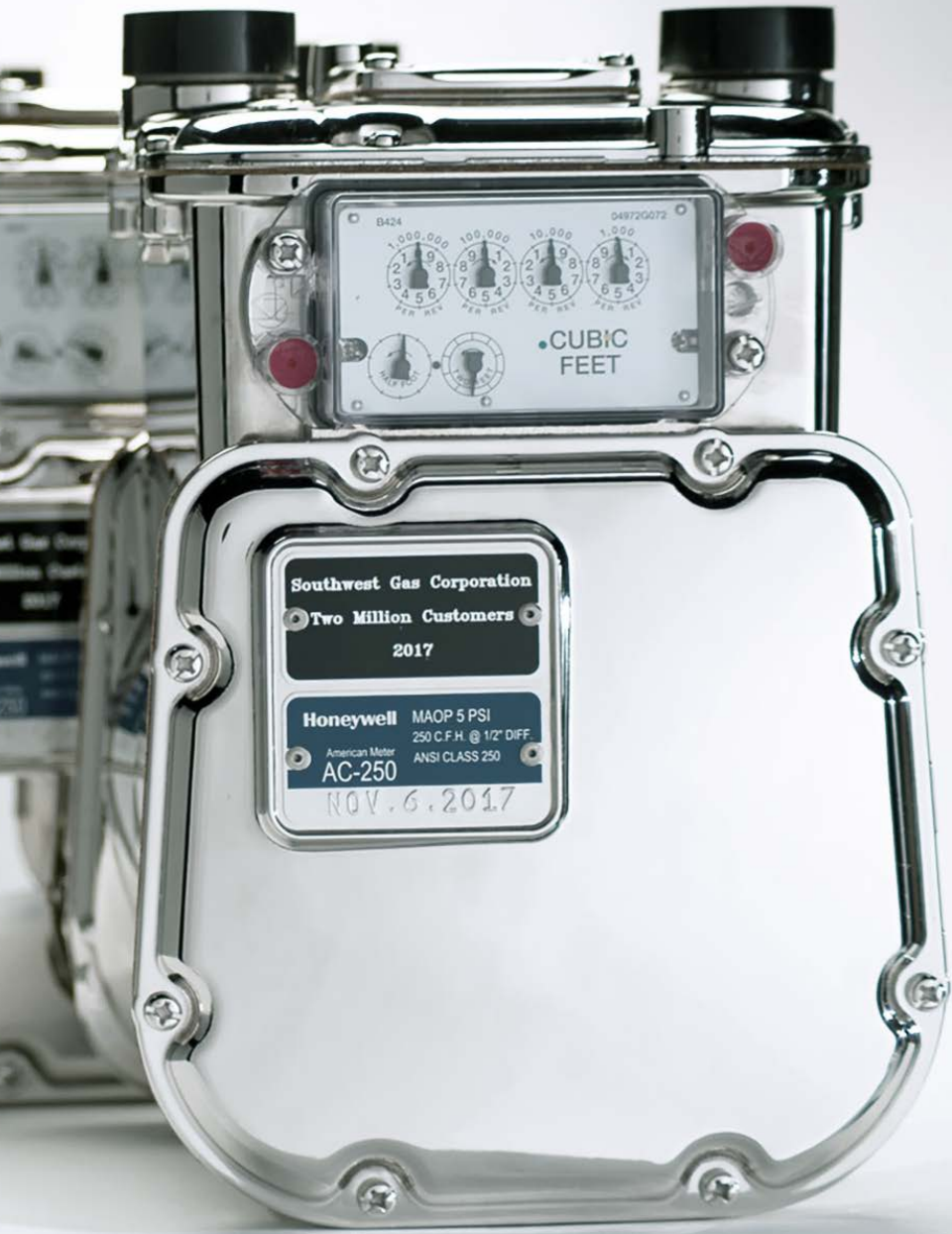
Renewable Natural Gas committee



GHG
EMISSIONS

From Fleet & Building Facilities





Long-Term Value Drivers

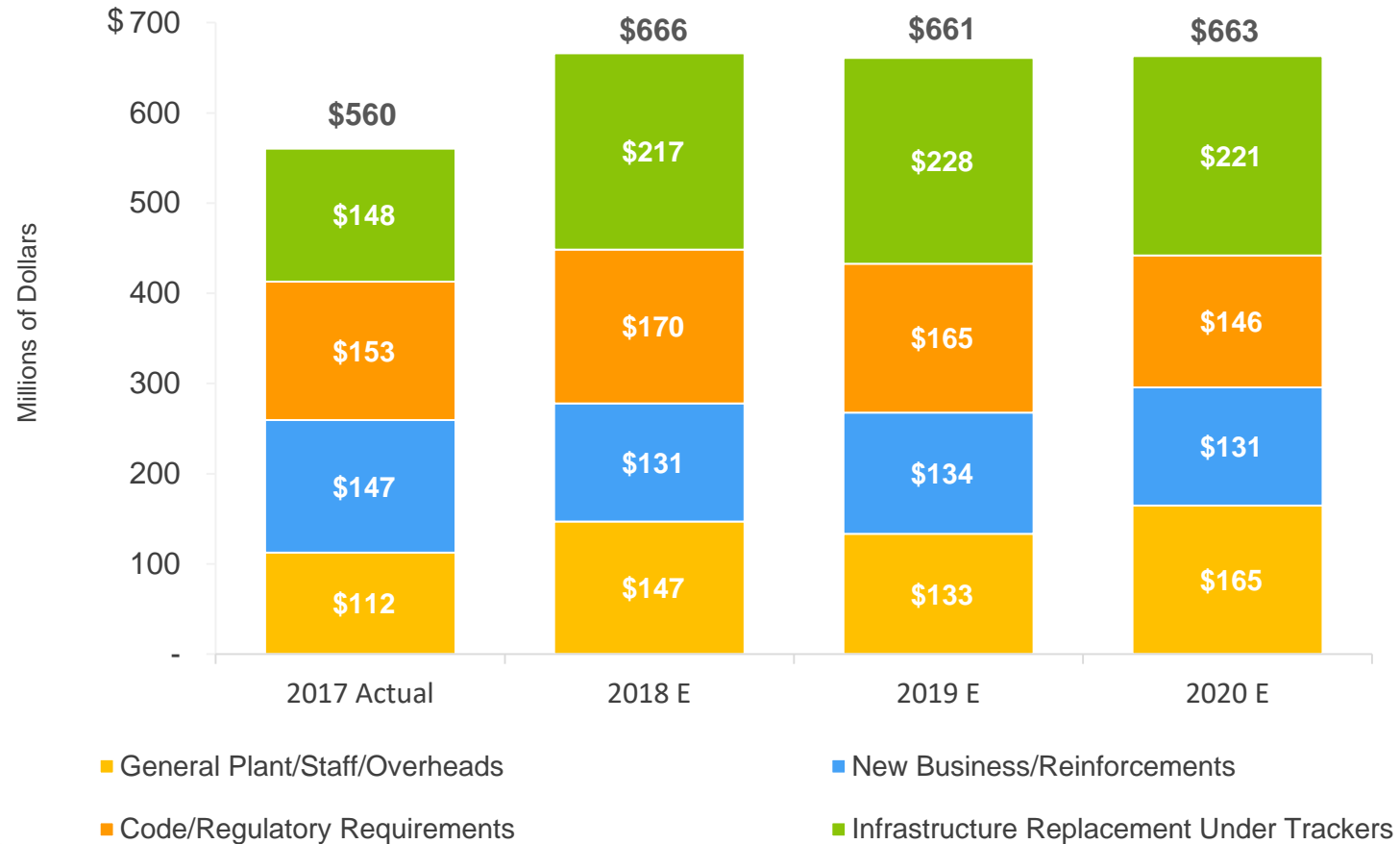
Capital Expenditures

Natural Gas Operations

(In millions)



SOUTHWEST GAS



2018-2020 estimate of \$2 billion

Investment Grade Credit Ratings



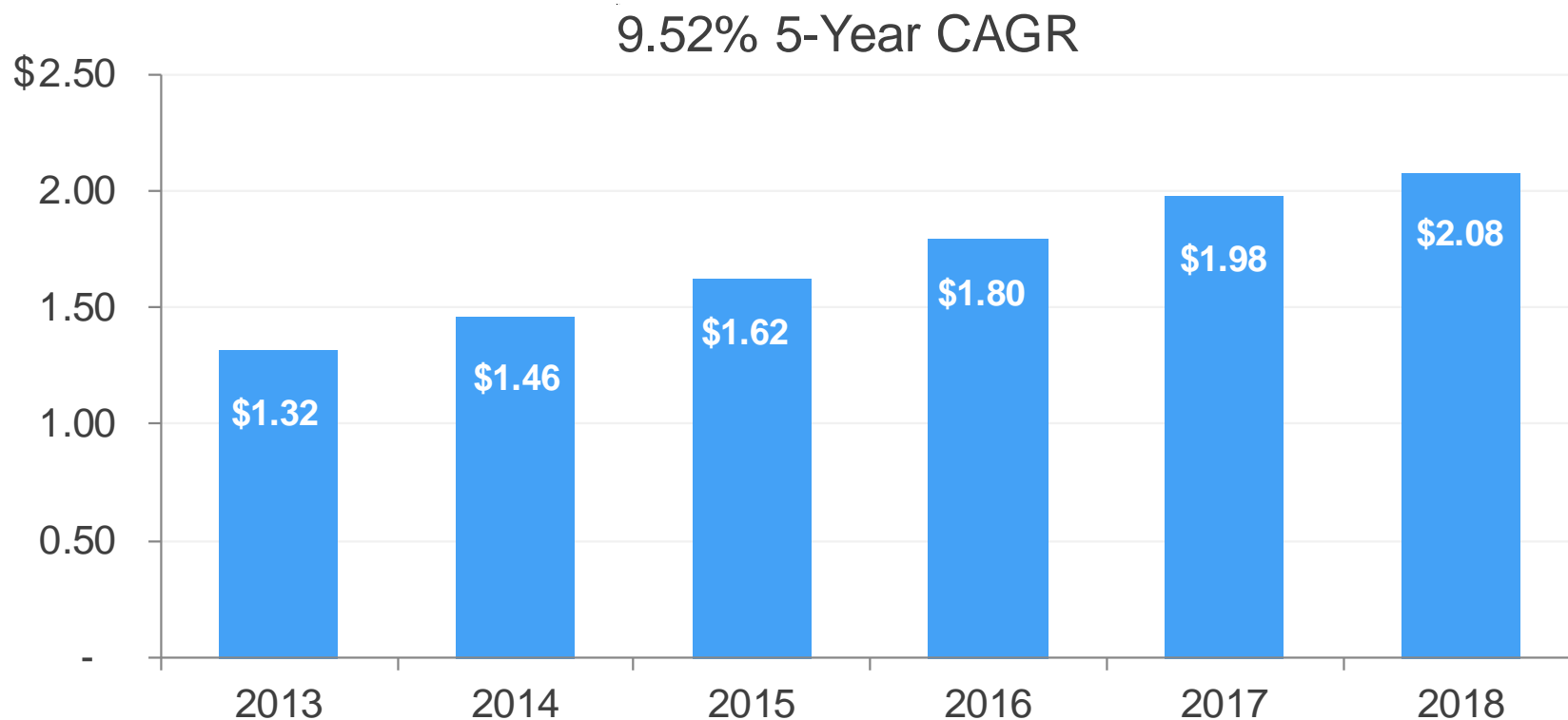
Southwest Gas Holdings, Inc.

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

Southwest Gas Corporation

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

Dividend Growth



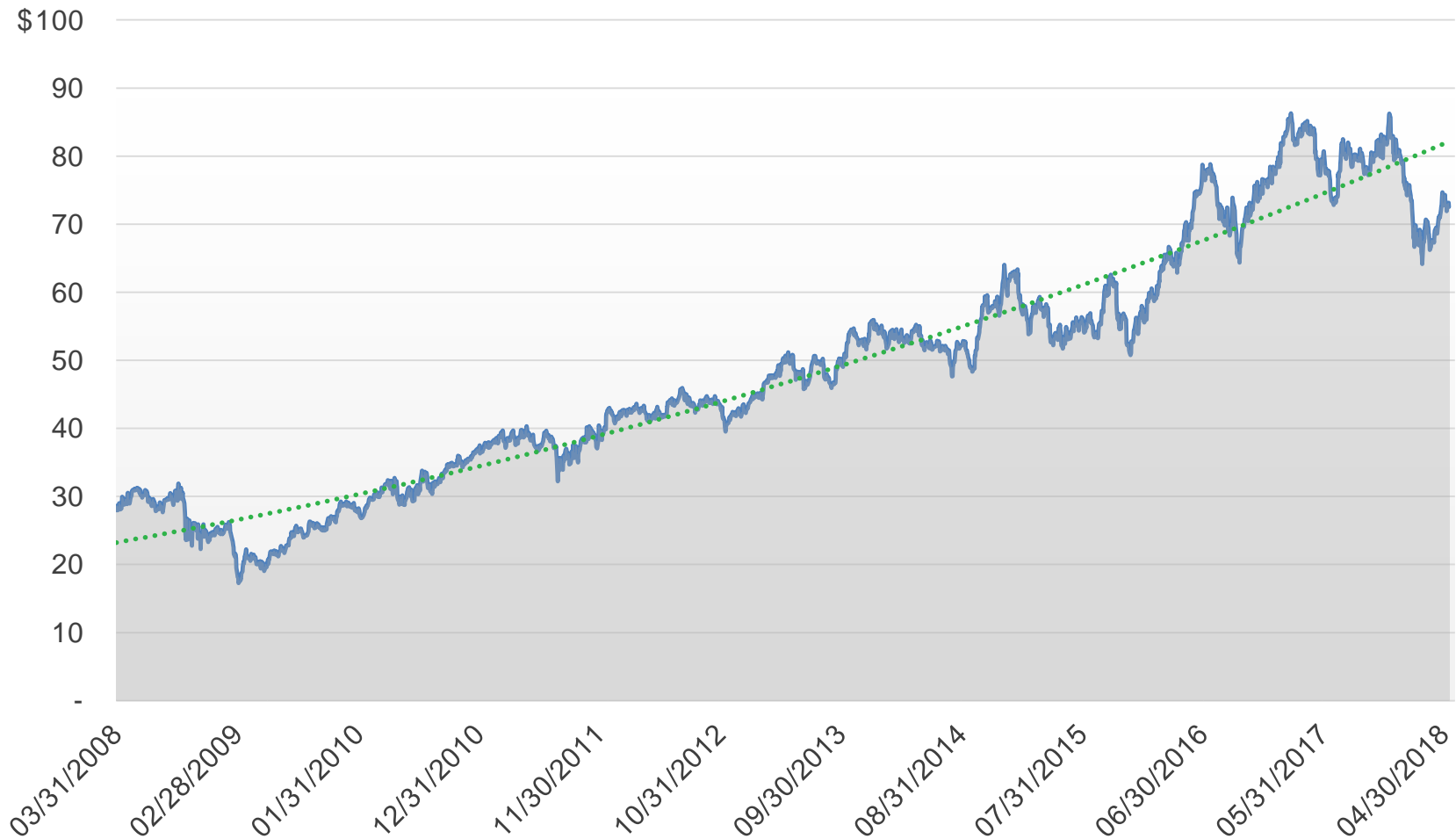
CAGR = compound annual growth rate

Stock Price Graph



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Southwest Gas Corporation
Common Stock Closing Price
March 31, 2008 – May 15, 2018



Value Proposition

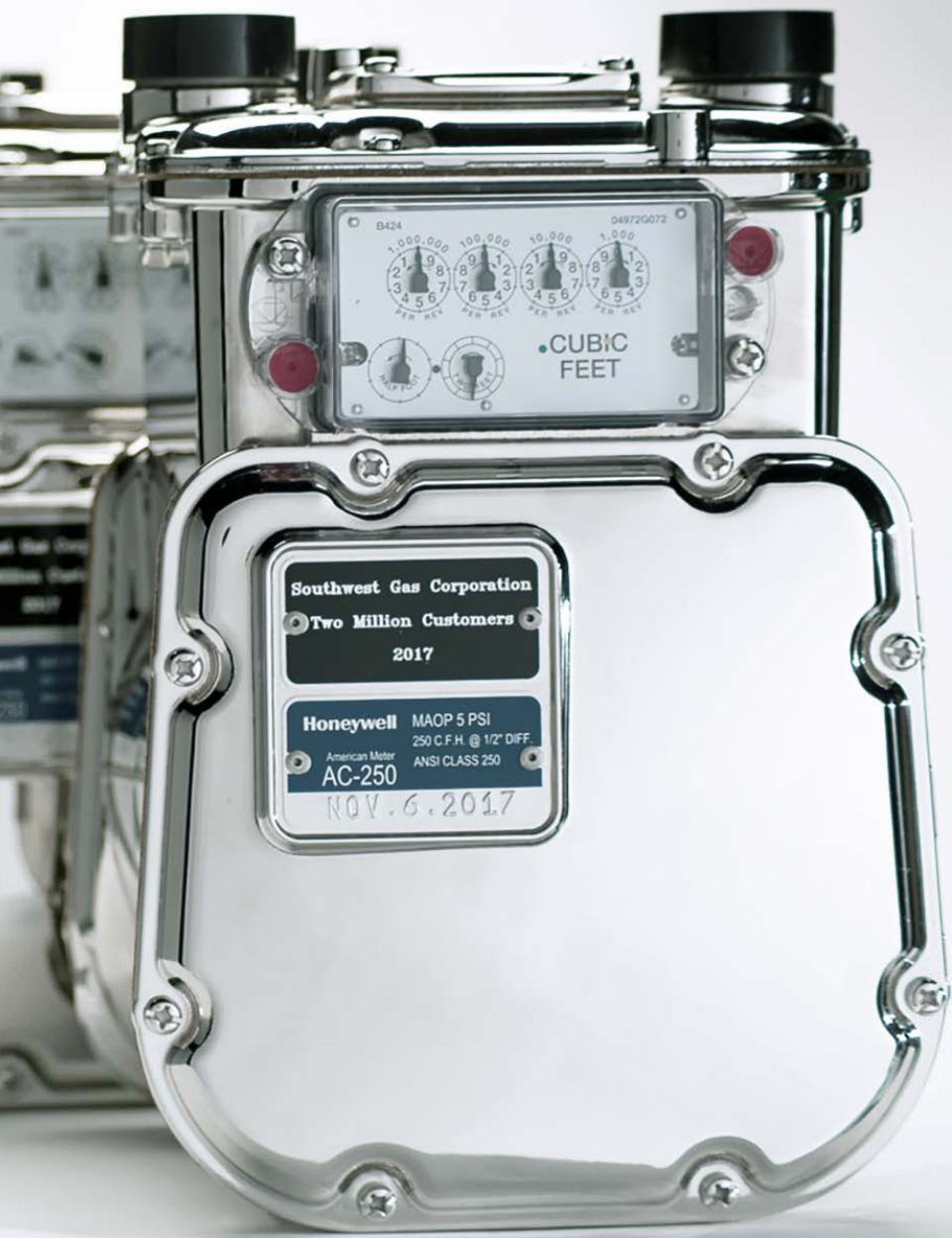


Southwest Gas
HOLDINGS





Southwest Gas™
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APPENDIX

Summary Operating Results

Natural Gas Operations

(In thousands)



Results of Natural Gas Operations

	THREE MONTHS ENDED MARCH 31,	
	2018	2017
Gas operating revenues	\$ 494,313	\$ 462,602
Net cost of gas sold	185,732	146,879
Operating margin	308,581	315,723
Operations and maintenance expense	102,190	103,824
Depreciation and amortization	49,961	61,195
Taxes other than income taxes	15,257	14,782
Operating income	141,173	135,922
Other income (deductions)	(4,603)	(1,244)
Net interest deductions	19,255	17,210
Income before income taxes	117,315	117,468
Income tax expense	26,966	40,530
Segment net income	\$ 90,349	\$ 76,938

Summary Operating Results

Natural Gas Operations

(In thousands)



TWELVE MONTHS ENDED MARCH 31,

	2018	2017
Gas operating revenues	\$ 1,334,019	\$ 1,258,914
Net cost of gas sold	393,898	330,400
Operating margin	940,121	928,514
Operations and maintenance expense	389,687	389,931
Depreciation and amortization	190,688	233,913
Taxes other than income taxes	58,421	53,145
Operating income	301,325	251,525
Other income (deductions)	(9,747)	(9,543)
Net interest deductions	71,778	67,977
Income before income taxes	219,800	174,005
Income tax expense	49,571	55,227
Segment net income	\$ 170,229	\$ 118,778

Results of Natural Gas Operations

Gas operating revenues
Net cost of gas sold
Operating margin
Operations and maintenance expense
Depreciation and amortization
Taxes other than income taxes
Operating income
Other income (deductions)
Net interest deductions
Income before income taxes
Income tax expense
Segment net income

Summary Operating Results

Construction Services

(In thousands)



	THREE MONTHS ENDED MARCH 31,	
	2018	2017
Construction revenues	\$ 260,017	\$ 192,135
Construction expenses	258,952	191,956
Depreciation and amortization	12,517	11,283
Operating income (loss)	(11,452)	(11,104)
Other income (deductions)	263	254
Net interest deductions	3,196	1,504
Income taxes	(2,587)	(4,717)
Noncontrolling interests	(797)	(303)
Segment net income (loss)	<u>\$ (11,001)</u>	<u>\$ (7,334)</u>

Summary Operating Results

Construction Services

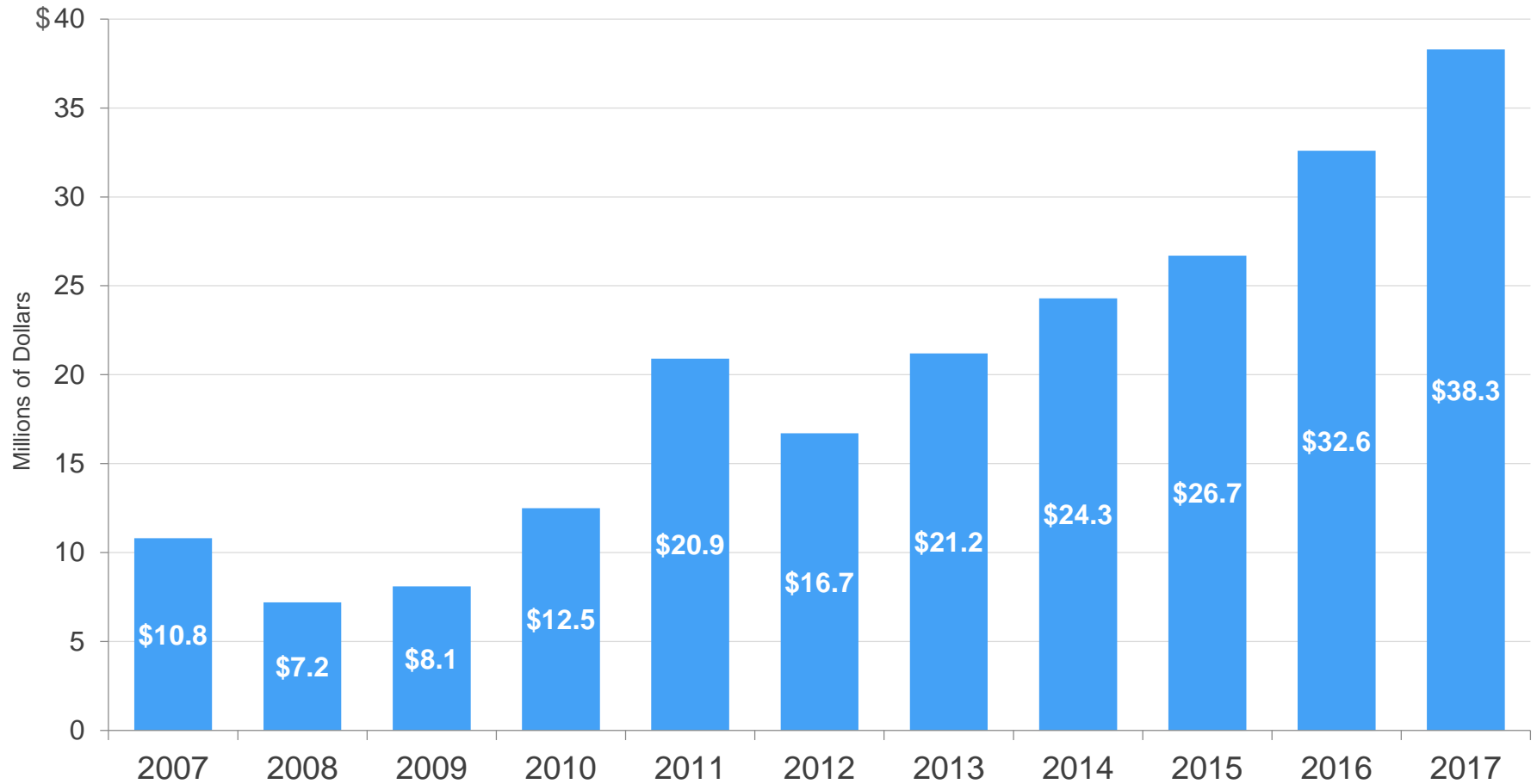
(In thousands)



	TWELVE MONTHS ENDED MARCH 31,	
	2018	2017
Construction revenues	\$ 1,314,366	\$ 1,125,065
Construction expenses	1,215,959	1,022,997
Depreciation and amortization	50,263	52,337
Operating income	48,144	49,731
Other income (deductions)	354	1,481
Net interest deductions	9,678	6,676
Income taxes	4,520	16,313
Noncontrolling interests	(393)	802
Segment net income	<u>\$ 34,693</u>	<u>\$ 27,421</u>

Net Income History

Construction Services



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>Decoupled</u>	<u>Authorized Common Equity Ratio</u>
Arizona	\$ 1,324,902	51 %	7.42 %	9.50 %	✓	52.30 %
Southern Nevada	825,190	32	6.55	10.00	✓	42.74
Northern Nevada	115,933	4	7.88	9.30	✓	59.06
Southern California	159,277	6	6.83	10.10	✓	55.00
Northern California	67,620	3	8.18	10.10	✓	55.00
South Lake Tahoe	25,389	1	8.18	10.10	✓	55.00
Paiute Pipeline Company ¹	87,158	3	8.46	11.00	✓	51.75
Total	<u>\$ 2,605,469</u>	<u>100 %</u>				
Weighted average authorized ROE				<u>9.76 %</u>		

¹Estimated amounts based on rate case settlement.

ACC – Arizona Corporation Commission
PUCN - Public Utilities Commission of Nevada
CPUC - California Public Utilities Commission
FERC - Federal Energy Regulatory Commission

Economic Overview – Service Area

Natural Gas Operations



	<u>Unemployment Rate</u>		<u>Employment Growth</u>	
	<u>March 2017</u>	<u>March 2018</u>	<u>March 2017</u>	<u>March 2018</u>
Southern California ¹	5.3%	4.1%	3.8%	3.2%
Southern Nevada ²	4.8%	5.1%	2.4%	2.4%
Northern Nevada ³	4.7%	4.8%	2.1%	0.2%
Southern Arizona ⁴	4.4%	4.3%	0.6%	0.9%
Central Arizona ⁴	4.1%	4.1%	2.7%	3.2%

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

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

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

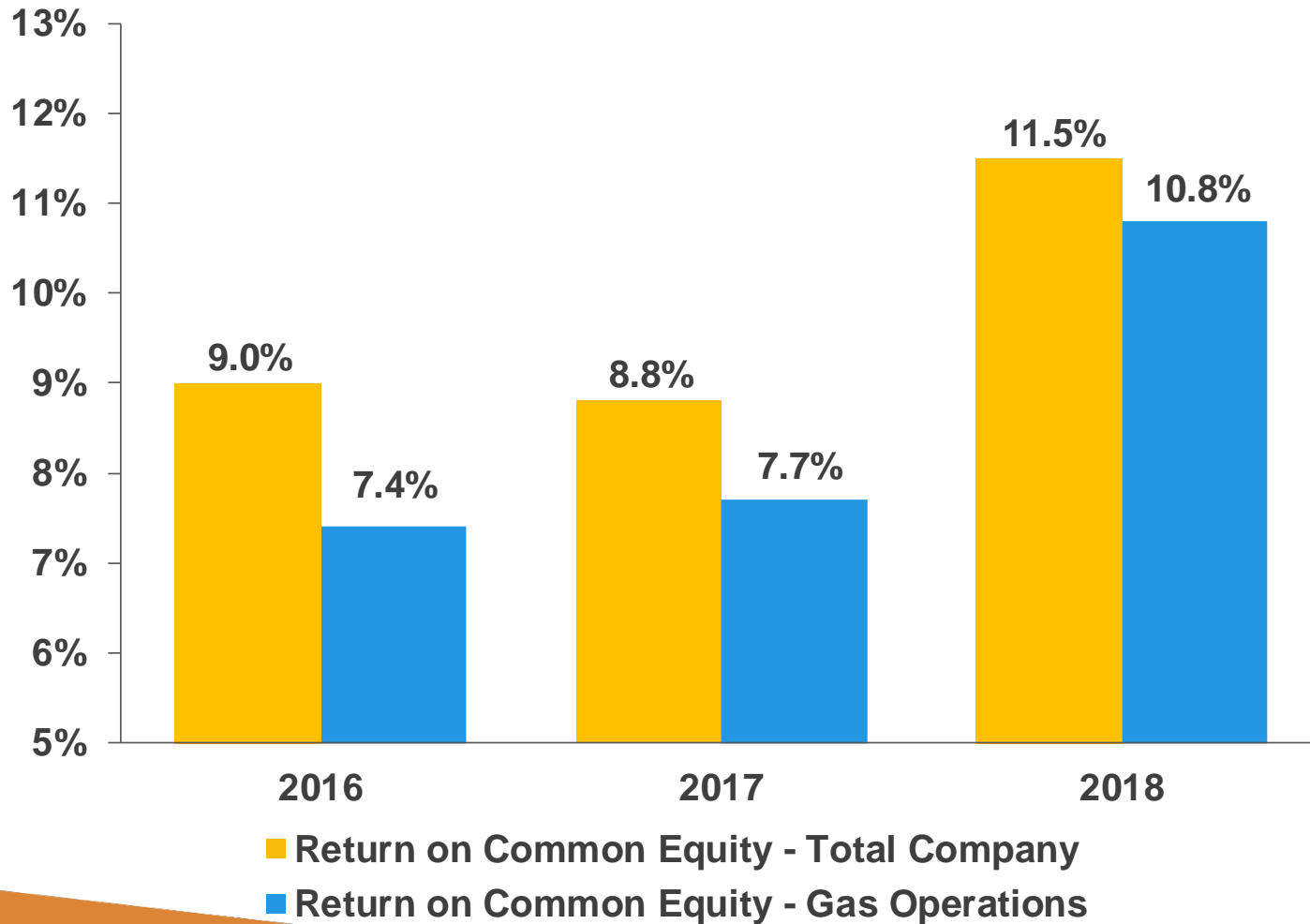
⁴ [Source: Arizona Office of Employment & Population Statistics, Employment Report, <https://laborstats.az.gov/>]

Return on Common Equity

Twelve months ended March 31,



Southwest Gas
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Consolidated Capital Structure

(In millions)



Capitalization at March 31,	2014	2015	2016	2017	2018
Equity ¹	\$ 1,470	\$ 1,571	\$ 1,666	\$ 1,737	\$ 1,876
Long-Term Debt ²	1,380	1,525	1,438	1,590	2,023
Total Permanent Capital	<u>\$ 2,850</u>	<u>\$ 3,096</u>	<u>\$ 3,104</u>	<u>\$ 3,327</u>	<u>\$ 3,899</u>
Capitalization ratios					
Equity ¹	51.6%	50.7%	53.7%	52.2%	48.1%
Long-Term Debt ²	48.4%	49.3%	46.3%	47.8%	51.9%
Total Permanent Capital	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

¹Includes redeemable noncontrolling interest for periods prior to September 30, 2017

²Includes current maturities of long-term debt

2018 Estimated Line-Items Guidance



SOUTHWEST GAS

Natural Gas Operations

Description	2017 (in millions)	2018E
Operating Margin	\$947	~ 2% increase (less \$30-\$35 million impact due to tax reform)
O&M Expense	391 ^[1]	2% - 3% increase and \$8 million in increased pension expense
Depreciation & General Taxes	260	Flat – result of rate reduction from Arizona rate case (April 2017)
Operating Income	296	Expected to be flat or modestly up (less \$30-\$35 million impact due to tax reform)
Net Interest Deductions	70	Increase \$9 to \$11 million
Other Income (Loss)	(6) ^[1]	COLI – normal returns of \$3-5 million, interest income and AFUDC Equity- \$5-6 million
Income Taxes	63	23% - 24% rate
Net Income	\$157	
Capital Expenditures	\$560	\$670 million (\$2 billion for years 2018-2020)

^[1] Reflects reclassification of non-service pension costs

2018 expectations can be useful in estimating a range for net income. However, income statement line item variances may occur when compared to actual results due to potential regulatory requirements arising from tax reform.

2018 Estimated Line-Items Guidance

Construction Services



Description	2017 (in millions)	2018E
Revenues	\$1,246	~ 6% - 8% greater
Operating Income	48	~ 5.25% - 5.75% of revenues
Net Interest Deductions	8	Expected between \$11-\$12 million
Foreign Exchange		Changes in foreign exchange rates could influence outcomes
Income Taxes	2	27% - 28% rate
Net Income	<u>\$38</u>	

Non-GAAP Measures



Non-GAAP Measures — 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.

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

	THREE MONTHS ENDED MARCH 31,		TWELVE MONTHS ENDED MARCH 31,	
	2018	2017	2018	2017
	(In thousands)			
<u>Natural Gas Operations</u>				
Gas Operating Revenue	\$ 494,313	\$ 462,602	\$ 1,334,019	\$ 1,258,914
Less: Net cost of gas sold	185,732	146,879	393,898	330,400
Operating Margin	<u>\$ 308,581</u>	<u>\$ 315,723</u>	<u>\$ 940,121</u>	<u>\$ 928,514</u>