



Rating Agencies and Analysts Meetings New York

Southwest Gas™
HOLDINGS

October 3-5, 2017



Safe Harbor Statement



Southwest Gas
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This presentation includes “forward-looking statements” as defined by the Securities and Exchange Commission (SEC). We make these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this presentation that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. These include, without limitation, our 2017 expectations for our construction services and natural gas operations segments, as well as statements regarding our expansion projects and other investment opportunities.

Forward-looking statements are based on assumptions which we believe are reasonable, based on current expectations and projections about future events and industry conditions and trends affecting our business. However, whether actual results and developments will conform to our expectations and predictions is subject to a number of risks and uncertainties that, among other things, could cause actual results to differ materially from those contained in the forward-looking statements, including without limitation, the risk factors described in Part I, Item 1A “Risk Factors,” and Part II, Item 7 and Item 7A “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Quantitative and Qualitative Disclosure about Market Risk” of our 2016 Annual Report on Form 10-K filed with the SEC, and other reports that we file with the SEC from time to time, and the following:

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

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

Topical Summary



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- I. Company Business Segments
- II. Long-term Value Drivers
- III. Southwest Gas Overview
- IV. Capital Expenditures
- V. Customer Growth and Economic Growth
- VI. Regulation
- VII. Financing, Capital structure, and Credit Ratings
- VIII. Centuri Construction Group
- IX. Company Dividend Policy

Business Segments & Net Income

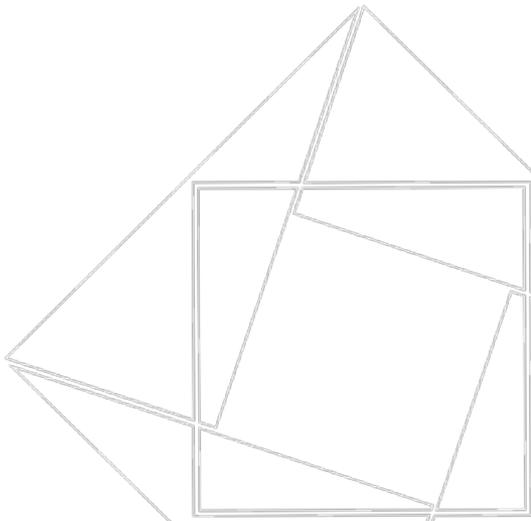
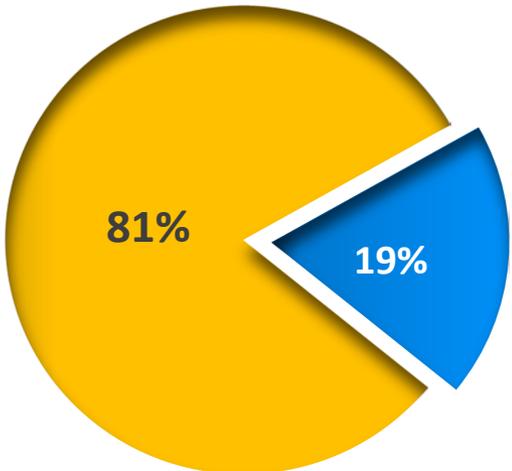


Natural gas operations

Construction services



\$155MM
TMTD 6/30/17 Net Income





Long-Term Value Drivers

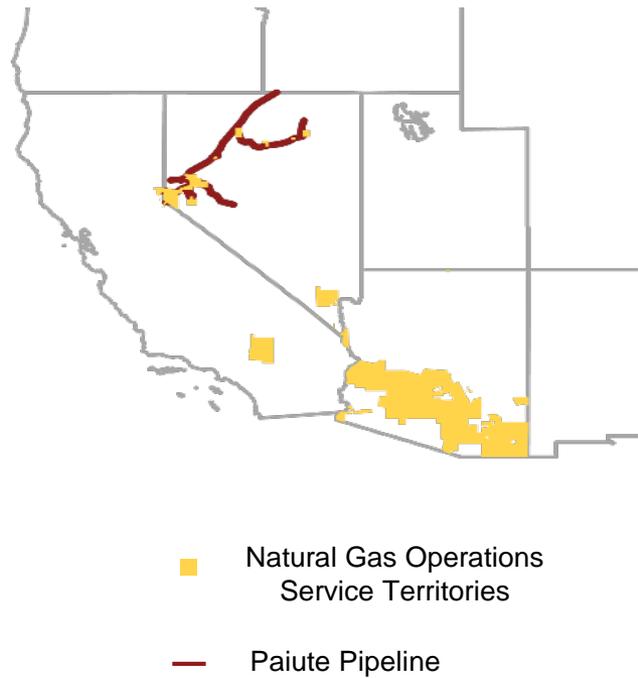
- Above average population growth in utility service territories
- Utility infrastructure investment opportunities
 - \$1.6 to \$1.8 billion in capital expenditures over the 2017-2019 time period is significant compared to current authorized rate base of approximately \$2.6 billion
- Utility high profile projects plus infrastructure tracker mechanisms
- Centuri growth prospects in U.S. and Canada – pipe replacement efforts are a multi-decade proposition
- Holding company structure provides additional financial flexibility and optionality in managing business mix
- Maintain dividend payout ratio within industry average range

Southwest Gas

Natural Gas Operations - Overview

- **Southwest Gas Corporation:**
 - 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 June 30, 2017, 1,994,000 customers, 99% of which are residential and small commercial, and total authorized rate base of approximately \$2.6 billion

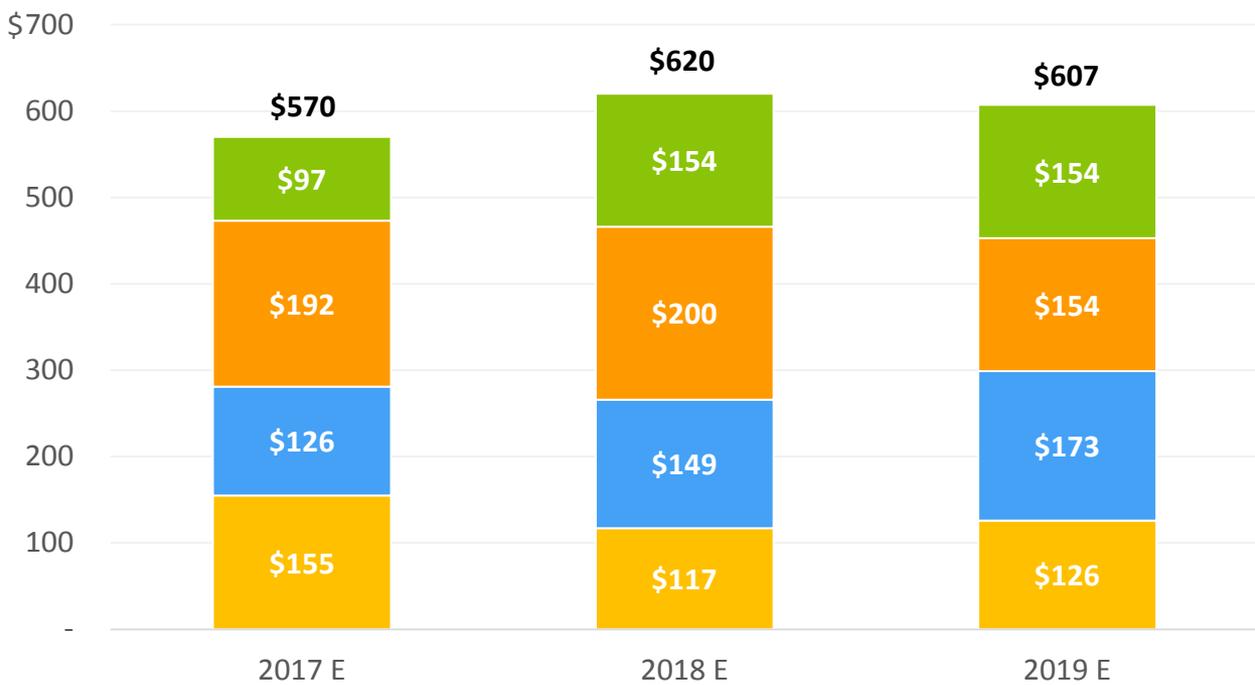
NATURAL GAS OPERATIONS—SERVICE TERRITORIES



Capital Expenditures

Natural Gas Operations

(In millions)



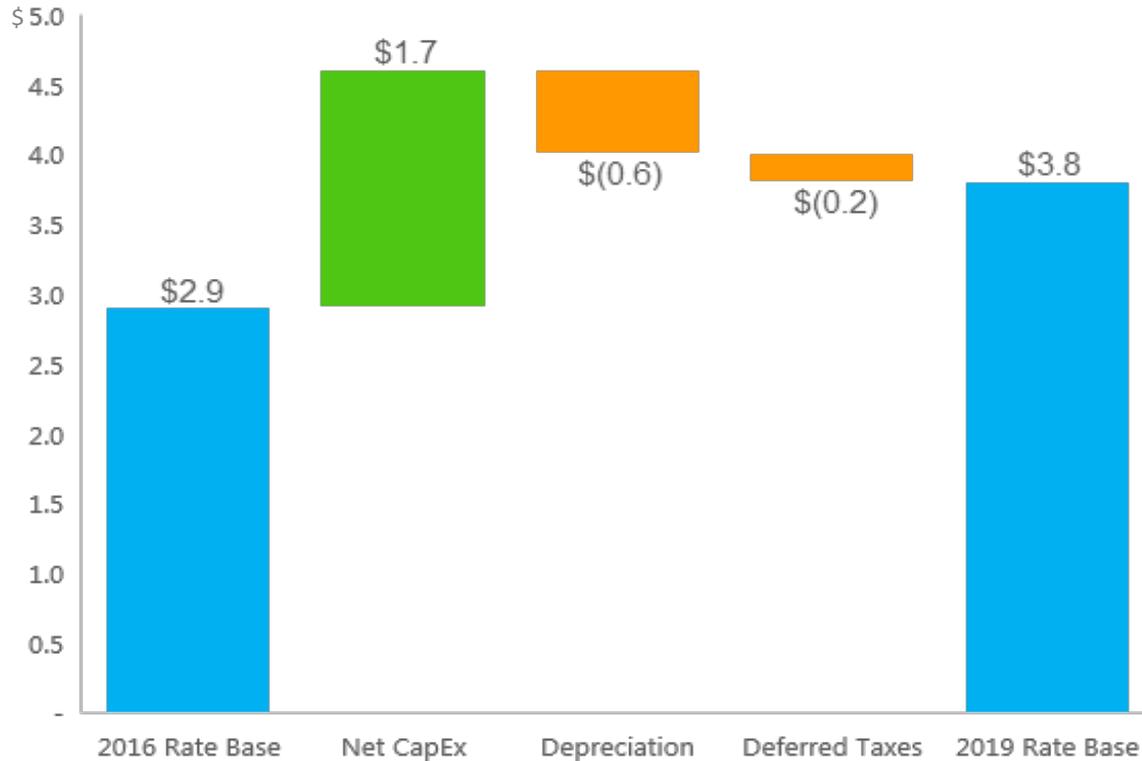
■ Infrastructure Replacement Under Trackers ■ Code/Regulatory Requirements
■ New Business/Reinforcements ■ General Plant/Staff/Overheads

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

Projected Rate Base Growth

Natural Gas Operations

(In billions)



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

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

Customer Growth Breakdown

Natural Gas Operations
(In thousands)



Twelve Months Ended June 30,

2016

2017

Beginning period

1,938

1,962

Net Customer Adds

24

32

Ending period

1,962

1,994

Employment Growth

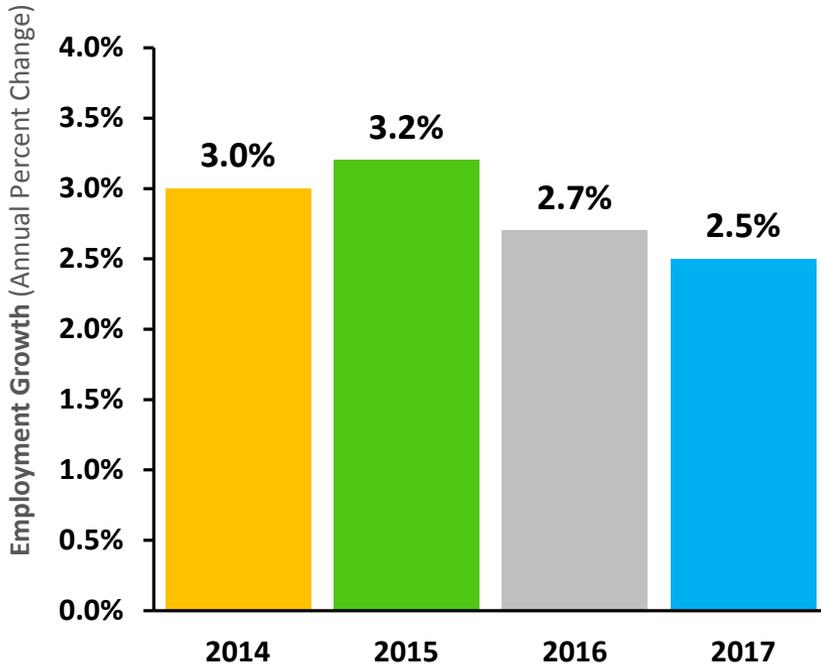
Annual Percent Change

July 2014 – 2017

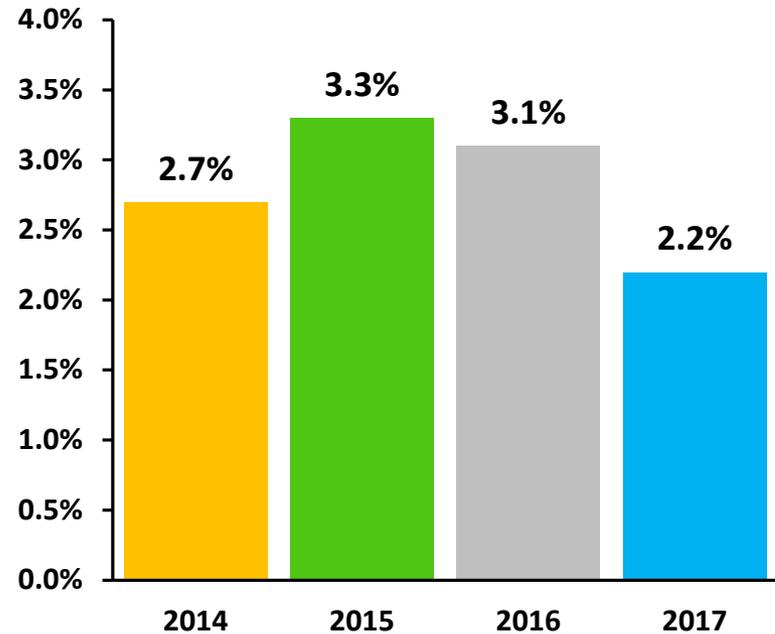


SOUTHWEST GAS

Southern Nevada



Phoenix



Building Permits

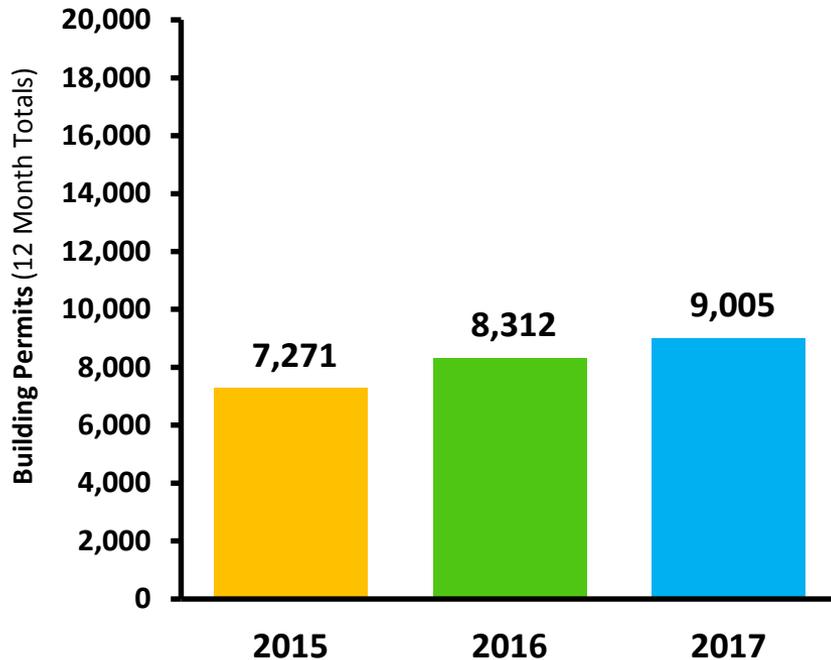
12-Month Totals

July 2015 - 2017

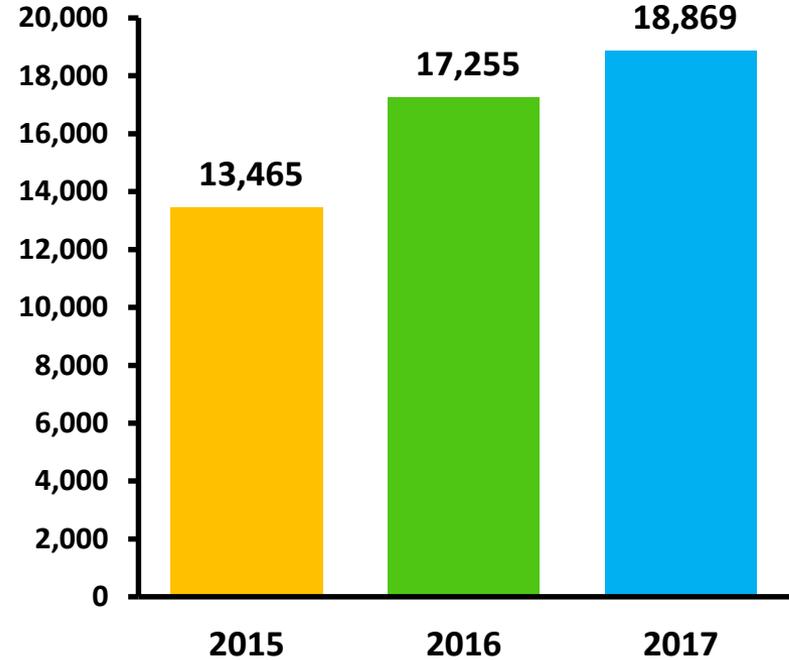


SOUTHWEST GAS

Southern Nevada



Phoenix

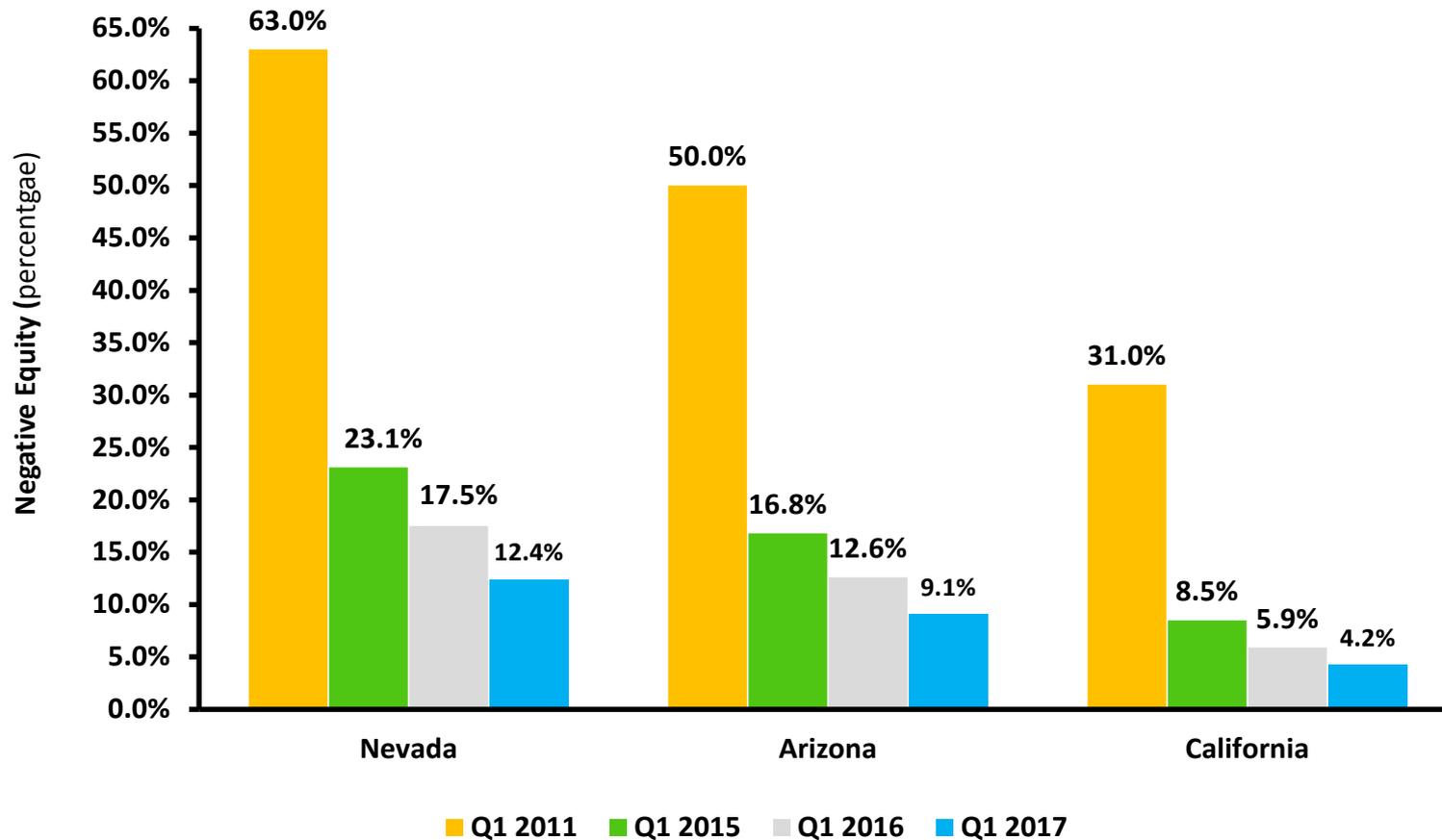


Negative Equity Mortgages

First Quarter 2011, 2015, 2016 & 2017



SOUTHWEST GAS



Authorized Rate Base and Rates of Return

Natural Gas Operations



| Rate Jurisdiction | Commission | Authorized Rate Base (thousands) | Authorized Rate of Return (%) | Authorized Return on Common Equity (%) | Decoupled | Authorized Common Equity Ratio (%) |
|--------------------------------------|------------|-------------------------------------|----------------------------------|---|-----------|---------------------------------------|
| Arizona | ACC | \$ 1,324,902 | 7.42 | 9.50 | ✓ | 51.70 |
| Southern Nevada | PUCN | 825,190 | 6.46 | 10.00 | ✓ | 42.74 |
| Northern Nevada | PUCN | 115,933 | 7.88 | 9.30 | ✓ | 59.06 |
| Southern California | CPUC | 159,277 | 6.83 | 10.10 | ✓ | 55.00 |
| Northern California | CPUC | 67,620 | 8.18 | 10.10 | ✓ | 55.00 |
| South Lake Tahoe | CPUC | 25,389 | 8.18 | 10.10 | ✓ | 55.00 |
| Paiute Pipeline Company ¹ | FERC | 87,158 | 8.46 | 11.00 | ✓ | 51.75 |

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

Regulation – Rate Relief

Natural Gas Operations



Arizona Rate Case Settlement

- New rates effective April 1, 2017
- Projected benefit to operating income:
 - 2017 - \$45 million
 - 2018 - \$16 million
- Rate case moratorium until May 2019

Next Nevada Rate Case

- Commitment to file before June 2018

Next California Rate Case

- CPUC approved Southwest's request to extend rate case cycle
- Expected to file next rate case by September 2019
- Continuation of post test year annual attrition increases of 2.75% through 2020

Regulation - Infrastructure Replacement Programs



Natural Gas Operations

Arizona COYL

- \$35.2 million of cumulative expenditures as of December 31, 2016
 - \$23.1 million included in authorized rate base with recovery embedded in the new rates
 - \$12.1 million included as part of current mechanism (2016 expenditures)
- ACC approved surcharge revenue of \$1.8 million effective June 2017 (\$12.1 million of expenditures)

Arizona VSP

- Approved in general rate case and targeting partial year expenditures of \$27 million in 2017

Regulation - Infrastructure Replacement Programs



Natural Gas Operations

Nevada GIR

- PUCN authorized \$57.3 million replacement work for 2017
- PUCN approved surcharge revenue of approximately \$4.5 million effective January 2017
- PUCN authorized \$66 million replacement work for 2018
- In September 2017, filed a rate application to adjust the surcharge revenue to \$8.7 million effective January 1, 2018
- Cumulative net plant of \$99.8 million as of August 31, 2017

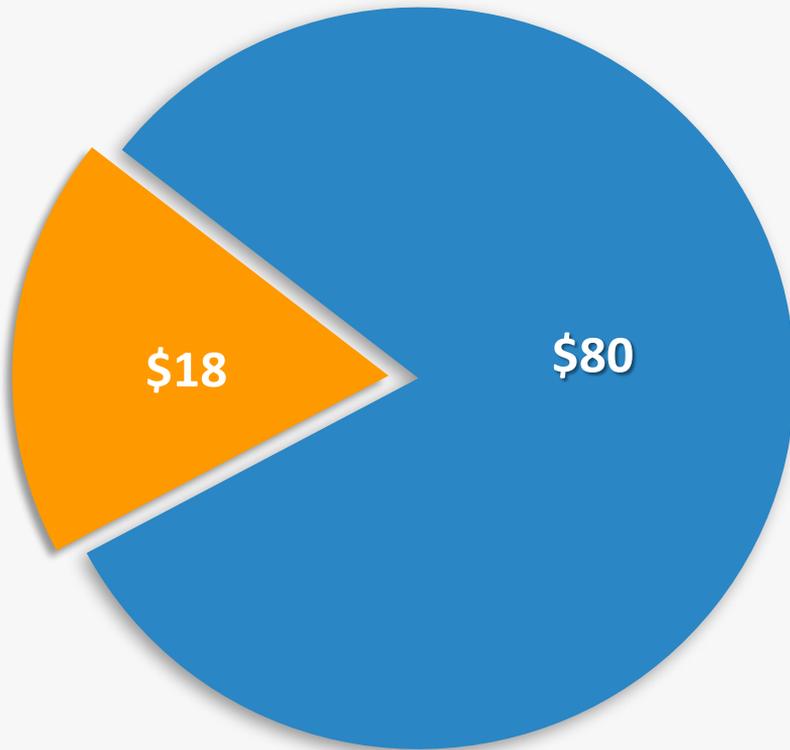
Regulation – Expansion Projects

Natural Gas Operations



SOUTHWEST GAS

\$ in millions



PAIUTE PIPELINE COMPANY EXPANSION

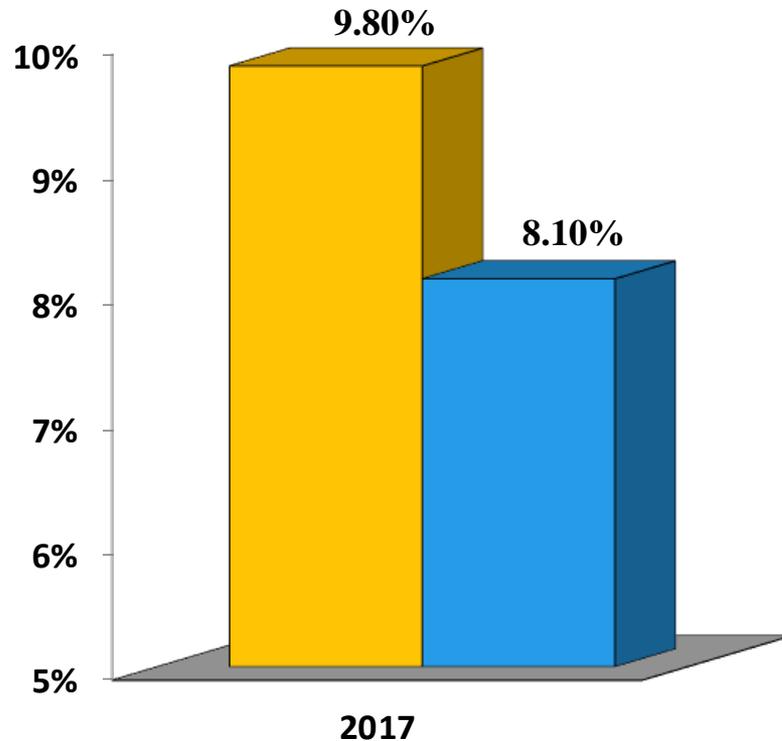
- Proposed \$18 million project consists of approximately 8.4 miles of additional pipeline infrastructure
- Paiute filed a formal FERC certificate application in July 2017
- The new facility is expected to be in place by the end of 2018

ARIZONA LNG FACILITY

- Proposed \$80 million, 233,000 dekatherm LNG facility
- Construction is underway
- Construction expected to be completed by end of 2019

Return on Common Equity

Twelve months ended June 30,



■ Return on Common Equity - Authorized Gas Operations

■ Return on Common Equity - Actual Gas Operations

Impact to Future Earnings:

- Arizona Rate Case
- Infrastructure Mechanisms – Surcharges
 - Arizona
 - Nevada
 - California
- California
 - Attrition
- Nevada

Capital Structure and Liquidity

Natural Gas Operations



Capital Structure

As of June 30, 2017



■ Equity 51.3%

■ Long-term debt 48.7%

Strong liquidity will support capital expenditure and working capital needs

- Stable operating cash flows
- \$400 million revolving credit facility
 - Expires in March 2022
 - \$150 million of the facility designated long-term debt and remaining \$250 million as working capital
- \$50 million uncommitted commercial paper program

As of June 30, 2017

- \$92 million of LIBOR loans
- Available borrowing capacity of \$308 million

Capital Structure and Liquidity

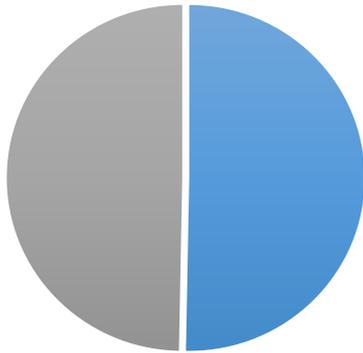
Southwest Gas Holdings, Inc.



Southwest Gas[™]
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Capital Structure

As of June 30, 2017



■ Equity 50.3%

■ Long-term debt 49.7%

Liquidity

- \$100 million revolving credit facility
 - For short-term borrowing needs
 - Expires in March 2022

As of June 30, 2017

- \$2.5 million of LIBOR loans
- Available borrowing capacity of \$97.5 million

Investment Grade Credit Ratings



SOUTHWEST GAS HOLDINGS, INC.

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

SOUTHWEST GAS CORPORATION

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

Centuri Construction Group

Construction Services - Overview



- Centuri is a comprehensive construction services enterprise dedicated to meeting the growing demands of North American utilities, energy, and industrial markets.

UNITED STATES

Arizona
California
Colorado
Connecticut
Idaho
Illinois
Indiana
Kansas
Maine
Maryland
Massachusetts
Minnesota
Nevada
New Hampshire
New York
Ohio
Oklahoma
Oregon
Pennsylvania
Rhode Island
Texas
Utah
Virginia
Washington
Wisconsin

CANADA

Ontario
Alberta
British Columbia



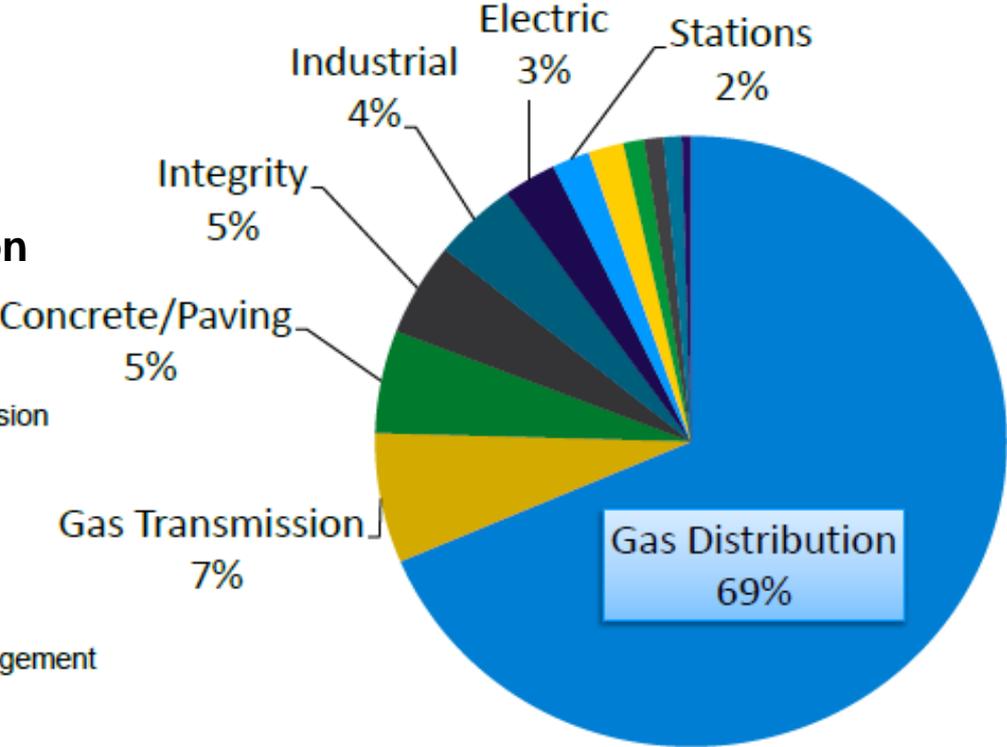
Centuri Construction Group

Diversification of Services



TMTD 12/31/2016
Total Revenue = \$1.1 billion

- Gas Distribution
- Concrete/Paving
- Industrial
- Stations
- Fabrication
- Other
- Gas Transmission
- Integrity
- Electric
- Traffic Control
- Water
- Material Management



Centuri Construction Group

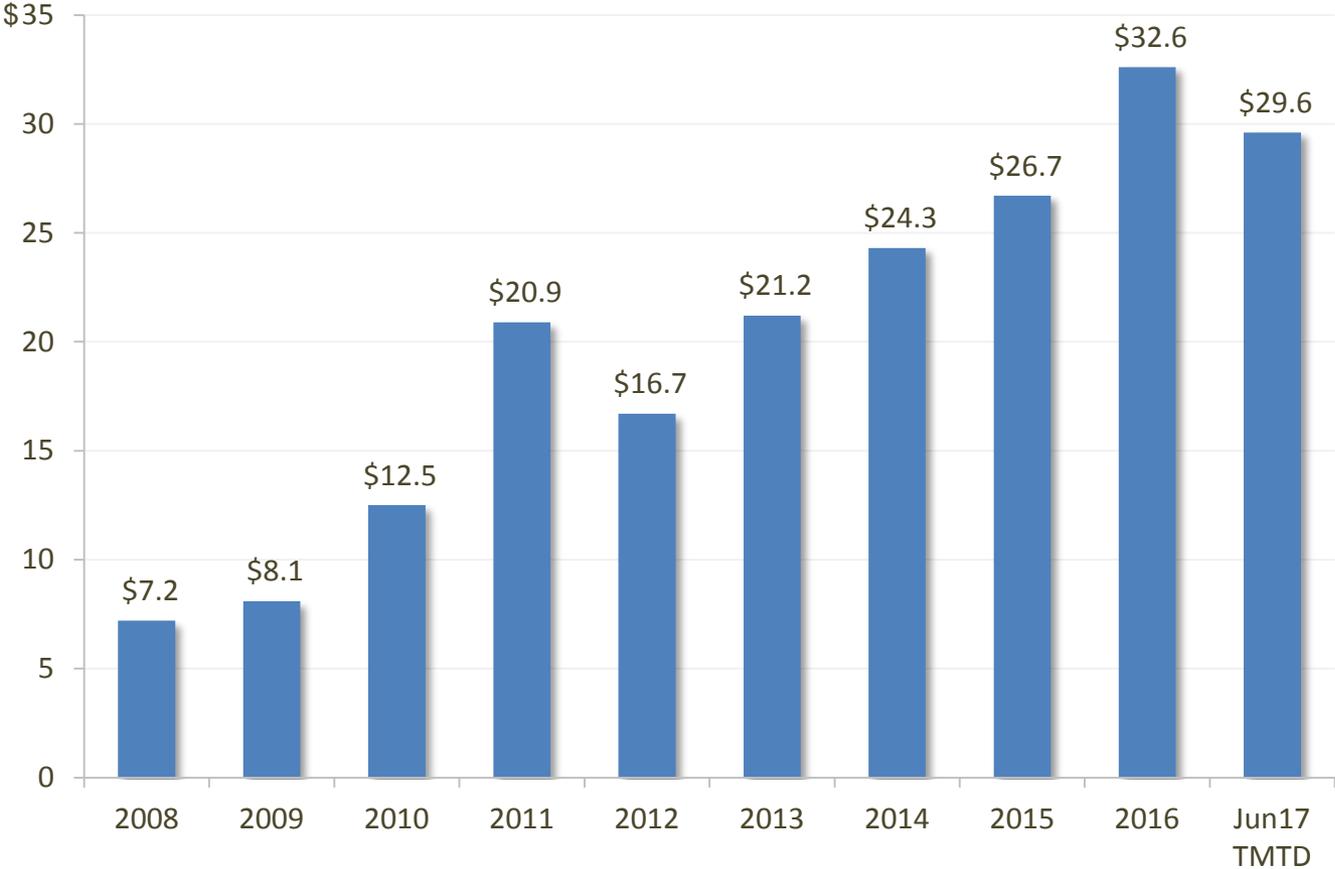
Major Customers



Centuri Construction Group



Historical Long-Term Profitability (\$ in millions)



Dividend Growth



CAGR = compound annual growth rate