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Southwest Gas Provides Update on Centuri

December 4, 2023

SWX Intends to Separate Centuri Through an Initial Public Offering

LAS VEGAS, Dec. 4, 2023 /PRNewswire/ -- Southwest Gas Holdings, Inc. (NYSE: SWX) ("Southwest Gas" or the "Company") today announced its intent to pursue an initial public offering ("IPO") of newly issued shares of Centuri Holdings, Inc. ("Centuri Holdings") in the spring/summer 2024. The Southwest Gas board of directors (the "Board") has determined that an IPO is the optimal path to advance the separation of Centuri Group, Inc. ("Centuri") as an independent utility infrastructure services company to maximize value for Southwest Gas shareholders.

"We plan to move forward with an IPO of Centuri once we have onboarded a new Chief Executive Officer of Centuri to lead the business into its next chapter as an independent publicly-traded company. We are highly encouraged by the receptivity for the separation of Centuri as we seek to unlock value for Southwest Gas shareholders, and we look forward to Centuri's planned debut as a separate public company," said Karen Haller, President and Chief Executive Officer of Southwest Gas. Current Centuri CEO Paul M. Daily previously announced his plan to retire in 2024 after his successor has been identified and onboarded.

As previously announced, Centuri Holdings has confidentially submitted a draft Registration Statement on Form S-1 with the U.S. Securities and Exchange Commission (the "SEC"). The execution of the IPO is subject to market and other conditions, the completion of the SEC's review process, and final Board approval to proceed with the transaction. The IPO will be tax-free to both Southwest Gas and Centuri.

The primary use of cash proceeds from the IPO is expected to be the repayment of outstanding debt at Centuri to enhance its financial flexibility post-separation. Following the IPO, Southwest Gas intends to further reduce its ownership in Centuri through sales of its remaining Centuri Holdings shares into the market or through one or more exchange offers or a combination thereof. As of December 31, 2022, the Company had a U.S. federal net operating loss ("NOL") carryforward of \$932.8 million, which could be available to offset a taxable gain incurred by the Company in connection with a taxable disposition of the Centuri stock. The Company also retains strategic flexibility to separate Centuri through a tax-free spin-off of all or a part of Centuri in the event market conditions are not conducive to an IPO or secondary sales by Southwest Gas following an IPO.

About Southwest Gas Holdings, Inc.

Southwest Gas Holdings, Inc., through its subsidiaries, engages in the business of purchasing, distributing and transporting natural gas, and providing comprehensive utility infrastructure services across North America. Southwest Gas Corporation is a dynamic energy company committed to exceeding the expectations of over 2 million customers throughout Arizona, Nevada, and California by providing safe and reliable service while innovating sustainable energy solutions to fuel the growth in its communities.

About Centuri

Centuri Group, Inc. is a strategic utility infrastructure services company that partners with regulated utilities to build and maintain the energy network that powers millions of homes and businesses across the United States and Canada. Centuri is a subsidiary of Southwest Gas.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements include, without limitation, statements regarding the Company's expectations or intentions regarding the future. These forward-looking statements can often be identified by the use of words such as "will", "predict", "continue", "forecast", "expect", "believe", "anticipate", "outlook", "could", "target", "project", "intend", "plan", "seek", "estimate", "should", "may" and "assume", as well as variations of such words and similar expressions referring to the future, and include (without limitation) statements regarding expectations with respect to the separation of Centuri, the Company's plans for an IPO of Centuri Holdings and the ability to preserve the viability of a tax-free spin-off of Centuri. The Company can provide no assurances that an IPO and/or separation of Centuri will occur on the expected timeline or at all. A number of important factors affecting the business and financial results of the Company could cause actual results to differ materially from those stated in the forward-looking statements. These factors include, but are not limited to, the timing and impact of executing (or not executing) on strategic alternatives, including the separation of Centuri, the timing and amount of rate relief, changes in rate design, customer growth rates, the effects of regulation/deregulation, tax reform and related regulatory decisions, the impacts of construction activity at Centuri, the potential for, and the impact of, a credit rating downgrade, future earnings trends, inflation, interest rates, sufficiency of labor markets and similar resources, seasonal patterns, current and future litigation, and the impacts of stock market volatility. Factors that could cause actual results to differ also include (without limitation) those discussed under the heading "Risk Factors" and "Quantitative and Qualitative Disclosure about Market Risk" in Southwest Gas Holdings, Inc.'s most recent Annual Report on Form 10-K and in the Company's and Southwest Gas Corporation's current and periodic reports, including our Quarterly Reports on Form 10-Q, filed from time to time with the U.S. Securities and Exchange Commission. The statements in this press release are made as of the date of this press release, even if subsequently made available by the Company on its website or otherwise. The Company does not assume any obligation to update the forward-looking statements, whether written or oral, that may be made from time to time, whether as a result of new information, future developments, or otherwise.



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