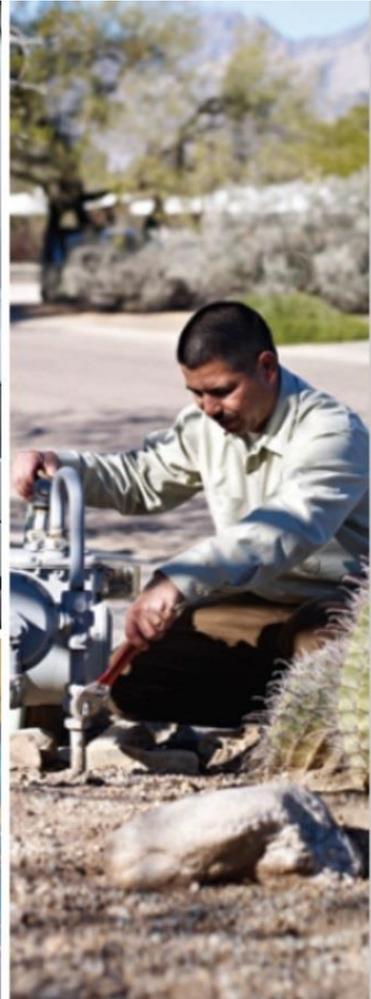




Southwest Gas™
HOLDINGS

2017 First Quarter Earnings Conference Call

May 10, 2017



Participants



John Hester
President and CEO
Southwest Gas Holdings



Roy Centrella
SVP/CFO
Southwest Gas Holdings



Justin Brown
VP/Regulation & Public Affairs
Southwest Gas Corporation



Ken Kenny
VP/Finance/Treasurer
Southwest Gas Holdings



Safe Harbor Statement



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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.

2017 Highlights



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Consolidated Results

- Dividend increased for the 11th straight year (10% increase)
- Entered into a \$100 million credit facility that expires in March 2022
- Established a \$150 million equity shelf program

Natural Gas Segment

- Arizona rate case decision effective April 1st
- Added 30,000 customers over the past twelve months
- Amended credit facility borrowing capacity from \$300 million to \$400 million

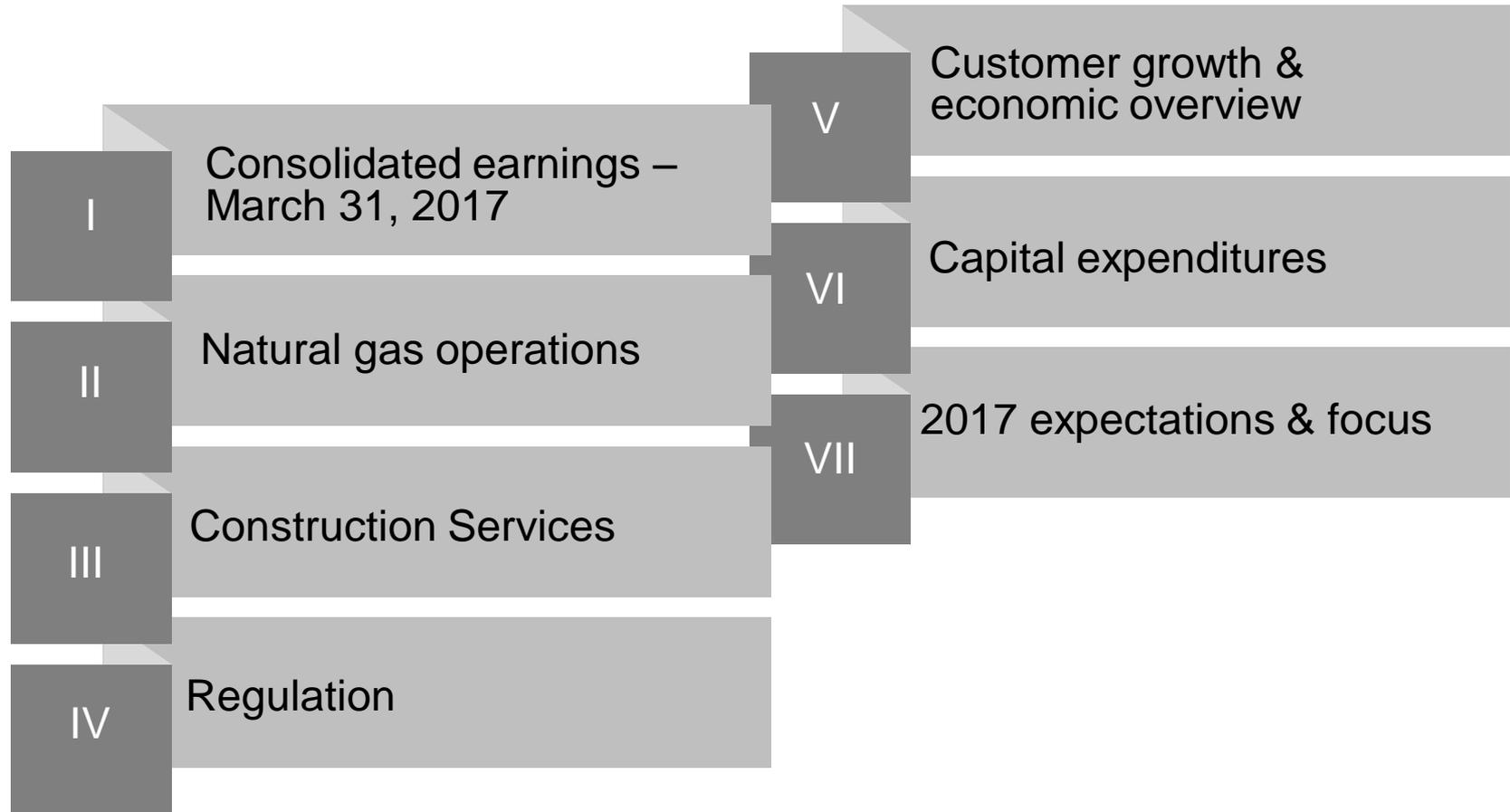
Construction Services Segment

- Unfavorable weather conditions and significant customer temporary work stoppage
- Remain optimistic about full year prospects

Call Outline



Southwest Gas[™]
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Summary Operating Results

(In thousands, except per share amounts)



Southwest Gas
HOLDINGS

	THREE MONTHS ENDED MARCH 31,		TWELVE MONTHS ENDED MARCH 31,	
	2017	2016	2017	2016
Results of Consolidated Operations				
Gas operations income	\$ 76,938	\$ 77,583	\$ 118,778	\$ 110,287
Construction services income (loss)	(7,334)	(2,137)	27,421	31,493
Other - corporate and administrative	(296)	-	(296)	-
Net income	<u>\$ 69,308</u>	<u>\$ 75,446</u>	<u>\$ 145,903</u>	<u>\$ 141,780</u>
Basic earnings per share	<u>\$ 1.46</u>	<u>\$ 1.59</u>	<u>\$ 3.07</u>	<u>\$ 3.00</u>
Diluted earnings per share	<u>\$ 1.45</u>	<u>\$ 1.58</u>	<u>\$ 3.05</u>	<u>\$ 2.98</u>
Average shares outstanding	47,530	47,437	47,492	47,196
Average shares outstanding (assuming dilution)	47,864	47,763	47,839	47,562

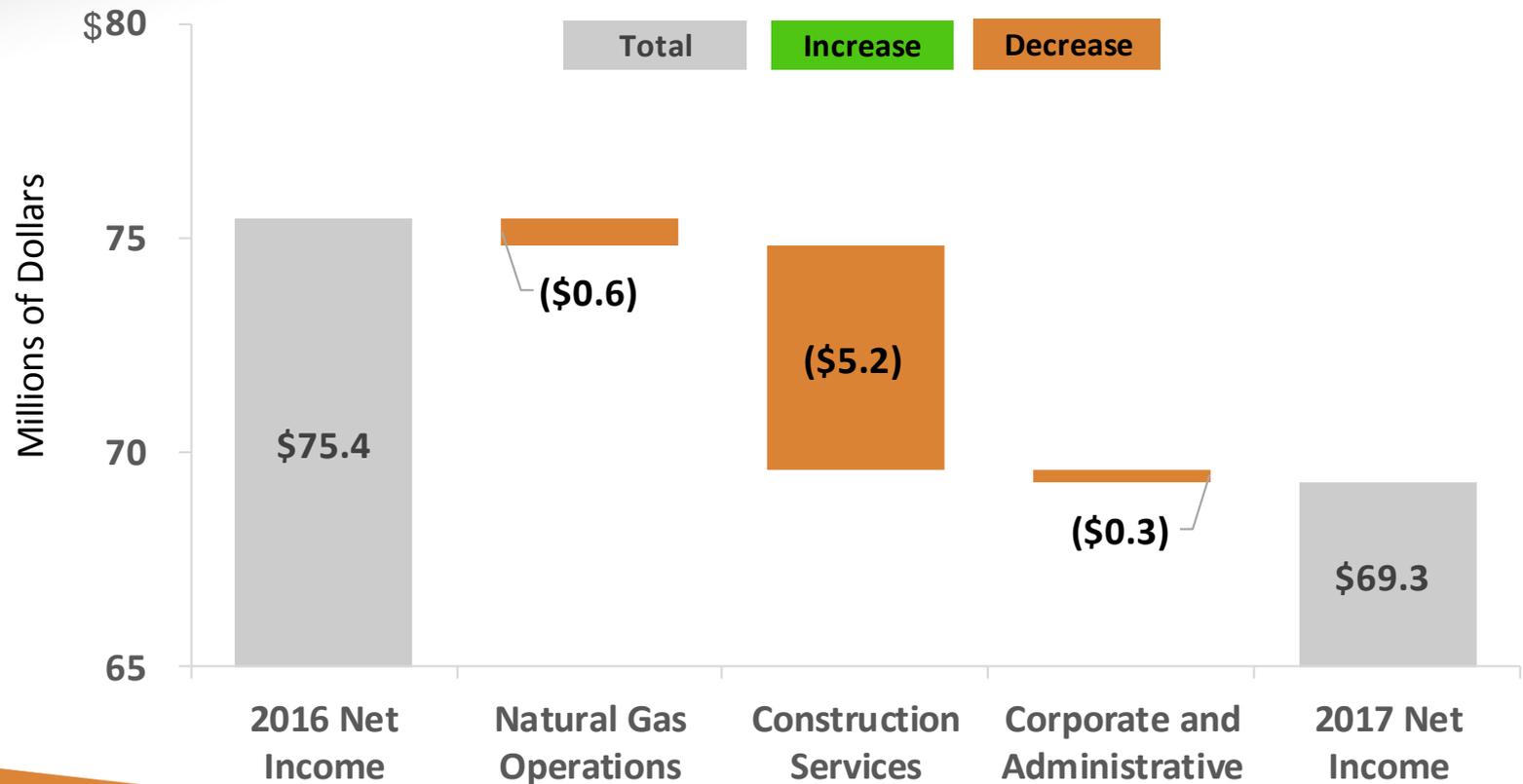
Consolidated Net Income

Three Months Ended March 31, 2017



Southwest Gas[™]
HOLDINGS

Total Decrease - \$6.1 million



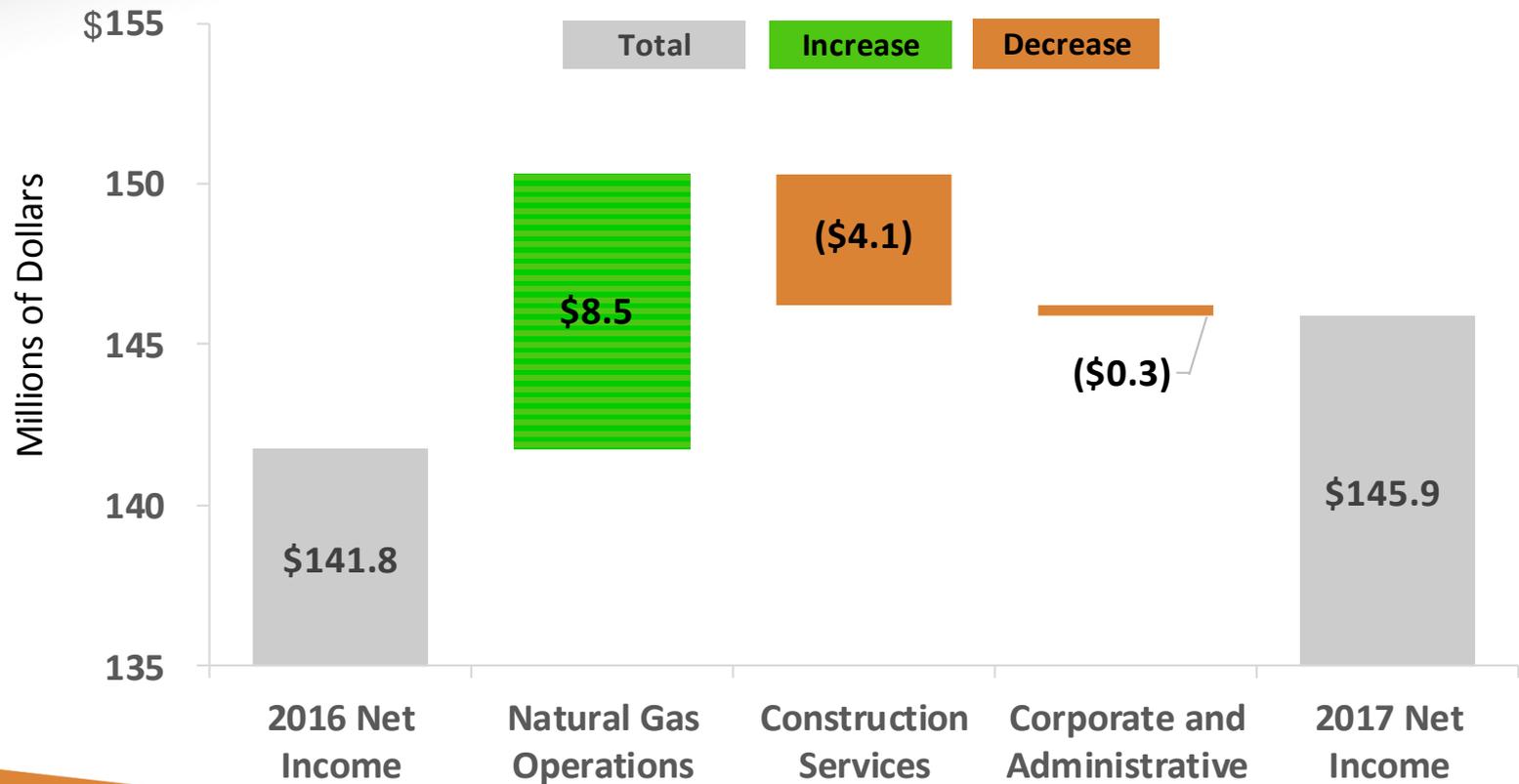
Consolidated Net Income

Twelve Months Ended March 31, 2017



Southwest Gas[™]
HOLDINGS

Total Increase - \$4.1 million



Net Income

Three Months Ended March 31, 2017

Natural Gas Operations



Total Decrease - \$645,000



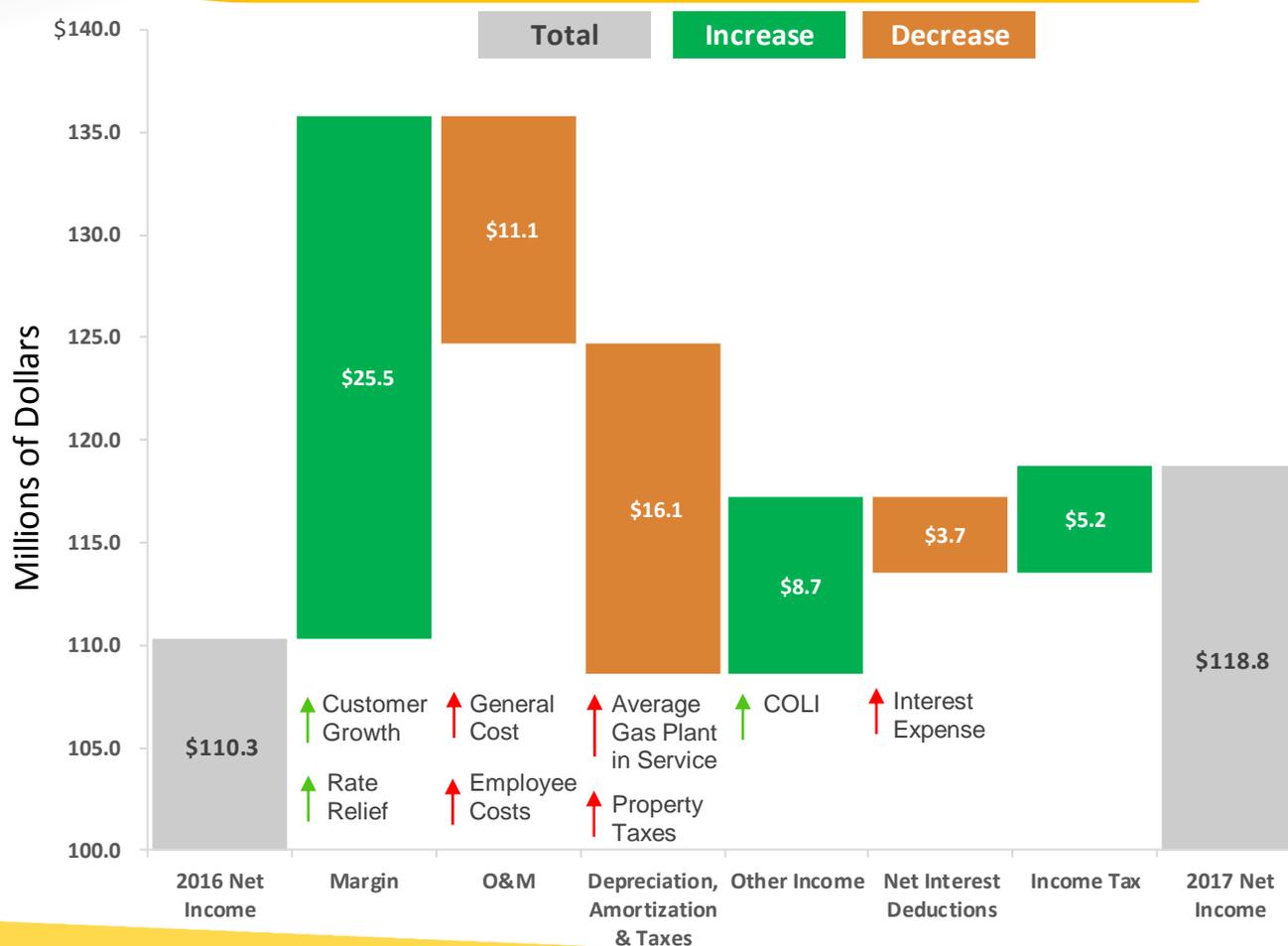
Net Income

Twelve Months Ended March 31, 2017

Natural Gas Operations



Total Increase - \$8.5 million



Net Income (Loss)

Three Months Ended March 31, 2017

Construction Services



Total Decrease - \$5.2 million



Weather Conditions

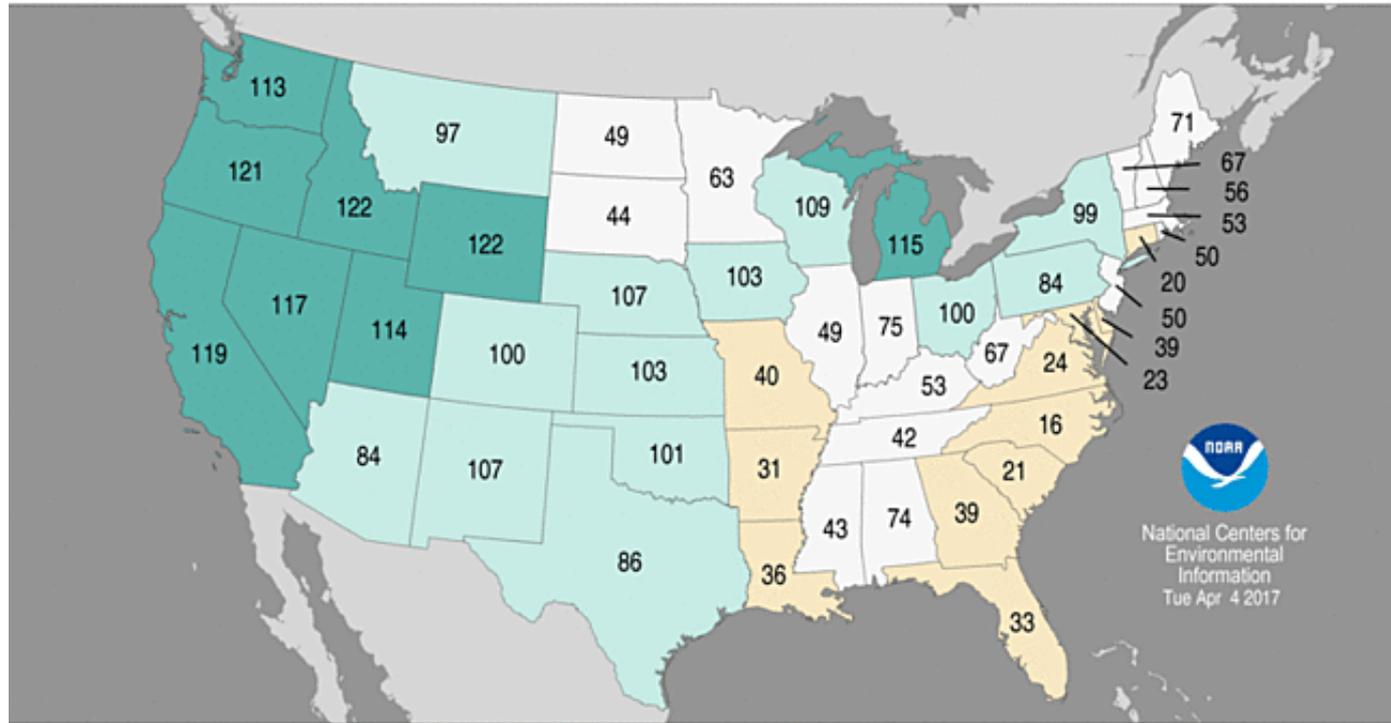
Construction Services



Statewide Precipitation Ranks

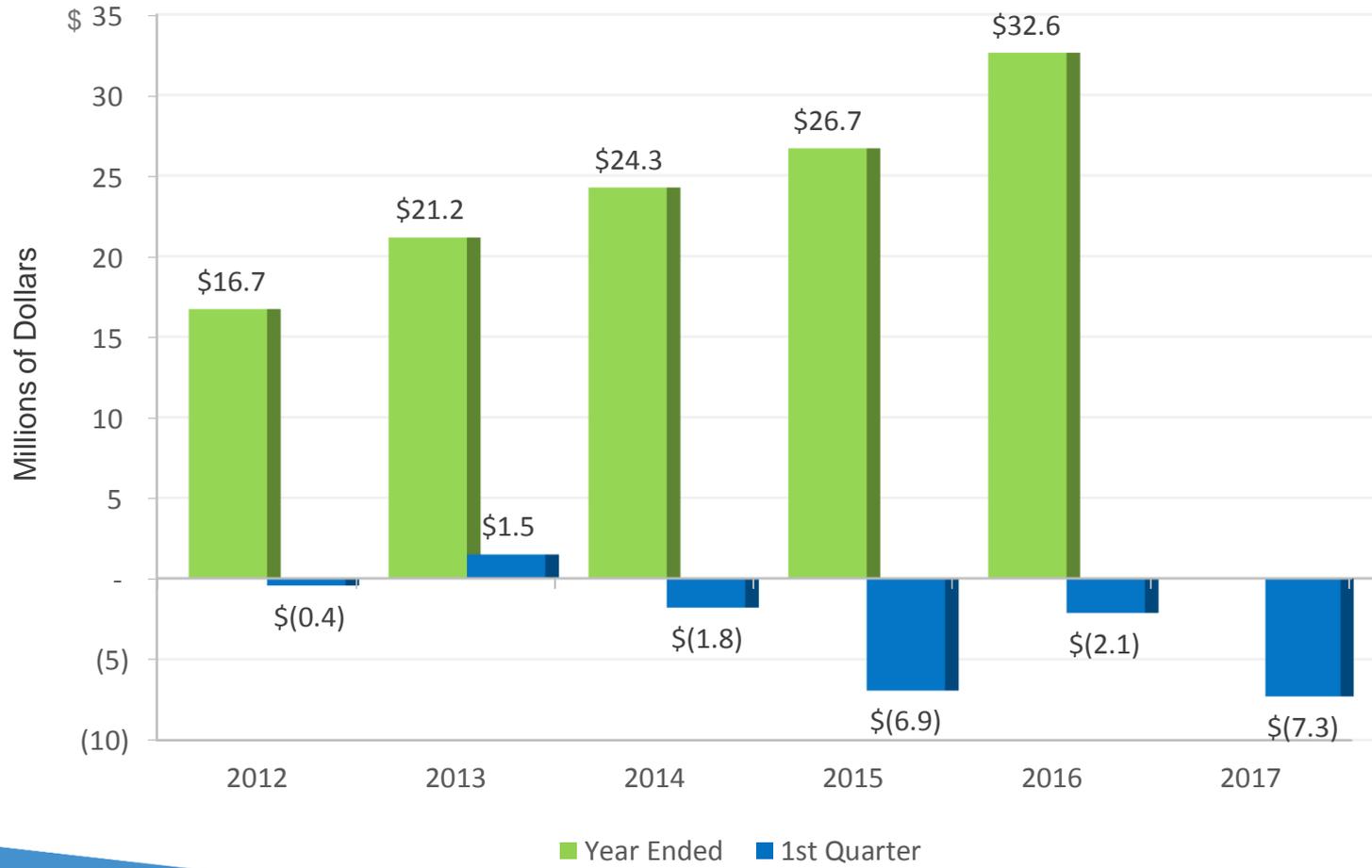
January–March 2017

Period: 1895–2017



Net Income

Construction Services



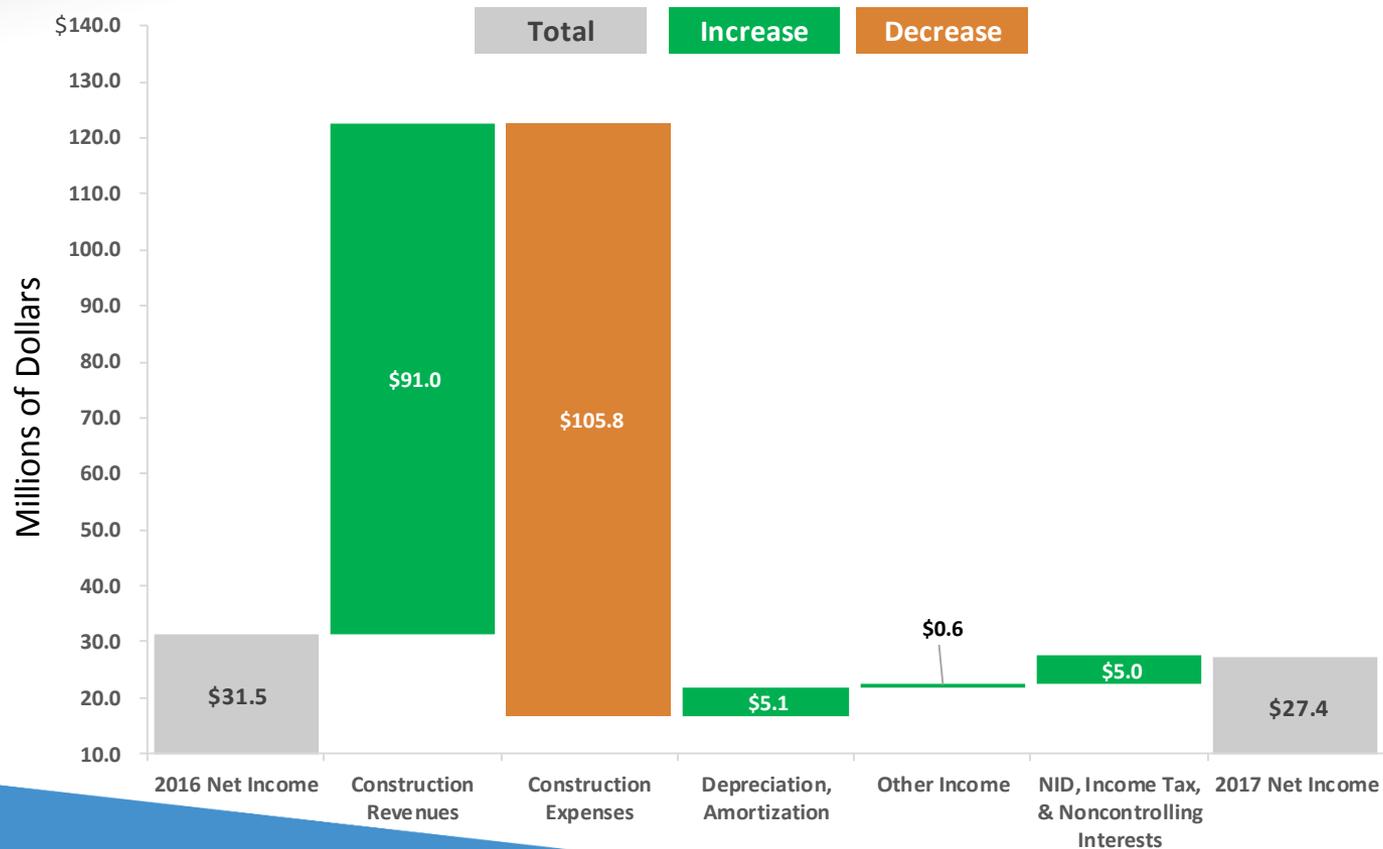
Net Income

Twelve Months Ended March 31, 2017

Construction Services



Total Decrease - \$4.1 million



Regulation Key Highlights

Natural Gas Operations



Rate Relief

- Arizona Rate Case Settlement
- Next California Rate Case
- Next Nevada Rate Case

Infrastructure Replacement Programs

- Arizona Customer-Owned Yard Line (COYL) program
- Arizona Vintage Steel Pipe Replacement (VSP) program
- Nevada Gas Infrastructure Replacement (GIR) program

Expansion Projects

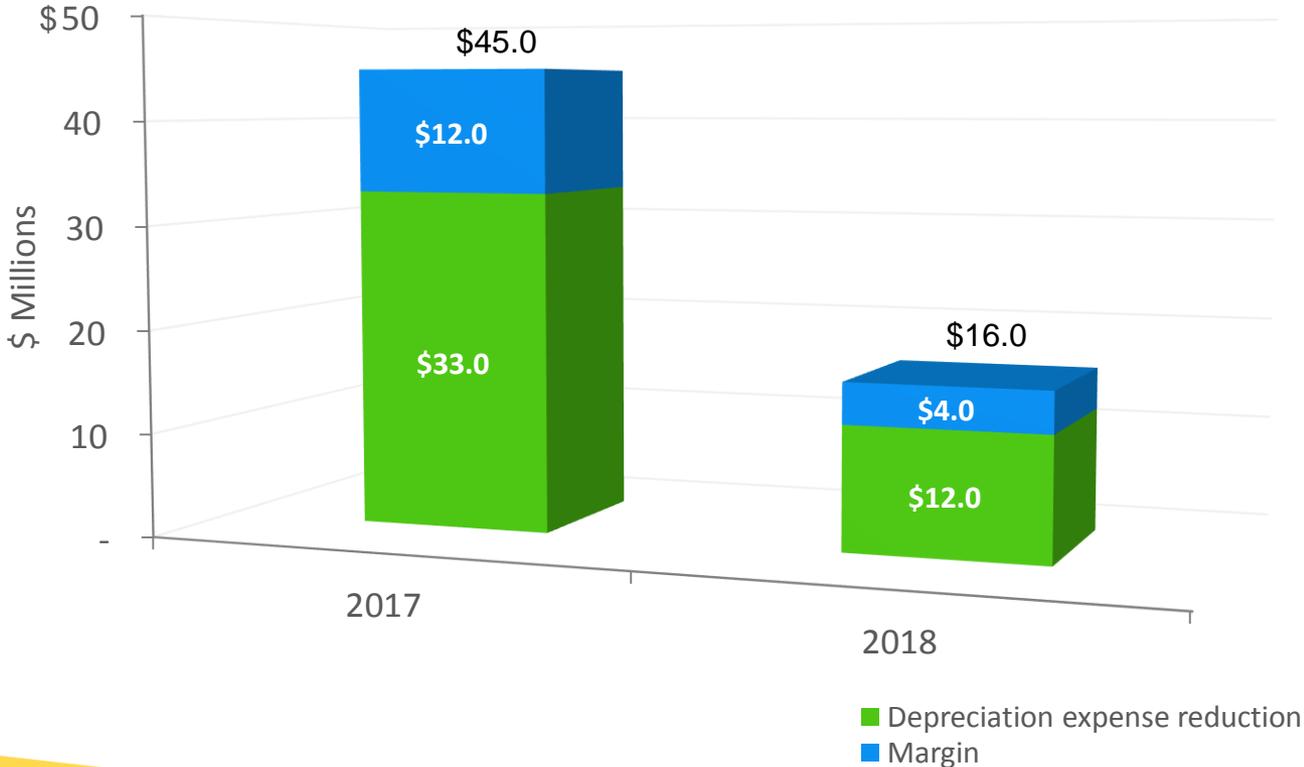
- Liquefied Natural Gas (LNG) facility in Arizona
- 2018 expansion project – Paiute Pipeline Company (FERC regulated)

Regulation – Arizona Rate Case

Natural Gas Operations



Projected Operating Income Increase – New rates effective April 1, 2017



Regulation – CA Rate Case

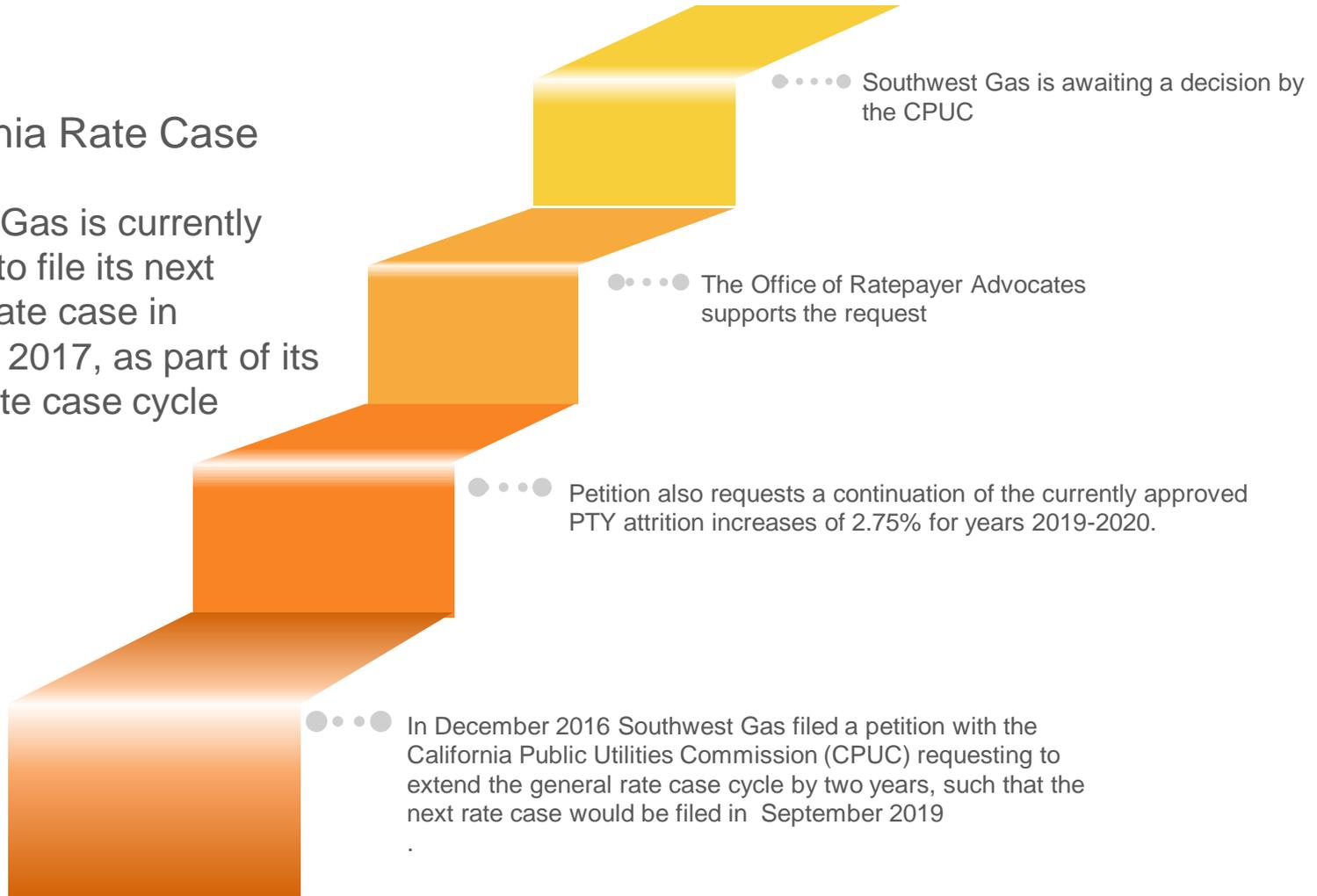
Natural Gas Operations



SOUTHWEST GAS

California Rate Case

Southwest Gas is currently scheduled to file its next California rate case in September 2017, as part of its five year rate case cycle



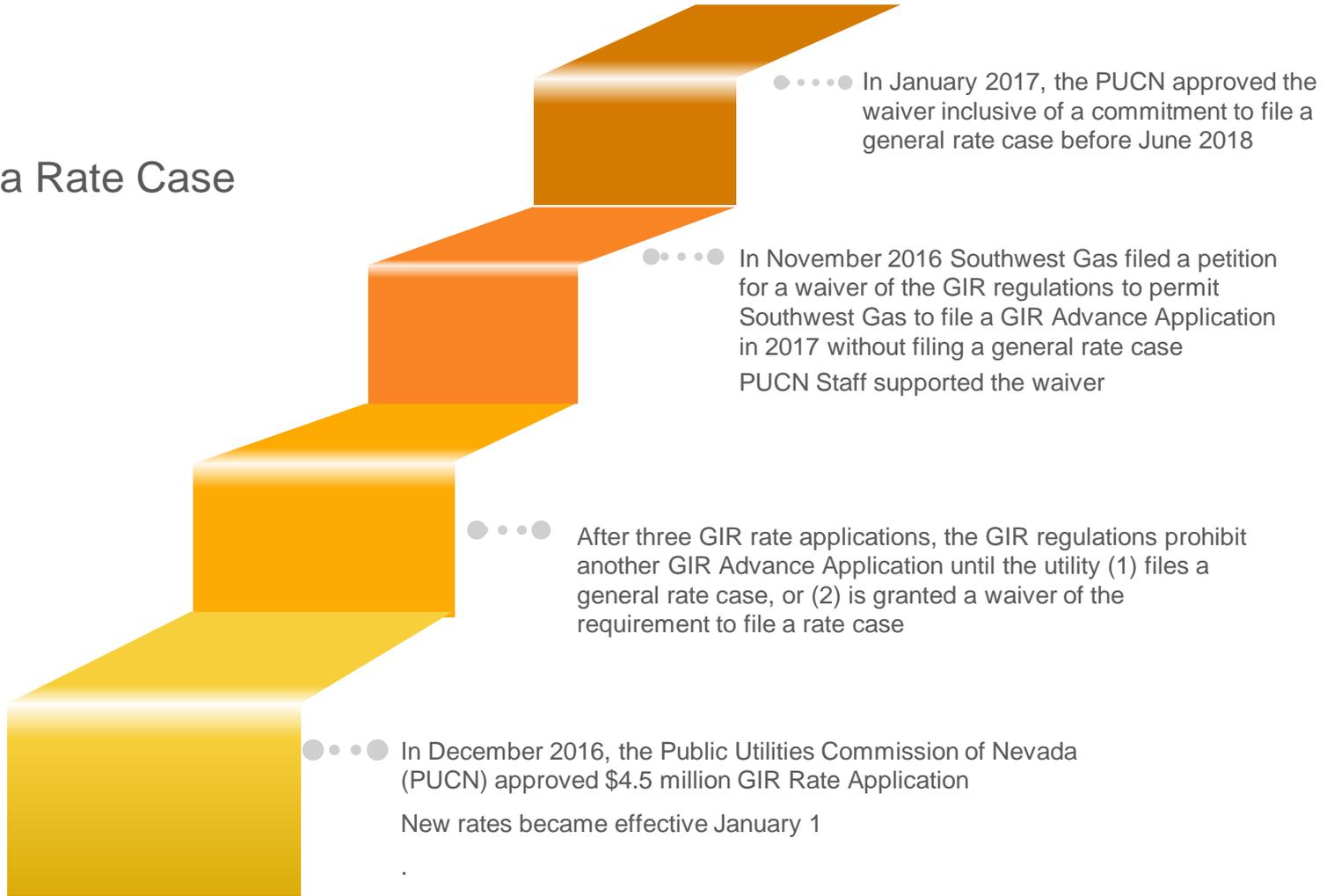
Regulation – NV Rate Case

Natural Gas Operations



SOUTHWEST GAS

Nevada Rate Case



Infrastructure Replacement Programs



SOUTHWEST GAS

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)
- ❑ May 2017 Arizona Corporation Commission approved surcharge revenue of \$1.8 million effective June 2017 (\$12.1 million of expenditures)

Arizona VSP

- ❑ Approved in general rate case and expect partial year expenditures in 2017

Nevada GIR

- ❑ PUCN authorized \$57.3 million replacement work for 2017
- ❑ PUCN approved surcharge revenue of approximately \$4.5 million effective January 2017
- ❑ Cumulative net plant of \$76.3 million as of August 31, 2016

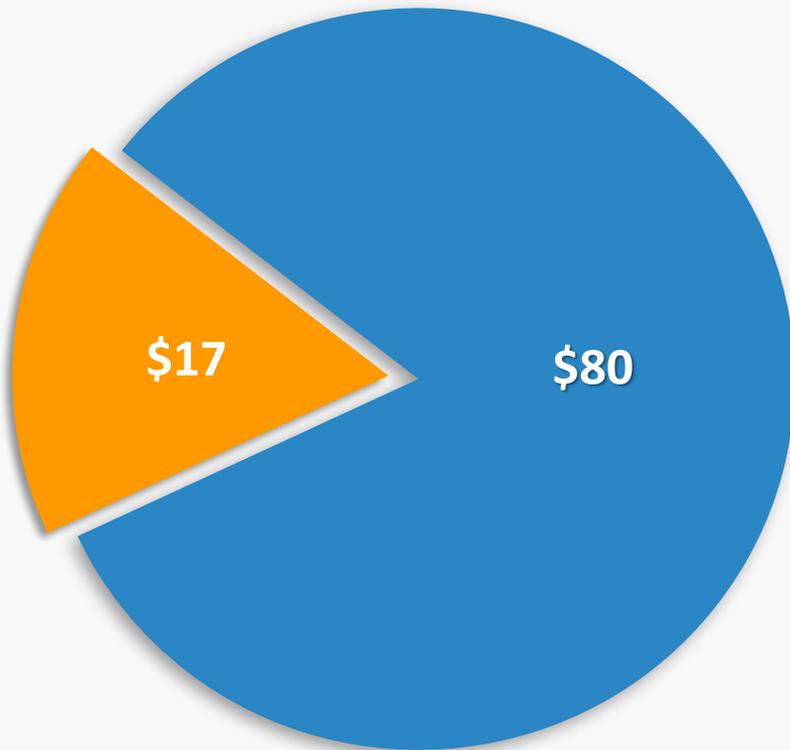
Regulation – Expansion Projects

Natural Gas Operations



SOUTHWEST GAS

\$ in millions



PAIUTE PIPELINE COMPANY EXPANSION

- Proposed \$17 million project consists of approximately 8.4 miles of additional pipeline infrastructure
- Paiute expects to file a formal FERC certificate application by mid-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
- Ground-breaking expected during the latter half of 2017
- Construction expected to be completed by end of 2019

Customer Growth Breakdown

Natural Gas Operations
(In thousands)

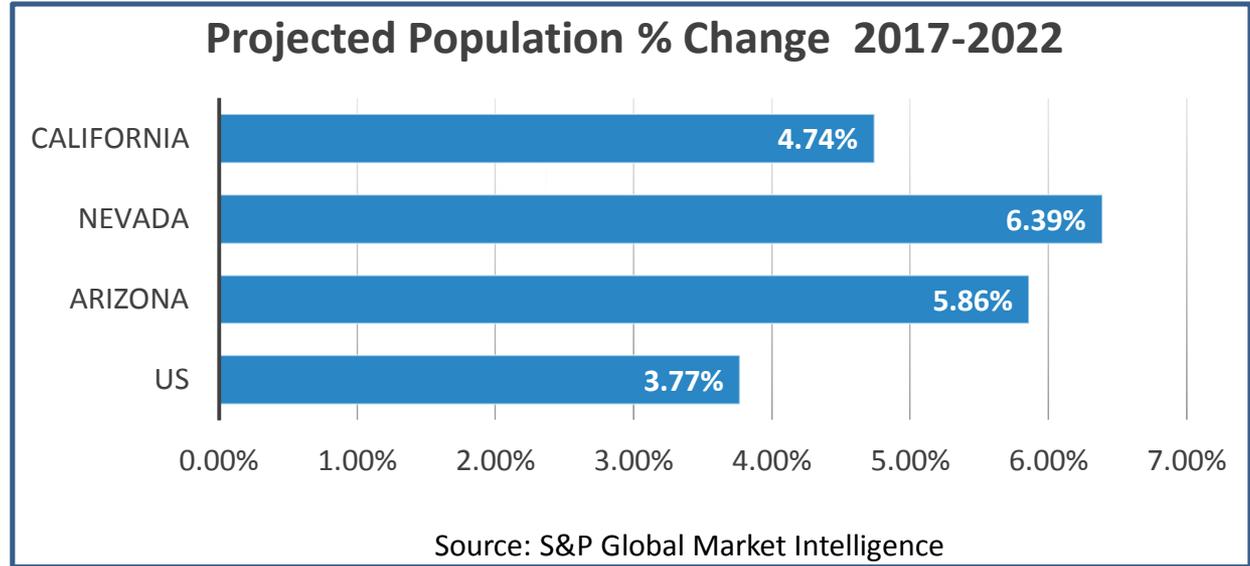


	Twelve Months Ended March 31,		
	2015	2016	2017
Beginning period	1,912	1,938	1,964
Net Customer Adds	26	26	30
Ending period	<u>1,938</u>	<u>1,964</u>	<u>1,994</u>

Growth & Economic Conditions



SOUTHWEST GAS



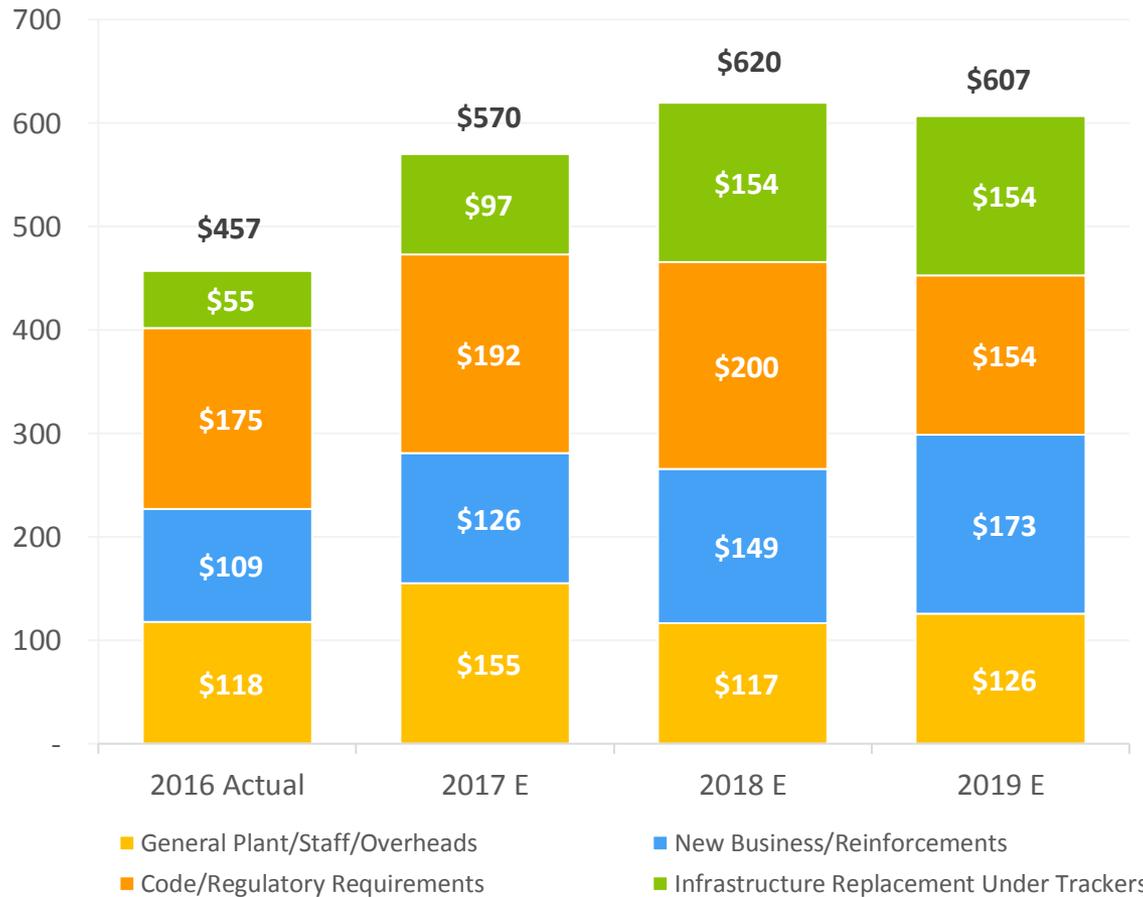
	<u>Unemployment Rate</u>		<u>Employment Growth</u>	
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
Southern California	5.8%	5.3%	3.4%	3.8%
Southern Nevada	6.1%	4.8%	1.8%	2.4%
Northern Nevada	6.4%	4.7%	1.6%	2.1%
Southern Arizona	4.7%	4.4%	3.1%	0.6%
Central Arizona	4.5%	4.1%	3.7%	2.7%

Capital Expenditures

Natural Gas Operations (In Millions)



SOUTHWEST GAS



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

2017 Expectations Update



Natural Gas Operations



Effective date of new rates from Arizona general rate case April 1, 2017
(Previously May 1, 2017)

Construction Services



Operating income to approximate 5% of revenues
(Previously 5% - 5.5% of revenues)

The majority of previous expectations remain unchanged

See Appendix (slides 45 and 46) for the full set of current 2017 expectations

APPENDIX



Business Segments & Net Income



Natural gas operations

Construction services



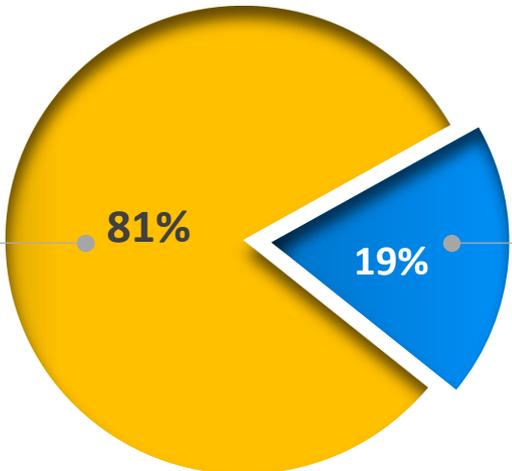
SOUTHWEST GAS



CENTURI
CONSTRUCTION GROUP

\$146MM

TMTD 3/31/17 Net Income



\$119MM net income

\$27MM net income

Regional Leader in Natural Gas Distribution



Headquartered in
Las Vegas, NV

Largest distributor of natural gas in **Arizona** and **Nevada**; Distributes and transports natural gas in parts of **California**



1,994,000 customers in service territory at 3/31/2017

Over **99%** of customers are residential and small commercial



Centuri Construction Group

Construction Services



Headquartered in
Phoenix, AZ

Operates in several
major markets across
U.S. and **Canada**



One of North America's
largest providers of
utility and **energy**
construction services



Stable Customer Base

Natural Gas Operations

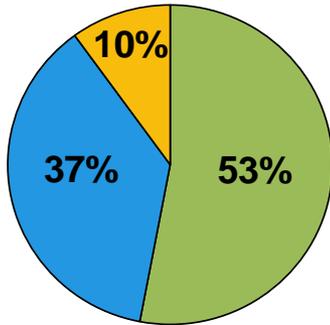


SOUTHWEST GAS

TMTD March 31, 2017 Customer & Operating Margin Distribution

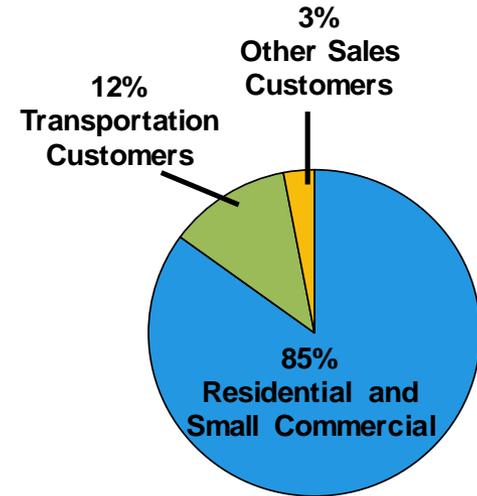
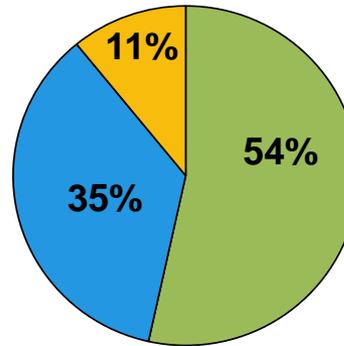
By State

Customers



- Arizona
- Nevada
- California

Margin



Consistent trends year over year

Customers by State

Natural Gas Operations

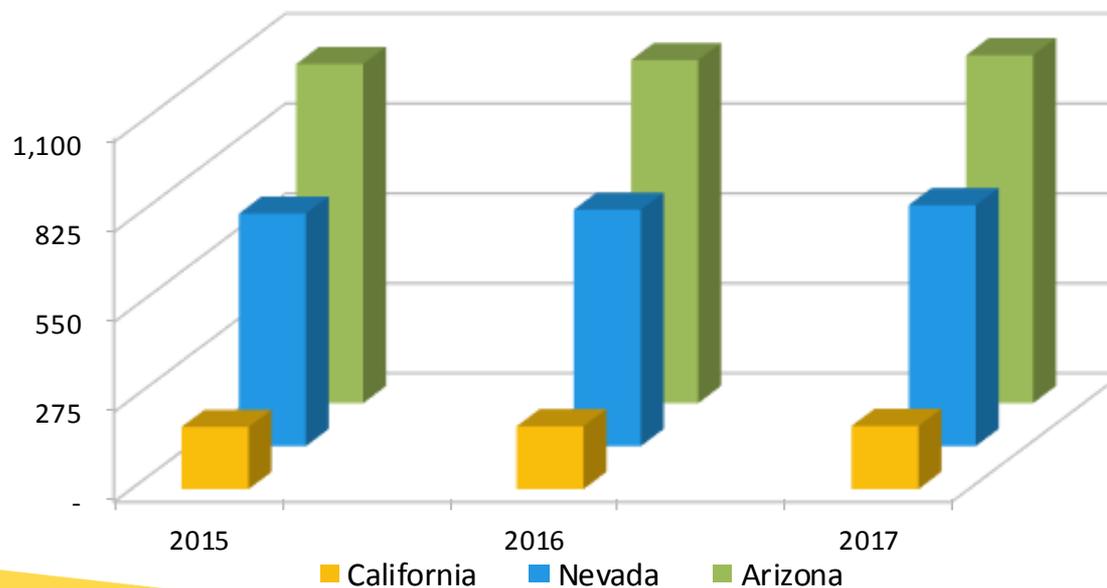
(In thousands)



SOUTHWEST GAS

As of March 31,

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Arizona	1,037	1,049	1,064
Nevada	711	723	737
California	190	192	193
Total	<u>1,938</u>	<u>1,964</u>	<u>1,994</u>



Summary Operating Results

Natural Gas Operations

(In thousands)



SOUTHWEST GAS

	THREE MONTHS ENDED MARCH 31,	
	2017	2016
Results of Natural Gas Operations		
Gas operating revenues	\$ 462,602	\$ 525,100
Net cost of gas sold	146,879	213,600
Operating margin	315,723	311,500
Operations and maintenance expense	108,679	100,797
Depreciation and amortization	61,195	60,745
Taxes other than income taxes	14,782	14,013
Operating income	131,067	135,945
Other income (deductions)	3,611	1,755
Net interest deductions	17,210	16,230
Income before income taxes	117,468	121,470
Income tax expense	40,530	43,887
Contribution to net income - gas operations	\$ 76,938	\$ 77,583

Summary Operating Results

Natural Gas Operations

(In thousands)



SOUTHWEST GAS

TWELVE MONTHS ENDED MARCH 31,

2017

2016

Results of Natural Gas Operations

Gas operating revenues	\$ 1,258,914	\$ 1,426,624
Net cost of gas sold	330,400	523,647
Operating margin	928,514	902,977
Operations and maintenance expense	409,606	398,486
Depreciation and amortization	233,913	220,525
Taxes other than income taxes	53,145	50,409
Operating income	231,850	233,557
Other income (deductions)	10,132	1,445
Net interest deductions	67,977	64,229
Income before income taxes	174,005	170,773
Income tax expense	55,227	60,486
Contribution to net income - gas operations	\$ 118,778	\$ 110,287

Summary Operating Results

Construction Services

(In thousands)



	THREE MONTHS ENDED MARCH 31,	
	2017	2016
Construction revenues	\$ 192,135	\$ 206,148
Construction expenses	191,956	193,382
Depreciation and amortization	11,283	14,615
Operating income (loss)	(11,104)	(1,849)
Other income (deductions)	254	(34)
Net interest deductions	1,504	1,491
Income taxes	(4,717)	(1,146)
Noncontrolling interests	(303)	(91)
Net income (loss)	<u>\$ (7,334)</u>	<u>\$ (2,137)</u>

Summary Operating Results

Construction Services

(In thousands)



	TWELVE MONTHS ENDED MARCH 31,	
	2017	2016
Construction revenues	\$ 1,125,065	\$ 1,034,029
Construction expenses	1,022,997	917,235
Depreciation and amortization	52,337	57,479
Operating income	49,731	59,315
Other income (deductions)	1,481	883
Net interest deductions	6,676	7,394
Income taxes	16,313	20,185
Noncontrolling interests	802	1,126
Net income	<u>\$ 27,421</u>	<u>\$ 31,493</u>

Economic Overview – Service Area

Natural Gas Operations



	<u>Unemployment Rate</u>		<u>Employment Growth</u>	
	<u>March 2016</u>	<u>March 2017</u>	<u>March 2016</u>	<u>March 2017</u>
Southern California	5.8%	5.3%	3.4%	3.8%
Southern Nevada	6.1%	4.8%	1.8%	2.4%
Northern Nevada	6.4%	4.7%	1.6%	2.1%
Southern Arizona	4.7%	4.4%	3.1%	0.6%
Central Arizona	4.5%	4.1%	3.7%	2.7%

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/>]



Purchased Gas Adjustment (PGA) Balances



Natural Gas Operations
(In thousands)

	March 31, 2017	December 31, 2016	March 31, 2016
Arizona	\$ 7,845	\$ (20,349)	\$ (24,672)
Northern Nevada	1,069	(3,339)	(12,582)
Southern Nevada	(27,104)	(66,788)	(63,416)
California	228	2,608	(317)
Total Receivable/(Payable)	<u>\$ (17,962)</u>	<u>\$ (87,868)</u>	<u>\$ (100,987)</u>

Regulation – AZ Rate Case

Natural Gas Operations



SOUTHWEST GAS

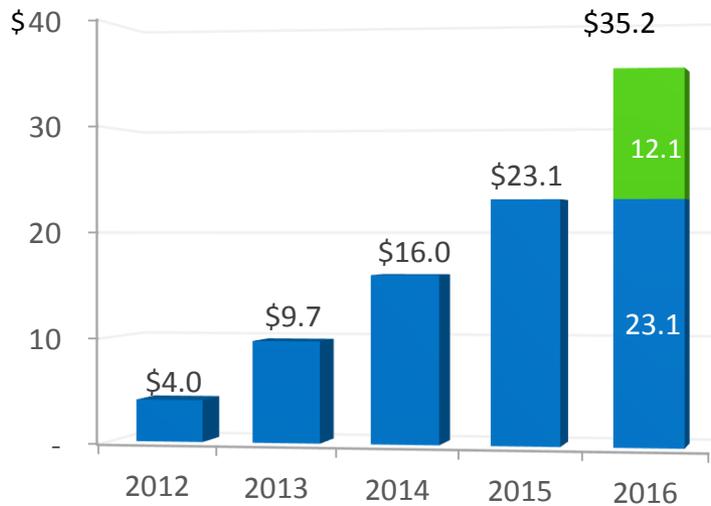
Arizona General Rate Case	Requested	Settlement
Rate Relief	\$32 Million	\$16 Million
Depreciation Expense	(\$42 Million)	(\$45 Million)
Rate Base	\$1.34 Billion	\$1.32 Billion
Return on Equity	10.25%	9.50%
Capital Structure - Equity Ratio	51.7%	51.7%
Rate Case Moratorium		May 1, 2019
Full Revenue Decoupling	✓	✓
Expanded Customer-Owned Yard Line Program	✓	✓
Vintage Steel Pipe Replacement Program	✓	✓
Property Tax Tracker	✓	✓
LNG Facility Cost Recovery	✓	✓

Regulation – Infrastructure Replacement Programs

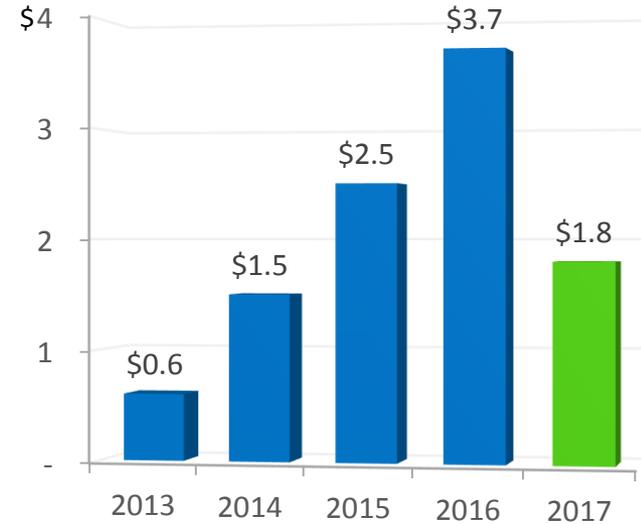


Arizona COYL program first began in 2012, was continued and expanded with rate case, and reset as of January 1, 2016

Cumulative COYL Capital Expenditures
As of December 31
(\$ in millions)



Annual COYL Surcharge
As of June 1
(\$ in millions)

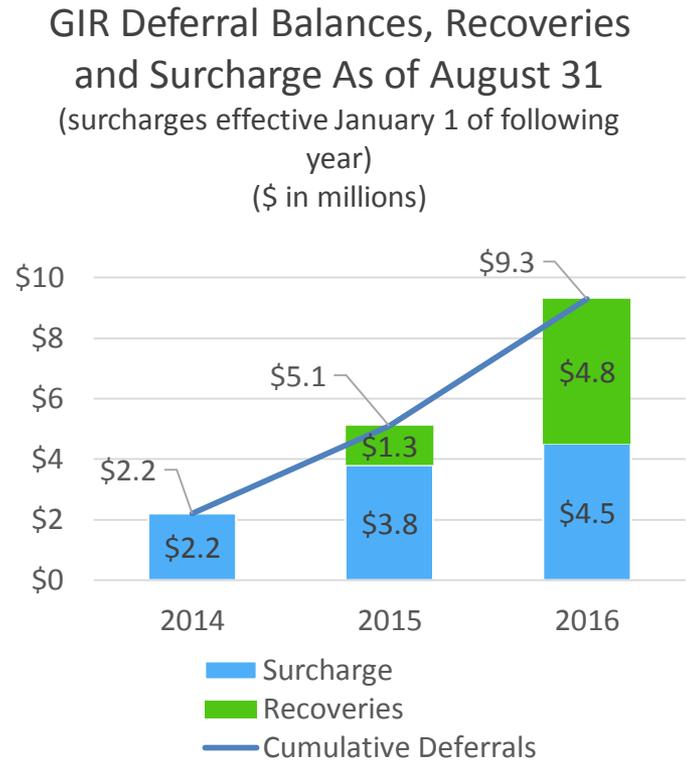
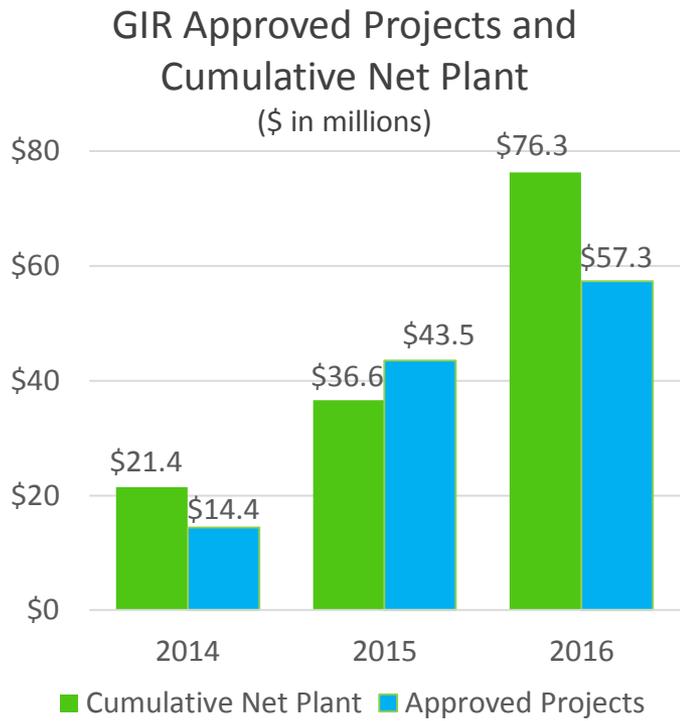


- Expenditures included in authorized rate base and recovery embedded in new rates
- Current COYL program

Regulation – Infrastructure Replacement Programs



Nevada Gas Infrastructure Replacement (GIR)



Authorized Rate Base and Rates of Return



Natural Gas Operations
(As of April 1, 2017)

<u>Rate Jurisdiction</u>	<u>Authorized Rate Base (In thousands)</u>	<u>Authorized Rate of Return</u>	<u>Authorized Return on Common Equity</u>
Arizona	\$ 1,324,902	7.42 %	9.50 %
Southern Nevada	825,190	6.46	10.00
Northern Nevada	115,933	7.88	9.30
Southern California	159,277	6.83	10.10
Northern California	67,620	8.18	10.10
South Lake Tahoe	25,389	8.18	10.10
Paiute Pipeline Company (1)	87,158	8.46	11.00

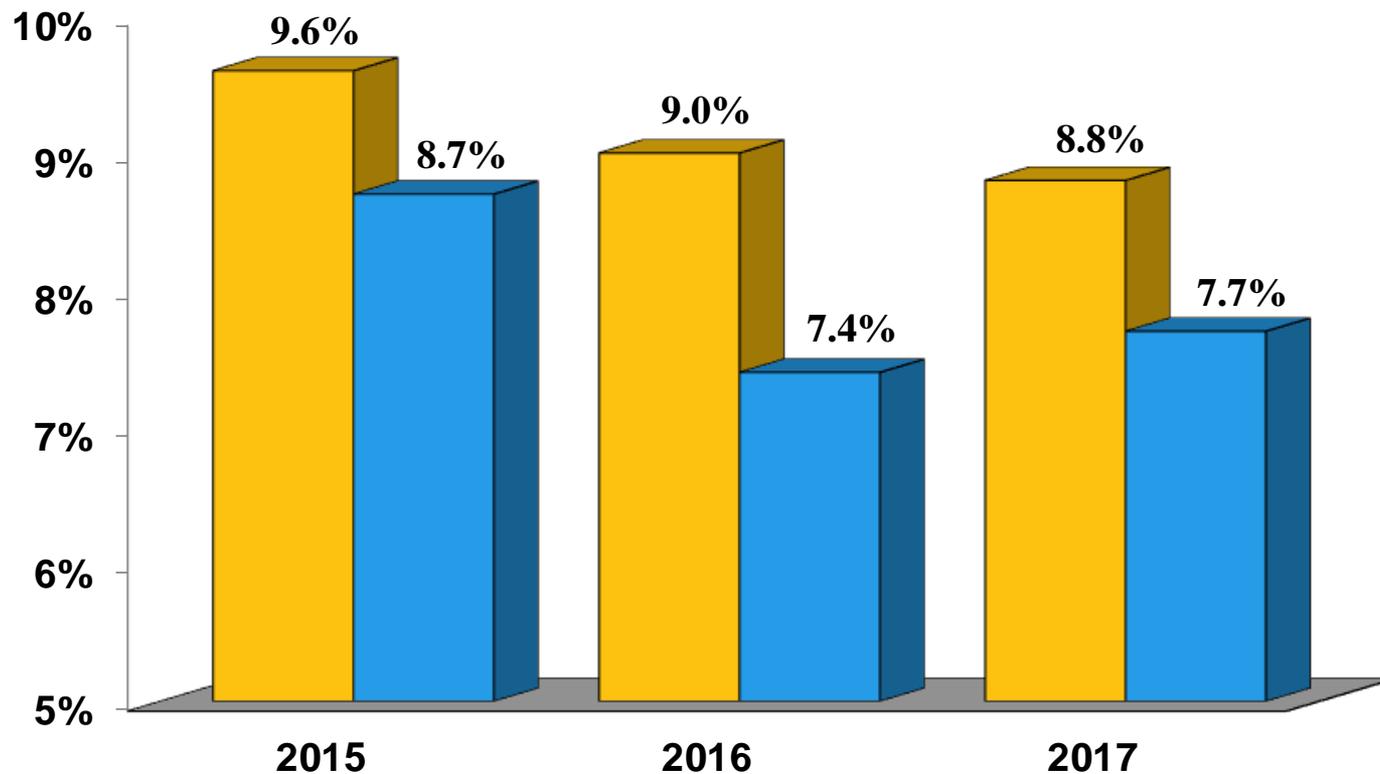
(1) Estimated amounts based on rate case settlement.

Return on Common Equity

Twelve months ended March 31,



Southwest Gas
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- Return on Common Equity - Total Company
- Return on Common Equity - Gas Operations

Consolidated Capital Structure

(In millions)



Southwest Gas
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Capitalization at March 31,	2013	2014	2015	2016	2017
Equity ¹	\$ 1,379	\$ 1,470	\$ 1,571	\$ 1,666	\$ 1,737
Long-Term Debt ²	1,256	1,380	1,525	1,438	1,590
Total Permanent Capital	\$ 2,635	\$ 2,850	\$ 3,096	\$ 3,104	\$ 3,327
Capitalization ratios					
Equity ¹	52.3%	51.6%	50.7%	53.7%	52.2%
Long-Term Debt ²	47.7%	48.4%	49.3%	46.3%	47.8%
Total Permanent Capital	100.0%	100.0%	100.0%	100.0%	100.0%

¹Includes redeemable noncontrolling interest

²Includes current maturities of long-term debt

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

Dividend Growth



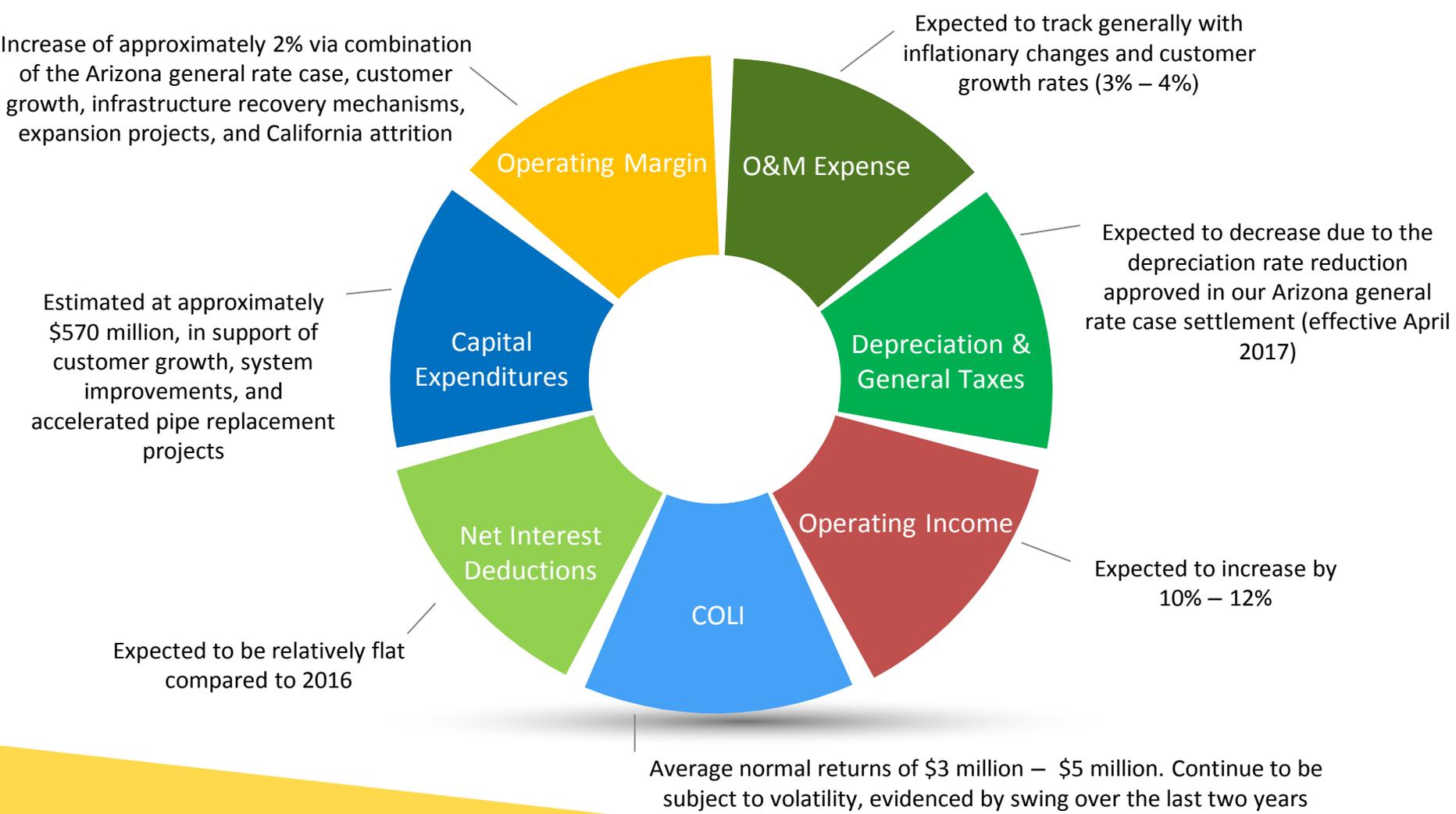
CAGR = compound annual growth rate

2017 Expectations

Natural Gas Operations



SOUTHWEST GAS



2017 Expectations

Construction Services



Expected to be between \$6 million – \$7 million.
(Based on current interest rate environment)

