

Today's featured company is:**Southwest Gas™**
HOLDINGS**Building on the Past. Shaping the Future.**

Southwest Gas Holdings, Inc. (NYSE:SWX), through its subsidiaries, engages in the business of purchasing, distributing, and transporting natural gas, and providing construction services across North America. Southwest Gas Corporation ("Southwest"), a wholly owned subsidiary, safely and reliably delivers natural gas to nearly two million commercial and residential customers in Arizona, California, and Nevada. Centuri Construction Group, Inc. ("Centuri"), majority-owned subsidiary, provides construction and maintenance services throughout the United States and Canada. More information can be found by visiting www.swgasholdings.com.

- Dividend growth: approximately 11% for the last five years ended March 31, 2017
- Total shareholder return: 29% for the twelve months ended March 31, 2017
- 1.5% customer growth for the twelve months ended March 31, 2017 (Southwest)
- Serving nearly two million customers (Southwest)
- 2017–2019 capital expenditures estimated at \$1.6–1.8 billion (Southwest)
- One of North America's largest providers of utility and energy construction services (Centuri)
- Celebrating 50 years of continued customer service (Centuri)
- Continued growing trend with record financial results in 2016 (Centuri)

[Click here to view the Southwest Gas Holdings Investor Presentation.](#)

Advisor Access spoke to President and Chief Executive Officer **John P. Hester** about Southwest Gas Holdings, Inc.'s growth story

Advisor Access: Can you give us a brief history of Southwest?

John P. Hester: The Southwest story is one of steady growth over a proud history spanning eight decades. From our days as a one-town, start-up propane company to today, where we serve multiple markets in North America, Southwest has built an enviable reputation as a trusted leader in natural gas distribution and construction services. This foundation is built upon operational excellence.

Our story recently added a new chapter through the formation of a holding company (Southwest Gas Holdings, Inc.). A holding company structure allows additional flexibility in our future corporate financing activities, and provides additional



legal separation between regulated natural gas operations and the unregulated construction services businesses. Further, reorganizing both of our business segments under the new entity puts us in a solid position to respond to and pursue opportunities that deliver value to our shareholders.

AA: How does Southwest grow while maintaining operational excellence?

JPH: More than a corporate slogan, the values of “safety, service, and reliability” define how we run our natural gas business. We provide service to nearly two million customers in Arizona, California, and Nevada. Our strong safety culture is a priority established and modeled at the top—so much so that we have safety metrics incorporated in the management compensation plan. Southwest continues to enhance our safety measures at a time of heightened industry safety focus.

System integrity is also very important to Southwest. We have an aggressive pipeline replacement strategy targeting early vintage plastic and steel pipe. We anticipate a total investment between 2017–2019 of \$1.6-1.8 billion, with a sizable portion of this amount eligible for cost recovery under already established regulatory mechanisms.

AA: Do you maintain good customer relations?

JPH: Absolutely. Our Company’s continued excellent performance lies in the trust of our customers. We continue to enhance the quality of our customer relationships and make their experiences with us better than ever. Our consistently high customer satisfaction rating (93% in 2016) is a strong testament of our customers’ trust.

“Safety, service, and reliability define how we run our natural gas business.”

Seeing how we compare with our peers is another valuable measure of our success in developing customer satisfaction and trust. We are honored to be recognized as a 2016 Utility Customer Champion and to rank second among 130 peer utilities in the Cogent Reports’ “2016 Utility Trusted Brand and Customer Engagement Residential Study.” The study measures and tracks brand trust, customer engagement, satisfaction, and relationship strength among residential customers across 130 gas, electric, and combination utilities. Additionally, in a recent J.D. Power “2016 Gas Utility Residential Customer Satisfaction” report, we ranked second among large gas utilities in the western region of the United States. We are proud of the distinctions, and continue to strive to identify new opportunities to maximize our customers’ experience.

AA: How does Southwest work with its regulators to meet both customer and shareholder needs?

JPH: Having open, collaborative, and productive relationships with state and federal regulatory agencies remains vital to our continued success. In 2016, we worked with each of our regulators and their staffs to implement several regulatory initiatives, including an Arizona rate case settlement, established and expanded regulatory mechanisms that facilitate continued investment and timely cost recovery in all three states, and continued progress on the construction of a liquefied natural gas storage facility in southern Arizona. These initiatives will benefit both our customers and shareholders.

AA: Please elaborate on the opportunities for your construction services business.

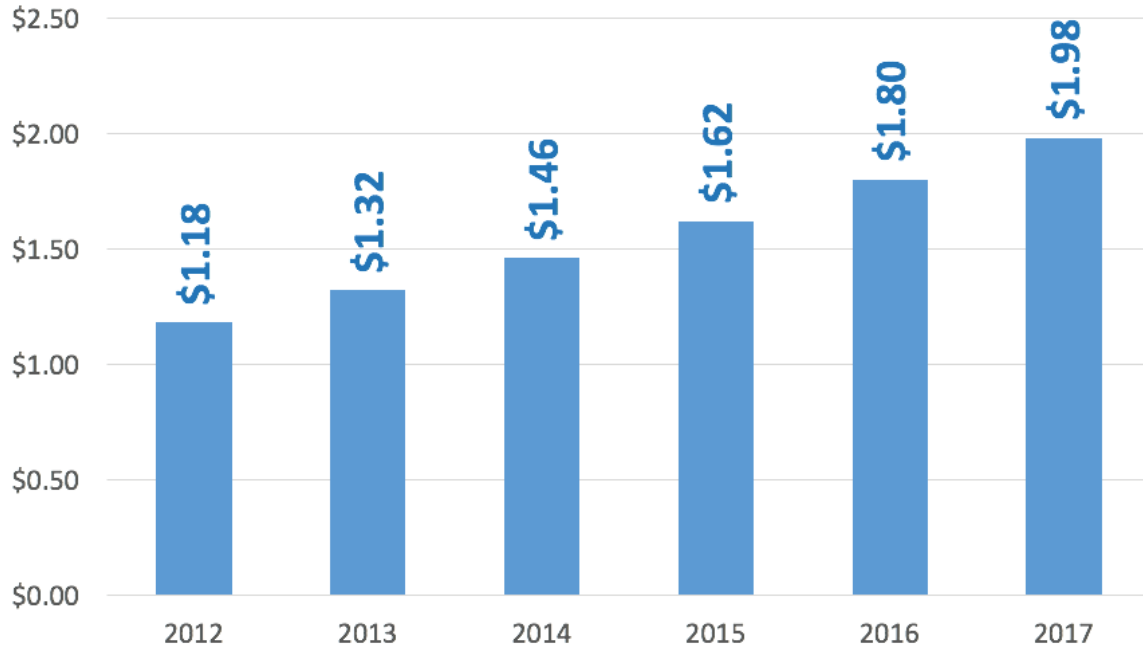
JPH: Centuri is a comprehensive construction services enterprise dedicated to meeting the growing demands of the North American utilities, energy, and industrial markets. Primarily focused on utility underground construction services, Centuri continued a growing trend of increasing revenue and profitability with record financial results in 2016. Centuri is well situated to continue capitalizing on its strengths—its well-established market position and full service capabilities—to support its diverse set of gas distribution customers, many of which have multiyear pipeline replacement programs. Having Centuri’s services in the Company’s portfolio presents an array of exciting business growth opportunities for the future.

AA: How should investors think about future dividend payouts?

JPH: We have been one of the fastest dividend-growing utilities in the nation over the past five years; the Company has had a 10.9% compounded annual growth rate during that time frame. Our target payout ratio range is 55% to 65% of earnings. We are currently near the lower end of our target payout range, and we expect to increase future dividends in line with our earnings growth.

DIVIDEND GROWTH

10.9% 5-Year CAGR



CAGR = compound annual growth rate

AA: So, John, what does all this mean for the Company's investors?

JPH: We look to shape the future with the same commitment to safety, service, and reliability that has guided our Company for more than eighty years. We are focused on long-term success, and are driven to excel in our business segments.

As we look ahead, we see significant growth opportunities, and we are very optimistic about the prospects for both our natural gas operations and construction services segments. We plan to deliver maximum value to our shareholders by moving these business lines forward in a manner that stresses safety, operational efficiency, and customer and employee satisfaction.

AA: Thank you, John.

Analyst Commentary

"We continue to recommend investors purchase shares of SWX given solid gas utility growth and strong outlook for the construction services business as pipeline replacement programs across the nation continue to be accelerated."

— Tim Winter, Gabelli & Company
May 11, 2017

"Our price objective of \$85 is based on an approximate 22X FY19E EPS of \$3.82. Our target multiple compares to 21X for the average for its peers. In our review, a premium to peers is warranted as SWX is likely to continue to have several years of outsized earnings and dividend growth."

— Gabe Moreen, Bank of America Merrill Lynch
May 10, 2017

“SWX declared a 3Q17 quarterly cash dividend of 49.5¢ (\$1.98 annualized) . . . The distribution is in-line with JEFs and we continue to project annual increases to drive a 5-year CAGR (2016–2021E) of ~7.25% with an average EPS payout ratio of ~62%.”

— Christopher Sighinolfi, Jeffries
May 9, 2017

Disclosure

Investors and others should note that Southwest Gas Holdings, Inc. posts important financial information using the investor relations section of the Southwest Gas Holdings, Inc. website, <https://www.swgasholdings.com/>, and Securities and Exchange Commission filings.

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Advisor-Access LLC was designed to bring compelling investment ideas to investors in the form of in-depth interviews with company management and the latest fact sheets and corporate presentations, in a concise format: the critical pieces of information an investor needs to make an informed investment decision.

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