

Today's featured company is:



**Southwest Gas**<sup>™</sup>  
HOLDINGS

### **Celebrating Milestones and Fueling a Strong Future**

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

- Dividend growth of approximately 9.5% annually for the last five years ended March 31, 2018
- Total annualized shareholder return of 12.4% for the 10-year period ended March 31, 2018
- 1.6% customer growth for the 12-month period ended March 31, 2018 (Southwest)
- More than two million customers served (Southwest)
- 2018–2020 capital expenditures estimated at \$2 billion (Southwest)
- Projecting 12% annual rate base growth over the period 2018 to 2020 (Southwest)
- One of North America's largest providers of utility and energy construction services (Centuri)
- Continued growing trend with record financial results in 2017 (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

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#### **Advisor Access: *Can you provide us with a little background on the Company?***

**John P. Hester:** Southwest Gas Holdings, Inc. has two business segments, Southwest and Centuri. Southwest was incorporated in March 1931 under the laws of the state of California and now provides regulated natural gas delivery services to customers in Arizona, California, and Nevada. In 1996, we added NPL Construction Co. (now Centuri). Centuri is a comprehensive construction service enterprise dedicated to meeting the growing demand of North American utility, energy and industrial markets. We have built an enviable reputation as a trusted leader in natural gas distribution and construction services.



In January 2017, we completed the reorganization into the present holding-company structure, Southwest Gas Holdings, Inc. The holding-company structure provides additional legal separation between our regulated natural gas operations and unregulated construction services business, while allowing maximum flexibility in our future financing activities. Reorganizing both of our business segments under Southwest Gas Holdings, Inc., puts us in a solid position to aggressively pursue opportunities that deliver maximum value to our shareholders.

**AA: What is the economic outlook for Southwest's service territories and how is that impacting growth?**

**JPH:** Our utility service territories are in some of the fastest growing states in the country. Both Arizona and Nevada currently enjoy robust population growth, low unemployment rates, and a surge of activity in the housing and real estate markets. This environment has led to significant customer growth. In fact, we reached an important milestone in November 2017 when we celebrated service to two million natural gas customers

across our three-state territory. The environment has created opportunities to invest in both system expansion and pipeline replacement activities.

**AA: John, can you elaborate on your pipeline system investment and expansion?**

**JPH:** Yes. As we reach milestones in customer growth, we continue to make strategic investments to ensure the safety and reliability of our pipelines. These investments support customer growth, enable system reliability improvements, and accelerate safety-oriented pipe replacement projects. In 2017, we broke ground on a liquefied natural gas (LNG) storage facility that will strengthen our system reliability in southern Arizona. We also continue our early vintage pipe replacement program throughout our service territories, and we plan to invest approximately \$2 billion in our system over the next three years.

**AA: How important are customer relations to you?**

**JPH:** *Extremely* important. We take great pride that more customers each year entrust us to fuel their lives, and we have a responsibility to ensure the safe and reliable delivery of natural gas to them. We know that their positive experience with the Company is key to their continued loyalty and trust. To that end, we diligently work to make every interaction with our customers even better than their last, and continue to improve on our industry-leading safety record. I'm proud that this past year we earned our highest marks ever in customer satisfaction, earning 95% satisfaction as reported on monthly customer surveys.

**AA: How does Southwest work with regulators to meet the needs of customers and shareholders?**

**JPH:** Meeting the needs of our customers and ensuring operation of a safe and reliable distribution system requires advanced planning and strong collaboration with state and federal regulators. We work continuously with state regulators to maintain and improve our existing infrastructure replacement mechanisms, which allow for timely cost recovery outside general rate cases for the accelerated replacement of aging infrastructure. We also have been authorized specific expansion projects to accommodate growth, economic development, and greater system reliability. For example, in May 2018, the Public Utilities Commission of Nevada approved Southwest's proposal to extend natural gas service to Mesquite, with an initial capital investment of approximately \$28 million. The expansion proposal was made pursuant to Nevada legislation (Senate Bill 151), which provides the opportunity for natural gas infrastructure to reach unserved or underserved areas of Nevada. The Company values our collaborative relationships with the regulatory bodies and the opportunity to work together to ensure safe and reliable service to our customers and return value to our shareholders.

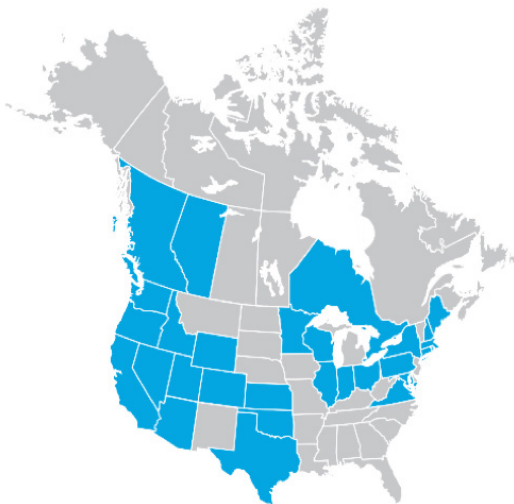
**AA: Please tell us about opportunities for your construction services business.**

**JPH:** Our construction services business, Centuri, continues to be a growing part of the Company's overall portfolio. Recently, Centuri also reached a new milestone, as it celebrated the 50th anniversary of its largest construction

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Operating in 25 major markets

segment, NPL Construction Co., which has grown into one of the largest gas distribution construction contractors in the United States. Centuri continued a growing trend of increasing revenues (\$1.2 billion) and profitability (\$38.4 million) in 2017.

Also in 2017, Centuri took a step to broaden its geographic reach in its core services through the acquisition of New England Utility Constructors, which specializes in underground utility construction and maintenance services for natural gas utilities in New England. Centuri continues to be well situated to further grow its market position across North America. Its full-service capabilities support a diverse and unique group of gas distribution customers, many of which have multiyear pipeline replacement programs. Centuri continues to play an important role in adding value to our Company’s shareholders.

**AA: What can you tell investors about the Company’s dividend policy?**

**JPH:** Southwest Gas Holdings, Inc. had a 9.52% average compounded annual growth rate per share over the last five years. Our target

payout ratio range is 55–65% of earnings while maintaining strong credit ratings and the ability to fund future capital expenditures. We are currently at the lower end of our target payout range, and we expect to increase future dividends inline with our long-term sustainable earnings growth.

**AA: What is Southwest’s view of sustainability, and financial and community stewardship?**

**JPH:** We are committed to stewarding our natural resources with care. This means offering programs that help our customers save energy and reduce their environmental footprints. Similarly, we are also doing our part to reduce our impact on the environment. We are striving to achieve a 20% reduction in Southwest’s greenhouse gas (GHG) emissions from fleet and building facilities by 2025, using 2015 emissions as the baseline. In 2017, we delivered more than 14 million therms of cleaner burning compressed natural gas to fuel our customers’ transportation fleets. This displaced approximately 10 million gallons of diesel fuel, or 27,500 metric tons of GHG, which is equivalent to removing more than 5,000 passenger vehicles from the roadway. In addition, Southwest supports incorporating renewable natural gas into its supply portfolio, from sources such as dairy farms, landfills, and sewage treatment plants, as part of an effective GHG reduction strategy.

We also support our communities with an employee charitable giving program we call Fuel for Life. Between 2013 and 2017, Southwest employees generously contributed a total of \$7.6 million to 361 local charities, and broke their own giving record each year. Our core values are exhibited through corporate governance practices aligned with shareholder interests, a pay-for-performance culture, and an active program of shareholder engagement. We are committed to building long-term shareholder value, and strive to operate sustainably with accountability, transparency, and integrity.

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**AA: So John, what should investors take away from our discussion?**

**JPH:** Over the past year Southwest Gas Holdings, Inc. has celebrated important milestones in both its natural gas and construction services businesses. The achievements we mark today set a solid path forward as we look toward tomorrow’s opportunities. Our accomplishments were made possible by our hardworking employees, valued customers, and investors. We believe our shared successes will fuel opportunities in the future.

We are enthusiastic about the prospects of growth in our natural gas and construction services segments, particularly as we continue to experience strong population and economic growth across our service territories. Going forward, we are committed to embracing business strategies that value growth, financial stewardship, and operational excellence, which will continue building long-term value for our shareholders.

**AA: Thank you, John.**

### Analyst Commentary

***“We believe the Street is too conservative. We see several positive catalysts in ‘18/19 that could drive higher earnings and outperformance [for SWX] . . .”***

**—Aga Zmigrodzka, UBS**  
June 4, 2018

***“In our view, Southwest Gas Holdings should produce very attractive EPS growth over the next five years of about 7.1% compounded annually through 2022.”***

**—Christopher R. Ellinghaus, Williams Capital Group**  
May 11, 2018

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

**—Tim Winters, Gabelli & Company**  
April 6, 2018

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### 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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### About Advisor Access

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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