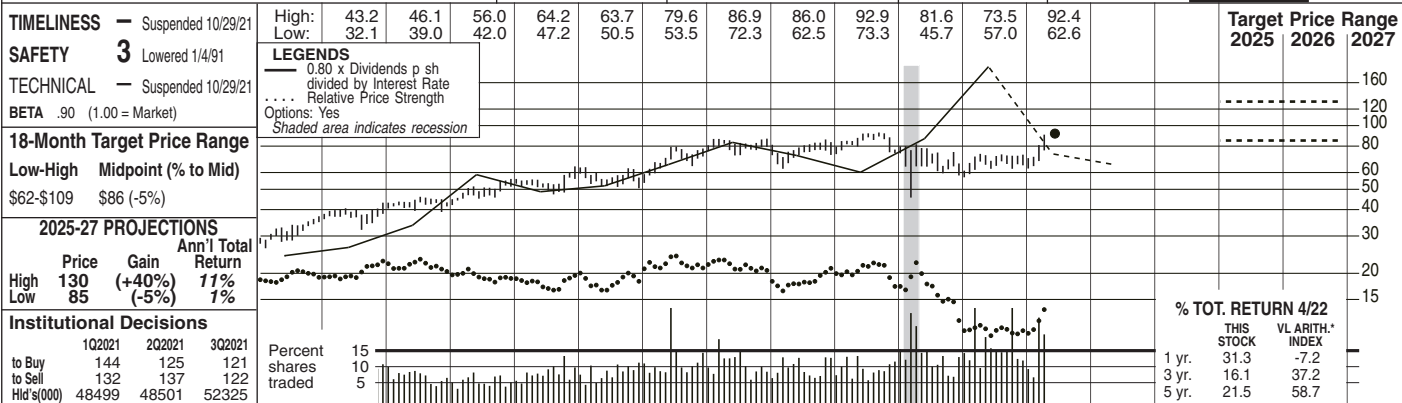


SOUTHWEST GAS NYSE-SWX

RECENT PRICE **91.85** P/E RATIO **21.6** (Trailing: 30.9 Median: 19.0) RELATIVE P/E RATIO **1.33** DIV'D YLD **2.7%** **VALUE LINE**



2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	© VALUE LINE PUB. LLC 25-27	
48.47	50.28	48.53	42.00	40.18	41.07	41.77	42.08	45.61	52.00	51.82	53.00	54.31	56.72	57.68	60.91	66.20	67.85	Revenues per sh	82.65
5.97	6.21	5.76	6.16	6.46	6.81	7.73	8.24	8.47	8.62	9.29	8.83	8.14	9.40	9.87	9.46	11.05	12.15	"Cash Flow" per sh	15.75
1.98	1.95	1.39	1.94	2.27	2.43	2.86	3.11	3.01	2.92	3.18	3.62	3.68	3.94	4.14	3.39	4.25	4.90	Earnings per sh ^A	6.75
.82	.86	.90	.95	1.00	1.06	1.18	1.32	1.46	1.62	1.80	1.98	2.08	2.18	2.28	2.38	2.48	2.60	Div'ds Decl'd per sh ^{B,†}	3.10
8.27	7.96	6.79	4.81	4.73	8.29	8.57	7.86	8.53	10.30	11.15	12.97	14.44	17.06	14.43	11.84	11.05	12.85	Cap'l Spending per sh	20.00
21.58	22.98	23.49	24.44	25.62	26.66	28.35	30.47	31.95	33.61	35.03	37.74	42.47	45.56	46.77	48.89	52.95	56.45	Book Value per sh	72.00
41.77	42.81	44.19	45.09	45.56	45.96	46.15	46.36	46.52	47.38	47.48	48.09	53.03	55.01	57.19	60.42	68.00	70.00	Common Shs Outst'g ^C	75.00
15.9	17.3	20.3	12.2	14.0	15.7	15.0	15.8	17.9	19.4	21.6	22.2	20.6	21.3	16.8	19.9	<i>Bold figures are Value Line estimates</i>		Avg Ann'l P/E Ratio	16.0
.86	.92	1.22	.81	.89	.98	.95	.89	.94	.98	1.13	1.12	1.11	1.13	.86	1.08			Relative P/E Ratio	.90
2.6%	2.6%	3.2%	4.0%	3.2%	2.8%	2.8%	2.7%	2.7%	2.9%	2.6%	2.5%	2.7%	2.6%	3.3%	3.5%			Avg Ann'l Div'd Yield	2.9%

CAPITAL STRUCTURE as of 3/31/22				1927.8	1950.8	2121.7	2463.6	2460.5	2548.8	2880.0	3119.9	3298.9	3680.5	4500	4750	Revenues (\$mill)	6200
Total Debt \$6324.8 mill. Due in 5 Yrs \$1765 mill.				133.3	145.3	141.1	138.3	152.0	173.8	182.3	213.9	232.3	200.8	272	325	Net Profit (\$mill)	480
LT Debt \$4559.8 mill. LT Interest \$80.0 mill.				36.2%	35.0%	35.7%	36.4%	33.9%	32.8%	25.3%	20.5%	21.6%	16.1%	21.0%	21.0%	Income Tax Rate	21.0%
(Total interest coverage: 2.5x) (56% of Cap'l)				6.9%	7.4%	6.7%	5.6%	6.2%	6.8%	6.3%	6.9%	7.0%	5.5%	6.0%	6.8%	Net Profit Margin	7.7%
Leases, Uncapitalized Annual rentals \$15.2 mill.				49.2%	49.4%	52.4%	49.3%	48.2%	49.8%	48.3%	47.9%	50.5%	58.2%	56.5%	56.8%	Long-Term Debt Ratio	52.5%
Pension Assets-12/21 \$1418.2 mill.				50.8%	50.6%	47.6%	50.7%	51.8%	50.2%	51.7%	52.1%	49.5%	41.8%	43.5%	44.0%	Common Equity Ratio	47.5%
Oblig. \$1615.4 mill.				2576.9	2793.7	3123.9	3143.5	3213.5	3613.3	4359.3	4806.4	5407.2	7069.5	8300	8950	Total Capital (\$mill)	11400
Pfd Stock None				3343.8	3486.1	3658.4	3891.1	4132.0	4523.7	5093.2	5685.2	6176.1	7594.0	8000	8400	Net Plant (\$mill)	10000
Common Stock 66,852,050 shs. as of 4/29/22				6.4%	6.3%	5.7%	5.5%	5.8%	5.8%	5.2%	5.4%	5.3%	3.4%	4.0%	4.0%	Return on Total Cap'l	4.5%
MARKET CAP: \$6.1 billion (Large Cap)				10.2%	10.3%	9.5%	8.7%	9.1%	9.6%	8.1%	8.5%	8.7%	6.8%	7.5%	8.0%	Return on Shr. Equity	9.0%
CURRENT POSITION				10.2%	10.3%	9.5%	8.7%	9.1%	9.6%	8.1%	8.5%	8.7%	6.8%	7.5%	8.0%	Return on Com Equity	9.0%
2020				6.1%	6.1%	5.0%	4.0%	4.1%	4.5%	3.6%	3.9%	4.0%	2.1%	3.0%	3.5%	Retained to Com Eq	4.5%
2021				40%	41%	47%	54%	55%	53%	55%	54%	54%	69%	62%	56%	All Div'ds to Net Prof	48%
3/31/22																	

BUSINESS: Southwest Gas Holdings, Inc. is the parent holding company of Southwest Gas and Centuri Group. Southwest Gas is a regulated gas distributor serving 2.2 million customers in Arizona, Nevada, and California. Centuri provides construction services. 2021 margin mix: residential and small commercial, 85%; large commercial and industrial, 4%; transportation, 11%. Total throughput: 2.2 billion therms. Has 12,973 employees. Off. & dir. own .9% of common; BlackRock, 15.3%; The Vanguard Group, 9.9%; T. Rowe Price Associates, 5.6% (3/22 Proxy). Chairman: Michael J. Melarkey. Pres. & CEO: Karen S. Haller. Inc.: DE. Addr.: 8360 S. Durango Drive, P.O. Box 98510 Las Vegas, Nevada 89193. Telephone: 702-876-7237. Internet: www.swgas.com.

Shares of Southwest Gas have increased dramatically in price over the past three months. The company has announced a settlement with activist investor Carl Icahn. Mr. Icahn had previously made tender offers to purchase a stake in the company, and was also looking to replace its board. As part of the agreement, three to four new directors will join the company's board. Mr. Icahn has since withdrawn his litigation against the company. The board will continue to review strategic alternatives to maximize shareholder value, including a possible sale of the company. This news followed the announcement that Southwest plans to separate its utility infrastructure services business, Centuri. This is expected to occur in the first quarter of 2023. Assuming completion, the separation should enhance shareholder value and allow both businesses to increase their focus on core operations. As a stand-alone independent company, unregulated Centuri will be an industry leader well positioned to benefit from the ongoing trend of infrastructure modernization. Southwest Gas will be a fully regulated natural gas operation with service areas in Arizona, Nevada, California, and the Rocky Mountain region.

The company has announced a changing of the guard. Following the retirement of John P. Hester, the board has appointed Karen S. Haller, as president and chief executive officer. Ms. Haller has worked at Southwest Gas for 25 years, and has served as executive vice president and chief legal and administrative officer of the company since May of 2018.

Long-term capital gains potential is limited, following the aforementioned run-up in the share price. The dividend yield does not stand out for a utility, either. At this juncture, investors can probably find more-suitable choices elsewhere. That said, a pullback in the stock price some time in the future may present patient subscribers with a more-attractive entry point. We expect that the company will report solid growth in revenues, earnings, and dividends in the coming years. Southwest Gas earns good marks for Financial Strength, Price Stability, and Earnings Predictability. Volatility is subdued, as well.

Michael Napoli, CFA *May 27, 2022*

<p>(A) Diluted earnings. Excl. nonrec. gains (losses): '06, 7c. Next egs. report due early August. (B) Dividends historically paid early March, June, September, and December.</p> <p>Div'd reinvestment and stock purchase plan avail. (C) In millions. (D) Totals may not sum due to rounding.</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>Company's Financial Strength</td><td style="text-align: right;">A</td></tr> <tr> <td>Stock's Price Stability</td><td style="text-align: right;">80</td></tr> <tr> <td>Price Growth Persistence</td><td style="text-align: right;">40</td></tr> <tr> <td>Earnings Predictability</td><td style="text-align: right;">90</td></tr> </table>	Company's Financial Strength	A	Stock's Price Stability	80	Price Growth Persistence	40	Earnings Predictability	90
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