The Laclede Group Announces Improved Second-Quarter and Year-to-Date Earnings

Company Release - 04/24/2003 17:09

ST. LOUIS, April 24 /PRNewswire-FirstCall/ -- The Laclede Group (NYSE: LG) today announced improved earnings for the second quarter of its fiscal year 2003 versus the same quarter last year. The Company also reported increased earnings for the six-months ended March 31, 2003 versus last year's results.

Earnings for the quarter that ended March 31, 2003, were $1.14 per share, compared with $1.10 per share earned during the same period last year. Earnings for the quarter were primarily derived from the regulated activities of the Company's largest subsidiary, Laclede Gas Company, Missouri's largest natural gas distribution company. Those utility earnings come primarily from the sale of heating energy, which has historically been heavily influenced by weather.

The year-over-year quarterly earnings improvement is due to 13% higher sales linked to a return to near-normal temperatures in Laclede Gas' service area this year. Although essentially normal, temperatures this quarter were approximately 17% colder than the same period last year. Earnings also increased due to Laclede Gas Company's general rate increase, which became effective November 9, 2002, and higher sales to customers outside of its traditional service area.

Earnings for the six-month period ended March 31, 2003 were $1.93 per share, compared with $1.51 per share for the same period last year. Temperatures during this period were 23% colder than last year and, similar to the recently completed quarter, were near normal. The general rate increase and higher sales outside Laclede Gas' traditional service area also contributed to the improved earnings.

As part of the 2002 rate case settlement, the Utility initiated an innovative new weather mitigation rate design that lessens, beginning in the winter of 2002-03, the impact of weather volatility on Laclede Gas customers during cold winters and stabilizes the Company's earnings. This new rate design provides Laclede Gas with the ability to recover its distribution costs, which are essentially fixed, in a manner that is significantly less sensitive to weather, while assuring that customers will pay no more than the utility's authorized distribution costs. However, variations in temperature still impact the amount of gas customers use, hence the higher sales this period.

In addition to the effects described above, the new rate design also shifts recovery of a greater portion of Laclede Gas' distribution costs from the March quarter forward into the month of April, partially offsetting the positive impacts described above. Further offsets during the periods related to Utility operations were due to the impact of income recorded last year under Laclede Gas' Price Stabilization Plan, which expired March 31, 2002, and higher operating expenses.

SM&P Utility Resources Inc., the Group's facilities locating and marking service company which was acquired January 28, 2002, normally experiences losses during the slow winter construction season. However, this year SM&P experienced a greater loss than last year, largely due to the full winter season impact this year and the accrual of costs during the quarter related to efforts to adjust operations to reflect the loss of two major customers.

Due to the seasonal nature of the gas utility's business, earnings are typically concentrated in the November through April period, which generally corresponds with the heating season. The Utility typically experiences losses during the non-heating season. This seasonal effect on Laclede Group is expected to be tempered somewhat by the impact of the weather mitigation rate design implemented in November 2002, and the addition of SM&P, whose operations tend to be counter-seasonal to those of Laclede Gas.

Note: This news release contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. The Company's future operating results may be affected by various uncertainties and risk factors, many of which are beyond the Company's control, including weather conditions, governmental and

regulatory policy and action, the competitive environment and economic factors. For a more complete description of these uncertainties and risk factors, see the Company's Form 10-Q for the quarter ended December 31, 2002, filed with the Securities and Exchange Commission.

UNAUDITED

STATEMENTS OF CONSOLIDATED INCOME

The Laclede Group, Inc.
(Thousands, Except Per Share Amounts)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2003	2002	2003	2002
Operating Revenues:				
Regulated				
Gas distribution	$357,456	$256,802	$574,621	$440,013
Non-Regulated				
Services	17,315	15,274	48,138	15,274
Other	47,408	15,387	79,591	26,820
Total operating revenues	422,179	287,463	702,350	482,107
Operating Expenses:				
Regulated				
Natural and propane gas	247,918	156,115	381,761	271,709
Other operation expenses	29,663	28,804	60,987	55,080
Maintenance	4,950	4,318	9,394	8,632
Depreciation and amortization	5,596	6,053	11,089	12,635
Taxes, other than income taxes	22,579	18,437	36,707	31,336
Total regulated operating expenses	310,706	213,727	499,938	379,392
Non-Regulated				
Services	22,735	18,180	53,360	18,180
Other	45,850	15,097	76,931	26,760
Total operating expenses	379,291	247,004	630,229	424,332
Operating Income	42,888	40,459	72,121	57,775
Other Income and Income Deductions - Net	(591)	(175)	457	749
Income Before Interest and Income Taxes	42,297	40,284	72,578	58,524
Interest Charges:				
Interest on long-term debt	5,205	5,205	10,410	10,410
Preferred dividends and				

distributions of subsidiary trust	867	-	1,011	-
Other interest charges	953	1,380	2,302	2,739
Total interest charges	7,025	6,585	13,723	13,149
Income Before Income Taxes	35,272	33,699	58,855	45,375
Income Tax Expense	13,687	12,946	22,159	16,882
Dividends on Redeemable Preferred Stock - Laclede Gas	15	15	31	36
Net Income Applicable to Common Stock	$21,570	$20,738	$36,665	$28,457
Average Number of Common Shares Outstanding	19,002	18,878	18,981	18,878
Basic and Diluted Earnings Per Share Of Common Stock	$1.14	$1.10	$1.93	$1.51

Certain prior-period amounts have been reclassified to conform to current-year presentation.

SOURCE The Laclede Group, Inc.

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(LG)

CO: Laclede Group, Inc.

ST: Missouri

IN: OIL UTI

SU: ERN

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5579 04/24/2003 17:09 EDT http://www.prnewswire.com