
ACQUISITION OF MOBILE GAS AND WILLMUT GAS

April 26, 2016

THE LACLEDE GROUP, INC.



PARTICIPANTS ON TODAY'S CALL



Suzanne Sitherwood

President and
Chief Executive Officer



Steven L. Lindsey

Executive Vice President and
Chief Operating Officer,
Distribution Operations



Steven P. Rasche

Executive Vice President,
Chief Financial Officer

FORWARD-LOOKING STATEMENTS AND USE OF NON-GAAP MEASURES

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Our forward-looking statements in this presentation speak only as of today, and we assume no duty to update them. Forward-looking statements are typically identified by words such as, but not limited to: “estimates,” “expects,” “anticipates,” “intends,” and similar expressions. Although our forward-looking statements are based on reasonable assumptions, various uncertainties and risk factors may cause future performance or results to be different than those anticipated. Among those are the risks that the transaction described herein may not be consummated, that the anticipated benefits from the transaction may not be fully realized, and that dividends are at the discretion of the board of directors, are not guaranteed and may be restricted by certain debt covenants. An extensive description of the uncertainties and risk factors can be found in our Annual Reports on Form 10-K for fiscal 2015 and in our Form 10-Q filings made with the Securities and Exchange Commission (SEC) in the “Risk Factors” section as well as under the “Forward-Looking Statements” heading.

This presentation refers to "net economic earnings per share," and "Adjusted EBITDA," non-GAAP measures used by management when evaluating the Company's performance and results of operations. Net economic earnings exclude from net income the after-tax impacts of fair-value accounting and timing adjustments associated with energy-related transactions, as well as the after-tax impacts related to acquisition, divestiture, and restructuring activities. A full explanation of the adjustments and a reconciliation of net income to net economic earnings is contained in the Company's SEC filings. Adjusted EBITDA is earnings before interest, taxes, depreciation, amortization and certain due diligence expenses. A reconciliation of Adjusted EBITDA can be found in the footnote on slide 9 of this presentation.

Note: Years shown in this presentation are fiscal years ended September 30, unless otherwise indicated.

Investor Relations Contact

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EXECUTING ON OUR GROWTH STRATEGY

- Growing our gas utility business
- Acquiring and integrating gas utilities
- Optimizing gas supply assets
- Investing in innovation



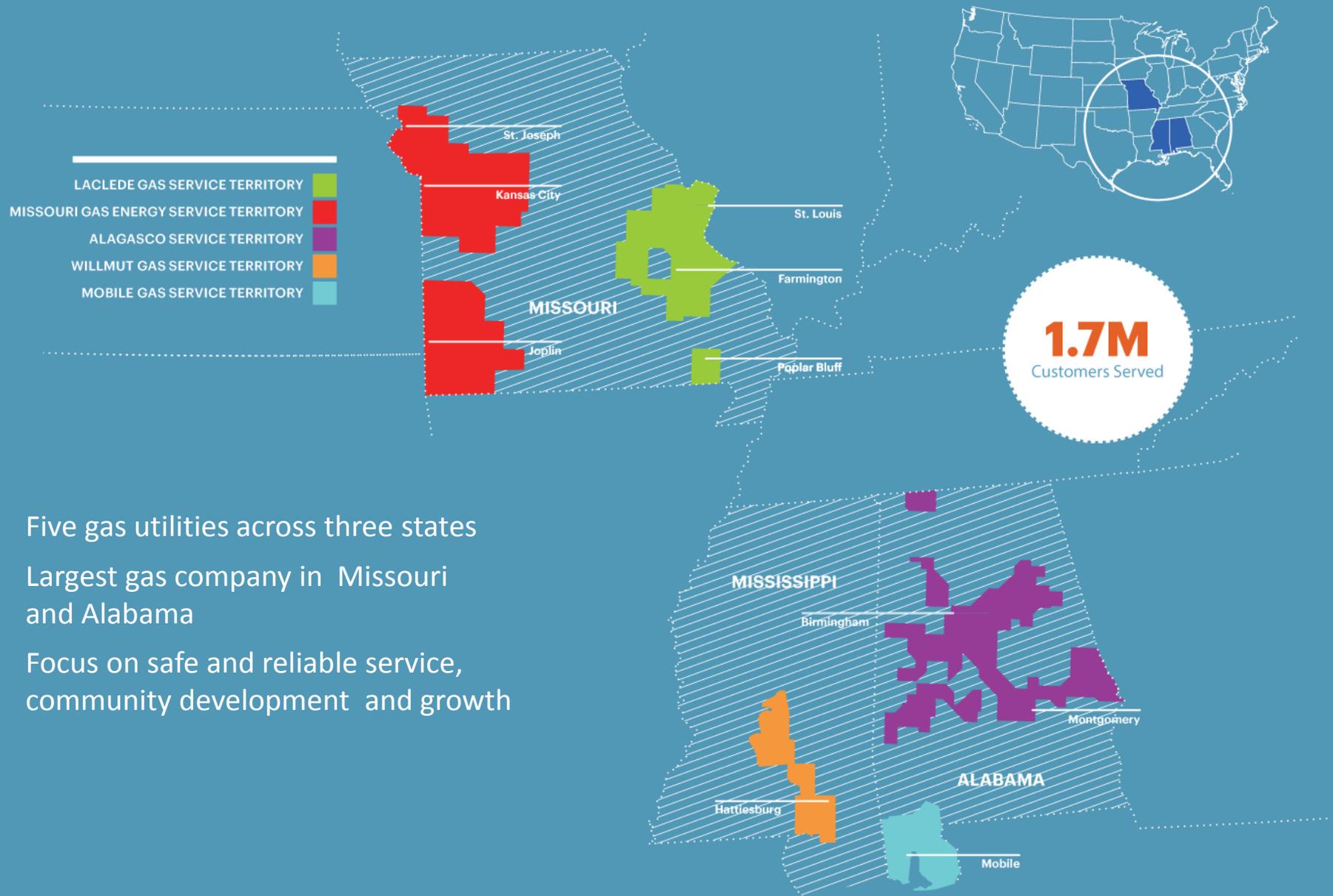
ACQUISITION SUMMARY

- Acquiring Mobile Gas and Willmut Gas from Sempra U.S. Gas & Power
- \$344 million transaction value represents 11.3 times LTM Adjusted EBITDA
- Permanent financing to include balanced mix of debt and equity
- Targeting close in 2016
- Close subject to customary closing conditions and regulatory approvals

A STRATEGIC ACQUISITION

Grows our Gas Utility Business	<ul style="list-style-type: none">• Supports gas utility growth via capital investment and organic growth• Increases scale of regulated business, adds 104,000 natural gas customers• Adds growing commercial and industrial customer load
Delivers on Customer and Community Benefits	<ul style="list-style-type: none">• Continues our focus on safe, reliable and efficient service• Builds on shared values of active civic engagement and community support• Mobile Gas and Willmut Gas will remain active corporate citizens in the communities they serve
Expands Existing Southern Footprint	<ul style="list-style-type: none">• Builds on Alagasco's success and working relationships in Alabama• Expands within a highly rated regulatory environment to serve ~60% of all natural gas customers in Alabama• Adds Mississippi, another state with a highly rated regulatory environment
Adds to Earnings and Cash Flow	<ul style="list-style-type: none">• Neutral to NEE per share in fiscal 2017 and accretive in fiscal 2018• Supports long-term annual NEE per share growth target of 4% - 6%• Cash flow supports investment, shareholder value and growing dividends

WE ARE A GAS COMPANY AT OUR CORE



OUR UTILITY PORTFOLIO

	Alagasco	Laclede Gas	MGE	Mobile Gas	Willmut Gas
Founded	1852	1857	1867	1836	1933
Primary Office	Birmingham	St. Louis	Kansas City	Mobile	Hattiesburg
Employees	909	1,614	555	219	45
Customers	420,000	647,000	501,000	85,000	19,000
Pipeline Miles	~23,000	~16,000	~14,000	~4,300	~1,200
Rate base	\$730 ¹	\$944 ²	\$551 ²	\$140 ¹	\$18 ²
ROE	10.85% ³	9.70% ⁴	9.75% ⁴	10.80%	9.23%

¹Year-end capitalization for RSE purposes as of 9/30/15 for Alagasco and Mobile Gas. RSE uses capitalization rather than rate base for ratemaking purposes.

²As filed, Laclede Gas (Case No. GR-2013-0171) and MGE (Case No. GR-2014-0007). Willmut rate base for RSA purposes at 6/30/15.

³Includes 5 basis-point adder for achievement of customer satisfaction ratings.

⁴MGE pre-tax rate of return and Laclede Gas ROE for ISRS filing purposes only.

TRANSACTION AND FINANCING

Transaction and Purchase Price

- Acquiring 100% of the outstanding equity of EnergySouth, Inc.
 - The parent of the utilities owned by Sempra U.S. Gas & Power, a unit of Sempra Energy
 - All non-utility businesses in EnergySouth will be retained by Sempra
- \$344 million value represents 11.3 times LTM Adjusted EBITDA of \$30.5 million¹
- Total cash at closing, subject to customary closing adjustments:
 - Contractual purchase price \$344 million
 - Estimated working capital 46 million
 - Debt assumed at closing (67) million
 - Estimated cash payment \$323 million
- Moelis & Company was the sole financial advisor on the transaction

Financing

- Permanent financing will include:
 - Assumption at close of \$67 million of Mobile Gas and Willmut Gas debt
 - A balanced mix of new Laclede Group equity and debt
 - Corporate cash and funds available under existing credit facilities
- Morgan Stanley will act as the lead on permanent financing

¹ Represents trailing twelve months as of 12/31/2015. EBITDA (in millions) equals net income of \$10.7, plus interest of \$3.3, plus income taxes of \$6.3, plus depreciation of \$9.4, plus due diligence adjustments of \$0.8.

EARNINGS AND GROWTH

- Earnings accretive beginning in fiscal 2018
 - Expected to be neutral to net economic earnings per share in fiscal 2017
 - Supports our long-term net economic earnings per share growth of 4% - 6%
- Cash flow supports growth in investments at the utilities
- Capital expenditures
 - 2015 run rate ~\$17 million annually
 - Incremental investment opportunities identified to support growing commercial and industrial load
 - Favorable regulatory recovery mechanisms in place
 - Alabama: RSE rate setting mechanism as well as CIMRF¹ for incremental cast iron replacement
 - Mississippi: RSA² formula plan which provides for annual rate performance reviews

¹ Cast Iron Main Replacement Factor mechanism provides an enhanced return on qualified replacements above a baseline

² Rate Stabilization Adjustment is a long-standing formula-based structure that provides for annual rate performance reviews



Energy exists to help people. To enrich their lives, grow their businesses, advance their communities. It's a simple idea, but it's one that's at the heart of our business.



APPENDIX



MOBILE GAS

- Founded 1836
- Serves Mobile County and city of Mobile, surrounding communities, and small area to the east
- Load is primarily commercial and industrial with growth potential
- 94% residential customer mix
- Gas supply details
 - Access to Gulf South, SESH, Bay Gas pipelines
 - 1 Bcf contracted storage with Bay Gas Storage
- ~4,300 miles of main and service lines

Key Statistics

Total Capitalization at 9/30/15 (millions)	\$140
Allowed ROE (fiscal 2016)	10.80%
Customers	85,000
Employees	219



WILLMUT GAS

- Founded 1933
- Serves Hattiesburg and dozens of other communities in south central Mississippi
- Primarily commercial and industrial load
- 85% residential customer mix
- Gas supply via Gulf South Pipeline and Tennessee Gas Pipeline
- ~1,200 miles of main and service lines

Key Statistics

Rate Base at 9/30/15 (millions)	\$18
Allowed ROE	9.23%
Customers	19,000
Employees	45

