



First Quarter 2019 Earnings Call

May 9, 2019





Important Information

Forward Looking Statements

Statements made in this presentation that are not based on historical facts are forward-looking, may involve risks and uncertainties, and are intended to be as of the date when made. Forward-looking statements include, but are not limited to, statements relating to the expected financial and operational benefits of the merger of Great Plains Energy Incorporated (Great Plains Energy) and Westar Energy, Inc. (Westar Energy) that resulted in the creation of Evergy, Inc. (Evergy) (including cost savings, operational efficiencies and the impact of the merger on earnings per share), cost estimates of capital projects, dividend growth, share repurchases, balance sheet and credit ratings, rebates to customers, the outcome of regulatory and legal proceedings, employee issues and other matters affecting future operations.

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, Evergy, Westar Energy and Kansas City Power & Light Company (KCP&L) are providing a number of important factors that could cause actual results to differ materially from the provided forward-looking information. These important factors include: future economic conditions and any related impact on sales, prices and costs; prices and availability of electricity in wholesale markets; market perception of the energy industry, Evergy, Westar Energy and KCP&L; changes in business strategy or operations; the impact of unpredictable federal, state and local political, legislative, judicial and regulatory actions or developments, including, deregulation, re-regulation and restructuring of the electric utility industry; decisions of regulators regarding rates that Westar Energy and KCP&L (or other regulated subsidiaries of Evergy) can charge for electricity; changes in applicable laws, regulations, rules, principles or practices, or the interpretations thereof, governing tax, accounting and environmental matters, including air and water quality and waste management and disposal; changes in the energy trading markets in which Westar Energy and KCP&L participate, including retroactive repricing of transactions by regional transmission organizations and independent system operators; the impact of climate change, including reduced demand for coal-based energy because of actual or perceived climate impacts and the development of alternate energy sources; financial market conditions and performance, including changes in interest rates and credit spreads and in availability and cost of capital and the effects on derivatives and hedges, nuclear decommissioning trust and pension plan assets and costs; impairments of long-lived assets or goodwill; credit ratings; inflation rates; effectiveness of risk management policies and procedures and the ability of counterparties to satisfy their contractual commitments; impact of terrorist acts, including cyber terrorism; ability to carry out marketing and sales plans; weather conditions, including weather-related damage and the impact on sales, prices and costs; cost, availability, quality and timely provision of equipment, supplies, labor and fuel; the inherent uncertainties in estimating the effects of weather, economic conditions, climate change and other factors on customer consumption and financial results; ability to achieve generation goals and the occurrence and duration of planned and unplanned generation outages; delays in the anticipated in-service dates and cost increases of generation, transmission, distribution or other projects; Evergy's ability to successfully manage its transmission and distribution development plans and its transmission joint ventures; the inherent risks associated with the ownership and operation of a nuclear facility, including environmental, health, safety, regulatory and financial risks; workforce risks, including increased costs of retirement, health care and other benefits; the possibility that the expected value creation from the merger will not be realized, or will not be realized within the expected time period; difficulties related to the integration of the two companies; disruption from the merger making it more difficult to maintain relationships with customers, employees, regulators or suppliers; the diversion of management time; and other risks and uncertainties.

This list of factors is not all-inclusive because it is not possible to predict all factors. Additional risks and uncertainties are discussed from time to time in quarterly reports on Form 10-Q and annual reports on Form 10-K filed by Evergy, KCP&L and Westar Energy with the SEC. Each forward-looking statement speaks only as of the date of the particular statement. Evergy, KCP&L and Westar Energy undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Non-GAAP Financial Measures

Evergy uses adjusted EPS (non-GAAP) and adjusted O&M projections (non-GAAP) to evaluate and project financial performance without the costs resulting from rebranding and voluntary severance. This information is intended to enhance an investor's overall understanding of results. Adjusted EPS (non-GAAP) and adjusted O&M projections (non-GAAP) are financial measures that are not calculated in accordance with GAAP and may not be comparable to other companies' presentations of similarly-named measures or more useful than the GAAP information.

A reconciliation of adjusted first quarter 2019 and 2018 EPS (non-GAAP) to first quarter 2019 and 2018 EPS (GAAP), 2019 adjusted EPS guidance (non-GAAP) to 2019 EPS guidance (GAAP) and adjusted O&M projections (non-GAAP) to O&M projections (GAAP) are included in the appendix.



Agenda

Business Update

Terry Bassham, President & CEO

- First quarter highlights
- Business update
- Investment outlook

Financial Update

Tony Somma, EVP - CFO

- First quarter earnings drivers
- Finance activities
- Summary



Business Update

Terry Bassham

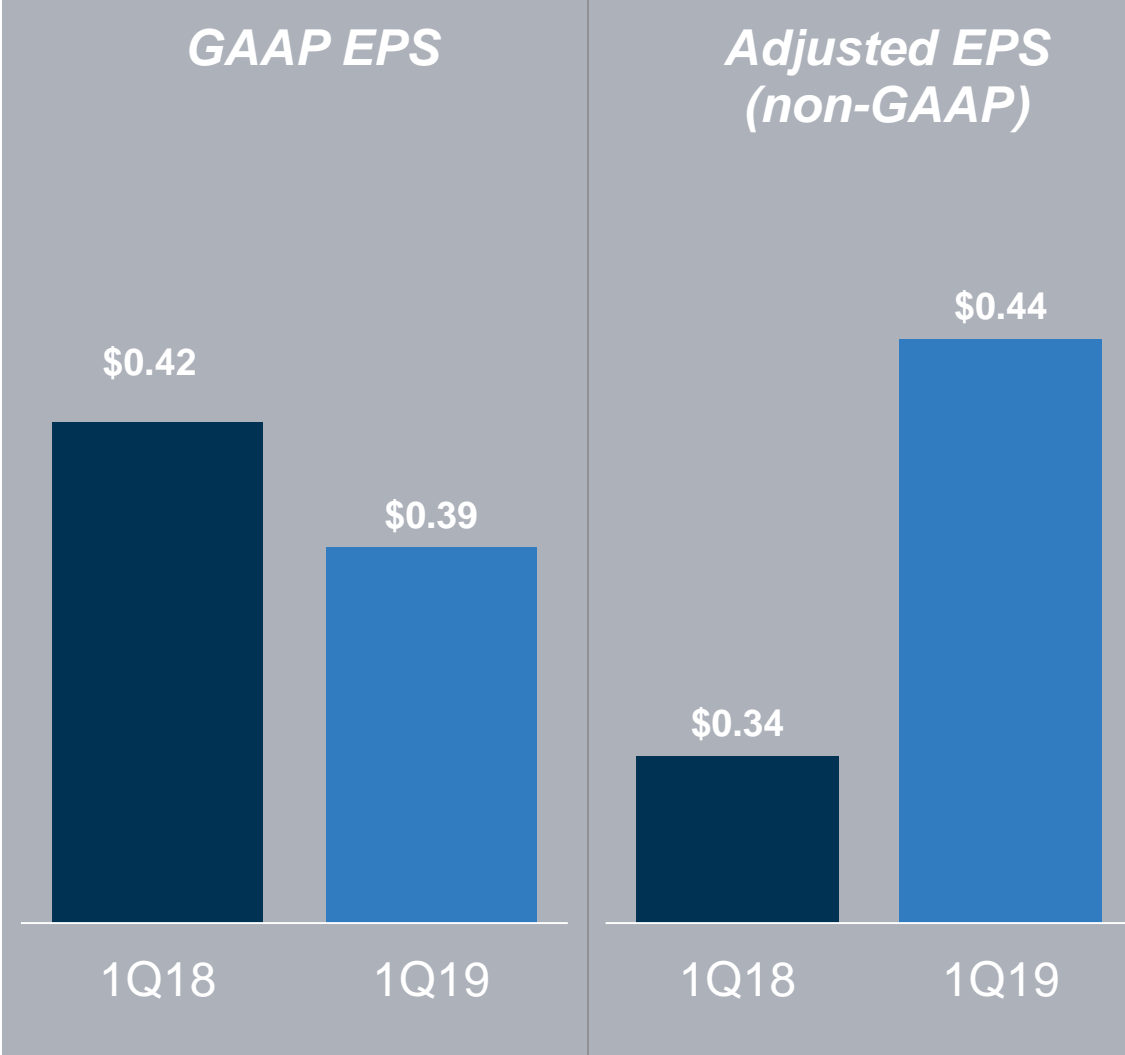
President & CEO



First Quarter Highlights

- **First quarter 2019 results**
 - GAAP EPS: \$0.39
 - Adjusted EPS(Non-GAAP): \$0.44¹
- **Executing cost reductions and share repurchases**
- **January storm**
 - Largest storm since 2002
 - Impacted around 200,000 customers
 - O&M cost of ~\$13M
- **March flood impact kept to minimum**

1. See appendix for reconciliation to most comparable GAAP information.



Regulatory and Legislative Update

- **KS Senate Bill 69**
 - Signed by Governor Kelly in April
 - Authorizes independent third party to conduct retail rate study
 - Findings to be delivered beginning in early 2020
- **MO Sibley Complaint**
 - Direct testimony filed in April
 - Rebuttal testimony to be filed in May
 - Hearings in July
 - Commission order expected by early September
 - Docket: EC-2019-0200





Delivering on Strategic Priorities



Merger savings

- Remain confident in achieving our 2019 annual target



Share repurchases

- Executing dollar-cost average strategy
- On track to repurchase targeted 60M shares by mid-2020



Attractive TSR potential with reduced regulatory risk

- Targeted 5% to 7% EPS CAGR 2019 to 2023¹
- Indicated annualized dividend of \$1.90 per share lands in middle of targeted 60% to 70% pay-out ratio¹

1. Based on mid-point of 2019 adjusted (non-GAAP) earnings guidance of \$2.90. See appendix for reconciliation and most comparable GAAP information.



Positioning for the Future with Flexibility

Protecting downside while targeting competitive shareholder return

Keep customer bills low while delivering a reliable product

- Enhance constructive relationships with customers and regulators
- Deliver on merger commitments and efficiencies
 - Reliability Metrics
 - 4 & 5 year rate case stay-outs
- Be customers preferred provider

Preserve flexibility of future capital allocation

- Reallocation of CapEx plan or incremental infrastructure to benefit customers utilizing Missouri PISA
 - Grid modernization
 - Renewables
- Reduce holding company debt

Deliver competitive shareholder returns

- Operational efficiencies
- Target EPS growth of 5% to 7% through 2023¹
- Target dividend pay-out range of 60% to 70% and growth inline with EPS growth

Financial Update

Tony Somma

EVP - CFO

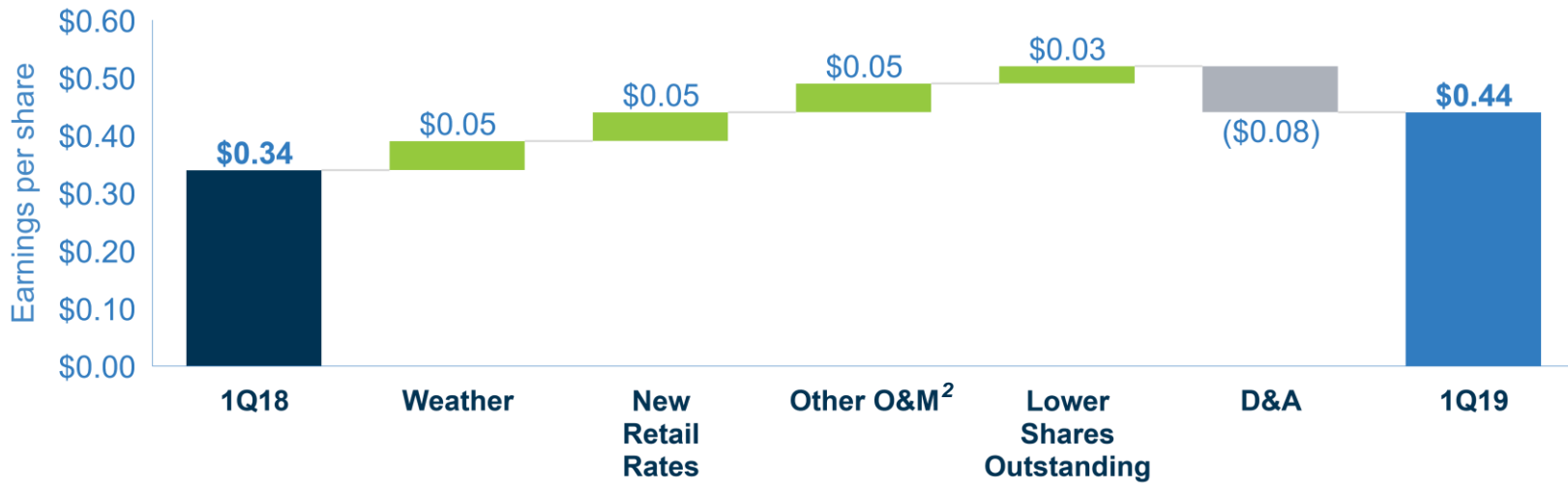


First Quarter Results

GAAP EPS: 1Q19 \$0.39 vs 1Q18 \$0.42

- + Inclusion of KCP&L and GMO's results in 2019
- + Higher Westar retail sales driven by colder weather
- + Lower Westar O&M
- Higher Westar depreciation expense
- Dilution from higher number of weighted average shares outstanding

Adjusted EPS (non-GAAP) ¹ Drivers



Variance Drivers

- ▲ Gross Margin \$22M higher, due to favorable weather and new retail rates net of the 2018 provision for rate refund for the lower corporate tax rate
- ▲ O&M \$30M lower driven by cost reduction efforts (excludes ~\$15M in severance expense)¹
- ▼ D&A \$30M higher primarily from new depreciation rates reflected in new retail rates
- ▲ Accretion from lower shares outstanding
 1Q19: ~253M
 1Q18: ~272M



Finance Activities

- **Utility Debt**
 - In March, issued \$400M of KCP&L bonds
 - Upcoming KG&E \$300M maturity in June

- **Holding Company Debt**
 - In March, entered into \$1B term loan that expires in September
 - Bridges gap until we issue projected \$1.5B holding company debt later this year

- **Share Repurchases**
 - Repurchased over 10M shares in first quarter
 - In March, entered into a \$450M ASR agreement
 - At end of April, total repurchases of around 46% of 60M share target

Share Repurchases		
<i>as of 3/31/19</i>		
Period	Total Number of Shares Purchased Under Programs	Maximum Number of Shares that May Yet Be Purchased Under Programs
2018	16,368,363	43,631,637
1Q19	10,548,060	33,083,577
Total	26,916,423	33,083,577



Summary

- **Affirm 2019 adjusted EPS guidance¹ range of \$2.80 to \$3.00**
- **Remain focused on**
 - Cost reduction efforts and share repurchases
 - Capital investment that minimizes regulatory lag and maintains competitive customer rates
 - Earning allowed returns and maintaining flexibility in the future
 - Delivering attractive total return potential
 - Targeted long-term EPS CAGR of 5% to 7%²
 - Targeted dividend growth inline with EPS and long-term pay-out ratio of 60% to 70%

1. Adjusted EPS is a non-GAAP financial measure. A reconciliation of 2019 adjusted EPS guidance (non-GAAP) to 2019 EPS guidance, the most comparable GAAP measure, is included in the appendix.
2. Based on mid-point of 2019 adjusted EPS guidance (non-GAAP) of \$2.90 through 2023. See appendix for reconciliation to most comparable GAAP information.

Appendix





Investment Outlook

- 2019 GAAP EPS Guidance: \$2.70 - \$2.90

2019 Adjusted EPS Guidance¹: \$2.80 - \$3.00

Retail electric sales:	<ul style="list-style-type: none"> • Weather normalized growth of 0 to 50 bps
Adjusted O&M expense ² :	<ul style="list-style-type: none"> • Targeting \$1.2B +/- 2%
Depreciation expense:	<ul style="list-style-type: none"> • \$80M to \$90M higher than 2018 pro forma D&A
Interest expense:	<ul style="list-style-type: none"> • Refinancing of ~\$700M in long-term utility debt maturities • Expect to issue ~\$1.5B of holding company debt
Non-operating income (expense) ³ :	<ul style="list-style-type: none"> • COLI proceeds of ~\$23M
Effective tax rate:	<ul style="list-style-type: none"> • 12% – 14%
Avg annual shares outstanding:	<ul style="list-style-type: none"> • 240M +/- 2%

1. 2019 adjusted EPS is a non-GAAP financial measure. A reconciliation of 2019 adjusted EPS guidance (non-GAAP) to 2019 EPS guidance, the most comparable GAAP measure, is included on slide 17.
2. Adjusted O&M projection (non-GAAP) excludes anticipated costs resulting from rebranding and voluntary severance. A reconciliation of Adjusted O&M projection (non-GAAP) to O&M projection is included on slide 17. Does not include non-service pension cost reclassified to non-operating expense beginning in 2018.
3. Non-operating income (expense) now includes non-service pension cost reclassified from O&M expense beginning in 2018.



2018/2019 EPS: GAAP to Non-GAAP Reconciliation

	Earnings (Loss)		Earnings (Loss) per Diluted Share	
	2019	2018	2019	2018
(millions, except per share amounts)				
Net income attributable to Evergy, Inc. ¹	\$ 99.5	\$ 60.5	\$ 0.39	\$ 0.42
Pro forma adjustments ^(a) :				
Great Plains Energy earnings prior to merger	—	35.0	—	0.13
Great Plains Energy shares prior to merger	n/a	n/a	—	(0.20)
Non-recurring merger costs and other	—	(3.6)	—	(0.01)
Pro forma net income attributable to Evergy, Inc. ²	\$ 99.5	\$ 91.9	\$ 0.39	\$ 0.34
Non-GAAP reconciling items:				
Rebranding costs, pre-tax ^(b)	0.2	—	—	—
Voluntary severance costs, pre tax ^(c)	14.8	—	0.06	—
Income tax benefit ^(d)	(3.4)	—	(0.01)	—
Adjusted earnings (non-GAAP) ²	\$ 111.1	\$ 91.9	\$ 0.44	\$ 0.34

- (a) Reflects pro forma adjustments made in accordance with Article 11 of Regulation S-X and Accounting Standards Codification (ASC) 805 - *Business Combinations*. The unaudited pro forma financial information has been presented for illustrative purposes only and is not necessarily indicative of the consolidated results of operations that would have been achieved or the future consolidated results of operations of Evergy.
- (b) Reflects external costs incurred to rebrand the legacy Westar Energy and KCP&L utility brands to Evergy and are included in operating and maintenance expense on the consolidated statements of comprehensive income.
- (c) Reflects voluntary severance costs incurred associated with various severance programs at the Evergy Companies and are included in operating and maintenance expense on the consolidated statements of comprehensive income.
- (d) Reflects an income tax effect calculated at a 26.1% statutory rate, with the exception of certain non-deductible items.



2019 EPS Guidance: GAAP to Non-GAAP Reconciliation¹

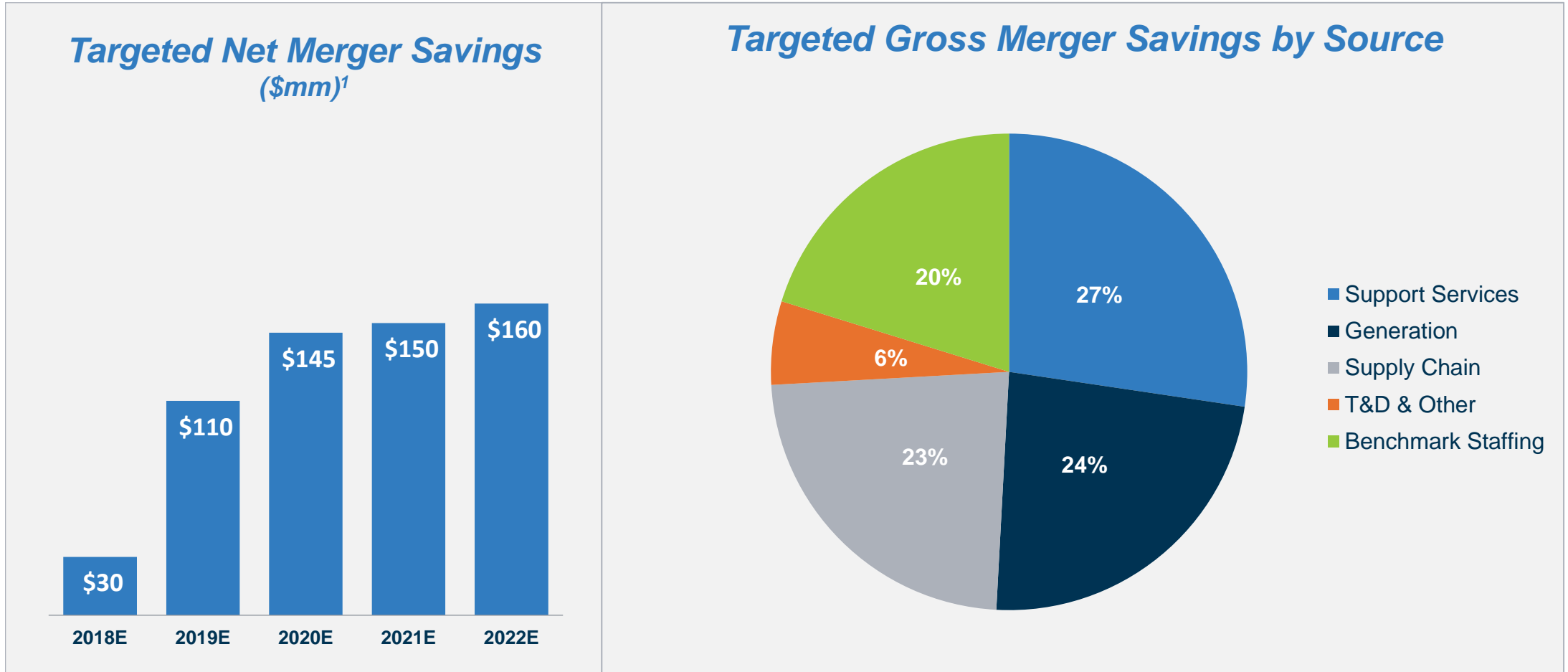
2019 EPS Guidance²	
2019 GAAP EPS	\$2.70 - \$2.90
Severance expense	0.05
Rebranding costs	0.06
2019 Adjusted EPS (non-GAAP)	\$2.80 - \$3.00

2019 O&M Guidance (\$ in millions)	
2019 GAAP O&M	~\$1,235
Severance expense	\$15
Rebranding costs	\$20
2019 Adjusted O&M (non-GAAP)	\$1,200 +/- 2%

- Adjusted earnings per share guidance (non-GAAP) and adjusted O&M (non-GAAP) are financial measures that are not calculated in accordance with GAAP and may not be comparable to other companies' presentations of similarly-named measures or more useful than the GAAP information.
- 2019 EPS guidance assumes average annual outstanding share count of 240M +/- 2%

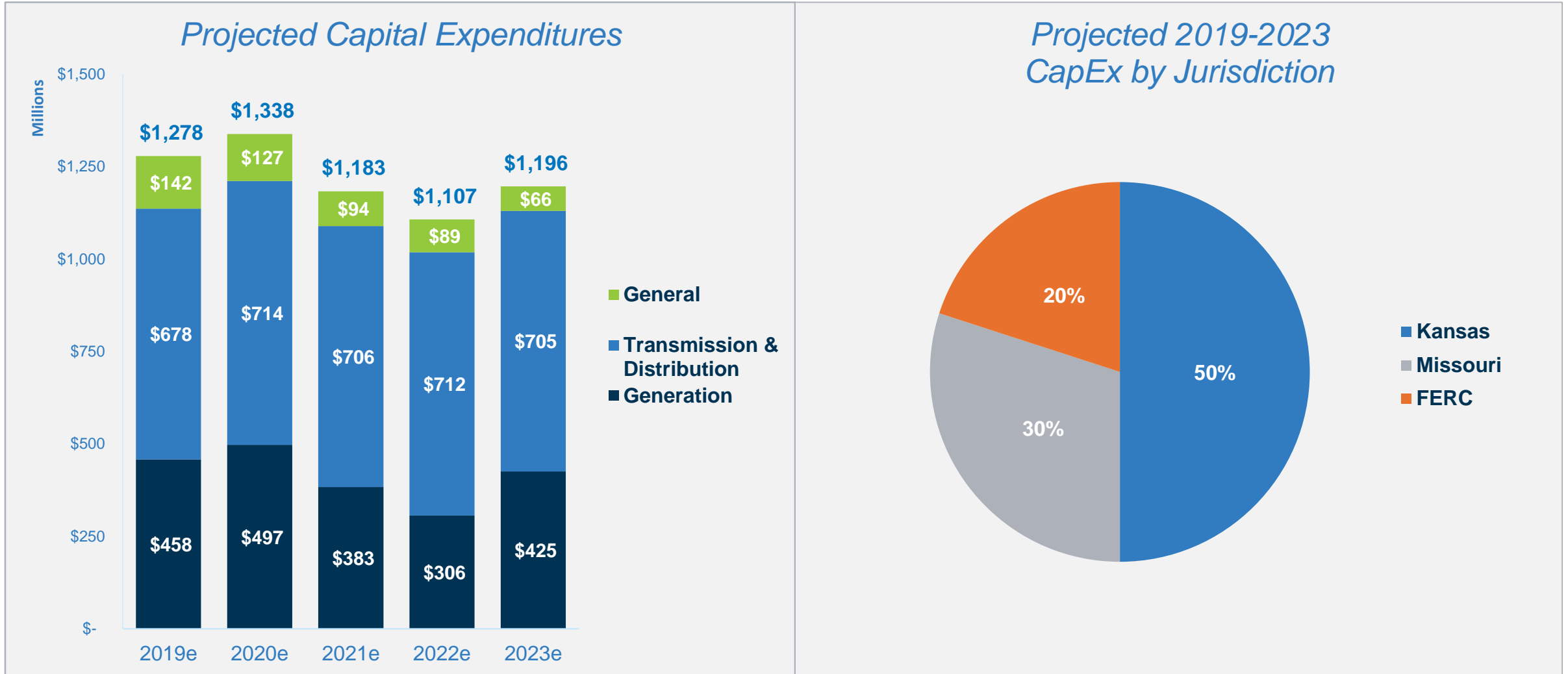


Merger Savings



1. Excludes Great Plains Energy plant retirements announced June 2017 and potential capital expenditure savings. Planned merger savings include non-fuel O&M and Other shown net of transition costs.

Over \$6B in Utility Investment 2019 to 2023



Credit Ratings and Debt Profile

Current Credit Ratings ¹	S&P Global	Moody's
<u>EVERGY</u>		
Outlook	Stable	Stable
Corporate Credit Rating	A-	
Senior Unsecured Debt	BBB+	Baa2
<u>WESTAR / KGE</u>		
Outlook	Stable	Stable
Senior Secured Debt	A	A2
Commercial Paper (Westar only)	A-2	P-2
<u>KCP&L</u>		
Outlook	Stable	Stable
Senior Secured Debt	A	A2
Senior Unsecured Debt	A-	Baa1
Commercial Paper	A-2	P-2
<u>GMO</u>		
Outlook	Stable	Stable
Senior Unsecured Debt	A-	Baa2
Commercial Paper	A-2	P-2

1. Ratings are not recommendations to buy, sell or hold securities. The ratings are subject to change or withdrawal at any time by the credit rating agencies.
 2. Includes long-term debt maturities through December 31, 2025.

