



Fourth Quarter 2018 Earnings Call

February 22, 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.



Important Information

Unaudited Pro Forma Financial Information

The unaudited pro forma financial information included in this press release has been presented for informational purposes only and is not necessarily indicative of Evergy's consolidated results of operations that would have been achieved or the future consolidated results of operations of Evergy. The unaudited pro forma financial information should be read in conjunction with Evergy's quarterly report on Form 10-K for the period ended December 31, 2018.

Non-GAAP Financial Measures

Evergy uses 2019 adjusted EPS guidance (non-GAAP) to evaluate earnings per share without the impact of rebranding costs and severance expense, which are transition expenses associated with the merger. Evergy uses 2019 adjusted O&M (non-GAAP) to evaluate O&M without the impact of rebranding costs and severance expense, which are transition expenses associated with the merger. Management believes the use of adjusted EPS guidance (non-GAAP) and adjusted O&M (non-GAAP) are useful in evaluating execution against financial goals related to the merger. Adjusted EPS 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.

A reconciliation of adjusted EPS guidance to projected earnings per share, the most comparable GAAP measure, and adjusted O&M to GAAP O&M are included in the appendix.



Agenda

Business Update

Terry Bassham, President & CEO

- 2018 highlights
- Merger and regulatory update
- Financial outlook

Financial Update

Tony Somma, EVP - CFO

- 2018 earnings results and drivers
- Share repurchases
- 2019 guidance and future financial targets



Business Update

Terry Bassham

President & CEO





2018 Highlights

- Closed the merger in June, immediately providing value to stakeholders
- Started delivering on merger savings targets
- Settled each of our four general rate reviews, reflecting tax reform benefits in rates
- Worked with stakeholders in Missouri towards the successful passing of Senate Bill 564
- Increased dividend to current indicative annualized rate of \$1.90
- Launched our share repurchase program
- Invested roughly \$1.1B in infrastructure to provide the quality service customers expect
- Retired over 1,500 MWs of end-of-life fossil generation, while adding 244 MWs of wind
- Reduced CO₂ emissions by 36% since 2005 levels
- 1st or 2nd quartile in customer reliability metrics for second consecutive year



Merger and Regulatory Update

Merger savings

- In line with 2018 expectations
- Targeting incremental merger savings year-over-year

Plant retirements

- Closed Montrose (KCP&L-MO) and Sibley (GMO) in December
- ~\$200M of potential cost savings over first five years
- Filed motion to dismiss OPC/MECG Sibley complaint in Missouri

Merger commitments

- Met with both KCC and MPSC for merger update
- Filed reports on merger savings, service quality metrics and a comprehensive study of Kansas rates

Kansas rate study

- Stipulated as part of merger settlement
- Presented to Kansas Senate and House committees in January

Investment Outlook

- 2019 adjusted EPS guidance: **\$2.80 - \$3.00**¹
- Targeted **EPS CAGR of 5% to 7% through 2023**, using base of 2019 adjusted EPS guidance mid-point of \$2.90
- Projected dividend growth in line with EPS, while targeted **payout ratio of 60% to 70%**



1. A reconciliation of 2019 adjusted EPS guidance (non-GAAP) to projected earnings per share, the most comparable GAAP measure, is included in the appendix.

Financial Update

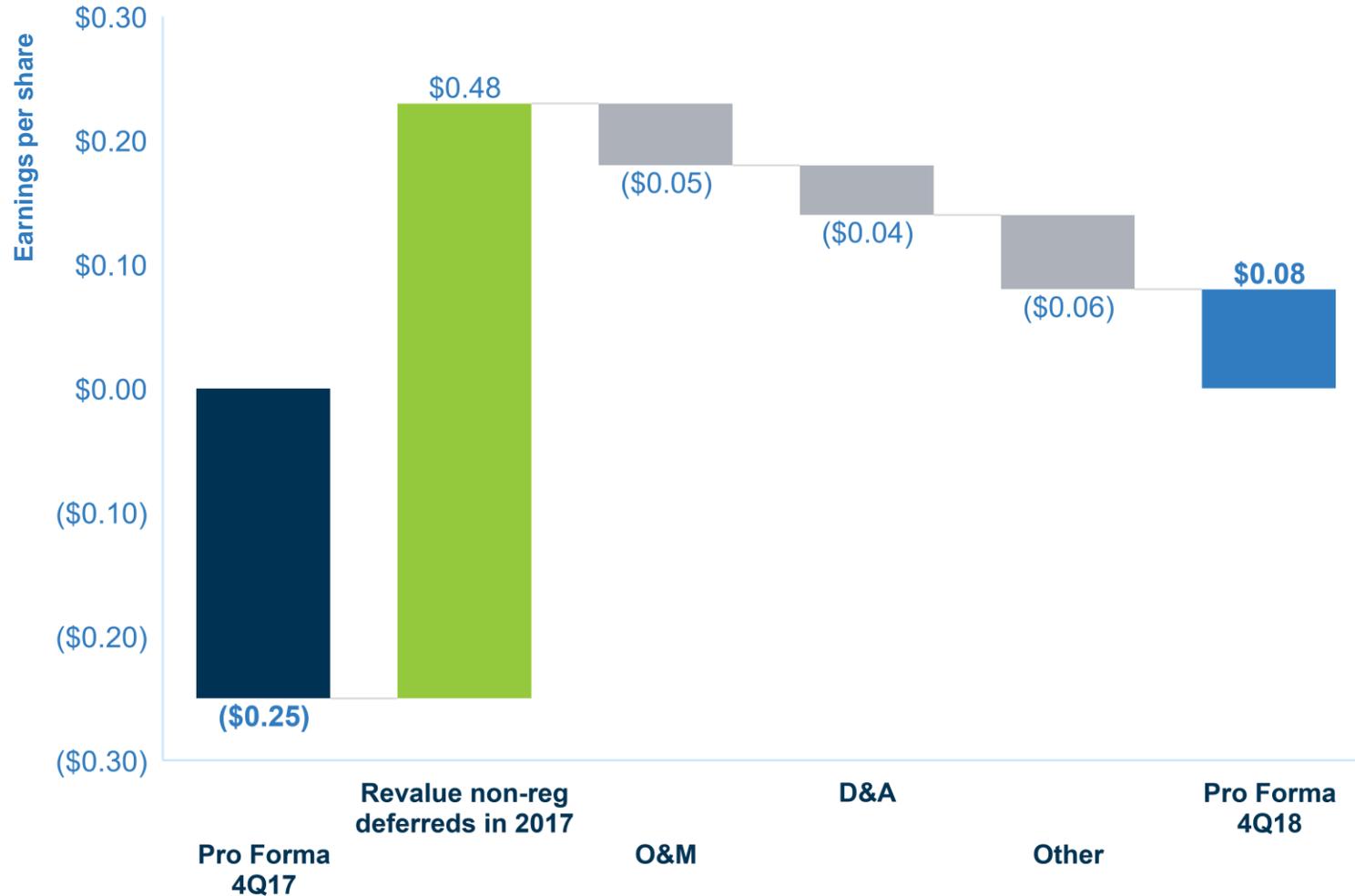
Tony Somma

EVP - CFO





Pro Forma Fourth Quarter Results¹

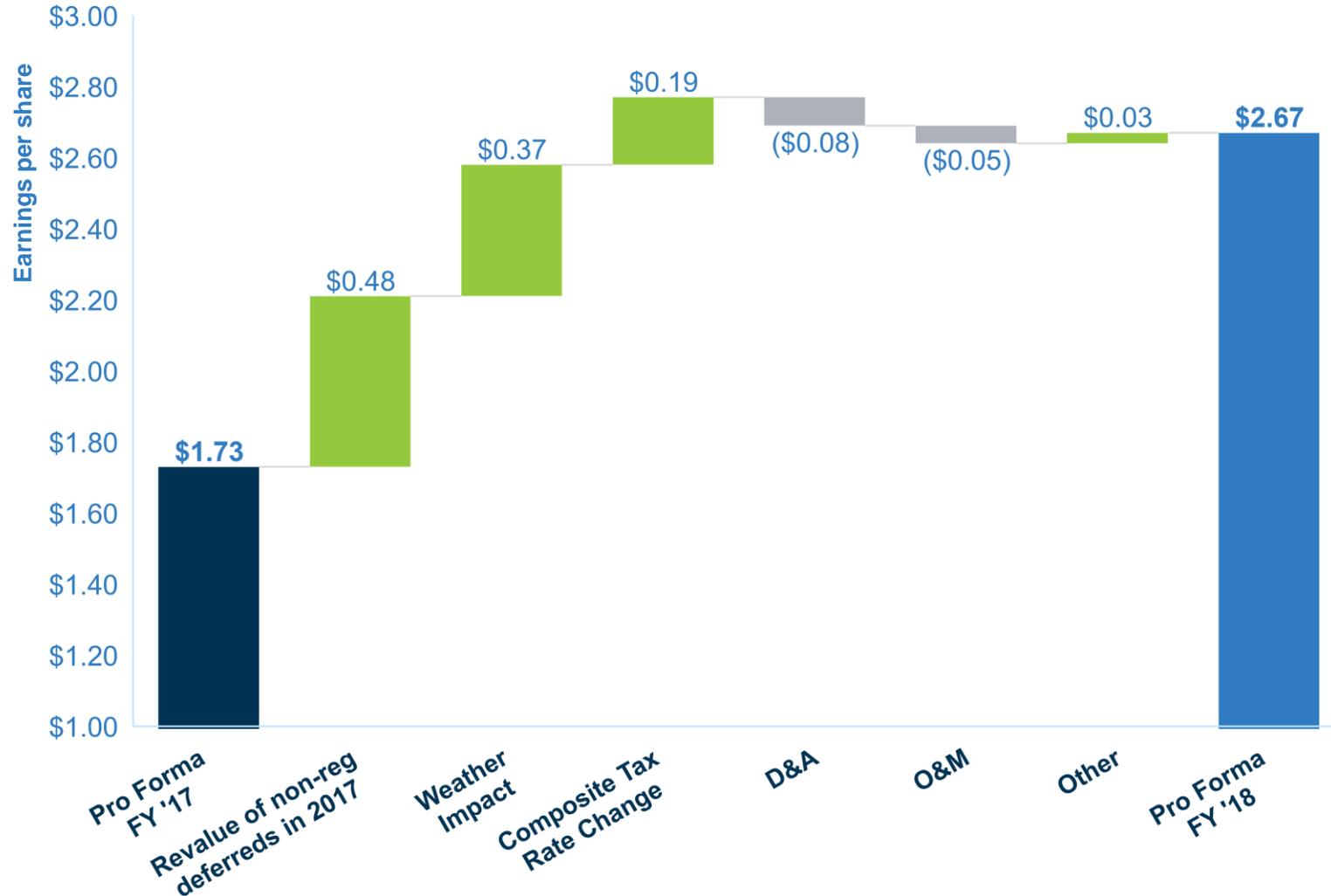


Variance Drivers

- Lower income tax expense due to revaluation of non-utility deferred income taxes in 2017 resulting from tax reform
- O&M includes \$7M for voluntary severance expense and \$19M of plant inventory write-offs
- Other includes
 - On-going annual bill credits in Kansas
 - Impact of less interest income from cash on hand
 - Lower industrial sales primarily due to large customer outages
 - COLI proceeds of ~\$8M
 - Lower shares outstanding
- Pro forma shares
 - 4Q18: ~262M
 - 4Q17: ~272M



Pro Forma Full Year Results¹



Variance Drivers

- Lower income tax expense due to revaluation of non-utility deferred income taxes in 2017 resulting from tax reform
- Increased sales due primarily to favorable weather
- Revaluation of Westar's deferred income taxes based on Evergy's composite tax rate
- O&M includes \$23M for voluntary severance expense and \$31M of plant inventory write-offs
- Other includes
 - \$0.06 of lower income tax expense net of tax refund obligation
 - On-going annual bill credits in Kansas
 - Lower shares outstanding
- Pro forma shares
 - FY18: ~268M
 - FY17: ~272M



Share Repurchases

2018 Share Repurchases		
Month	Total Number of Shares Purchased Under Programs	Maximum Number of Shares that May Yet Be Purchased Under Programs
July	—	N/A
August	6,496,849	53,503,151
September	398,224	53,104,927
October	1,341,183	51,763,744
November	1,228,939	50,534,805
December	6,903,168	43,631,637
Total	16,368,363	43,631,637

Highlights

- Entered into share repurchase agreements with a financial institution in November 2018
 - In December, the institution delivered 6.4M shares as partial settlement of the accelerated share repurchase agreement
 - Expect total repurchases of ~19 million shares by early March 2019
- Expect to issue \$1.5 billion of holding company debt in 2019
 - In December, entered into an interest rate swap to hedge \$500M of expected debt



Target Updates

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

Retail electric sales:	• Weather normalized growth of 0 to 50 bps
Adjusted O&M expense ² :	• Targeting \$1.2B +/- 2%
Depreciation expense:	• \$80M to \$90M higher than 2018 pro forma D&A
Interest expense:	• Refinancing of ~\$700M in long-term utility debt maturities • Expect to issue ~\$1.5B of holding company debt
Non-operating income (expense) ³ :	• COLI proceeds of ~\$23M
Effective tax rate:	• 12% – 14%
Avg annual shares outstanding:	• 240M +/- 2%

- Adjusted EPS guidance range is a non-GAAP financial measure. A reconciliation 2019 adjusted EPS guidance (non-GAAP) to projected earnings per share, the most comparable GAAP measure, is included in the appendix.
- Adjusted O&M expense (non-GAAP) excludes anticipated costs associated with severance expense and rebranding Evergy companies resulting from the merger. A reconciliation to projected O&M is included in the appendix. Does not include non-service pension cost reclassified to non-operating expense beginning in 2018.
- Non-operating income (expense) now includes non-service pension cost reclassified from O&M expense beginning in 2018.

Five Year Outlook

- Over \$6B in CapEx 2019 to 2023
- Rate base growth of 2% to 3% through 2023
- Targeted EPS CAGR of 5% to 7% through 2023
 - Based on 2019 adjusted EPS guidance mid-point of \$2.90

Appendix





GAAP to Pro Forma 2018 Results

	4Q18 EPS	4Q17 EPS	2018 EPS	2017 EPS
GAAP EPS¹	\$0.07	\$0.24	\$2.50	\$2.27
Pro Forma Adjustments:				
Non-recurring merger transaction costs	0.01	0.02	0.28	0.05
One-time bill credits	-	-	0.17	-
GXP GAAP earnings prior to merger	-	(0.37)	0.35	(0.53)
GXP shares prior to merger	-	(0.12)	(0.50)	(1.08)
Original merger financing and other	-	(0.02)	(0.13)	1.02
Pro Forma EPS²	\$0.08	\$(0.25)	\$2.67	\$1.73

1. GAAP diluted shares outstanding: 4Q18 = ~262M; 4Q17 = ~143M; Full-year 2018 = ~214M; Full-year 2017 = ~143M
 2. Pro forma diluted shares outstanding: 4Q18 = ~262M; 4Q17 = ~272M; Full-year 2018 = ~268M; Full-year 2017 = ~272M



Reconciliation of GAAP to Non-GAAP Information¹

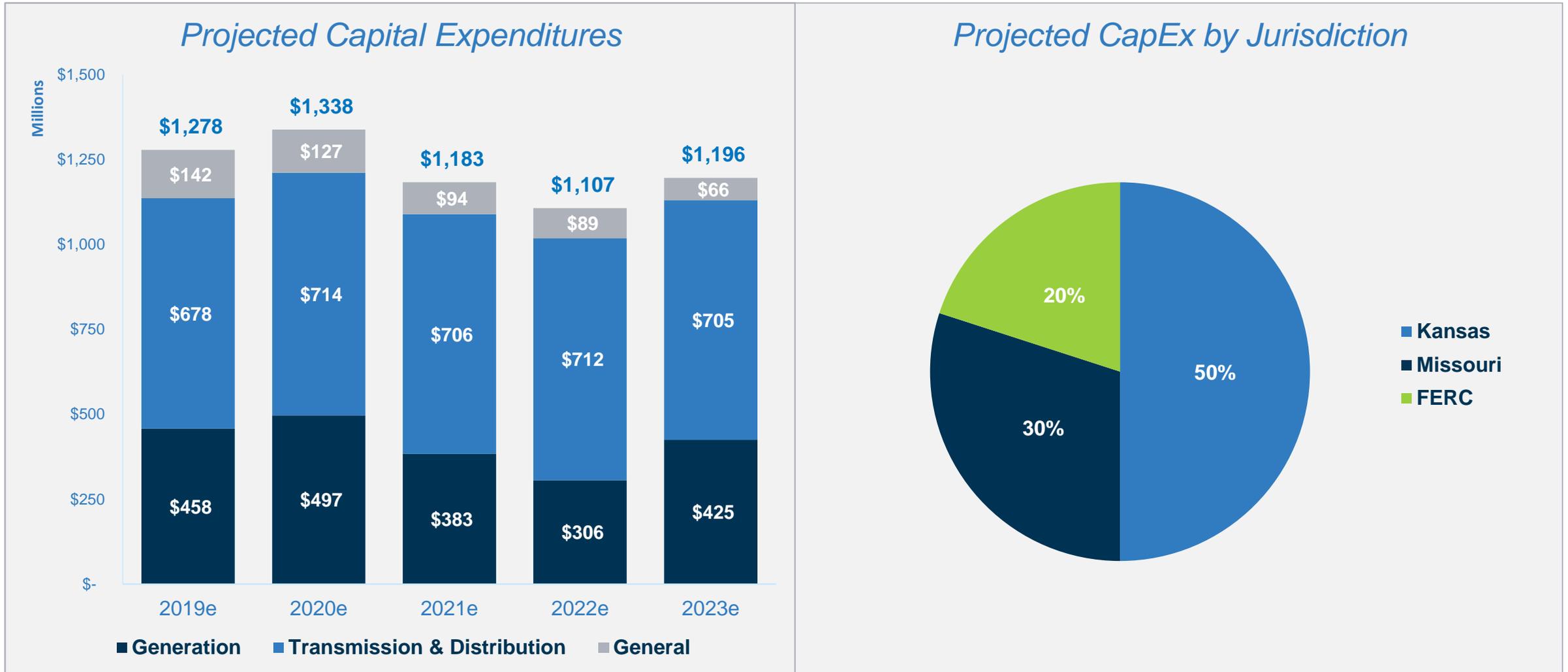
2019 EPS Guidance²	
2019 GAAP EPS	\$2.70 - \$2.90
Severance expense	0.04
Rebranding costs	0.06
2019 Adjusted EPS (non-GAAP)	\$2.80 - \$3.00

2019 O&M Guidance (\$ in millions)	
2019 GAAP O&M	~\$1,233
Severance expense	\$13
Rebranding costs	\$20
2019 Adjusted O&M (non-GAAP)	\$1,200 +/- 2%

1. 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.
2. 2019 EPS guidance assumes average annual outstanding share count of 235M to 240M

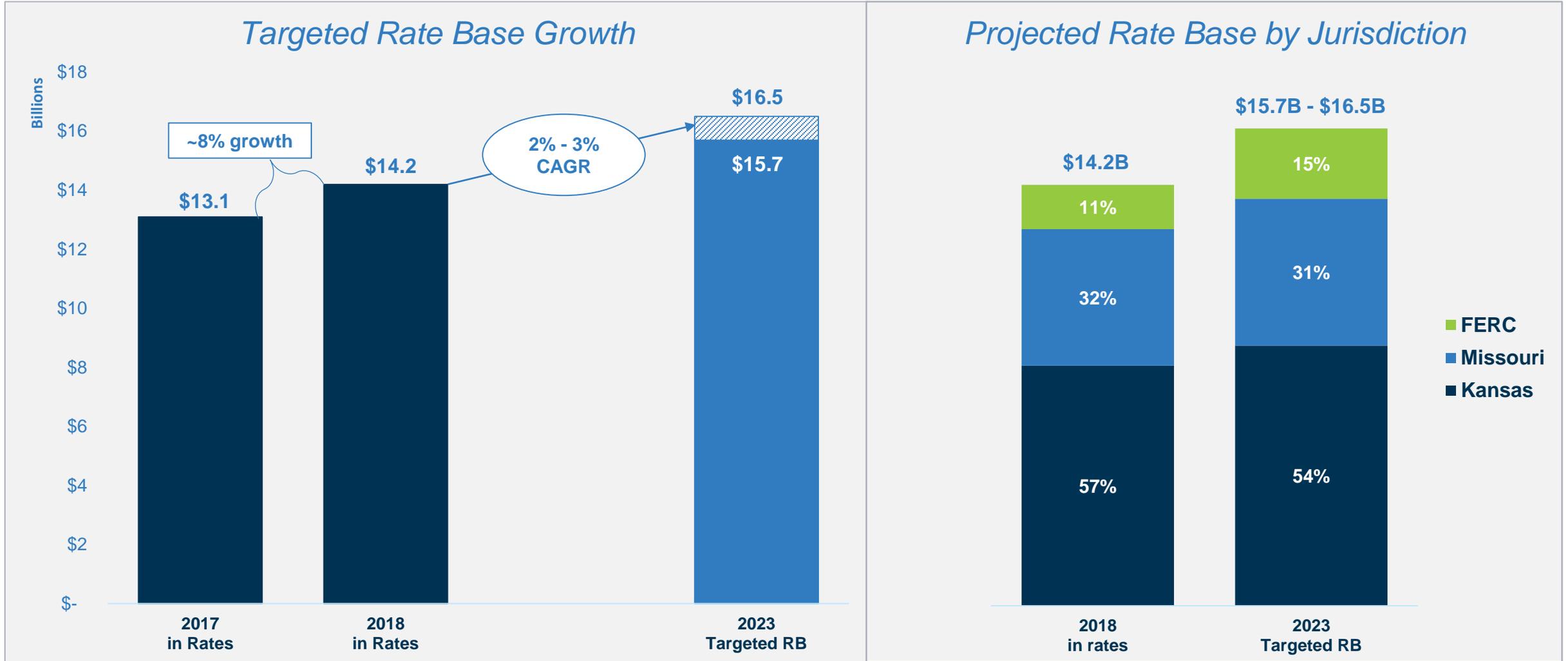


Utility Investment



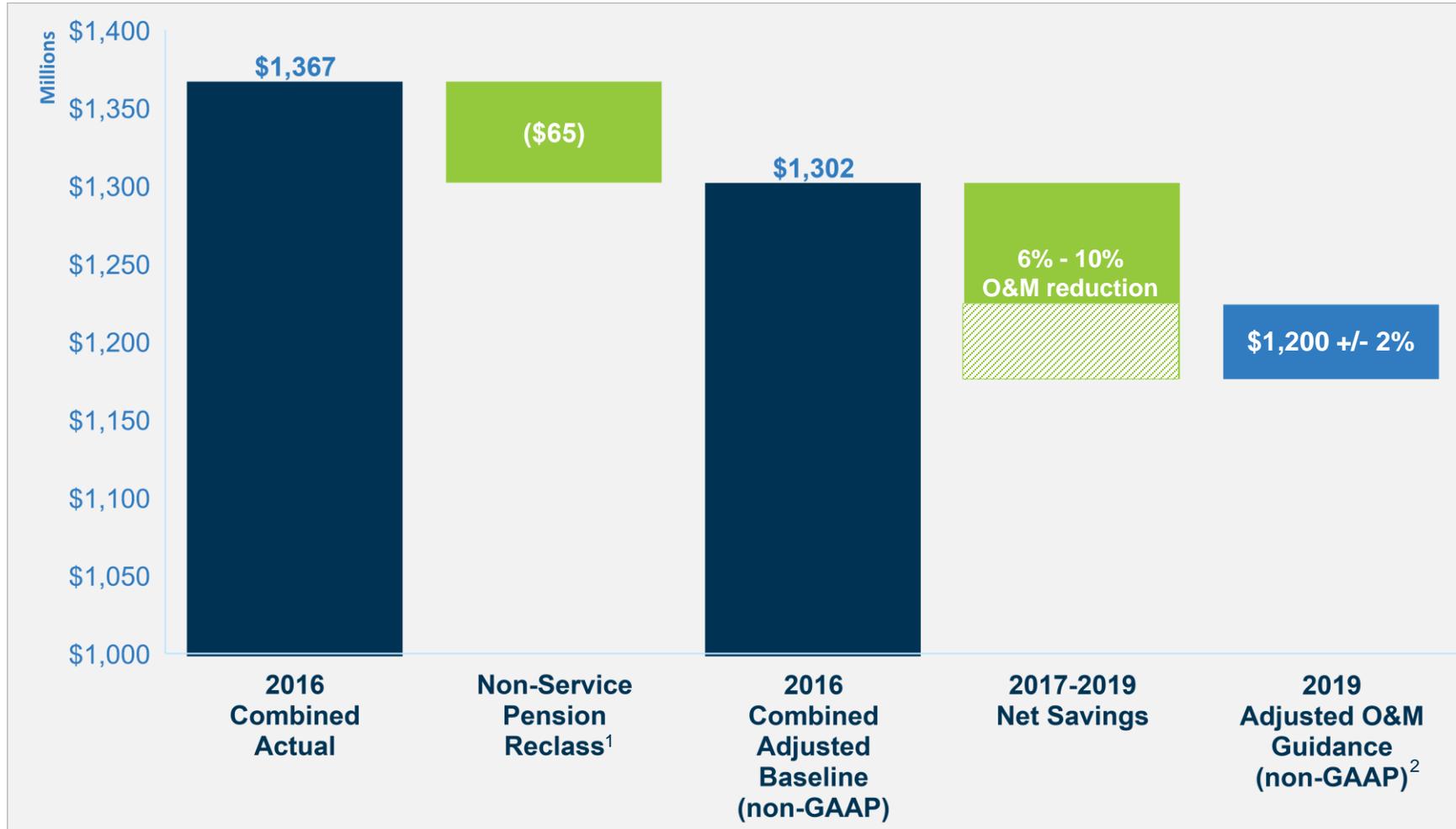


Rate Base Outlook





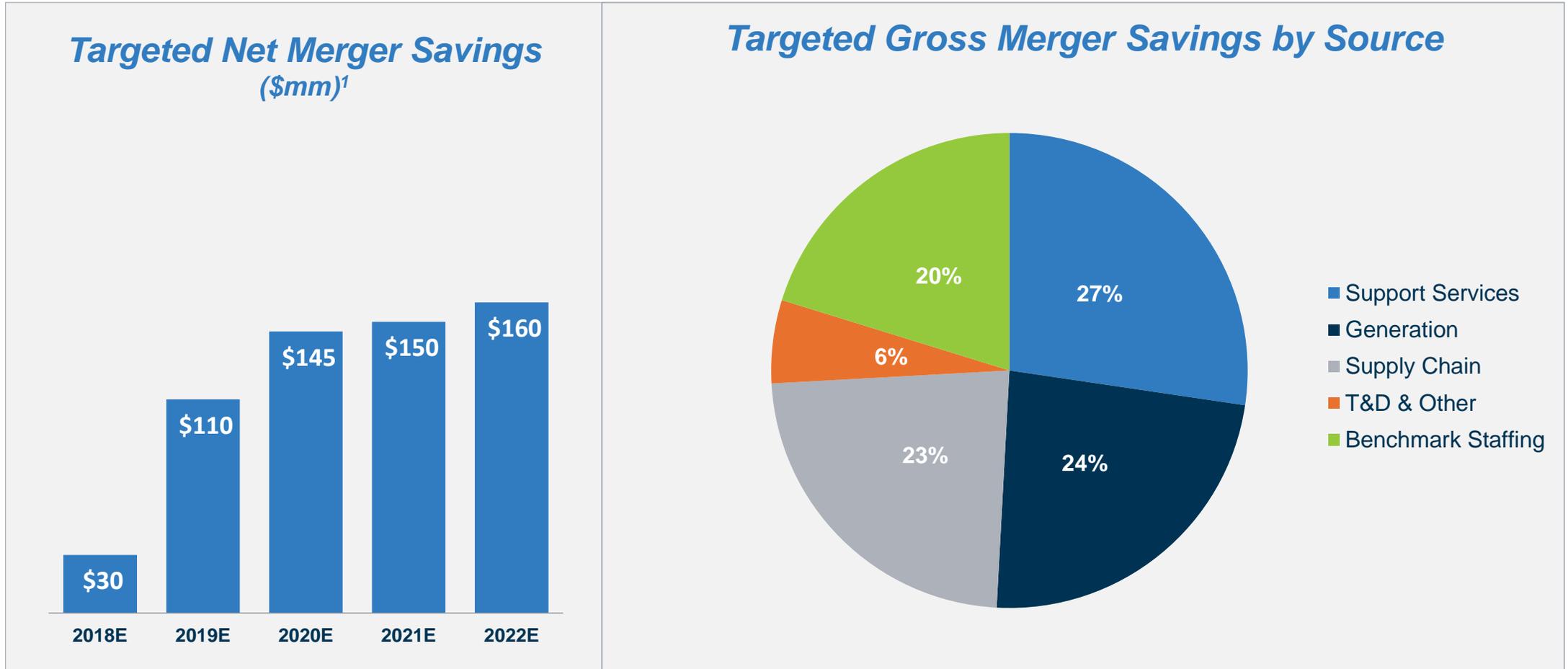
Operating and Maintenance Expense



1. Estimated impact of reclassification of non-service pension costs to non-operating expense beginning in 2018.
2. Excludes anticipated costs associated with severance expense and rebranding Evergy companies resulting from the merger.



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.

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.

