

# Second Quarter 2024 Earnings Call

*August 9, 2024*





# Important Information

## **Forward Looking Statements**

Statements made in this document 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 Evergy's strategic plan, including, without limitation, those related to earnings per share, dividend, operating and maintenance expense and capital investment goals; the outcome of legislative efforts and regulatory and legal proceedings; future energy demand; future power prices; plans with respect to existing and potential future generation resources; the availability and cost of generation resources and energy storage; target emissions reductions; and other matters relating to expected financial performance or affecting future operations. Forward-looking statements are often accompanied by forward-looking words such as "anticipates," "believes," "expects," "estimates," "forecasts," "should," "could," "may," "seeks," "intends," "proposed," "projects," "planned," "target," "outlook," "remain confident," "goal," "will" or other words of similar meaning. Forward-looking statements involve risks, uncertainties and other factors that could cause actual results to differ materially from the forward-looking information.

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, the Evergy Companies are providing a number of risks, uncertainties and other factors that could cause actual results to differ from the forward-looking information. These risks, uncertainties and other factors include, but are not limited to: economic and weather conditions and any impact on sales, prices and costs; changes in business strategy or operations; the impact of federal, state and local political, legislative, judicial and regulatory actions or developments, including deregulation, re-regulation, securitization and restructuring of the electric utility industry; decisions of regulators regarding, among other things, customer rates and the prudence of operational decisions such as capital expenditures and asset retirements; 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; the impact of climate change, including increased frequency and severity of significant weather events and the extent to which counterparties are willing to do business with, finance the operations of or purchase energy from the Evergy Companies due to the fact that the Evergy Companies operate coal-fired generation; prices and availability of electricity and natural gas in wholesale markets; market perception of the energy industry and the Evergy Companies; the impact of future pandemic health events on, among other things, sales, results of operations, financial position, liquidity and cash flows, and also on operational issues, such as supply chain issues and the availability and ability of the Evergy Companies' employees and suppliers to perform the functions that are necessary to operate the Evergy Companies; changes in the energy trading markets in which the Evergy Companies participate, including retroactive repricing of transactions by regional transmission organizations (RTO) and independent system operators; financial market conditions and performance, disruptions in the banking industry, including volatility 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 physical and cybersecurity breaches, criminal activity, terrorist attacks, acts of war and other disruptions to the Evergy Companies' facilities or information technology infrastructure or the facilities and infrastructure of third-party service providers on which the Evergy Companies rely; impact of geopolitical conflicts on the global energy market, including the ability to contract for non-Russian sourced uranium; ability to carry out marketing and sales plans; cost, availability, quality and timely provision of equipment, supplies, labor and fuel; impacts of tariffs; ability to achieve generation goals and the occurrence and duration of planned and unplanned generation outages; delays and cost increases of generation, transmission, distribution or other projects; the Evergy Companies' ability to manage their transmission and distribution development plans and 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 those related to the Evergy Companies' ability to attract and retain qualified personnel, maintain satisfactory relationships with their labor unions and manage costs of, or changes in, wages, retirement, health care and other benefits; disruption, costs and uncertainties caused by or related to the actions of individuals or entities, such as activist shareholders or special interest groups, that seek to influence Evergy's strategic plan, financial results or operations; the impact of changing expectations and demands of the Evergy Companies' customers, regulators, investors and stakeholders, including heightened emphasis on environmental, social and governance concerns; the possibility that strategic initiatives, including mergers, acquisitions and divestitures, and long-term financial plans, may not create the value that they are expected to achieve in a timely manner or at all; difficulties in maintaining relationships with customers, employees, regulators or suppliers; and other risks and uncertainties.

This list of factors is not all-inclusive because it is not possible to predict all factors. You should also carefully consider the information contained in the Evergy Companies' other filings with the Securities and Exchange Commission (SEC). Additional risks and uncertainties are discussed from time to time in current, quarterly and annual reports filed by the Evergy Companies with the SEC. New factors emerge from time to time, and it's not possible for the Evergy Companies to predict all such factors, nor can the Evergy Companies assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained or implied in any forward-looking statement. Given these uncertainties, undue reliance should not be placed on these forward-looking statements. The Evergy Companies undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

## **Non-GAAP Financial Measures**

Evergy uses adjusted earnings, adjusted earnings per share and adjusted O&M which are non-GAAP financial measures. A reconciliation of the non-GAAP measures to the most directly comparable GAAP measures are included in the appendix.

# Agenda

## **David Campbell, Chairman & CEO**

- Second quarter highlights
- Regulatory and legislative update

## **Geoffrey Ley, Acting CFO & Treasurer**

- Second quarter results
- Retail sales trends
- Financial outlook



# Business Update

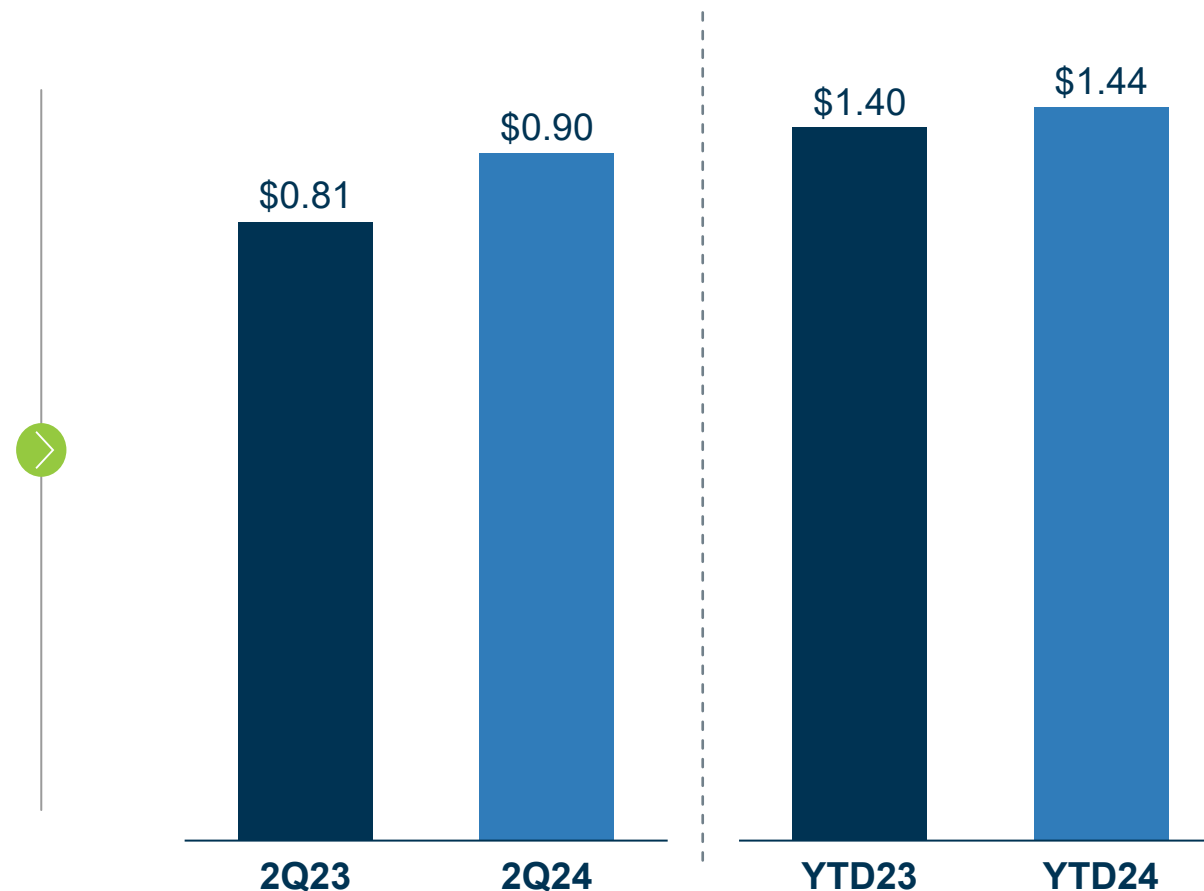
*David Campbell*  
*Chairman & CEO*



# Second Quarter Highlights

- **Second Quarter 2024 EPS**
  - GAAP: \$0.90
  - Adjusted<sup>1</sup>: \$0.90
- **Primary Earnings Drivers**
  - ↑ Sales, weather, new retail rates, transmission margin
  - ↓ O&M, D&A, interest expense
- **Geoff Ley** appointed Acting CFO, effective June 21
  - Conducting internal and external search for new CFO
- **Filed triennial integrated resource plans** in April and May in Missouri and Kansas, respectively
- **Reaffirming 2024 adjusted EPS<sup>1</sup> guidance** of \$3.73 - \$3.93 and long-term target of 4% to 6% adjusted EPS CAGR<sup>2</sup> through 2026

## Adjusted EPS<sup>1</sup>



**Well-positioned to execute on our adjusted EPS<sup>1</sup> growth target**

# Economic Development Wins



- Data center representing \$1 billion of investment, announced in March 2024
- Expected to reach full run-rate in 2028
- To be constructed in our Evergy Metro jurisdiction



- \$4 billion investment with 4,000 permanent jobs announced in July 2022
- Expected to be one of the world's largest EV battery manufacturing plants and reach full run-rate in 2026
- Under construction in our Evergy Kansas Central jurisdiction



- Data center representing \$800 million of investment
- Expected to reach full run-rate in 2027
- Under construction in our Evergy Missouri West jurisdiction

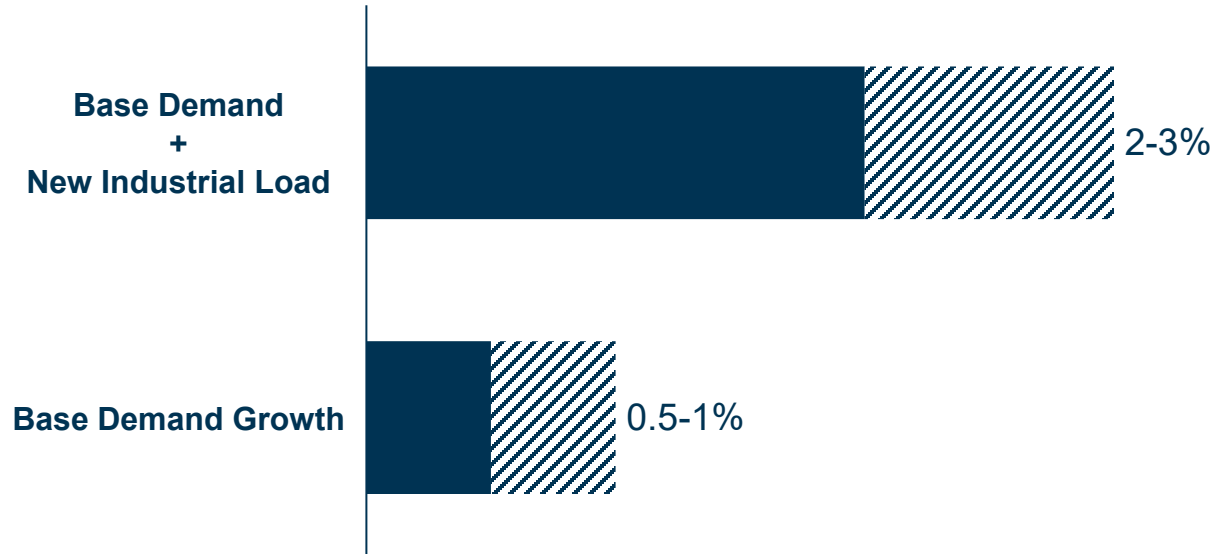
**Combined, these projects represent upwards of approximately 750 megawatts of load; Google, Panasonic and Meta will be the largest customers in their respective jurisdictions by a large margin**

***Economic development pipeline remains robust, with projects representing more than 6 gigawatts of incremental demand actively considering our service territories***

# Demand Growth Outlook

## Weather-Normalized Demand Growth

2023-2028E CAGR



## Recent Successes



*Demand impact from new industrial and data center demand drives 2-3% annual load growth forecast through 2028*

# Regulatory & Legislative Updates



## Kansas

- **Electric Infrastructure Investment Bill (HB 2527):** became effective July 1; introduces Plant-In-Service Accounting (PISA) with 90% deferral and Construction Work in Progress (CWIP) for natural gas generation
- **Capital Structure Workshop:** session to be held in the 4<sup>th</sup> quarter
- **Integrated Resource Plan:** filed triennial update on May 17



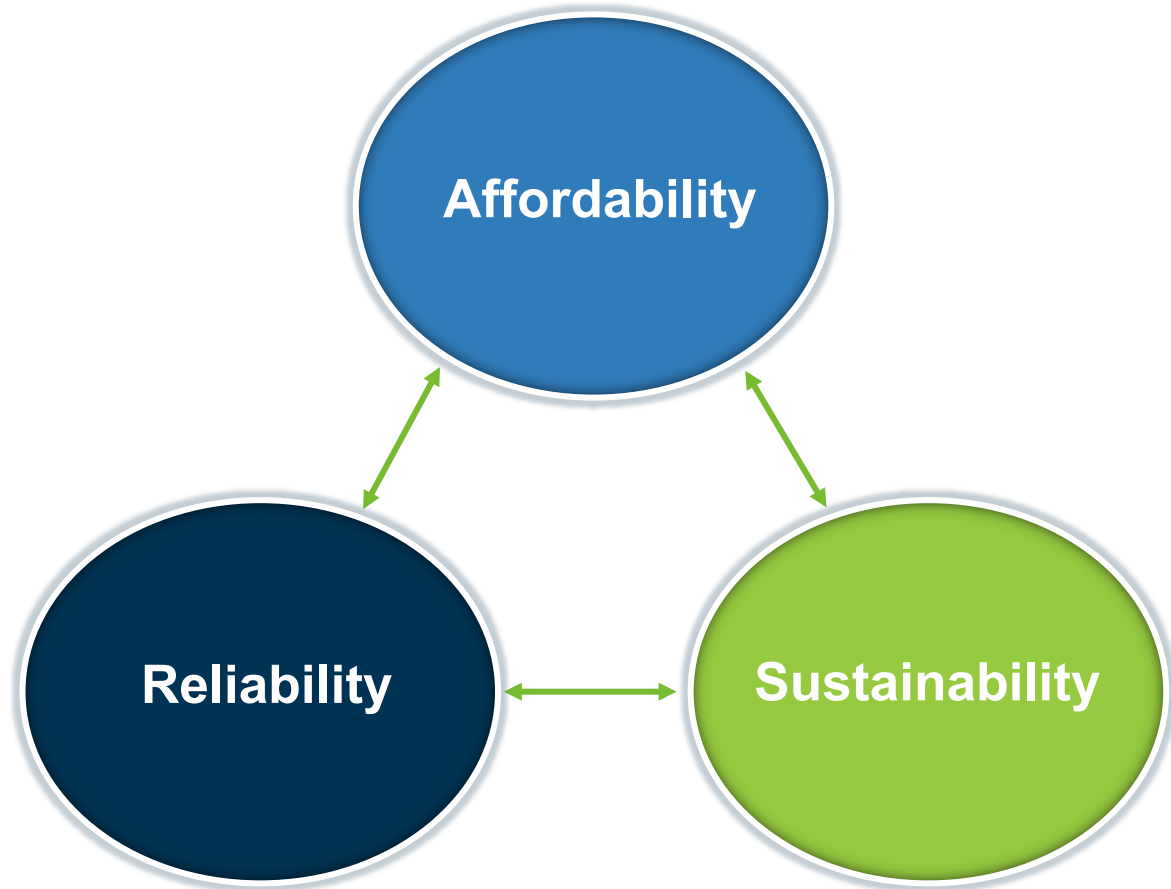
## Missouri

- **Missouri West Rate Case (ER-2024-0189):** rebuttal testimony filed August 6, true-up and surrebuttal testimony September 10, settlement conference September 23, hearings begin September 30, new rates effective January 1, 2025
- **Integrated Resource Plan:** filed triennial update April 1

*Working collaboratively with stakeholders to position Evergy to best support economic development, enable a responsible portfolio transition, and ensure customer affordability*



# Core Tenets of Evergy Strategy



- ✓ **Affordability:** Keeping rates affordable and improving regional rate competitiveness
- ✓ **Reliability:** Targeting top-tier performance in reliability, customer service and generation
- ✓ **Sustainability:** Advancing responsible fleet transition and targeting 70% carbon reduction by 2030 and net-zero CO<sub>2</sub>e by 2045<sup>1</sup> for scope 1 and scope 2 emissions

***Focused on consistently delivering against our affordability, reliability, and sustainability objectives***

# Financial Update

*Geoffrey Ley*

*Acting CFO & Treasurer*



# Second Quarter 2024 Adjusted EPS<sup>1</sup>

## Adjusted EPS<sup>1</sup> Drivers



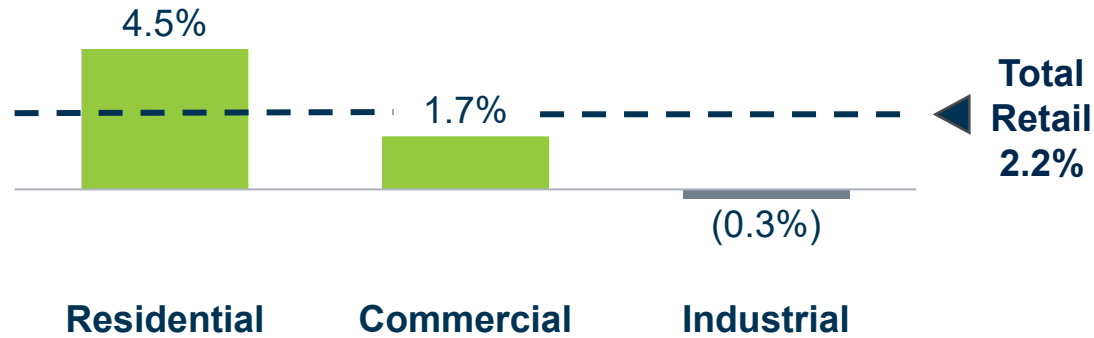
# Year to Date 2024 Adjusted EPS<sup>1</sup>

## Adjusted EPS<sup>1</sup> Drivers



# Retail Sales Trends

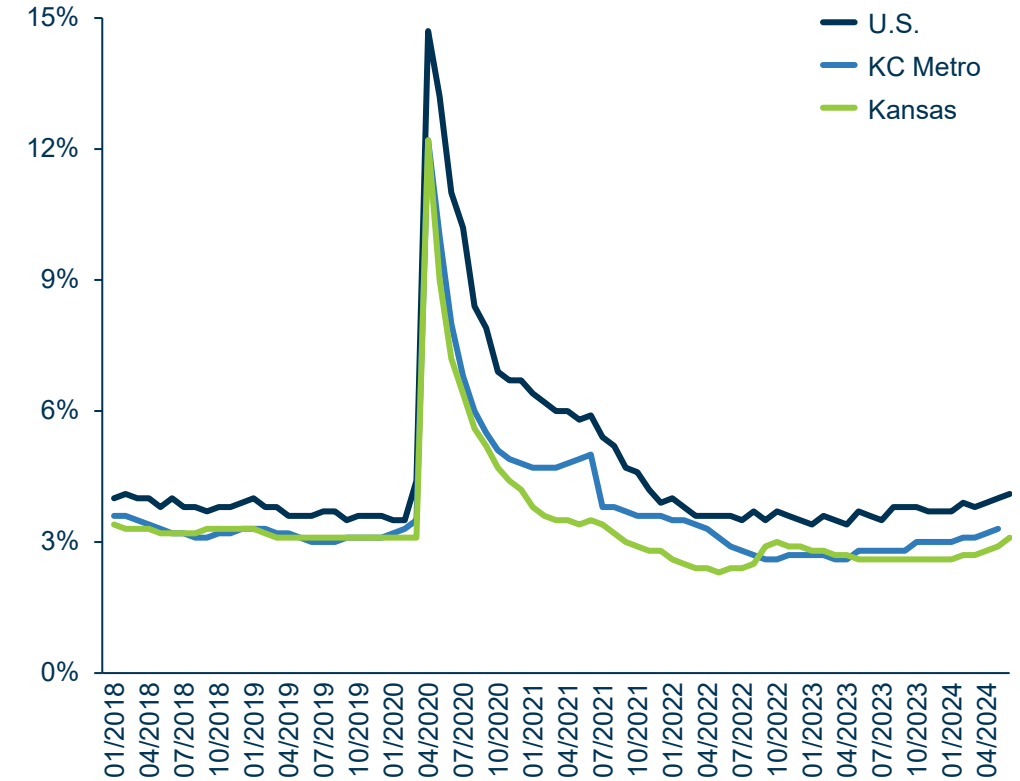
## 2Q24 Weather-Normalized Retail Sales Growth Compared to prior year<sup>1,2</sup>



Year-to-date 2Q24 weather-normalized total retail sales growth is 0.8% compared to prior year

- Residential: 2.2%
- Commercial: 0.4%
- Industrial: (0.6%)

## Unemployment Rate<sup>3</sup>

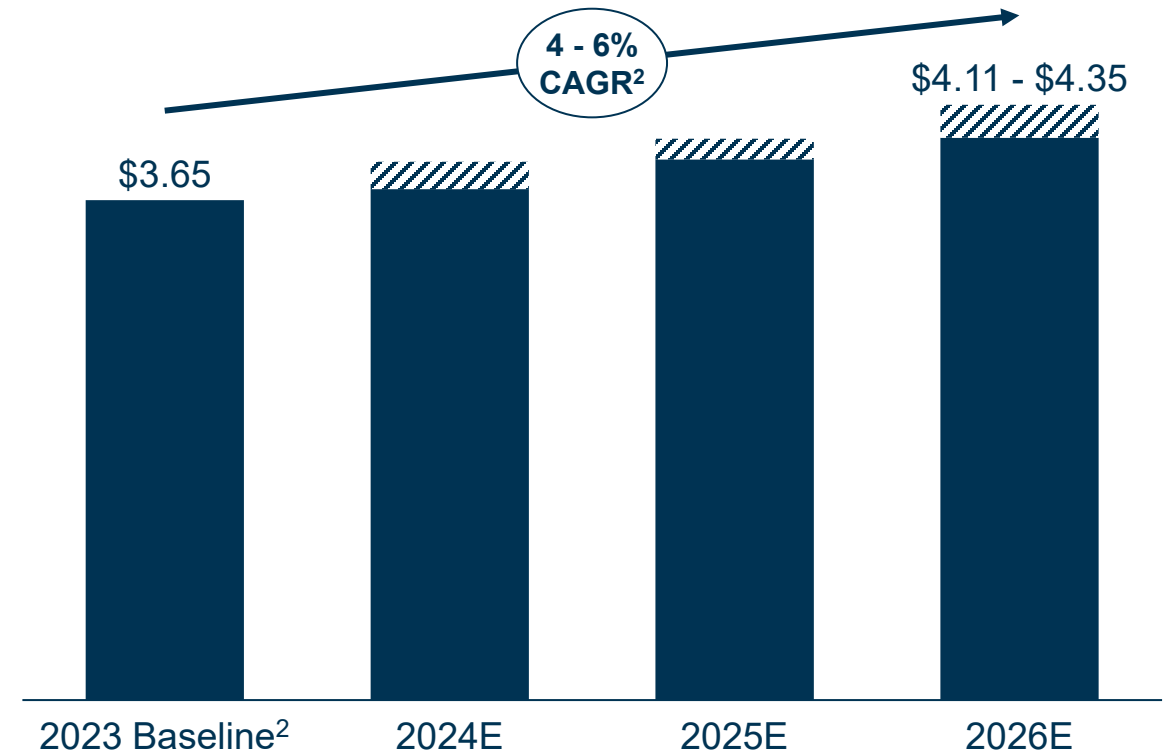


**Local economy remains resilient; strong residential and commercial demand growth with industrial poised to recover in the second half of the year**

# Growth Outlook

- 2024 adjusted EPS<sup>1</sup> guidance: \$3.73 - \$3.93
- Reaffirming adjusted EPS<sup>1</sup> growth target of 4% to 6% through 2026 off the original 2023 adjusted EPS guidance midpoint of \$3.65
- Continuing to target 60% to 70% payout ratio
- Planning \$12.5B of infrastructure investment 2024E-2028E; implied rate base CAGR of ~6% 2023E-2028E
  - Expect to provide updated capital investment plan as part of Q3 2024 earnings call
- Focused on business execution, enhancing reliability and regional rate competitiveness, and advancing constructive policies to support competitiveness and economic development

## Targeted Adjusted EPS Growth<sup>1</sup>



**Well-positioned to deliver on our EPS and dividend targets**



# Q&A

# Appendix







# GAAP to Non-GAAP EPS Reconciliation

<b>Adjusted EPS<sup>1</sup></b>			
	<b>Original 2023E</b>	<b>2024E</b>	<b>2026E</b>
<b>GAAP EPS</b>	<b>\$3.55 - \$3.75</b>	<b>\$3.73 - \$3.93</b>	<b>\$4.11 - \$4.35</b>
Adjustments	-	-	-
<b>Adjusted EPS<sup>1</sup> (non-GAAP)</b>	<b>\$3.55 - \$3.75</b>	<b>\$3.73 - \$3.93</b>	<b>\$4.11 - \$4.35</b>

# Second Quarter GAAP to Non-GAAP EPS Reconciliation

	Earnings (Loss)		Earnings (Loss) per Diluted Share	
Three Months Ended June 30	2024		2023	
	(millions, except per share amounts)			
Net income attributable to Evergy, Inc.	\$ 207.0	\$ 0.90	\$ 179.1	\$ 0.78
Non-GAAP reconciling items:				
Mark-to-market impact of JEC economic hedges, pre-tax <sup>(a)</sup>	—	—	6.4	0.03
Non-regulated energy marketing costs related to February 2021 winter weather event, pre-tax <sup>(b)</sup>	—	—	0.1	—
Electric subdivision rebate program costs refund, pre-tax <sup>(c)</sup>	—	—	2.6	0.01
Income tax benefit <sup>(d)</sup>	—	—	(2.1)	(0.01)
<b>Adjusted earnings (non-GAAP)</b>	<b>\$ 207.0</b>	<b>\$ 0.90</b>	<b>\$ 186.1</b>	<b>\$ 0.81</b>

<sup>(a)</sup> Reflects mark-to-market gains or losses related to forward contracts for natural gas and electricity entered into as economic hedges against fuel price volatility related to Evergy Kansas Central's 8% ownership share of JEC that are included in operating revenues on the consolidated statements of comprehensive income.

<sup>(b)</sup> Reflects non-regulated energy marketing incentive compensation costs related to the February 2021 winter weather event that are included in operating and maintenance expense on the consolidated statements of comprehensive income.

<sup>(c)</sup> Reflects the second quarter 2023 recognition of a regulatory liability for the refund to customers of revenues previously collected since October 2019 for costs related to an electric subdivision rebate program to be refunded to customers in accordance with a June 2020 KCC order that are included in operating revenues on the consolidated statements of comprehensive income.

<sup>(d)</sup> Reflects an income tax effect calculated at a statutory rate of approximately 22%.

# Year to Date GAAP to Non-GAAP EPS Reconciliation

Year to Date June 30	2024		2023	
	Earnings (Loss)	Earnings (Loss) per Diluted Share	Earnings (Loss)	Earnings (Loss) per Diluted Share
	(millions, except per share amounts)			
Net income attributable to Evergy, Inc.	\$ 329.7	\$ 1.43	\$ 321.7	\$ 1.40
Non-GAAP reconciling items:				
Mark-to-market impact of JEC economic hedges, pre-tax <sup>(a)</sup>	2.6	0.01	(2.0)	(0.01)
Non-regulated energy marketing costs related to February 2021 winter weather event, pre-tax <sup>(b)</sup>	—	—	0.2	—
Electric subdivision rebate program costs refund, pre-tax <sup>(c)</sup>	—	—	2.6	0.01
Income tax benefit <sup>(d)</sup>	(0.6)	—	(0.3)	—
<b>Adjusted earnings (non-GAAP)</b>	<b>\$ 331.7</b>	<b>\$ 1.44</b>	<b>\$ 322.2</b>	<b>\$ 1.40</b>

<sup>(a)</sup> Reflects mark-to-market gains or losses related to forward contracts for natural gas and electricity entered into as economic hedges against fuel price volatility related to Evergy Kansas Central's 8% ownership share of JEC that are included in operating revenues on the consolidated statements of comprehensive income.

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<sup>(d)</sup> Reflects an income tax effect calculated at a statutory rate of approximately 22%.