

# Evergy, Inc.

## Fourth Quarter 2019 Earnings

Released March 2, 2020

<u>Contents</u>	<u>Page</u>
Consolidated Statements of Income	1-2
Consolidated Balance Sheets	3-4
Consolidated Statements of Cash Flows	5
Earnings Variances	6-7
Supplemental Data	8-10
Capitalization	11
Utility Gross Margin and Adjusted Earnings (Non-GAAP)	12-14

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**NOTE:**

The Notes to the Consolidated Financial Statements in Evergy's, Evergy Kansas Central's and Evergy Metro's combined annual report on Form 10-K for the year ended December 31, 2019 should be read in conjunction with this financial information. The enclosed statements have been prepared for the purpose of providing information concerning Evergy, Evergy Kansas Central and Evergy Metro and not in connection with any sale, offer for sale, or solicitation to buy any securities.

**EVERGY, INC.**  
**Consolidated Statements of Income**  
(Unaudited)

<b>Three Months Ended December 31</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>	<b>% Change</b>
	(millions, except per share amounts)			
<b>REVENUES:</b>				
Residential	\$ 371.8	\$ 409.4	\$ (37.6)	(9.2)
Commercial	390.4	411.4	(21.0)	(5.1)
Industrial	142.7	152.3	(9.6)	(6.3)
Other retail	11.8	9.1	2.7	29.7
Total electric retail	916.7	982.2	(65.5)	(6.7)
Wholesale	75.8	102.0	(26.2)	(25.7)
Transmission	75.7	80.5	(4.8)	(6.0)
Other	63.4	35.1	28.3	80.6
Total Revenues	1,131.6	1,199.8	(68.2)	(5.7)
<b>OPERATING EXPENSES:</b>				
Fuel and purchased power	286.1	329.8	(43.7)	(13.3)
SPP network transmission costs	62.6	65.5	(2.9)	(4.4)
Operating and maintenance	311.4	361.6	(50.2)	(13.9)
Depreciation and amortization	216.6	207.2	9.4	4.5
Taxes other than income tax	89.1	85.6	3.5	4.1
Total Operating Expenses	965.8	1,049.7	(83.9)	(8.0)
<b>INCOME FROM OPERATIONS</b>	<b>165.8</b>	<b>150.1</b>	<b>15.7</b>	<b>10.5</b>
<b>OTHER INCOME (EXPENSE):</b>				
Investment earnings	3.4	2.6	0.8	30.8
Other income	9.8	10.2	(0.4)	(3.9)
Other expense	(19.7)	(23.5)	3.8	(16.2)
Total Other Expense, Net	(6.5)	(10.7)	4.2	(39.3)
Interest expense	96.7	88.3	8.4	9.5
<b>INCOME BEFORE INCOME TAXES</b>	<b>62.6</b>	<b>51.1</b>	<b>11.5</b>	<b>22.5</b>
Income tax expense (benefit)	(2.2)	30.7	(32.9)	(107.2)
Equity in earnings of equity method investees, net of income taxes	1.9	0.7	1.2	171.4
<b>NET INCOME</b>	<b>66.7</b>	<b>21.1</b>	<b>45.6</b>	<b>216.1</b>
Less: Net income attributable to noncontrolling interests	2.8	2.6	0.2	7.7
<b>NET INCOME ATTRIBUTABLE TO EVERGY, INC.</b>	<b>\$ 63.9</b>	<b>\$ 18.5</b>	<b>\$ 45.4</b>	<b>245.4</b>
<b>BASIC AND DILUTED EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING ATTRIBUTABLE TO EVERGY (See 10-K Note 1)</b>				
Basic earnings per common share	\$ 0.28	\$ 0.07	\$ 0.21	300.0
Diluted earnings per common share	\$ 0.28	\$ 0.07	\$ 0.21	300.0
<b>AVERAGE COMMON SHARES OUTSTANDING</b>				
Basic	227.9	261.6	(33.7)	(12.9)
Diluted	228.3	261.9	(33.6)	(12.8)
Effective income tax rate	(3.2)%	60.0%		

The Notes to the Consolidated Financial Statements in Evergy's annual report on Form 10-K for the year ended December 31, 2019 should be read in conjunction with this financial information.

**EVERGY, INC.**  
**Consolidated Statements of Income**  
(Unaudited)

Year Ended December 31	2019	2018	Change	% Change
	(millions, except per share amounts)			
REVENUES:				
Residential	\$ 1,908.1	\$ 1,578.8	\$ 329.3	20.9
Commercial	1,781.6	1,356.4	425.2	31.3
Industrial	621.6	527.8	93.8	17.8
Other retail	47.1	30.6	16.5	53.9
Total electric retail	4,358.4	3,493.6	864.8	24.8
Wholesale	327.5	404.4	(76.9)	(19.0)
Transmission	309.2	308.1	1.1	0.4
Other	152.7	69.8	82.9	118.8
Total Revenues	5,147.8	4,275.9	871.9	20.4
OPERATING EXPENSES:				
Fuel and purchased power	1,265.0	1,078.7	186.3	17.3
SPP network transmission costs	251.3	259.9	(8.6)	(3.3)
Operating and maintenance	1,218.5	1,115.8	102.7	9.2
Depreciation and amortization	861.7	618.8	242.9	39.3
Taxes other than income tax	365.5	269.1	96.4	35.8
Total Operating Expenses	3,962.0	3,342.3	619.7	18.5
INCOME FROM OPERATIONS	1,185.8	933.6	252.2	27.0
OTHER INCOME (EXPENSE):				
Investment earnings	11.0	8.8	2.2	25.0
Other income	26.9	15.5	11.4	73.5
Other expense	(76.9)	(78.7)	1.8	(2.3)
Total Other Expense, Net	(39.0)	(54.4)	15.4	(28.3)
Interest expense	374.0	279.6	94.4	33.8
INCOME BEFORE INCOME TAXES	772.8	599.6	173.2	28.9
Income tax expense	97.0	59.0	38.0	64.4
Equity in earnings of equity method investees, net of income taxes	9.8	5.4	4.4	81.5
NET INCOME	685.6	546.0	139.6	25.6
Less: Net income attributable to noncontrolling interests	15.7	10.2	5.5	53.9
NET INCOME ATTRIBUTABLE TO EVERGY, INC.	\$ 669.9	\$ 535.8	\$ 134.1	25.0
BASIC AND DILUTED EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING ATTRIBUTABLE TO EVERGY (See 10-K Note 1)				
Basic earnings per common share	\$ 2.80	\$ 2.50	\$ 0.30	12.0
Diluted earnings per common share	\$ 2.79	\$ 2.50	\$ 0.29	11.6
AVERAGE COMMON SHARES OUTSTANDING				
Basic	239.5	213.9	25.6	12.0
Diluted	239.9	214.1	25.8	12.1
Effective income tax rate	12.4%	9.7%		

The Notes to the Consolidated Financial Statements in Evergy's annual report on Form 10-K for the year ended December 31, 2019 should be read in conjunction with this financial information.

**EVERGY, INC.**  
**Consolidated Balance Sheets**  
(Unaudited)

**December 31**

**2019**                      **2018**

<b>ASSETS</b>	(millions, except share amounts)	
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 23.2	\$ 160.3
Receivables, net	228.5	193.7
Accounts receivable pledged as collateral	339.0	365.0
Fuel inventory and supplies	481.6	511.0
Income taxes receivable	85.5	68.0
Regulatory assets	231.7	303.9
Prepaid expenses and other assets	78.2	79.1
Total Current Assets	<u>1,467.7</u>	<u>1,681.0</u>
PROPERTY, PLANT AND EQUIPMENT, NET	<u>19,184.4</u>	<u>18,782.5</u>
PROPERTY, PLANT AND EQUIPMENT OF VARIABLE INTEREST ENTITIES, NET	<u>162.0</u>	<u>169.2</u>
<b>OTHER ASSETS:</b>		
Regulatory assets	1,740.5	1,757.9
Nuclear decommissioning trust fund	573.2	472.1
Goodwill	2,336.6	2,338.9
Other	511.5	396.5
Total Other Assets	<u>5,161.8</u>	<u>4,965.4</u>
<b>TOTAL ASSETS</b>	<b>\$ 25,975.9</b>	<b>\$ 25,598.1</b>

The Notes to the Consolidated Financial Statements in Evergy's annual report on Form 10-K for the year ended December 31, 2019 should be read in conjunction with this financial information.

**EVERGY, INC.**  
**Consolidated Balance Sheets**  
(Unaudited)

**December 31**

**2019**                      **2018**

<b>LIABILITIES AND EQUITY</b>	(millions, except share amounts)	
<b>CURRENT LIABILITIES:</b>		
Current maturities of long-term debt	\$ 251.1	\$ 705.4
Current maturities of long-term debt of variable interest entities	32.3	30.3
Notes payable and commercial paper	561.9	738.6
Collateralized note payable	339.0	365.0
Accounts payable	528.8	451.5
Accrued taxes	145.1	133.6
Accrued interest	122.3	110.9
Regulatory liabilities	63.3	110.2
Asset retirement obligations	71.3	49.8
Other	220.8	171.9
Total Current Liabilities	2,335.9	2,867.2
<b>LONG-TERM LIABILITIES:</b>		
Long-term debt, net	8,746.7	6,636.3
Long-term debt of variable interest entities, net	18.8	51.1
Deferred income taxes	1,744.4	1,599.2
Unamortized investment tax credits	375.4	373.2
Regulatory liabilities	2,248.3	2,218.8
Pension and post-retirement liability	1,017.6	987.6
Asset retirement obligations	602.8	637.3
Other	340.7	236.7
Total Long-Term Liabilities	15,094.7	12,740.2
Commitments and Contingencies (See 10-K Note 15)		
<b>EQUITY:</b>		
Evergy, Inc. Shareholders' Equity:		
Common stock - 600,000,000 shares authorized, without par value 226,641,443 and 255,326,252 shares issued, stated value	7,070.4	8,685.2
Retained earnings	1,551.5	1,346.0
Accumulated other comprehensive loss	(50.0)	(3.0)
Total Evergy, Inc. Shareholders' Equity	8,571.9	10,028.2
Noncontrolling Interests	(26.6)	(37.5)
Total Equity	8,545.3	9,990.7
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 25,975.9</b>	<b>\$ 25,598.1</b>

The Notes to the Consolidated Financial Statements in Evergy's annual report on Form 10-K for the year ended December 31, 2019 should be read in conjunction with this financial information.

**EVERGY, INC.**  
**Consolidated Statements of Cash Flows**  
(Unaudited)

<b>Year Ended December 31</b>	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:</b>	(millions)	
Net income	\$ 685.6	\$ 546.0
Adjustments to reconcile income to net cash from operating activities:		
Depreciation and amortization	861.7	618.8
Amortization of nuclear fuel	51.4	43.6
Amortization of deferred refueling outage	25.5	21.2
Amortization of corporate-owned life insurance	19.8	22.6
Non-cash compensation	16.3	29.9
Net deferred income taxes and credits	121.5	124.2
Allowance for equity funds used during construction	(2.2)	(3.1)
Payments for asset retirement obligations	(17.8)	(22.4)
Equity in earnings of equity method investees, net of income taxes	(9.8)	(5.4)
Income from corporate-owned life insurance	(29.6)	(2.3)
Other	(3.2)	(5.2)
Changes in working capital items:		
Accounts receivable	(23.1)	265.1
Accounts receivable pledged as collateral	26.0	(185.0)
Fuel inventory and supplies	29.9	54.7
Prepaid expenses and other current assets	43.4	(128.1)
Accounts payable	16.9	56.7
Accrued taxes	(8.2)	(76.4)
Other current liabilities	(59.4)	92.0
Changes in other assets	79.8	66.8
Changes in other liabilities	(75.5)	(15.9)
Cash Flows from Operating Activities	<b>1,749.0</b>	<b>1,497.8</b>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:</b>		
Additions to property, plant and equipment	(1,210.1)	(1,069.7)
Cash acquired from the merger with Great Plains Energy	—	1,154.2
Purchase of securities - trusts	(55.8)	(117.5)
Sale of securities - trusts	47.3	117.7
Investment in corporate-owned life insurance	(18.3)	(17.1)
Proceeds from investment in corporate-owned life insurance	161.7	6.8
Proceeds from settlement of interest rate swap	—	140.6
Other investing activities	(5.1)	(17.6)
Cash Flows from (used in) Investing Activities	<b>(1,080.3)</b>	<b>197.4</b>
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:</b>		
Short term debt, net	(176.7)	(104.0)
Proceeds from term loan facility	1,000.0	—
Repayment of term loan facility	(1,000.0)	—
Collateralized short-term borrowings, net	(26.0)	185.0
Proceeds from long-term debt	2,372.7	290.9
Retirements of long-term debt	(701.1)	(395.8)
Retirements of long-term debt of variable interest entities	(30.3)	(28.5)
Payment for settlement of interest rate swap accounted for as a cash flow hedge	(69.8)	—
Borrowings against cash surrender value of corporate-owned life insurance	59.4	56.5
Repayment of borrowings against cash surrender value of corporate-owned life insurance	(127.5)	(3.9)
Cash dividends paid	(462.5)	(475.0)
Repurchase of common stock under repurchase plan	(1,628.7)	(1,042.3)
Distributions to shareholders of noncontrolling interests	(8.6)	—
Other financing activities	(6.7)	(21.3)
Cash Flows used in Financing Activities	<b>(805.8)</b>	<b>(1,538.4)</b>
<b>NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	<b>(137.1)</b>	<b>156.8</b>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH:</b>		
Beginning of period	160.3	3.5
End of period	\$ 23.2	\$ 160.3

The Notes to the Consolidated Financial Statements in Evergy's annual report on Form 10-K for the year ended December 31, 2019 should be read in conjunction with this financial information.

Evergy, Inc  
Fourth Quarter 2019 vs. 2018

Earnings Variances

	Change	
	(dollars in millions)	(\$ per share)
2018 net income attributable to Evergy, Inc.	\$ 18.5	\$ 0.07
	<b><i>Favorable/(Unfavorable)</i></b>	
Utility gross margin <sup>(a)</sup>	(21.6)	A (0.08)
Operating and maintenance	50.2	B 0.19
Depreciation and amortization	(9.4)	C (0.04)
Taxes other than income tax	(3.5)	D (0.01)
Other expense, net	4.2	E 0.02
Interest expense	(8.4)	F (0.03)
Income tax expense (benefit)	32.9	G 0.13
Equity in earnings of equity method investees, net of income taxes	1.2	—
Net income attributable to noncontrolling interests	(0.2)	—
Change in shares outstanding		H 0.03
2019 net income attributable to Evergy, Inc.	\$ 63.9	\$ 0.28

<sup>(a)</sup> Utility gross margin is a non-GAAP financial measure. See explanation of utility gross margin in the Utility Gross Margin (Non-GAAP) section below.

**Major factors influencing the period to period change in EPS-- Favorable/(Unfavorable)**

- A Due primarily to lower retail sales driven by warmer winter weather - (\$16.3M); a decrease in revenue due to the granting of an Accounting Authority Order (AAO) by the Public Service Commission of the State of Missouri (MPSC) in October 2019 - (\$3.7M); and a decrease related to Evergy Kansas Central's and Evergy Metro's transmission delivery charge (TDC) riders - (\$3.6M); partially offset by new retail rates effective in 2018, net of a provision for rate refund recorded in 2018 for the change in the corporate income tax rate caused by the Tax Cuts and Jobs Act - \$2.0M.
- B Due primarily to a decrease in plant operating and maintenance expense at fossil-fuel generating units - \$32.0M; merger-related costs incurred in 2018 - \$9.6M; a decrease in plant operating and maintenance expense at nuclear generating units - \$8.7M; and a decrease in various administrative and general operating and maintenance expenses - \$6.3M; partially offset by rebranding costs incurred in 2019 to rebrand the legacy Westar and KCP&L utility brands to Evergy - (\$7.4M); voluntary severance expenses incurred in 2019 - (\$4.0M); and an increase in program costs for energy efficiency programs under the Missouri Energy Efficiency Act (MEEIA), which have a direct offset in revenue - (\$2.4M).
- C Due to capital additions - (\$5.4M); and change in depreciation rates - (\$4.0M).
- D Due primarily to an increase in property taxes - (\$5.7M).
- E Due primarily to higher Evergy Kansas Central corporate-owned life insurance (COLI) benefits in 2019 - \$1.7M; a decrease due to higher net unrealized gains in Evergy Kansas Central's rabbi trust in 2019 - \$0.7M; and lower Evergy Kansas Central pension non-service costs in 2019 - \$0.3M.
- F Due primarily to Evergy's issuance of \$1.6 billion of senior notes in September 2019 - (\$12.4M); partially offset by the repayment of Evergy Metro's \$400.0 million of 7.15% Mortgage Bonds at maturity in April 2019, net of an increase due to Evergy Metro's issuance of \$400.0 million of 4.125% Mortgage Bonds in March 2019 - \$4.2M.
- G Due primarily to a decrease due to flow-through items primarily driven by amortization of excess deferred income taxes - \$18.0M.
- H Increase due to a lower number of diluted weighted average common shares outstanding in 2019 due to shares repurchased under Evergy's common share repurchase program.

The Notes to the Consolidated Financial Statements in Evergy's annual report on Form 10-K for the year ended December 31, 2019 should be read in conjunction with this financial information.

Evergy, Inc  
Year Ended December 2019 vs. 2018

Earnings Variances

	Change	
	(dollars in millions)	(\$ per share)
2018 net income attributable to Evergy, Inc.	\$ 535.8	\$ 2.50
	<i>Favorable/(Unfavorable)</i>	
Utility gross margin <sup>(a)</sup>	694.2	A 3.24
Operating and maintenance	(102.7)	B (0.48)
Depreciation and amortization	(242.9)	C (1.13)
Taxes other than income tax	(96.4)	D (0.45)
Other expense, net	15.4	E 0.07
Interest expense	(94.4)	F (0.44)
Income tax expense	(38.0)	G (0.18)
Equity in earnings of equity method investees, net of income taxes	4.4	0.02
Net income attributable to noncontrolling interests	(5.5)	(0.03)
Change in shares outstanding		H (0.33)
2019 net income attributable to Evergy, Inc.	\$ 669.9	\$ 2.79

<sup>(a)</sup> Utility gross margin is a non-GAAP financial measure. See explanation of utility gross margin in the Utility Gross Margin (Non-GAAP) section below.

**Major factors influencing the period to period change in EPS-- Favorable/(Unfavorable)**

- A Due primarily to the inclusion of Evergy Metro's and Evergy Missouri West's utility gross margin in the first five months of 2019 - \$674.4M; one-time bill credits recorded in June 2018 - \$59.7M; and new retail rates effective in 2018, net of a provision for rate refund recorded in 2018 for the change in the corporate income tax rate caused by the Tax Cut and Jobs Act - \$41.6M; partially offset by lower retail sales driven by cooler summer weather in 2019 - (\$53.0M); a decrease related to Evergy Kansas Central's TDC rider - (\$12.9M); a decrease in revenue related to the granting of an AAO by the MPSC in October 2019 - (\$10.2M); and a decrease for recovery of programs costs for energy efficiency programs under MEEIA, which have a direct offset in operating and maintenance expense - (\$5.4M).
- B Due primarily to the inclusion of Evergy Metro's and Evergy Missouri West's operating and maintenance expenses in the first five months of 2019 - (\$279.9M); rebranding costs incurred in 2019 to rebrand the legacy Westar and KCP&L utility brands to Evergy - (\$12.1M); and voluntary severance expenses incurred in 2019 - (\$11.8M); partially offset by merger-related costs incurred in 2018 - \$75.8M; a decrease in plant operating and maintenance expense at fossil-fuel generating units - \$62.1M; a decrease in various administrative and general operating and maintenance expenses - \$35.6M; a decrease in plant and operating and maintenance expense at nuclear generating units - \$9.5M; a decrease in transmission and distribution operating and maintenance expense primarily due to a higher level of vegetation management activity in 2018 - \$9.3M; and a decrease in program costs for energy efficiency programs under MEEIA, which have a direct offset in revenue - \$5.4M.
- C Due to the inclusion of Evergy Metro's and Evergy Missouri West's depreciation expense in the first five months of 2019 - (\$173.4M); a change in depreciation rates - (\$43.0M); and an increase due to capital additions - (\$26.5M).
- D Due to the inclusion of Evergy Metro's and Evergy Missouri West's taxes other than income taxes in the first five months of 2019 - (\$75.7M); and an increase primarily due to increased property taxes - (\$22.9M).
- E Due primarily to higher Evergy Kansas Central COLI benefits in 2019 - \$12.4M; lower Evergy Kansas Central pension non-service costs in 2019 - \$6.3M; a decrease due to higher net unrealized gains in Evergy Kansas Central's rabbi trust in 2019 - \$4.2M; partially offset by the inclusion of Evergy Metro and Evergy Missouri West amounts in the first five months of 2019 - (\$9.5M).
- F Due primarily to the inclusion of Evergy Metro's and Evergy Missouri West's interest expense in the first five months of 2019 - (\$77.2M); an increase due to Evergy's issuance of \$1.6 billion of senior notes in September 2019 - (\$14.5M); and an increase due to Evergy's borrowings under its \$1.0 billion term loan credit agreement in 2019 - (\$7.7M); partially offset by the repayment of Evergy Metro's \$400.0 million of 7.15% Mortgage Bonds at maturity in April 2019, net of an increase due to Evergy Metro's issuance of \$400.0 million of 4.125% Mortgage Bonds in March 2019 - \$10.1M.
- G Due primarily to the revaluation of Evergy Kansas Central's deferred income tax assets and liabilities based on the Evergy composite tax rate as a result of the merger in June 2018 - (\$52.6M); and higher Evergy Kansas Central pre-tax income - (\$18.9M); partially offset by a decrease due to flow-through items primarily driven by higher amortization of excess deferred income taxes - \$39.0M.
- H Dilution due to the issuance of common shares to Great Plains Energy shareholders as a result of the merger; partially offset by shares repurchased under Evergy's common stock repurchase program.

The Notes to the Consolidated Financial Statements in Evergy's annual report on Form 10-K for the year ended December 31, 2019 should be read in conjunction with this financial information.

Eversource Energy, Inc.  
Financial Results, Revenue and Sales

Supplemental Data

Financial Results	Eversource		Eversource Kansas Central		Eversource Metro		Eversource Missouri West	
	2019	2018	2019	2018	2019	2018	2019	2018
(Dollars in millions)								
Operating revenues	\$ 1,131.6	\$ 1,199.8	\$ 576.1	\$ 599.0	\$ 375.3	\$ 414.2	\$ 181.5	\$ 186.6
Fuel and purchased power	286.1	329.8	117.7	136.0	101.7	128.2	67.9	65.5
SPP network transmission costs	62.6	65.5	62.6	65.5	—	—	—	—
Operating and maintenance	311.4	361.6	134.1	149.3	110.7	139.7	55.6	68.3
Depreciation and amortization	216.6	207.2	112.5	109.3	79.4	72.3	25.8	26.8
Taxes other than income tax	89.1	85.6	47.0	44.9	31.3	29.3	10.7	11.3
Income from operations	165.8	150.1	102.2	94.0	52.2	44.7	21.5	14.7
Other income (expense), net	(6.5)	(10.7)	1.0	(1.9)	(4.3)	(6.8)	(3.5)	(4.2)
Interest expense	96.7	88.3	42.9	44.7	28.2	33.1	14.2	14.2
Income tax expense (benefit)	(2.2)	30.7	5.9	17.7	(8.2)	7.0	(1.0)	(0.9)
Equity in earnings of equity method investees, net of income taxes	1.9	0.7	1.0	0.9	—	—	—	—
Net income (loss)	66.7	21.1	55.4	30.6	27.9	(2.2)	4.8	(2.8)
Less: net income attributable to noncontrolling interests	2.8	2.6	2.8	2.6	—	—	—	—
Net income (loss) attributable to controlling interest	63.9	18.5	52.6	28.0	27.9	(2.2)	4.8	(2.8)
Reconciliation of utility gross margin to operating revenue:								
Operating revenues	1,131.6	1,199.8	576.1	599.0	375.3	414.2	181.5	186.6
Fuel and purchased power	286.1	329.8	117.7	136.0	101.7	128.2	67.9	65.5
SPP network transmission costs	62.6	65.5	62.6	65.5	—	—	—	—
Utility gross margin <sup>(a)</sup>	782.9	804.5	395.8	397.5	273.6	286.0	113.6	121.1
(Dollars in millions)								
Residential	371.8	409.4	153.5	174.5	136.9	150.2	81.4	84.4
Commercial	390.4	411.4	152.7	160.0	172.6	185.6	65.1	65.9
Industrial	142.7	152.3	92.8	99.2	30.2	33.4	19.7	19.6
Other retail revenues	11.8	9.1	5.2	4.7	4.0	2.7	2.6	1.9
Total electric retail	916.7	982.2	404.2	438.4	343.7	371.9	168.8	171.8
Wholesale revenues	75.8	102.0	57.4	82.4	16.2	15.0	3.5	4.6
Transmission	75.7	80.5	67.8	72.6	3.5	3.5	4.4	4.5
Other	63.4	35.1	46.7	5.6	11.9	23.8	4.8	5.7
Operating revenues	1,131.6	1,199.8	576.1	599.0	375.3	414.2	181.5	186.6
(MWh in thousands)								
Residential	3,329	3,431	1,357	1,387	1,164	1,206	809	838
Commercial	4,286	4,335	1,726	1,699	1,795	1,851	766	783
Industrial	2,042	2,081	1,336	1,367	410	421	296	292
Other retail revenues	34	35	10	13	18	20	5	5
Total electric retail	9,691	9,882	4,429	4,466	3,387	3,498	1,876	1,918
Wholesale revenues	3,526	4,022	1,949	2,609	1,413	1,264	162	150
Total electricity sales	13,217	13,904	6,378	7,075	4,800	4,762	2,038	2,068

<sup>(a)</sup>Utility gross margin is a Non-GAAP financial measure. See explanation of utility gross margin in the Utility Gross Margin (Non-GAAP) section below.

Evergy, Inc.  
Financial Results, Revenue and Sales

Supplemental Data

Financial Results Year Ended December 31	Evergy		Evergy Kansas Central		Evergy Metro <sup>(b)</sup>		Evergy Missouri West <sup>(b)</sup>	
	2019	2018	2019	2018	2019	2018	2019	2018
(Dollars in millions)								
Operating revenues	\$ 5,147.8	\$ 4,275.9	\$ 2,507.4	\$ 2,614.9	\$ 1,806.5	\$ 1,823.1	\$ 836.4	\$ 834.7
Fuel and purchased power	1,265.0	1,078.7	493.0	599.2	482.1	520.6	292.6	264.4
SPP network transmission costs	251.3	259.9	251.3	259.9	—	—	—	—
Operating and maintenance	1,218.5	1,115.8	530.5	640.7	451.9	494.2	213.0	238.0
Depreciation and amortization	861.7	618.8	443.8	390.9	318.4	281.3	104.2	108.2
Taxes other than income tax	365.5	269.1	192.3	173.7	127.6	117.2	46.6	47.5
Income from operations	1,185.8	933.6	596.5	550.5	426.5	409.8	180.0	176.6
Other expense, net	(39.0)	(54.4)	(12.9)	(33.5)	(15.8)	(25.9)	(12.3)	(14.6)
Interest expense	374.0	279.6	177.0	176.8	119.8	133.7	57.8	63.1
Income tax expense (benefit)	97.0	59.0	52.1	(4.3)	35.7	87.3	19.7	23.0
Equity in earnings of equity method investees, net of income taxes	9.8	5.4	4.6	4.6	—	—	—	—
Net income	685.6	546.0	359.1	349.1	255.2	162.9	90.2	75.9
Less: net income attributable to noncontrolling interests	15.7	10.2	15.7	10.2	—	—	—	—
Net income attributable to controlling interest	669.9	535.8	343.4	338.9	255.2	162.9	90.2	75.9
Reconciliation of utility gross margin to operating revenues:								
Operating revenues	5,147.8	4,275.9	2,507.4	2,614.9	1,806.5	1,823.1	836.4	834.7
Fuel and purchased power	1,265.0	1,078.7	493.0	599.2	482.1	520.6	292.6	264.4
SPP network transmission costs	251.3	259.9	251.3	259.9	—	—	—	—
Utility gross margin <sup>(a)</sup>	3,631.5	2,937.3	1,763.1	1,755.8	1,324.4	1,302.5	543.8	570.3
(Dollars in millions)								
Residential	1,908.1	1,578.8	793.9	846.4	712.4	735.6	401.8	405.6
Commercial	1,781.6	1,356.4	709.1	702.8	786.1	794.8	286.4	282.7
Industrial	621.6	527.8	401.3	396.4	136.9	138.8	83.4	82.1
Other retail revenues	47.1	30.6	21.0	20.0	16.3	10.4	9.8	7.5
Total electric retail	4,358.4	3,493.6	1,925.3	1,965.6	1,651.7	1,679.6	781.4	777.9
Wholesale revenues	327.5	404.4	239.9	346.1	70.9	53.5	19.4	18.3
Transmission	309.2	308.1	273.3	288.9	17.5	14.5	18.4	18.2
Other	152.7	69.8	68.9	14.3	66.4	75.5	17.2	20.3
Operating revenues	5,147.8	4,275.9	2,507.4	2,614.9	1,806.5	1,823.1	836.4	834.7
(MWh in thousands)								
Residential	15,492	12,478	6,460	6,736	5,425	5,686	3,607	3,761
Commercial	18,295	14,129	7,399	7,496	7,623	7,782	3,273	3,340
Industrial	8,570	7,426	5,622	5,642	1,713	1,754	1,235	1,264
Other retail revenues	139	110	45	58	75	76	19	20
Total electric retail	42,496	34,143	19,526	19,932	14,836	15,298	8,134	8,385
Wholesale revenues	14,398	13,811	7,540	10,169	6,098	5,017	761	620
Total electricity sales	56,894	47,954	27,066	30,101	20,934	20,315	8,895	9,005

<sup>(a)</sup>Utility gross margin is a Non-GAAP financial measure. See explanation of utility gross margin in the Utility Gross Margin (Non-GAAP) section below.

<sup>(b)</sup>Evergy Metro and Evergy Missouri West amounts are only included in consolidated Evergy from June 4, 2018, the date of the closing of the merger, and thereafter.

Evergy, Inc.  
Financial Results, Revenue and Sales

Supplemental Data

<b>Evergy</b>				
<b>Three Months Ended December 31</b>				
<b>Degree Days</b>	<b>2019</b>	2018/ Normal	Change	% Change
<b>Cooling</b>				
Actual compared to last year	23	42	(19)	(45.2)
Actual compared to normal	23	37	(14)	(37.8)
<b>Heating</b>				
Actual compared to last year	1,934	2,051	(117)	(5.7)
Actual compared to normal	1,934	1,862	72	3.9

<b>Evergy</b>				
<b>Year Ended December 31</b>				
<b>Degree Days</b>	<b>2019</b>	2018/ Normal	Change	% Change
<b>Cooling</b>				
Actual compared to last year	1,577	1,881	(304)	(16.2)
Actual compared to normal	1,577	1,504	73	4.9
<b>Heating</b>				
Actual compared to last year	5,123	5,172	(49)	(0.9)
Actual compared to normal	5,123	4,851	272	5.6

The Notes to the Consolidated Financial Statements in Evergy's annual report on Form 10-K for the year ended December 31, 2019 should be read in conjunction with this financial information.

Evergy, Inc.  
Capitalization

	December 31, 2019		December 31, 2018	
	(dollars in millions)			
Current maturities of long-term debt	\$	251.1	\$	705.4
Current maturities of long-term debt of VIEs		32.3		30.3
Long-term debt, net		8,746.7		6,636.3
Long-term debt of variable interest entities, net		18.8		51.1
Total long-term debt		9,048.9	51.4 %	7,423.1      42.6 %
Common equity		8,571.9	48.7 %	10,028.2      57.6 %
Noncontrolling interests		(26.6)	(0.2)%	(37.5)      (0.2)%
Total capitalization	\$	17,594.2	100.0 %	\$      17,413.8      100.0 %
GAAP Book value per share	\$	37.82	\$	39.28
Period end shares outstanding		226,641,443		255,326,252

The Notes to the Consolidated Financial Statements in Evergy's annual report on Form 10-K for the year ended December 31, 2019 should be read in conjunction with this financial information.

Evergy, Inc.  
Non-GAAP Measures

**Utility Gross Margin (non-GAAP)**

Utility gross margin is a financial measure that is not calculated in accordance with GAAP. Utility gross margin, as used by Evergy, Evergy Kansas Central and Evergy Metro (collectively, the Evergy Companies), is defined as operating revenues less fuel and purchased power costs and amounts billed by the SPP for network transmission costs. Expenses for fuel and purchased power costs, offset by wholesale sales margin, are subject to recovery through cost adjustment mechanisms. As a result, changes in fuel and purchased power costs are offset in operating revenues with minimal impact on net income. In addition, SPP network transmission costs fluctuate primarily due to investments by SPP members for upgrades to the transmission grid within the SPP Regional Transmission Organization (RTO). As with fuel and purchased power costs, changes in SPP network transmission costs are mostly reflected in the prices charged to customers with minimal impact on net income.

Management believes that utility gross margin provides a meaningful basis for evaluating the Evergy Companies' operations across periods compared with operating revenues because utility gross margin excludes the revenue effect of fluctuations in these expenses. Utility gross margin is used internally to measure performance against budget and in reports for management and the Evergy Board. The Evergy Companies' definition of utility gross margin may differ from similar terms used by other companies. See pages 9 and 10 for the reconciliation of utility gross margin to operating revenues for the three months ended and year ended December 31, 2019 and 2018, respectively.

**Adjusted Earnings (non-GAAP) and Adjusted Earnings Per Share (non-GAAP)**

Evergy's adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP) for 2019 were \$694.0 million or \$2.89 per share, respectively. For 2018, Evergy's adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP) were \$680.9 million or \$2.54 per share, respectively. In addition to net income attributable to Evergy, Inc., diluted EPS, pro forma net income attributable to Evergy, Inc. and pro forma diluted EPS as prepared in accordance with GAAP, Evergy's management uses adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP) to evaluate earnings and EPS without the costs and/or benefits resulting from rebranding, voluntary severance and significant items related to the Great Plains Energy and Evergy Kansas Central merger.

Adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP) are intended to enhance an investor's overall understanding of results. Adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP) are used internally to measure performance against budget and in reports for management and the Evergy Board. Adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP) are financial measures that are not calculated in accordance with GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

The following tables provide a reconciliation between net income attributable to Evergy, Inc., diluted EPS, pro forma net income attributable to Evergy, Inc. and pro forma diluted EPS as determined in accordance with GAAP and adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP).

Three Months Ended December 31	2019		2018	
	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.	\$ 63.9	\$ 0.28	\$ 18.5	\$ 0.07
Pro forma adjustments <sup>(a)</sup> :				
Non-recurring merger costs and other	—	—	1.3	0.01
Pro forma net income attributable to Evergy, Inc.	\$ 63.9	\$ 0.28	\$ 19.8	\$ 0.08
Non-GAAP reconciling items:				
Rebranding costs, pre-tax <sup>(b)</sup>	7.4	0.03	—	—
Voluntary severance costs, pre-tax <sup>(c)</sup>	4.7	0.02	7.2	0.03
Inventory write-off at retiring generating units, pre-tax <sup>(d)</sup>	—	—	18.7	0.07
Income tax benefit <sup>(e)</sup>	(3.2)	(0.01)	(6.7)	(0.03)
Adjusted earnings (non-GAAP)	\$ 72.8	\$ 0.32	\$ 39.0	\$ 0.15

<sup>(a)</sup>Reflects pro forma adjustments made in accordance with Article 11 of Regulation S-X and ASC 805 - *Business Combinations*. See Note 2 to the consolidated financial statements in the Evergy Companies' combined 2018 annual report on Form 10-K for further information regarding these adjustments.

<sup>(b)</sup>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.

<sup>(c)</sup>Reflects severance costs incurred associated with certain voluntary severance programs at the Evergy Companies and are included in operating and maintenance expense on the consolidated statements of comprehensive income.

<sup>(d)</sup>Reflects obsolete inventory write-offs for Evergy Metro's Montrose Station and Evergy Missouri West's Sibley Station and are included in operating and maintenance expense on the consolidated statements of comprehensive income.

<sup>(e)</sup>Reflects an income tax effect calculated at a 26.1% statutory rate.

Year Ended December 31	Earnings	Earnings	Earnings	Earnings
	(Loss)	(Loss) per Diluted Share	(Loss)	(Loss) per Diluted Share
	2019		2018	
	(millions, except per share amounts)			
Net income attributable to Evergy, Inc.	\$ 669.9	\$ 2.79	\$ 535.8	\$ 2.50
Pro forma adjustments <sup>(a)</sup> :				
Great Plains Energy earnings prior to merger	—	—	94.4	0.35
Great Plains Energy shares prior to merger	n/a	—	n/a	(0.50)
Non-recurring merger costs and other	—	—	84.1	0.32
Pro forma net income attributable to Evergy, Inc.	\$ 669.9	\$ 2.79	\$ 714.3	\$ 2.67
Non-GAAP reconciling items:				
Rebranding costs, pre-tax <sup>(b)</sup>	12.1	0.05	—	—
Voluntary severance costs, pre-tax <sup>(c)</sup>	19.8	0.08	23.5	0.09
Composite tax rate change <sup>(d)</sup>	—	—	(52.6)	(0.20)
Deferral of merger transition costs, pre-tax <sup>(e)</sup>	—	—	(28.5)	(0.11)
Inventory write-off at retiring generating units, pre-tax <sup>(f)</sup>	—	—	31.0	0.12
Income tax benefit <sup>(g)</sup>	(7.8)	(0.03)	(6.8)	(0.03)
Adjusted earnings (non-GAAP)	\$ 694.0	\$ 2.89	\$ 680.9	\$ 2.54

<sup>(a)</sup> Reflects pro forma adjustments made in accordance with Article 11 of Regulation S-X and ASC 805 - *Business Combinations*. See Note 2 to the consolidated financial statements in the Evergy Companies' combined 2018 annual report on Form 10-K for further information regarding these adjustments.

<sup>(b)</sup> 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.

<sup>(c)</sup> Reflects severance costs incurred associated with certain voluntary severance programs at the Evergy Companies and are included in operating and maintenance expense on the consolidated statements of comprehensive income.

<sup>(d)</sup> Reflects the revaluation of Evergy Kansas Central's deferred income tax assets and liabilities based on the Evergy composite tax rate as a result of the merger in June 2018 and are included in income tax expense on the consolidated statements of comprehensive income.

<sup>(e)</sup> Reflects the portion of the \$47.8 million deferral of merger transition costs to a regulatory asset in June 2018 that related to costs incurred prior to 2018. The remaining merger transition costs included within the \$47.8 million deferral were both incurred and deferred in 2018 and did not impact earnings. This item is included in operating and maintenance expense on the consolidated statements of comprehensive income.

<sup>(f)</sup> Reflects obsolete inventory write-offs for Evergy Kansas Central's Unit 7 at Tecumseh Energy Center, Units 3 and 4 at Murray Gill Energy Center, Units 1 and 2 at Gordon Evans Energy Center, Evergy Metro's Montrose Station and Evergy Missouri West's Sibley Station and are included in operating and maintenance expense on the consolidated statements of comprehensive income.

<sup>(g)</sup> Reflects an income tax effect calculated at a 26.1% statutory rate, with the exception of certain non-deductible items.