



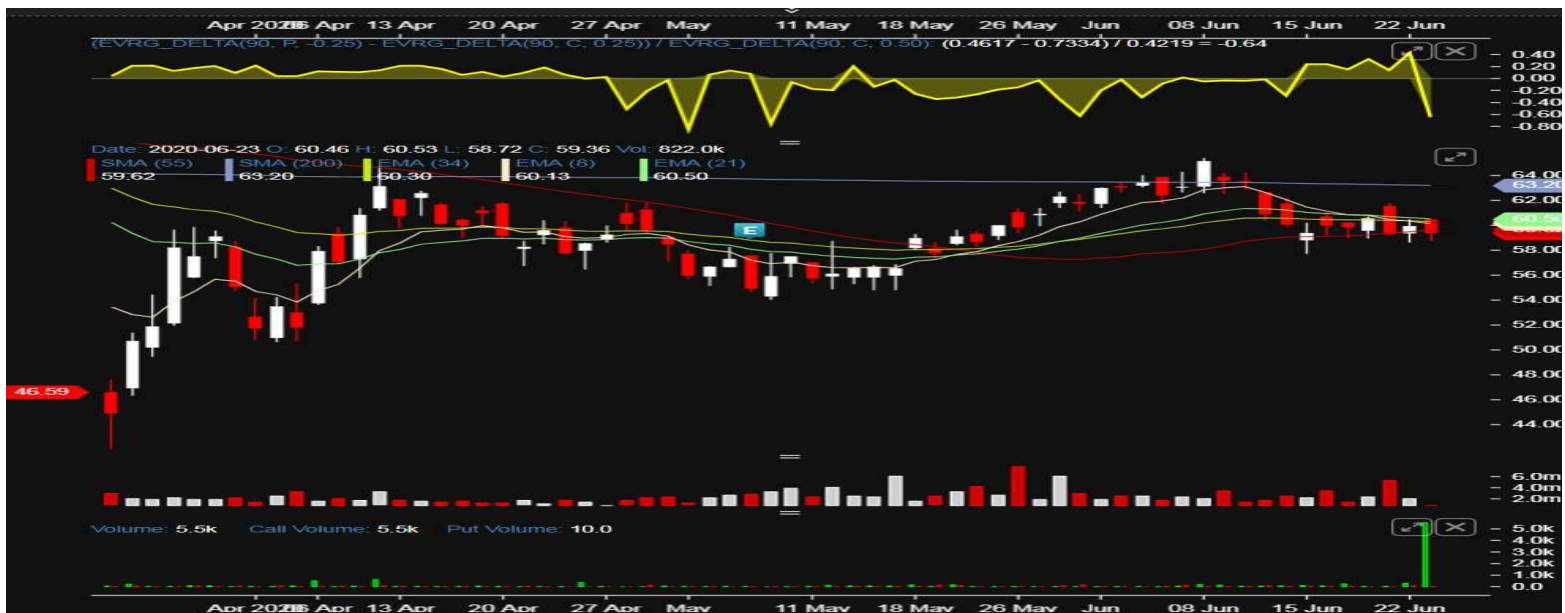
Bull Spread Targets Highs for Itra-Cellular

Ticker/Price: EVRG (\$59.30)

Analysis:

Evergy (EVRG) with 5,000 September \$65 calls bought today for \$2.15 to \$2.40, aggressive opening buy in a name that is being pushed to sell itself. EVRG has not seen a lot of notable flows lately with today's action running almost 250X average. EVRG shares are consolidating in a narrow range since April under the 200-day at \$63.50 and above \$55. Shares broke a long multi-year uptrend in March but traded as high as \$75 earlier this year and snapped back. The \$13.86B electric utility trades 18.5X earnings and 1.6X book with a 3.4% yield. EVRG is an ongoing activist situation with Elliott pushing for the company to sell itself as it undergoes a strategic review. The company reached a deal with the activist in March and reportedly has received interest from Next-Era (NEE). Elliott has been looking at ways to improve their overall operations and they have a formal deadline of July 30 for all proposals to be reviewed by the board. EVRG is one of the largest electric utilities in Missouri and they've been looking to boost results over the last five years by raising CAPEX and investing in overall grid improvements. Analysts have an average target for shares of \$69 and JP Morgan a Street High \$76. BAML upgrading to Buy from Sell in March noting that Elliott is helping the company move in the right direction while the firm sees the suspension of its buyback as a positive as it redirects capital toward rate base growth. Short interest is 2.1%. Hedge fund ownership rose marginally in Q1.

Hawk Vision:



Hawk's Perspective: EVRG has a clear potential event-driven catalysts and sets up nice versus recent lows and trend support, an intriguing play to consider.

Confidence Ranking: \$\$