

Consolidated Balance Sheets

December 31, 2019 and 2018

	2019	2018
	(in millions, except share and per share data)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,029	\$ 1,166
Restricted cash	336	370
Short-term investments	400	313
Accounts receivable, net of allowance for doubtful accounts of \$20 and \$23, respectively	1,479	1,595
Inventory	487	577
Prepaid expenses	80	130
Other current assets	802	807
Current held-for-sale assets	618	57
Total current assets	5,231	5,015
NONCURRENT ASSETS		
Property, Plant and Equipment:		
Land	447	449
Electric generation, distribution assets and other	25,383	25,242
Accumulated depreciation	(8,505)	(8,227)
Construction in progress	5,249	3,932
Property, plant and equipment, net	22,574	21,396
Other Assets:		
Investments in and advances to affiliates	966	1,114
Debt service reserves and other deposits	207	467
Goodwill	1,059	1,059
Other intangible assets, net of accumulated amortization of \$307 and \$457, respectively	469	436
Deferred income taxes	156	97
Loan receivable	1,351	1,423
Other noncurrent assets	1,635	1,514
Total other assets	5,843	6,110
TOTAL ASSETS	\$ 33,648	\$ 32,521
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 1,311	\$ 1,329
Accrued interest	201	191
Accrued non-income taxes	253	250
Accrued and other liabilities	1,021	962
Non-recourse debt, including \$337 and \$479, respectively, related to variable interest entities	1,868	1,659
Current held-for-sale liabilities	442	8
Total current liabilities	5,096	4,399
NONCURRENT LIABILITIES		
Recourse debt	3,391	3,650
Non-recourse debt, including \$3,872 and \$2,922 respectively, related to variable interest entities	14,914	13,986
Deferred income taxes	1,213	1,280
Other noncurrent liabilities	2,917	2,723
Total noncurrent liabilities	22,435	21,639
Commitments and Contingencies (see Notes 12 and 13)		
Redeemable stock of subsidiaries	888	879
EQUITY		
THE AES CORPORATION STOCKHOLDERS' EQUITY		
Common stock (\$0.01 par value, 1,200,000,000 shares authorized; 817,843,916 issued and 663,952,656 outstanding at December 31, 2019 and 817,203,691 issued and 662,298,096 outstanding at December 31, 2018)	8	8
Additional paid-in capital	7,776	8,154
Accumulated deficit	(692)	(1,005)
Accumulated other comprehensive loss	(2,229)	(2,071)
Treasury stock, at cost (153,891,260 and 154,905,595 shares at December 31, 2019 and December 31, 2018, respectively)	(1,867)	(1,878)
Total AES Corporation stockholders' equity	2,996	3,208
NONCONTROLLING INTERESTS	2,233	2,396
Total equity	5,229	5,604
TOTAL LIABILITIES AND EQUITY	\$ 33,648	\$ 32,521

See Accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Operations

Years ended December 31, 2019, 2018, and 2017

	2019	2018	2017
	(in millions, except per share amounts)		
Revenue:			
Regulated	\$ 3,028	\$ 2,939	\$ 3,109
Non-Regulated	7,161	7,797	7,421
Total revenue	<u>10,189</u>	<u>10,736</u>	<u>10,530</u>
Cost of Sales:			
Regulated	(2,484)	(2,473)	(2,650)
Non-Regulated	(5,356)	(5,690)	(5,415)
Total cost of sales	<u>(7,840)</u>	<u>(8,163)</u>	<u>(8,065)</u>
Operating margin	<u>2,349</u>	<u>2,573</u>	<u>2,465</u>
General and administrative expenses	(196)	(192)	(215)
Interest expense	(1,050)	(1,056)	(1,170)
Interest income	318	310	244
Loss on extinguishment of debt	(169)	(188)	(68)
Other expense	(80)	(58)	(58)
Other income	145	72	120
Gain (loss) on disposal and sale of business interests	28	984	(52)
Asset impairment expense	(185)	(208)	(537)
Foreign currency transaction gains (losses)	(67)	(72)	42
Other non-operating expense	(92)	(147)	—
INCOME FROM CONTINUING OPERATIONS BEFORE TAXES AND EQUITY IN EARNINGS OF AFFILIATES	1,001	2,018	771
Income tax expense	(352)	(708)	(990)
Net equity in earnings (losses) of affiliates	(172)	39	71
INCOME (LOSS) FROM CONTINUING OPERATIONS	<u>477</u>	<u>1,349</u>	<u>(148)</u>
Loss from operations of discontinued businesses, net of income tax expense of \$0, \$2, and \$21, respectively	—	(9)	(18)
Gain (loss) from disposal of discontinued businesses, net of income tax expense of \$0, \$44, and \$0, respectively	1	225	(611)
NET INCOME (LOSS)	<u>478</u>	<u>1,565</u>	<u>(777)</u>
Less: Income from continuing operations attributable to noncontrolling interests and redeemable stock of subsidiaries	(175)	(364)	(359)
Less: Loss (income) from discontinued operations attributable to noncontrolling interests	—	2	(25)
NET INCOME (LOSS) ATTRIBUTABLE TO THE AES CORPORATION	<u>\$ 303</u>	<u>\$ 1,203</u>	<u>\$ (1,161)</u>
AMOUNTS ATTRIBUTABLE TO THE AES CORPORATION COMMON STOCKHOLDERS:			
Income (loss) from continuing operations, net of tax	\$ 302	\$ 985	\$ (507)
Income (loss) from discontinued operations, net of tax	1	218	(654)
NET INCOME (LOSS) ATTRIBUTABLE TO THE AES CORPORATION	<u>\$ 303</u>	<u>\$ 1,203</u>	<u>\$ (1,161)</u>
BASIC EARNINGS PER SHARE:			
Income (loss) from continuing operations attributable to The AES Corporation common stockholders, net of tax	\$ 0.46	\$ 1.49	\$ (0.77)
Income (loss) from discontinued operations attributable to The AES Corporation common stockholders, net of tax	—	0.33	(0.99)
NET INCOME (LOSS) ATTRIBUTABLE TO THE AES CORPORATION COMMON STOCKHOLDERS	<u>\$ 0.46</u>	<u>\$ 1.82</u>	<u>\$ (1.76)</u>
DILUTED EARNINGS PER SHARE:			
Income (loss) from continuing operations attributable to The AES Corporation common stockholders, net of tax	\$ 0.45	\$ 1.48	\$ (0.77)
Income (loss) from discontinued operations attributable to The AES Corporation common stockholders, net of tax	—	0.33	(0.99)
NET INCOME (LOSS) ATTRIBUTABLE TO THE AES CORPORATION COMMON STOCKHOLDERS	<u>\$ 0.45</u>	<u>\$ 1.81</u>	<u>\$ (1.76)</u>

See Accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

Years ended December 31, 2019, 2018, and 2017

	2019	2018	2017
		(in millions)	
OPERATING ACTIVITIES:			
Net income (loss)	\$ 478	\$ 1,565	\$ (777)
Adjustments to net income (loss):			
Depreciation and amortization	1,045	1,003	1,169
Loss (gain) on disposal and sale of business interests	(28)	(984)	52
Impairment expenses	277	355	537
Deferred income taxes	(8)	313	672
Loss on extinguishment of debt	169	188	68
Loss on sale and disposal of assets	54	27	43
Net loss (gain) from disposal and impairments of discontinued businesses	—	(269)	611
Loss of affiliates, net of dividends	194	48	46
Other	324	283	148
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	73	(206)	(177)
(Increase) decrease in inventory	28	(36)	(28)
(Increase) decrease in prepaid expenses and other current assets	42	(22)	107
(Increase) decrease in other assets	(20)	(32)	(295)
Increase (decrease) in accounts payable and other current liabilities	(6)	62	163
Increase (decrease) in income tax payables, net and other tax payables	(83)	(7)	53
Increase (decrease) in other liabilities	(73)	55	112
Net cash provided by operating activities	<u>2,466</u>	<u>2,343</u>	<u>2,504</u>
INVESTING ACTIVITIES:			
Capital expenditures	(2,405)	(2,121)	(2,177)
Acquisitions of business interests, net of cash and restricted cash acquired	(192)	(66)	(609)
Proceeds from the sale of business interests, net of cash and restricted cash sold	178	2,020	108
Sale of short-term investments	666	1,302	3,540
Purchase of short-term investments	(770)	(1,411)	(3,310)
Contributions and loans to equity affiliates	(324)	(145)	(89)
Insurance proceeds	150	17	15
Other investing	(24)	(101)	(77)
Net cash used in investing activities	<u>(2,721)</u>	<u>(505)</u>	<u>(2,599)</u>
FINANCING ACTIVITIES:			
Borrowings under the revolving credit facilities	2,026	1,865	2,156
Repayments under the revolving credit facilities	(1,735)	(2,238)	(1,742)
Issuance of recourse debt	—	1,000	1,025
Repayments of recourse debt	(450)	(1,933)	(1,353)
Issuance of non-recourse debt	5,828	1,928	3,222
Repayments of non-recourse debt	(4,831)	(1,411)	(2,360)
Payments for financing fees	(126)	(39)	(100)
Distributions to noncontrolling interests	(427)	(340)	(424)
Contributions from noncontrolling interests and redeemable security holders	17	43	73
Dividends paid on AES common stock	(362)	(344)	(317)
Payments for financed capital expenditures	(146)	(275)	(179)
Other financing	120	101	42
Net cash provided by (used in) financing activities	<u>(86)</u>	<u>(1,643)</u>	<u>43</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(18)	(54)	8
(Increase) decrease in cash, cash equivalents and restricted cash of discontinued operations and held-for-sale businesses	(72)	74	(128)
Total increase (decrease) in cash, cash equivalents and restricted cash	(431)	215	(172)
Cash, cash equivalents and restricted cash, beginning	2,003	1,788	1,960
Cash, cash equivalents and restricted cash, ending	<u>\$ 1,572</u>	<u>\$ 2,003</u>	<u>\$ 1,788</u>
SUPPLEMENTAL DISCLOSURES:			
Cash payments for interest, net of amounts capitalized	\$ 946	\$ 1,003	\$ 1,196
Cash payments for income taxes, net of refunds	363	370	377
SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:			
Refinancing of non-recourse debt at Mong Duong (see Note 11)	1,081	—	—
Partial reinvestment of consideration from the sPower transaction (see Note 8)	58	—	—
Acquisition of intangible assets	—	16	—
Contributions to equity affiliates (see Note 8)	61	20	—
Exchange of debentures for the acquisition of the Guaimbé Solar Complex (see Note 26)	—	119	—
Acquisition of the remaining interest in a Distributed Energy equity affiliate (see Note 26)	—	23	—
Dividends declared but not yet paid	95	90	86
Conversion of Alto Maipo loans and accounts payable into equity (see Note 17)	—	—	279
Kazakhstan Hydroelectric return share transfer payment due (see Note 25)	—	—	75

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