# The AES Corporation

June 2024

# Safe Harbor Disclosure

Certain statements in the following presentation regarding AES' business operations may constitute "forward-looking statements." Such forward-looking statements include, but are not limited to, those related to future earnings, growth and financial and operating performance. Forward-looking statements are not intended to be a guarantee of future results, but instead constitute AES' current expectations based on reasonable assumptions. Forecasted financial information is based on certain material assumptions. These assumptions include, but are not limited to, accurate projections of future interest rates, commodity prices and foreign currency pricing, continued normal or better levels of operating performance and electricity demand at our distribution companies and operational performance at our generation businesses consistent with historical levels, as well as the execution of PPAs, conversion of our backlog and growth from investments at investment levels and rates of return consistent with prior experience. For additional assumptions see the Appendix to this presentation. Actual results could differ materially from those projected in our forward-looking statements due to risks, uncertainties and other factors. Important factors that could affect actual results are discussed in AES' filings with the Securities and Exchange Commission including but not limited to the risks discussed under Item 1A: "Risk Factors" and Item 7: "Management's Discussion & Analysis" in AES' Annual Report on Form 10-K, as well as our other SEC filings. AES undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Reconciliation to U.S. GAAP Financial Information

The following presentation includes certain "non-GAAP financial measures" as defined in Regulation G under the Securities Exchange Act of 1934, as amended. Schedules are included herein that reconcile the non-GAAP financial measures included in the following presentation to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP.

# Clear & Growing Demand for US Renewables

## AES' Global Operating & Development Portfolio

**66 GW**
**Pipeline**

- → Includes at least partial land control for each project
- → Interconnection filings for all projects in relevant markets

**12.7 GW**
**Backlog**

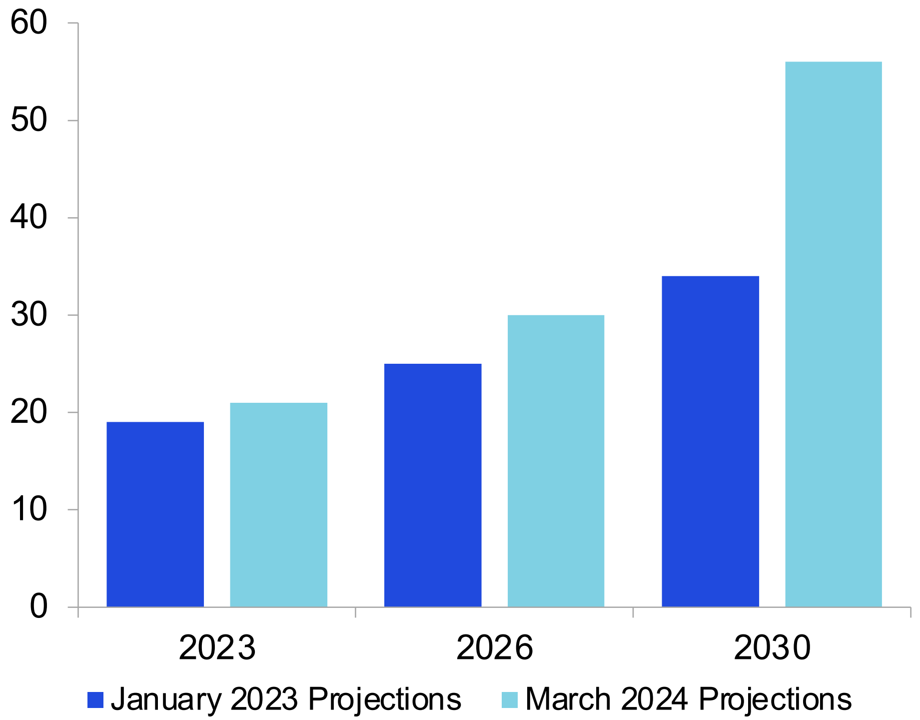
- → Signed contracts that are not yet operational, with 46% under construction
- → 1.2 GW signed since Q4 earnings call in February
- → 92% of major equipment for 2024 construction projects onsite, including nearly all solar modules

**34.9 GW**
**Operations**

- → 54% renewables
- → Added 593 MW YTD
- → Expect to add a total of 3.6 GW of new projects in FY 2024

# Data Center Load Has Grown Significantly Over Past Decade; Explosive Future Growth Projections

**US Data Center Demand[1], Capacity in GW**




→ US data center demand grew by 10 GW over the past decade, mostly met by renewable energy

→ Exponential growth projections add 35 GW of demand by 2030[1], driven by GenAI[2]

→ GenAI[2] causing companies to scramble for more data center capacity, looking for first mover advantage

1. McKinsey & Company.
2. Generative Artificial Intelligence.

# AES is Best Positioned to Serve Growing Demand for Renewables

## AES' Competitive Advantages

**Scale**

**Innovation**

**Track Record**

24/7 CFE PJM Retail, 500 MW — Google

Delta, Mississippi, 185 MW — amazon

Raceway 1, California, 205 MW — Microsoft

# AES is One of the Largest Developers Providing Energy Solutions to Technology Companies

Google

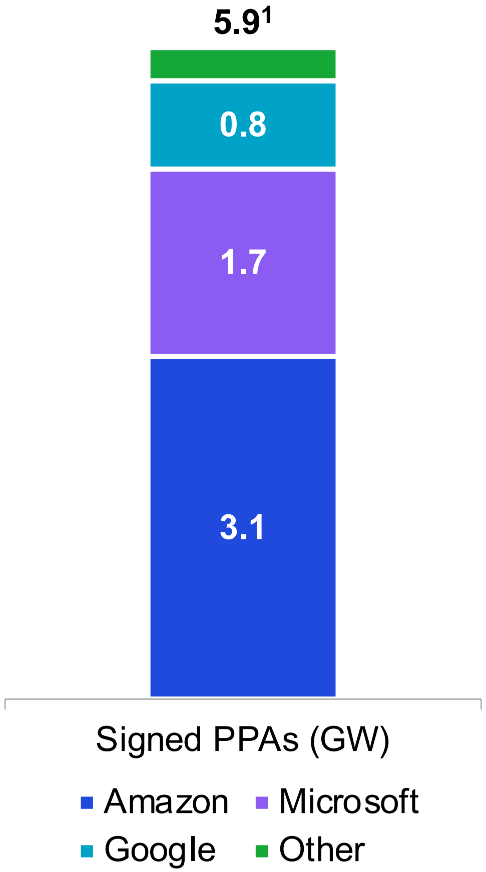
**24/7 Carbon-Free Energy by 2030**
→ Matching 100% of electricity with renewables

Microsoft

**100/100/0 Commitment by 2030**
→ Reaching 100% renewable energy by 2025

amazon

**100% Renewable Energy by 2030**
→ Powering operations with 100% renewable energy

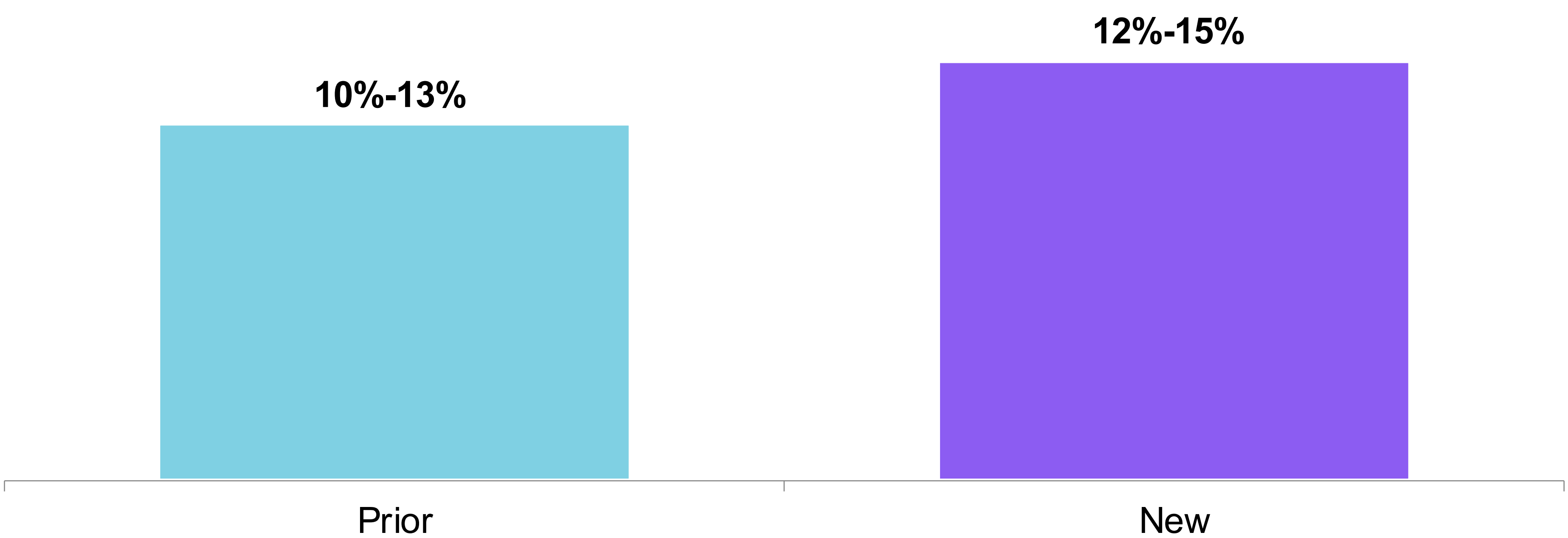



**>40% of AES' US Backlog is With Large Technology Companies**

1. Includes projects that are in operation and backlog. Does not include more than 500 MW of contracts signed with utilities to serve data center customers.

# Increased US Project Returns[1]

Targeted Levered After-Tax Cash Returns

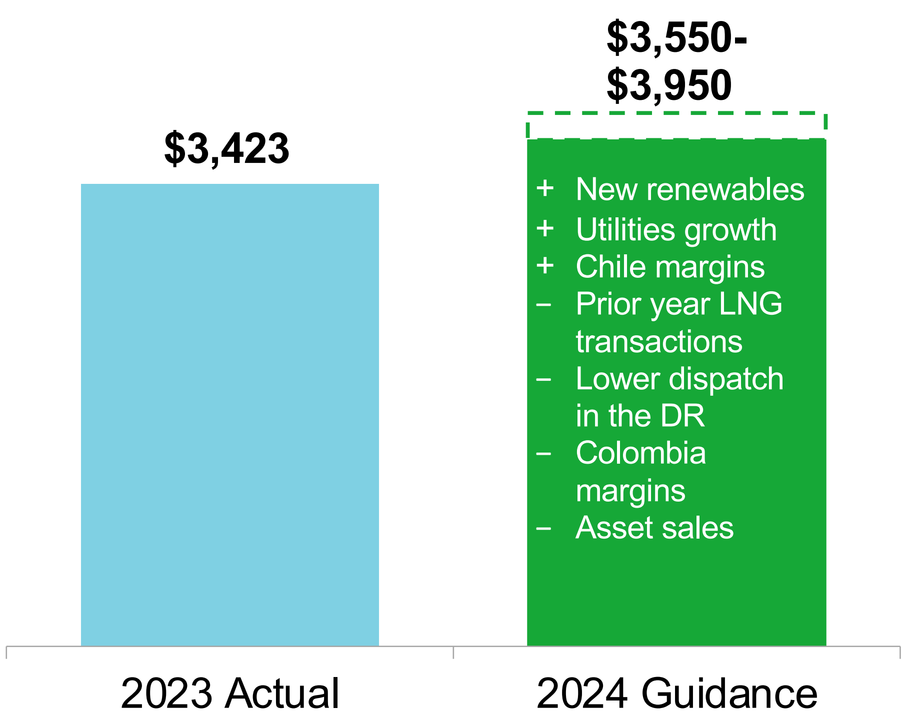



**Strong Market Demand & AES' Leading Position Enables Project Selectivity**

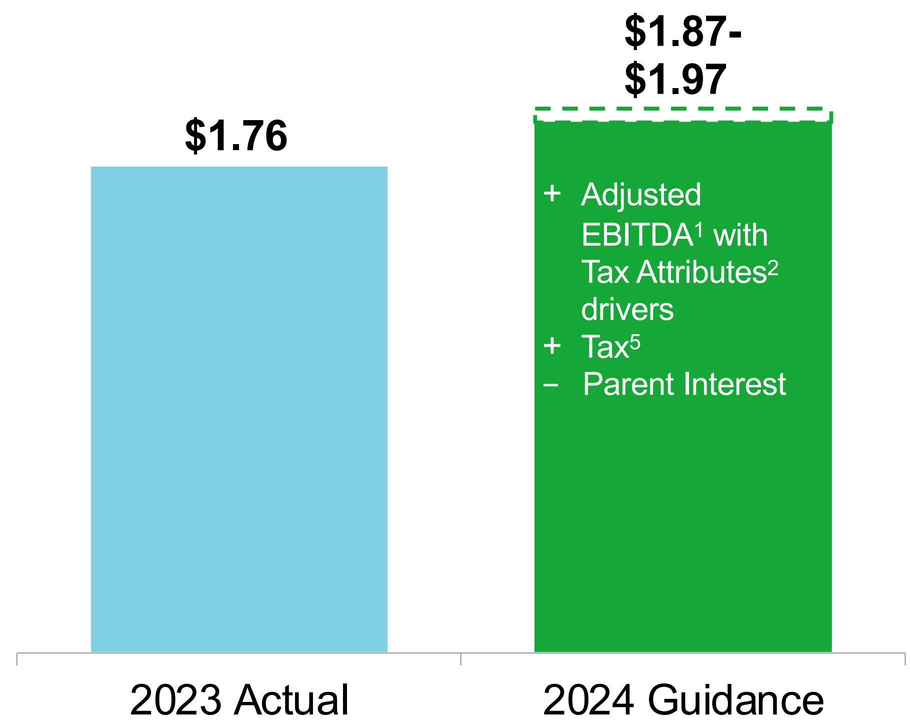
1. Increased in February 2024.

# Reaffirmed 2024 Guidance[1]

## Adjusted EBITDA[2] with Tax Attributes[3] ($ in Millions)




## Adjusted EPS[4] ($ Per Share)




1. Reaffirmed on May 3, 2024.
2. A non-GAAP financial measure. The Company is not able to provide a corresponding GAAP equivalent or reconciliation for its Adjusted EBITDA guidance without unreasonable effort. See Appendix for definition and for a description of the adjustments to reconcile Adjusted EBITDA to net income for 2023.
3. Pre-tax effect of Production Tax Credits, Investment Tax Credits, and depreciation tax deductions allocated to tax equity investors, as well as the tax benefit recorded from tax credits retained or transferred to third parties.
4. A non-GAAP financial measure. The Company is not able to provide a corresponding GAAP equivalent or reconciliation for its Adjusted EPS guidance without unreasonable effort. See Appendix for definition and a description of the adjustments to reconcile Adjusted EPS to diluted EPS for 2023.
5. 2024 estimated adjusted tax rate of 23% to 25% versus 2023 adjusted tax rate of 28%. Excludes $0.34 benefit from US renewable tax credit transfers, which is included in Tax Attributes.



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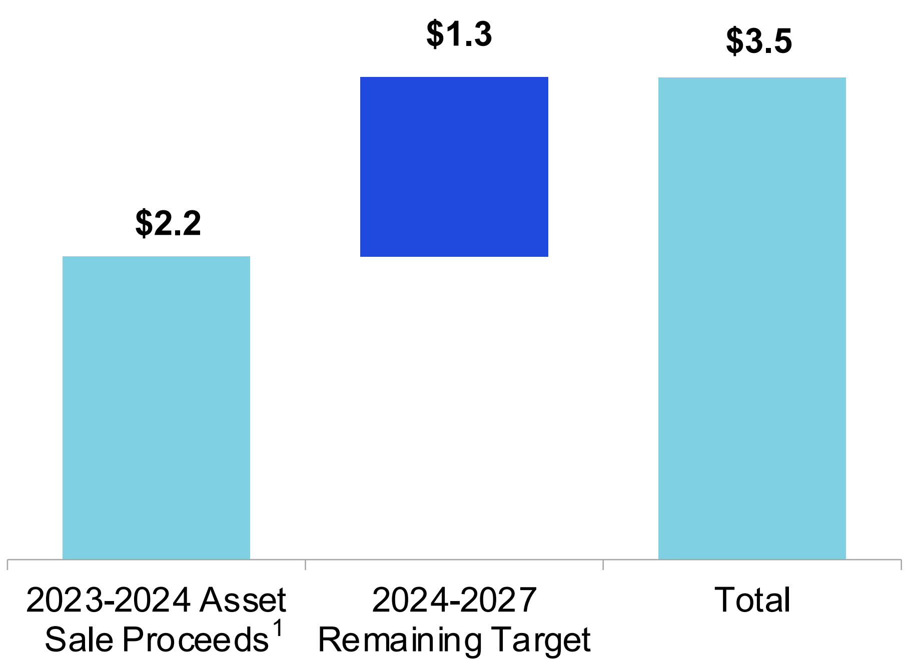
# More Than Halfway[1] Toward $3.5 Billion Asset Sale Proceeds Target for 2023-2027

$ in Billions




→ Announced sale of AES Brasil in May 2024

- Proceeds of ~$640 million to be used to fund growth in renewables and US utilities
- Simplification of portfolio
- Expected to close in 4 to 6 months

1. Includes closed and signed asset sales.

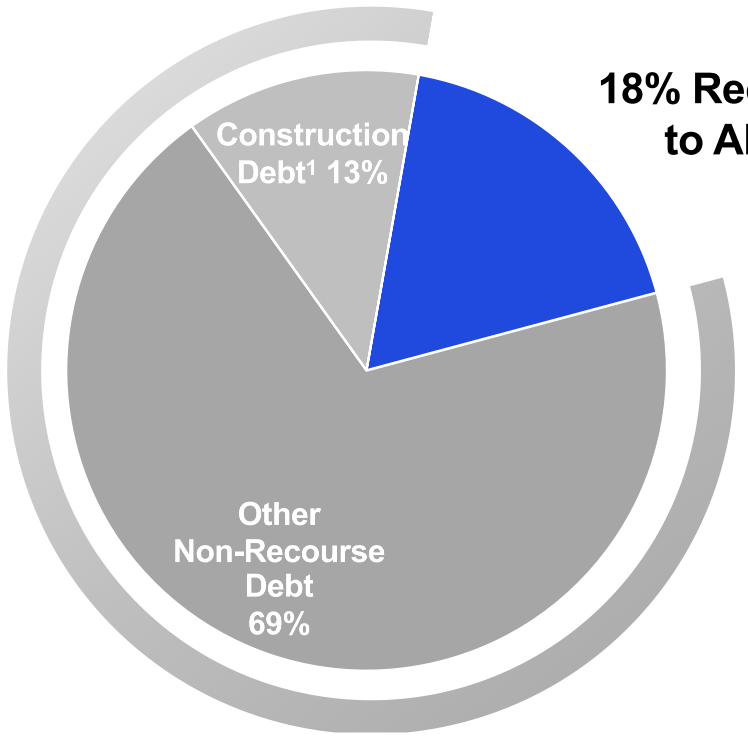
# Appendix

# Substantial Majority of Outstanding Debt is Non-Recourse to AES Corp.

## Total Debt

**82% Non-Recourse Debt**

→ Financing secured by underlying project(s) alone with no broader risk to AES Corp.



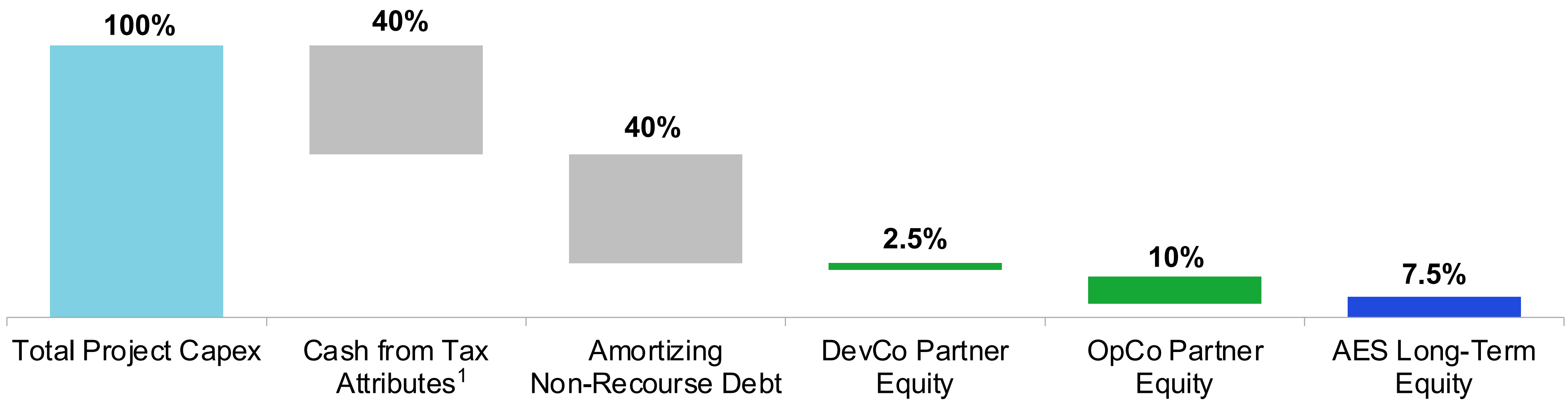

**18% Recourse Debt to AES Corp.**

**Nearly 90% of Long-Term Debt[2] is Fixed or Hedged**

1. Includes AES Clean Energy Construction Warehouse and Bellefield Construction Facility. Approximately half of our US construction debt is expected to be repaid with tax attributes once a project comes online.
2. Excludes revolvers, commercial paper and construction debt.

# Capital-Efficient Renewables Funding Model

## Example of a US Renewables Project Sources & Uses (% of Project Capex)




**Cash from Tax Attributes[1]**
- → Monetized when project comes online; used to repay portion of construction debt

**Amortizing Non-Recourse Debt**
- → Fixed rate, self-amortizing, investment grade-rated
- → Interest rate hedged at PPA signing

**DevCo Partner Equity**
- → Development partnership with AIMCo

**OpCo Partner Equity**
- → Sell down project at a premium post-COD to recover most (if not all) remaining equity investment

1. Pre-tax effect of Production Tax Credits, Investment Tax Credits, and depreciation tax deductions allocated to tax equity investors, as well as the tax benefit recorded from tax credits retained or transferred to third parties.

# Reconciliation of FY Adjusted PTC and Adjusted EPS[1]

| $ in Millions, Except Per Share Amounts | FY 2023 | | FY 2022 | |
|---|---|---|---|---|
| | Net of NCI[2] | Per Share (Diluted) Net of NCI[2] | Net of NCI[2] | Per Share (Diluted) Net of NCI[2] |
| Income (Loss) from Continuing Operations, Net of Tax, Attributable to AES and Diluted EPS | $242 | $0.34 | ($546) | ($0.77) |
| Add: Income Tax Expense from Continuing Operations Attributable to AES | $206 | | $210 | |
| Pre-Tax Contribution | $448 | | ($336) | |
| Adjustments | | | | |
| Unrealized Derivative and Equity Securities Losses | $41 | $0.06[3] | $128 | $0.18[4] |
| Unrealized Foreign Currency Losses | $301 | $0.42[5] | $42 | $0.07[6] |
| Disposition/Acquisition Losses (Gains) | ($79) | ($0.11)[7] | $40 | $0.06[8] |
| Impairment Losses | $877 | $1.23[9] | $1,658 | $2.33[10] |
| Loss on Extinguishment of Debt | $70 | $0.10[11] | $35 | $0.05[12] |
| Less: Net Income Tax Benefit | - | ($0.28)[13] | - | ($0.25)[14] |
| Adjusted PTC[1] & Adjusted EPS[1] | $1,658 | $1.76 | $1,567 | $1.67 |

1. A Non-GAAP financial measure. See “definitions”.
2. NCI is defined as Noncontrolling Interests.
3. Amount primarily relates to unrealized derivative losses due to the termination of a PPA of $72 million, or $0.10 per share and net unrealized derivative losses at AES Clean Energy of $20 million, or $0.03 per share, offset by net unrealized derivative gains at the Energy Infrastructure SBU of $46 million, or $0.06 per share.
4. Amount primarily relates to unrealized losses on power swaps at Southland Energy of $109 million, or $0.15 per share.
5. Amount primarily relates to unrealized foreign currency losses in Argentina of $262 million, or $0.37 per share, mainly associated with the devaluation of long-term receivables denominated in Argentine pesos, and unrealized foreign currency losses at AES Andes of $25 million, or $0.03 per share.
6. Amount primarily relates to unrealized foreign currency losses in Argentina of $39 million, or $0.05 per share, mainly associated with the devaluation of long-term receivables denominated in Argentine pesos.
7. Amount primarily relates to the gain on sale of Fluence shares of $136 million, or $0.19 per share, partially offset by costs due to early plant closure at the Ventanas 2 and Norgener coal-fired plants in Chile of $37 million, or $0.05 per share and at Warrior Run of $6 million, or $0.01 per share, and day-one losses recognized at commencement of sales-type leases at AES Renewable Holdings of $20 million, or $0.03 per share.
8. Amount primarily relates to costs on disposition of AES Gilbert, including the recognition of an allowance on the sales-type lease receivable, of $13 million, or $0.02 per share, and a day-one loss recognized at commencement of a sales-type lease at AES Waikoloa Solar of $5 million, or $0.01 per share.
9. Amount primarily relates to asset impairments at Warrior Run of $198 million, or $0.28 per share, at New York Wind of $139 million, or $0.20 per share, the Norgener coal-fired plant in Chile of $136 million, or $0.19 per share, at TEG and TEP of $76 million and $58 million, respectively, or $0.19 per share, AES Clean Energy development projects of $114 million, or $0.16 per share, at Mong Duong of $88 million, or $0.12 per share, at Jordan of $21 million, or $0.03 per share, and at the GAF Projects at AES Renewable Holdings of $18 million, or $0.03 per share, and a goodwill impairment at the TEG TEP reporting unit of $12 million, or $0.02 per share.
10. Amount primarily relates to goodwill impairments at AES Andes of $644 million, or $0.91 per share, and at AES El Salvador of $133 million, or $0.19 per share, other-than-temporary impairment at sPower of $175 million, or $0.25, as well as long-lived asset impairments at Maritza of $468 million, or $0.66 per share, at TEG TEP of $191 million, or $0.27 per share, and in Jordan of $28 million, or $0.04 per share.
11. Amount primarily relates to losses incurred at AES Andes due to early retirement of debt of $46 million, or $0.07 per share, and loss on early retirement of debt at AES Hispanola Holdings BV of $10 million, or $0.01 per share.
12. Amount primarily relates to losses on early retirement of debt due to refinancing at AES Renewable Holdings of $12 million, or $0.02 per share, at AES Clean Energy of $5 million, or $0.01 per share, at Mong Duong of $4 million, or $0.01 per share, and at TEG TEP of $4 million, or $0.01 per share.
13. Amount primarily relates to income tax benefits associated with the asset impairments at Warrior Run of $46 million, or $0.06 per share, at the Norgener coal-fired plant in Chile of $37 million, or $0.05 per share, at New York Wind of $32 million, or $0.05 per share, at TEG and TEP of $27 million, or $0.04 per share, and at AES Clean Energy development projects of $26 million, or $0.04 per share; income tax benefits associated with the recognition of unrealized losses due to the termination of a PPA of $17 million, or $0.02 per share; and income tax benefits associated with losses incurred at AES Andes due to early retirement of debt of $13 million, or $0.02 per share; partially offset by income tax expense associated with the gain on sale of Fluence shares of $31 million, or $0.04 per share.
14. Amount primarily relates to income tax benefits associated with the impairment at Maritza of $48 million, or $0.07 per share, income tax benefits associated with the other-than-temporary impairment at sPower of $39 million, or $0.06 per share, income tax benefits associated with the impairment at TEG TEP of $34 million, or $0.05 per share, and income tax benefits associated with unrealized losses on power swaps at Southland Energy of $24 million, or $0.03 per share.

# Reconciliation of FY Adjusted EBITDA[1]

| $ in Millions | FY 2023 | FY 2022 |
|---|---|---|
| Net Loss | ($182) | ($505) |
| Income Tax Expense | $261 | $265 |
| Interest Expense | $1,319 | $1,117 |
| Interest Income | ($551) | ($389) |
| Depreciation and Amortization | $1,128 | $1,053 |
| EBITDA | $1,975 | $1,541 |
| Less: Income from Discontinued Operations | ($7) | - |
| Less: Adjustment for Noncontrolling Interests and Redeemable Stock of Subsidiaries[1] | ($552) | ($704) |
| Less: Income Tax Expense (Benefit), Interest Expense (Income) and Depreciation and Amortization from Equity Affiliates | $130 | $126 |
| Interest Income Recognized Under Service Concession Arrangements | $71 | $77 |
| Unrealized Derivative and Equity Securities Losses | $34 | $131 |
| Unrealized Foreign Currency Losses | $301 | $42 |
| Disposition/Acquisition Losses (Gains) | ($79) | $40 |
| Impairment Losses | $877 | $1,658 |
| Loss on Extinguishment of Debt | $62 | $20 |
| Adjusted EBITDA[1] | $2,812 | $2,931 |
| Tax Attributes | $611 | $267 |
| Adjusted EBITDA with Tax Attributes[2] | $3,423 | $3,198 |

| | | |
|---|---|---|
| Renewables SBU | $645 | $605 |
| Utilities SBU | $678 | $612 |
| Energy Infrastructure SBU | $1,531 | $1,836 |
| New Energy Technologies SBU | ($62) | ($116) |
| Corporate | $20 | ($6) |
| Total Adjusted EBITDA | $2,812 | $2,931 |

1. The allocation of earnings to tax equity investors from both consolidated entities and equity affiliates is removed from Adjusted EBITDA.
2. Adjusted EBITDA with Tax Attributes includes the impact of the share of Investment Tax Credits, Production Tax Credits, and depreciation deductions allocated to tax equity investors under the HLBV accounting method and recognized as Net Loss Attributable to Noncontrolling Interests and Redeemable Stock of Subsidiaries on the Condensed Consolidated Statements of Operations. It also includes the tax benefit recorded from tax credits retained or transferred to third parties. The tax attributes are related to the Renewables and Utilities SBUs.

# Assumptions

Forecasted financial information is based on certain material assumptions. Such assumptions include, but are not limited to: (a) no unforeseen external events such as wars, depressions, or economic or political disruptions occur; (b) businesses continue to operate in a manner consistent with or better than prior operating performance, including achievement of planned productivity improvements including benefits of global sourcing, and in accordance with the provisions of their relevant contracts or concessions; (c) new business opportunities are available to AES in sufficient quantity to achieve its growth objectives; (d) no material disruptions or discontinuities occur in the Gross Domestic Product (GDP), foreign exchange rates, inflation or interest rates during the forecast period; and (e) material business-specific risks as described in the Company's SEC filings do not occur individually or cumulatively. In addition, benefits from global sourcing include avoided costs, reduction in capital project costs versus budgetary estimates, and projected savings based on assumed spend volume which may or may not actually be achieved. Also, improvement in certain Key Performance Indicators (KPIs) such as equivalent forced outage rate and commercial availability may not improve financial performance at all facilities based on commercial terms and conditions. These benefits will not be fully reflected in the Company's consolidated financial results.

The cash held at qualified holding companies ("QHCs") represents cash sent to subsidiaries of the Company domiciled outside of the U.S. Such subsidiaries have no contractual restrictions on their ability to send cash to AES, the Parent Company; however, cash held at qualified holding companies does not reflect the impact of any tax liabilities that may result from any such cash being repatriated to the Parent Company in the U.S. Cash at those subsidiaries was used for investment and related activities outside of the U.S. These investments included equity investments and loans to other foreign subsidiaries as well as development and general costs and expenses incurred outside the U.S. Since the cash held by these QHCs is available to the Parent, AES uses the combined measure of subsidiary distributions to Parent and QHCs as a useful measure of cash available to the Parent to meet its international liquidity needs. AES believes that unconsolidated parent company liquidity is important to the liquidity position of AES as a parent company because of the non-recourse nature of most of AES' indebtedness.

# Definitions

**Adjusted EBITDA**, a non-GAAP measure, is defined by the Company as earnings before interest income and expense, taxes, depreciation and amortization, adjusted for the impact of NCI, interest, taxes, depreciation and amortization of our equity affiliates, and adding-back interest income recognized under service concession; excluding gains or losses of both consolidated entities and entities accounted for under the equity method due to (a) unrealized gains or losses related to derivative transactions and equity securities, and financial assets and liabilities measured using the fair value option; (b) unrealized foreign currency gains or losses; (c) gains, losses, benefits and costs associated with dispositions and acquisitions of business interests, including early plant closures, and gains and losses recognized at commencement of sales-type leases; (d) losses due to impairments; and (e) gains, losses and costs due to the early retirement of debt or troubled debt restructuring.

**Adjusted EBITDA with Tax Attributes**, a non-GAAP financial measure, is defined as Adjusted EBITDA, adding back the pre-tax effect of Production Tax Credits, Investment Tax Credits, and depreciation tax deductions allocated to tax equity investors, as well as the tax benefit recorded from tax credits retained or transferred to third parties.

**Adjusted Earnings Per Share**, a non-GAAP financial measure, is defined as diluted earnings per share from continuing operations excluding gains or losses of both consolidated entities and entities accounted for under the equity method due to (a) unrealized gains or losses related to derivative transactions and equity securities, and financial assets and liabilities measured using the fair value option; (b) unrealized foreign currency gains or losses; (c) gains, losses, benefits and costs associated with dispositions and acquisitions of business interests, including early plant closures, and the tax impact from the repatriation of sales proceeds, and gains and losses recognized at commencement of sales-type leases; (d) losses due to impairments; and (e) gains, losses and costs due to the early retirement of debt or troubled debt restructuring.

**Adjusted Pre-Tax Contribution**, a non-GAAP financial measure, is defined as pre-tax income from continuing operations attributable to The AES Corporation excluding gains or losses of the consolidated entity due to (a) unrealized gains or losses related to derivative transactions and equity securities, and financial assets and liabilities measured using the fair value option; (b) unrealized foreign currency gains or losses; (c) gains, losses, benefits and costs associated with dispositions and acquisitions of business interests, including early plant closures, and gains and losses recognized at commencement of sales-type leases; (d) losses due to impairments; and (e) gains, losses and costs due to the early retirement of debt or troubled debt restructuring.

**NCI** is defined as noncontrolling interests.

**Parent Company Liquidity** (a non-GAAP financial measure) is defined as cash available to the Parent Company, including cash at qualified holding companies (“QHCs”), plus available borrowings under our existing credit facility and commercial paper program. The cash held at qualified holding companies represents cash sent to subsidiaries of the Company domiciled outside of the U.S. Such subsidiaries have no contractual restrictions on their ability to send cash to the Parent Company.

**Parent Free Cash Flow** (a non-GAAP financial measure) should not be construed as an alternative to Consolidated Net Cash Provided by Operating Activities, which is determined in accordance with US GAAP. Parent Free Cash Flow is the primary, recurring source of cash that is available for use by the Parent Company. Parent Free Cash Flow is equal to Subsidiary Distributions less cash used for interest costs, development, general and administrative activities, and tax payments by the Parent Company. Management uses Parent Free Cash Flow to determine the cash available to pay dividends, repay recourse debt, make equity investments, fund share buybacks, pay Parent Company hedging costs and make foreign exchange settlements. We believe that Parent Free Cash Flow is useful to investors because it better reflects the Parent Company’s cash available to make growth investments, pay shareholder dividends, and make principal payments on recourse debt. Factors in this determination include availability of subsidiary distributions to the Parent Company and the Company’s investment plan.

**Subsidiary Liquidity** (a non-GAAP financial measure) is defined as cash and cash equivalents and bank lines of credit at various subsidiaries.

**Subsidiary Distributions** should not be construed as an alternative to Consolidated Net Cash Provided by Operating Activities which is determined in accordance with GAAP. Subsidiary Distributions are important to the Parent Company because the Parent Company is a holding company that does not derive any significant direct revenues from its own activities but instead relies on its subsidiaries’ business activities and the resultant distributions to fund the debt service, investment and other cash needs of the holding company. The reconciliation of the difference between the Subsidiary Distributions and Consolidated Net Cash Provided by Operating Activities consists of cash generated from operating activities that is retained at the subsidiaries for a variety of reasons which are both discretionary and non-discretionary in nature. These factors include, but are not limited to, retention of cash to fund capital expenditures at the subsidiary, cash retention associated with non-recourse debt covenant restrictions and related debt service requirements at the subsidiaries, retention of cash related to sufficiency of local GAAP statutory retained earnings at the subsidiaries, retention of cash for working capital needs at the subsidiaries, and other similar timing differences between when the cash is generated at the subsidiaries and when it reaches the Parent Company and related holding companies.