

AES CORP
Form 8-K
May 05, 2005

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20349

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (date of earliest event reported) : **May 5, 2005**

THE AES CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE
(State of Incorporation)

001-12291
(Commission File No.)

54-1163725
(IRS Employer Identification No.)

**4300 Wilson Boulevard, Suite 1100
Arlington, Virginia 22203**

(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code:
(703) 522-1315

NOT APPLICABLE
(Former Name or Former Address, if changed since last report)

Item 2.02. Results of Operations and Financial Condition

On May 5, 2005, the AES Corporation issued a press release setting forth its first quarter financial results. A copy of the release is furnished as Exhibit 99.1 to this report.

Item 8.01: Other Events

AES CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

| (\$ in millions, except per share amounts) | Quarter Ended | |
|--|----------------|-------------------|
| | 2005 | March 31, 2004 |
| Revenues | \$ 2,645 | \$ 2,257 |
| Cost of sales | (1,863) | (1,577) |
| GROSS MARGIN | 782 | 680 |
| General and administrative expenses | (49) | (48) |
| OPERATING INCOME | 733 | 632 |
| Interest expense | (467) | (493) |
| Interest income | 86 | 69 |
| Other nonoperating expense, net | (15) | (14) |
| Foreign currency transaction losses | (12) | (8) |
| Loss on sale of investments | | (1) |
| Equity in earnings of affiliates | 25 | 16 |
| INCOME BEFORE INCOME TAXES AND MINORITY INTEREST | 350 | 201 |
| Income tax expense | (126) | (64) |
| Minority interest expense, net | (91) | (63) |
| INCOME FROM CONTINUING OPERATIONS | 133 | 74 |
| Loss from operations of discontinued components (net of income tax expense of \$0 and \$2, respectively) | | (26) |
| INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE | 133 | 48 |
| Cumulative effect of accounting change | | |
| NET INCOME | \$ 133 | \$ 48 |
| DILUTED EARNINGS PER SHARE | | |
| Income from continuing operations | \$ 0.20 | \$ 0.12 |
| Discontinued operations | | (0.04) |
| Cumulative effect of accounting change | | |
| Total | \$ 0.20 | \$ 0.08 |
| Diluted weighted average shares outstanding (in millions) | 660 | 633 |

AES CORPORATION

SEGMENT INFORMATION (unaudited)

| (\$ in millions) | Quarter Ended March 31, | |
|---|----------------------------|----------|
| | 2005 | 2004 |
| BUSINESS SEGMENTS | | |
| REVENUES | | |
| Large Utilities | \$ 1,007 | \$ 818 |
| Growth Distribution | 374 | 328 |
| Contract Generation | 985 | 868 |
| Competitive Supply | 279 | 243 |
| Total revenues | \$ 2,645 | \$ 2,257 |
| GROSS MARGIN | | |
| Large Utilities | \$ 252 | \$ 194 |
| Growth Distribution | 73 | 63 |
| Contract Generation | 393 | 359 |
| Competitive Supply | 64 | 64 |
| Total gross margin | \$ 782 | \$ 680 |
| INCOME BEFORE INCOME TAXES AND MINORITY INTEREST | | |
| Large Utilities | \$ 153 | \$ 117 |
| Growth Distribution | 45 | 31 |
| Contract Generation | 252 | 190 |
| Competitive Supply | 53 | 55 |
| Corporate | (153) | (192) |
| Total income before income taxes and minority interest | \$ 350 | \$ 201 |
| GEOGRAPHIC SEGMENTS | | |
| REVENUES | | |
| North America | \$ 540 | \$ 546 |
| Caribbean | 403 | 391 |
| South America | 1,192 | 879 |
| Europe/Africa | 309 | 274 |
| Asia | 201 | 167 |
| Total revenues | \$ 2,645 | \$ 2,257 |
| INCOME BEFORE INCOME TAXES AND MINORITY INTEREST | | |
| North America | \$ 114 | \$ 118 |
| Caribbean | 55 | 61 |
| South America | 190 | 92 |
| Europe/Africa | 79 | 57 |
| Asia | 65 | 65 |
| Corporate | (153) | (192) |

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| | | | | |
|--|----|-----|----|-----|
| Total income before income taxes and minority interest | \$ | 350 | \$ | 201 |
|--|----|-----|----|-----|

AES CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)

| (\$ in millions) | March 31, 2005 | December 31, 2004 |
|---|-------------------|----------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 1,555 | \$ 1,396 |
| Restricted cash | 334 | 395 |
| Short term investments | 57 | 153 |
| Accounts receivable, net of reserves of \$322 and \$303, respectively | 1,547 | 1,575 |
| Inventory | 413 | 418 |
| Receivable from affiliates | 7 | 8 |
| Deferred income taxes - current | 193 | 187 |
| Prepaid expenses | 116 | 93 |
| Other current assets | 674 | 713 |
| Current assets of held for sale and discontinued businesses | | |
| Total current assets | 4,896 | 4,938 |
| PROPERTY, PLANT AND EQUIPMENT | | |
| Land | 783 | 788 |
| Electric generation and distribution assets | 22,463 | 22,434 |
| Accumulated depreciation and amortization | (5,530) | (5,353) |
| Construction in progress | 1,107 | 919 |
| Property, plant and equipment, net | 18,823 | 18,788 |
| OTHER ASSETS | | |
| Deferred financing costs, net | 496 | 513 |
| Investment in and advances to affiliates | 684 | 655 |
| Debt service reserves and other deposits | 678 | 737 |
| Goodwill, net | 1,422 | 1,378 |
| Deferred income taxes - noncurrent | 798 | 813 |
| Long-term assets of held for sale and discontinued businesses | | |
| Other assets | 1,866 | 1,910 |
| Total other assets | 5,944 | 6,006 |
| TOTAL ASSETS | \$ 29,663 | \$ 29,732 |
| LIABILITIES AND STOCKHOLDERS EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 1,106 | \$ 1,143 |
| Accrued interest | 409 | 336 |
| Accrued and other liabilities | 1,686 | 1,583 |
| Current liabilities of held for sale and discontinued businesses | | |
| Recourse debt-current portion | 146 | 142 |
| Non-recourse debt-current portion | 1,748 | 1,618 |
| Total current liabilities | 5,095 | 4,822 |
| LONG-TERM LIABILITIES | | |
| Non-recourse debt | 11,435 | 11,813 |
| Recourse debt | 5,016 | 5,010 |
| Deferred income taxes | 729 | 685 |

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| | | | |
|--|----|---------|-----------|
| Long-term liabilities of held for sale and discontinued businesses | | | |
| Pension liabilities | | 869 | 891 |
| Other long-term liabilities | | 3,108 | 3,261 |
| Total long-term liabilities | | 21,157 | 21,660 |
| Minority Interest | | 1,663 | 1,605 |
| STOCKHOLDERS EQUITY | | | |
| Common stock | | 7 | 7 |
| Additional paid-in capital | | 6,368 | 6,341 |
| Accumulated deficit | | (680) | (813) |
| Accumulated other comprehensive loss | | (3,947) | (3,890) |
| Total stockholders equity | | 1,748 | 1,645 |
| TOTAL LIABILITIES AND STOCKHOLDERS EQUITY | \$ | 29,663 | \$ 29,732 |

AES CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

| (\$ in millions) | 2005 | March 31, | 2004 |
|---|------|-----------|----------|
| OPERATING ACTIVITIES | | | |
| Net income | \$ | 133 | \$ 48 |
| Adjustments: | | | |
| Depreciation and amortization of intangible assets | | 224 | 200 |
| Other non-cash charges | | 153 | 226 |
| Increase in working capital | | (84) | (78) |
| Changes in other assets and liabilities | | 94 | 6 |
| Net cash provided by operating activities | | 520 | 402 |
| INVESTING ACTIVITIES | | | |
| Property additions | | (271) | (190) |
| Proceeds from the sale of assets | | 3 | 27 |
| Sale of short-term investments | | 430 | 392 |
| Purchase of short-term investments | | (330) | (428) |
| Acquisitions, net of cash acquired | | (85) | |
| Decrease (increase) in restricted cash | | 67 | (435) |
| Decrease (increase) in debt service reserves and other assets | | 27 | (4) |
| Other investing | | (7) | 7 |
| Net cash used in investing activities | | (166) | (631) |
| FINANCING ACTIVITIES | | | |
| Borrowings under the revolving credit facilities | | 10 | |
| Issuance of non-recourse debt and other coupon bearing securities | | 416 | 1,133 |
| Repayments of non-recourse debt and other coupon bearing securities | | (586) | (1,473) |
| Payments for deferred financing costs | | (1) | (40) |
| Dividends to minority interests, net | | (21) | (8) |
| Issuance of common stock, net | | 8 | 2 |
| Other financing | | (2) | (1) |
| Net cash used in financing activities | | (176) | (387) |
| Effect of exchange rate changes on cash | | (19) | (15) |
| Total increase (decrease) in cash and cash equivalents | | 159 | (631) |
| Decrease in cash and cash equivalents of discontinued operations and businesses held for sale | | | (1) |
| Cash and cash equivalents, beginning | | 1,396 | 1,727 |
| Cash and cash equivalents, ending | \$ | 1,555 | \$ 1,095 |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE AES CORPORATION

Date: May 5, 2005

By: /s/ Vincent W. Mathis
Name: Vincent W. Mathis
Title: Assistant General Counsel

EXHIBIT INDEX

| No. | Description |
|------------|---------------------------------|
| 99.1 | Press Release dated May 5, 2005 |