

AES CORPORATION
Form 8-K
October 28, 2004

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) : **October 28, 2004**

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 October 28, 2004, the AES Corporation issued a press release setting forth its third 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

(\$ in millions, except per share amounts)	Quarter Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Revenues	\$ 2,423	\$ 2,231	\$ 6,943	\$ 6,134
Cost of sales	(1,692)	(1,555)	(4,884)	(4,345)
GROSS MARGIN	731	676	2,059	1,789
General and administrative expenses	(40)	(36)	(130)	(97)
Other operating expense, net	(10)	(5)	(5)	(29)
Asset impairment expense		(75)		(106)
OPERATING INCOME	681	560	1,924	1,557
Interest expense	(470)	(500)	(1,423)	(1,518)
Interest income	52	82	191	207
Other nonoperating (expense) income, net	(2)	12	(20)	112
Foreign currency transaction (losses) gains	(16)	(35)	(79)	154
Loss on sale of investments			(1)	
Equity in earnings of affiliates	18	12	57	57
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST	263	131	649	569
Income tax expense	(78)	(33)	(201)	(160)
Minority interest expense, net	(52)	(36)	(174)	(77)
INCOME FROM CONTINUING OPERATIONS	133	62	274	332
Income (loss) from operations of discontinued components (net of income tax benefit (expense) of \$4, \$(28), \$8, and \$0, respectively)	7	14	(48)	(290)
INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	140	76	226	42
Cumulative effect of accounting change (net of income tax benefit of \$1)				(2)
NET INCOME	\$ 140	\$ 76	\$ 226	\$ 40

Edgar Filing: AES CORPORATION - Form 8-K

DILUTED EARNINGS PER SHARE

Income from continuing operations	\$	0.20	\$	0.10	\$	0.42	\$	0.56
Discontinued operations		0.01		0.02		(0.07)		(0.49)
Cumulative effect of accounting change								
Total	\$	0.21	\$	0.12	\$	0.35	\$	0.07
Diluted weighted average shares outstanding (in millions)		651		624		643		588

AES CORPORATION

SEGMENT INFORMATION

(\$ in millions)	Quarter Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
BUSINESS SEGMENTS				
REVENUES				
Contract Generation	\$ 906	\$ 817	\$ 2,642	\$ 2,268
Competitive Supply	265	230	756	655
Large Utilities	938	908	2,590	2,388
Growth Distribution	314	276	955	823
Total revenues	\$ 2,423	\$ 2,231	\$ 6,943	\$ 6,134
GROSS MARGIN				
Contract Generation	\$ 372	\$ 327	\$ 1,057	\$ 903
Competitive Supply	64	59	181	173
Large Utilities	234	244	635	572
Growth Distribution	61	46	186	141
Total gross margin	\$ 731	\$ 676	\$ 2,059	\$ 1,789
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST				
Contract Generation	\$ 211	\$ 103*	\$ 609	\$ 414
Competitive Supply	47	37	140	148
Large Utilities	119	127	329	291
Growth Distribution	47	12	86	107
Corporate	(161)	(148)	(515)	(391)
Total income before income taxes and minority interest	\$ 263	\$ 131	\$ 649	\$ 569
GEOGRAPHIC SEGMENTS				
REVENUES				
North America	\$ 586	\$ 581	\$ 1,666	\$ 1,634
Caribbean	401	387	1,198	1,107
South America	1,022	907	2,810	2,378
Europe/Africa	235	218	748	663
Asia	179	138	521	352
Total revenues	\$ 2,423	\$ 2,231	\$ 6,943	\$ 6,134
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST				
North America	\$ 146	\$ 134	\$ 387	\$ 353
Caribbean	37	82	150	159
South America	150	64	303	276
Europe/Africa	38	(54)*	143	31

Edgar Filing: AES CORPORATION - Form 8-K

Asia	53	53	181	141
Corporate	(161)	(148)	(515)	(391)
Total income before income taxes and minority interest	\$ 263	\$ 131	\$ 649	\$ 569

* Includes a \$76 million asset impairment charge.

AES CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(\$ in millions, except per share amounts)	September 30, 2004	December 31, 2003
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,582	\$ 1,737
Restricted cash	357	288
Short term investments	139	189
Accounts receivable, net of reserves of \$253 and \$291, respectively	1,317	1,211
Inventory	388	376
Receivable from affiliates	2	3
Deferred income taxes - current	159	136
Prepaid expenses	115	64
Other current assets	801	677
Current assets of held for sale and discontinued businesses	250	205
Total current assets	5,110	4,886
PROPERTY, PLANT AND EQUIPMENT		
Land	748	733
Electric generation and distribution assets	21,969	21,076
Accumulated depreciation and amortization	(5,087)	(4,587)
Construction in progress	827	1,278
Property, plant and equipment, net	18,457	18,500
OTHER ASSETS		
Deferred financing costs, net	486	430
Investment in and advances to affiliates	683	648
Debt service reserves and other deposits	598	617
Goodwill, net	1,376	1,378
Deferred income taxes - noncurrent	778	781
Long-term assets of held for sale and discontinued businesses	683	750
Other assets	1,785	1,976
Total other assets	6,389	6,580
TOTAL ASSETS	\$ 29,956	\$ 29,966
LIABILITIES AND STOCKHOLDERS EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 1,027	\$ 1,225
Accrued interest	447	561
Accrued and other liabilities	1,372	1,156
Current liabilities of held for sale and discontinued businesses	769	699
Recourse debt-current portion	77	77
Non-recourse debt-current portion	1,778	2,769
Total current liabilities	5,393	6,487
LONG-TERM LIABILITIES		
Recourse debt	5,470	5,862
Non-recourse debt	11,262	10,930

Edgar Filing: AES CORPORATION - Form 8-K

Deferred income taxes	1,122	1,113
Long-term liabilities of held for sale and discontinued businesses	19	94
Pension liabilities	900	947
Other long-term liabilities	3,134	3,083
Total long-term liabilities	21,907	22,029
Minority Interest , including discontinued businesses of \$0 and \$12, respectively		
	1,226	805
STOCKHOLDERS EQUITY		
Common stock	6	6
Additional paid-in capital	5,497	5,737
Accumulated deficit	(877)	(1,103)
Accumulated other comprehensive loss	(3,196)	(3,995)
Total stockholders equity	1,430	645
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ 29,956	\$ 29,966

AES CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(\$ in millions)	Nine Months Ended September 30,	
	2004	2003
OPERATING ACTIVITIES		
Net income	\$ 226	\$ 40
Adjustments:		
Depreciation and amortization continuing and discontinued operations	609	581
Other non-cash charges	543	165
(Increase) decrease in working capital	(269)	300
Net cash provided by operating activities	1,109	1,086
INVESTING ACTIVITIES		
Property additions and project development costs	(598)	(878)
Net proceeds from the sale of assets	64	707
Sale (purchase) of short-term investments	42	(25)
Affiliate advances and equity investments	6	
(Increase) in restricted cash	(19)	(322)
(Increase) decrease in debt service reserves and other assets	(13)	108
Other investing	(4)	(16)
Net cash used in investing activities	(522)	(426)
FINANCING ACTIVITIES		
(Repayments) under the revolving credit facilities, net		(228)
Issuance of non-recourse debt and other coupon bearing securities	1,980	4,120
Repayments of non-recourse debt and other coupon bearing securities	(2,565)	(4,200)
Payments for deferred financing costs	(81)	(106)
(Distributions to) contribution by minority interests, net	(79)	7
Proceeds from sale of common stock	7	335
Other financing	(3)	(2)
Net cash used in financing activities	(741)	(74)
Effect of exchange rate changes on cash	(9)	34
Total (decrease) increase in cash and cash equivalents	(163)	620
Decrease in cash and cash equivalents of discontinued operations and businesses held for sale	8	62
Cash and cash equivalents, beginning	1,737	792
Cash and cash equivalents, ending	\$ 1,582	\$ 1,474

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: October 28, 2004

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

EXHIBIT INDEX

No.	Description
99.1	Press Release dated October 28, 2004