

AES CORPORATION
Form 8-K
July 29, 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) : **July 29, 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.)

1001 North 19th Street, Suite 2000
Arlington, Virginia 22209

(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 5: Other Events

AES CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

(\$ in millions, except per share amounts)	Quarter Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Revenues	\$ 2,263	\$ 1,992	\$ 4,520	\$ 3,903
Cost of sales	(1,615)	(1,453)	(3,192)	(2,790)
GROSS MARGIN	648	539	1,328	1,113
Corporate and business development expenses	(42)	(32)	(90)	(61)
Other operating income (expense), net	5	(16)	5	(38)
OPERATING INCOME	611	491	1,243	1,014
Interest expense, net	(390)	(462)	(814)	(893)
Other nonoperating (expense) income, net	(4)	92	(18)	107
Foreign currency transaction (losses) gain	(55)	107	(63)	189
Loss on sale of investments		(24)	(1)	(24)
Equity in earnings of affiliates	23	21	39	45
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST	185	225	386	438
Income tax expense	(59)	(66)	(123)	(127)
Minority interest expense, net	(59)	(20)	(122)	(41)
INCOME FROM CONTINUING OPERATIONS	67	139	141	270
Loss from operations of discontinued components (net of income tax benefits of \$6, \$24, \$4, and \$28, respectively)	(29)	(268)	(55)	(304)
INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	38	(129)	86	(34)
Cumulative effect of accounting change (net of income tax benefit of \$1)				(2)
NET INCOME (LOSS)	\$ 38	\$ (129)	\$ 86	\$ (36)
DILUTED EARNINGS (LOSS) PER SHARE				
Income from continuing operations	\$ 0.10	\$ 0.24	\$ 0.22	\$ 0.47
Discontinued operations	(0.04)	(0.46)	(0.09)	(0.53)
Cumulative effect of accounting change				
Total	\$ 0.06	\$ (0.22)	\$ 0.13	\$ (0.06)
Diluted weighted average shares outstanding (in millions)	643	583	638	575

AES CORPORATION

SEGMENT INFORMATION

(\$ in millions)	Quarter Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
BUSINESS SEGMENTS				
REVENUES				
Contract Generation	\$ 868	\$ 735	\$ 1,736	\$ 1,451
Competitive Supply	248	196	491	425
Large Utilities	834	778	1,652	1,480
Growth Distribution	313	283	641	547
Total revenues	\$ 2,263	\$ 1,992	\$ 4,520	\$ 3,903
GROSS MARGIN				
Contract Generation	\$ 326	\$ 286	\$ 685	\$ 576
Competitive Supply	53	45	117	114
Large Utilities	207	163	401	328
Growth Distribution	62	45	125	95
Total gross margin	\$ 648	\$ 539	\$ 1,328	\$ 1,113
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST				
Contract Generation	\$ 208	\$ 142	\$ 398	\$ 311
Competitive Supply	38	41	93	111
Large Utilities	93	91	210	164
Growth Distribution	8	57	39	95
Corporate	(162)	(106)	(354)	(243)
Total income before income taxes and minority interest	\$ 185	\$ 225	\$ 386	\$ 438
GEOGRAPHIC SEGMENTS				
REVENUES				
North America	\$ 534	\$ 507	\$ 1,080	\$ 1,053
Caribbean	407	373	797	720
South America	909	796	1,788	1,471
Europe/Africa	238	209	513	445
Asia	175	107	342	214
Total revenues	\$ 2,263	\$ 1,992	\$ 4,520	\$ 3,903
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST				
North America	\$ 123	\$ 100	\$ 241	\$ 219
Caribbean	52	20	113	77
South America	61	144	153	212
Europe/Africa	48	24	105	85
Asia	63	43	128	88
Corporate	(162)	(106)	(354)	(243)
	\$ 185	\$ 225	\$ 386	\$ 438

Edgar Filing: AES CORPORATION - Form 8-K

Total income before income taxes and minority
interest

3

AES CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEET

(\$ in millions, except per share amounts)	June 30, 2004	December 31, 2003
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,248	\$ 1,737
Restricted cash	303	288
Short term investments	150	189
Accounts receivable, net of reserves of \$262 and \$291, respectively	1,165	1,211
Inventory	366	376
Receivable from affiliates	3	3
Deferred income taxes - current	152	136
Prepaid expenses	87	64
Other current assets	804	677
Current assets of held for sale and discontinued businesses	206	205
Total current assets	4,484	4,886
PROPERTY, PLANT AND EQUIPMENT		
Land	710	733
Electric generation and distribution assets	21,538	21,076
Accumulated depreciation	(4,797)	(4,587)
Construction in progress	785	1,278
Property, plant and equipment, net	18,236	18,500
OTHER ASSETS		
Deferred financing costs, net	468	430
Investment in and advances to affiliates	666	648
Debt service reserves and other deposits	615	617
Goodwill, net	1,376	1,378
Deferred income taxes - noncurrent	746	781
Long-term assets of held for sale and discontinued businesses	700	750
Other assets	1,706	1,976
Total other assets	6,277	6,580
TOTAL ASSETS	\$ 28,997	\$ 29,966
LIABILITIES AND STOCKHOLDERS EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 1,083	\$ 1,225
Accrued interest	352	561
Accrued and other liabilities	1,252	1,156
Current liabilities of held for sale and discontinued businesses	752	699
Recourse debt-current portion	77	77
Non-recourse debt-current portion	1,819	2,769
Total current liabilities	5,258	6,487
LONG-TERM LIABILITIES		
Recourse debt	5,493	5,862
Non-recourse debt	11,025	10,930
Deferred income taxes	1,062	1,113

Edgar Filing: AES CORPORATION - Form 8-K

Long-term liabilities of held for sale and discontinued businesses	15	94
Pension liabilities	865	947
Other long-term liabilities	2,939	3,083
Total long-term liabilities	21,399	22,029
Minority Interest, including discontinued businesses of \$12 and \$12, respectively	1,166	805
STOCKHOLDERS EQUITY		
Common stock	6	6
Additional paid-in capital	5,465	5,737
Accumulated deficit	(1,017)	(1,103)
Accumulated other comprehensive loss	(3,280)	(3,995)
Total stockholders equity	1,174	645
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ 28,997	\$ 29,966

AES CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(\$ in millions)	June 30, 2004	June 30, 2003
OPERATING ACTIVITIES		
Net income	\$ 86	\$ (36)
Adjustments:		
Depreciation and amortization continuing and discontinued operations	399	378
Cumulative effect of change in accounting principle		3
Other non-cash charges	419	85
Working capital, (net)	(294)	306
Net cash provided by operating activities	610	736
INVESTING ACTIVITIES		
Property additions	(377)	(573)
Proceeds from the sales of assets	36	689
Increase (decrease) in restricted cash and other	14	(243)
Net cash used in investing activities	(327)	(127)
FINANCING ACTIVITIES		
Borrowings under the revolving credit facilities, net		(8)
Issuance of non-recourse debt and other coupon bearing securities	1,725	2,521
Repayments of non-recourse debt and other coupon bearing securities	(2,351)	(2,604)
Payments for deferred financing costs	(65)	(68)
Issuance of common stock, net	4	335
Other financing	(54)	4
Net cash (used in)/provided by financing activities	(741)	180
Effect of exchange rate changes on cash	(34)	35
Total (decrease) increase in cash and cash equivalents	(492)	824
Increase in cash and cash equivalents of discontinued operations and businesses held for sale	3	57
Cash and cash equivalents, beginning	1,737	792
Cash and cash equivalents, ending	\$ 1,248	\$ 1,673

Item 12. Results of Operations and Financial Condition

On July 29, 2004, the AES Corporation issued a press release setting forth its second quarter financial results. A copy of the release is attached hereto as Exhibit 99.1 and incorporated by reference solely in Item 12 of the Form 8-K.

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: July 29, 2004

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

EXHIBIT INDEX

No.	Description
99.1	Press Release dated July 29, 2004