





AES
we are the energy

September 2019

The AES Corporation

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 Slide 28 and 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' 2018 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.

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.

AES: Attractive Growth and Income Story

Enhancing the Resilience of Our Portfolio

- ~85% of cash flows contracted with 10-year average life
- Expect to attain investment grade in 2020
- Coal generation below 30% by 2022

Increasing Our Backlog

- Backlog of 6.8 GW represents 20% increase to existing capacity
- Expect to sign 2-3 GW of renewables per year
- Greening our portfolio, while adding to contracted cash flows
- Excess LNG storage capacity represents $0.05 of annual EPS upside by 2022

Investing in Innovative Technologies

- Market leader in energy storage
- Applying new digital initiatives across $33 billion asset base
- Cost reduction program[2] represents $0.10 of annual EPS upside by 2022

7% to 9%
Annual Growth in Adjusted EPS[1] and Parent Free Cash Flow[1] Through 2022

+

~3.5%
Current Dividend Yield; Expect to Grow 4% to 6% Annually

=

10% to 12%
Annual Total Shareholder Return

1. A non-GAAP financial measure. See Appendix for definition.
2. Cost reduction program announced in Q1 2019.

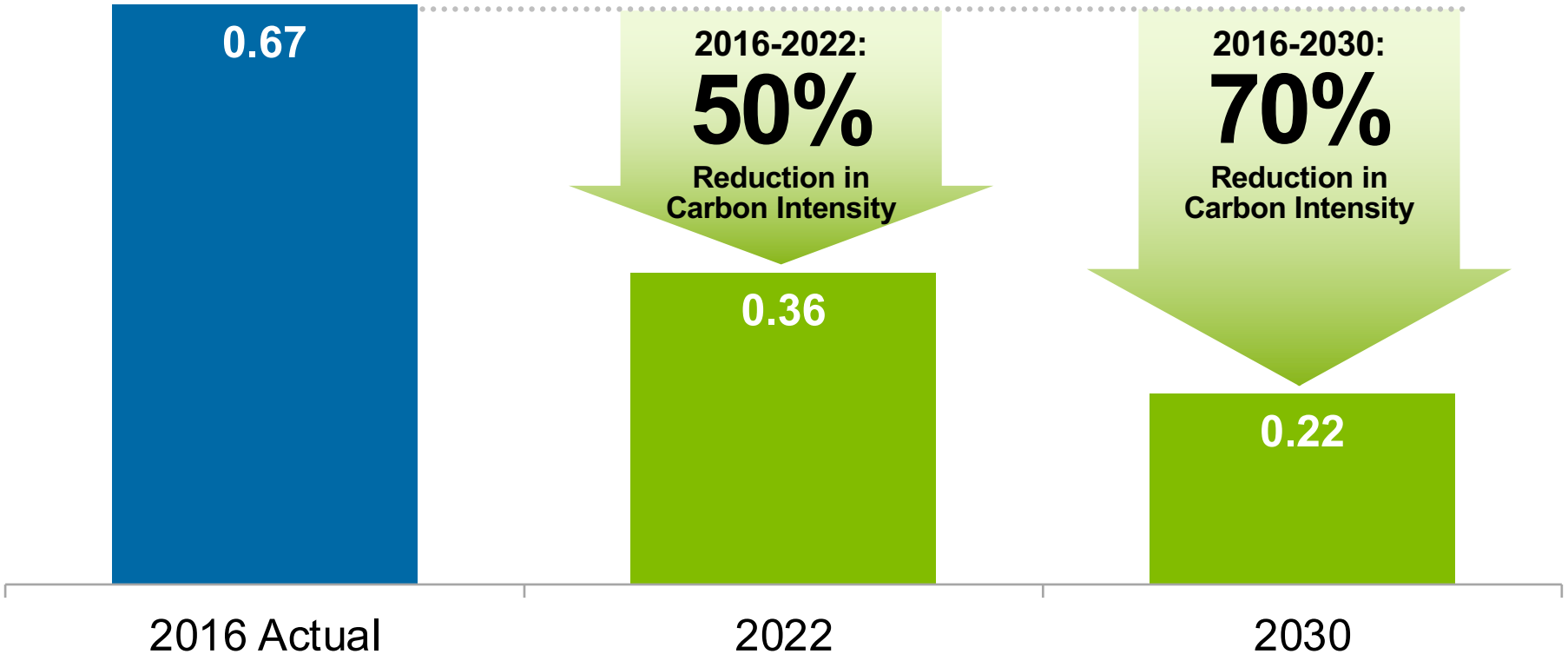
Enhancing the Resilience of Our Portfolio

	2011	Current	Change
Parent Debt ($ in Millions)	$6,515	$3,686[2]	**$2,829 or 43%**
Credit Rating	B+/BB-	BB+	**2-3 notches**
Impact from Movements in Foreign Currencies, Commodities and Hydrology[1]	$0.21	$0.07	**68%**
Countries with Operations	28	13	**15**

1. Estimated annual EPS at risk at a 95% confidence level.
2. As of December 31, 2018.

Significantly Reducing Carbon Intensity and Coal Generation

Carbon Intensity (Tons of CO_2/MWh of Generation)

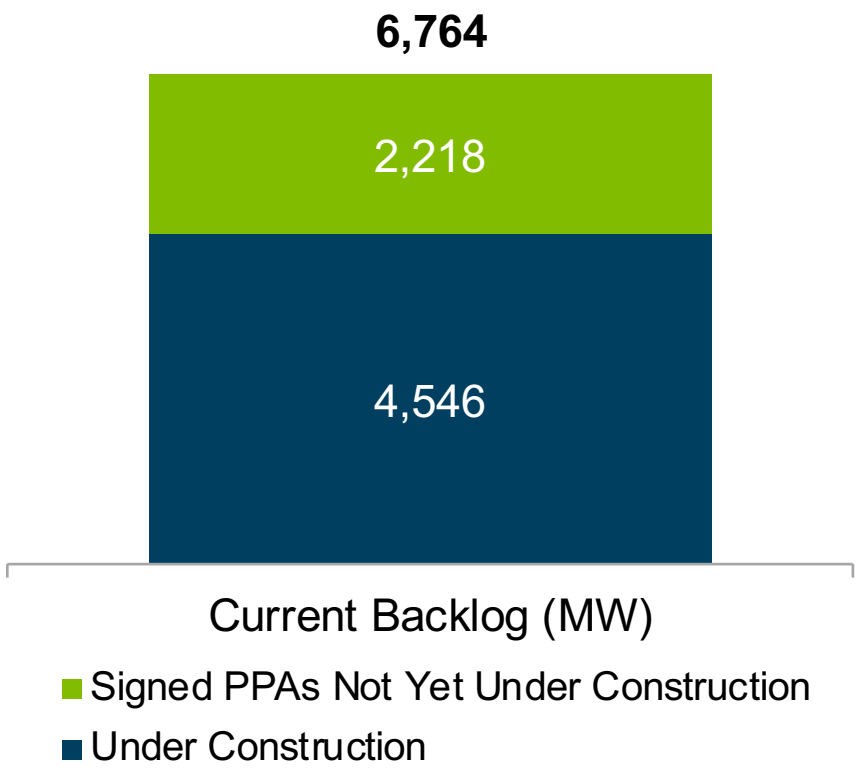


Expect Coal to Represent Less Than 30% of Total Generation (MWh) by 2022

Contains Forward-Looking Statements

Increasing Our Backlog to 6.8 GW

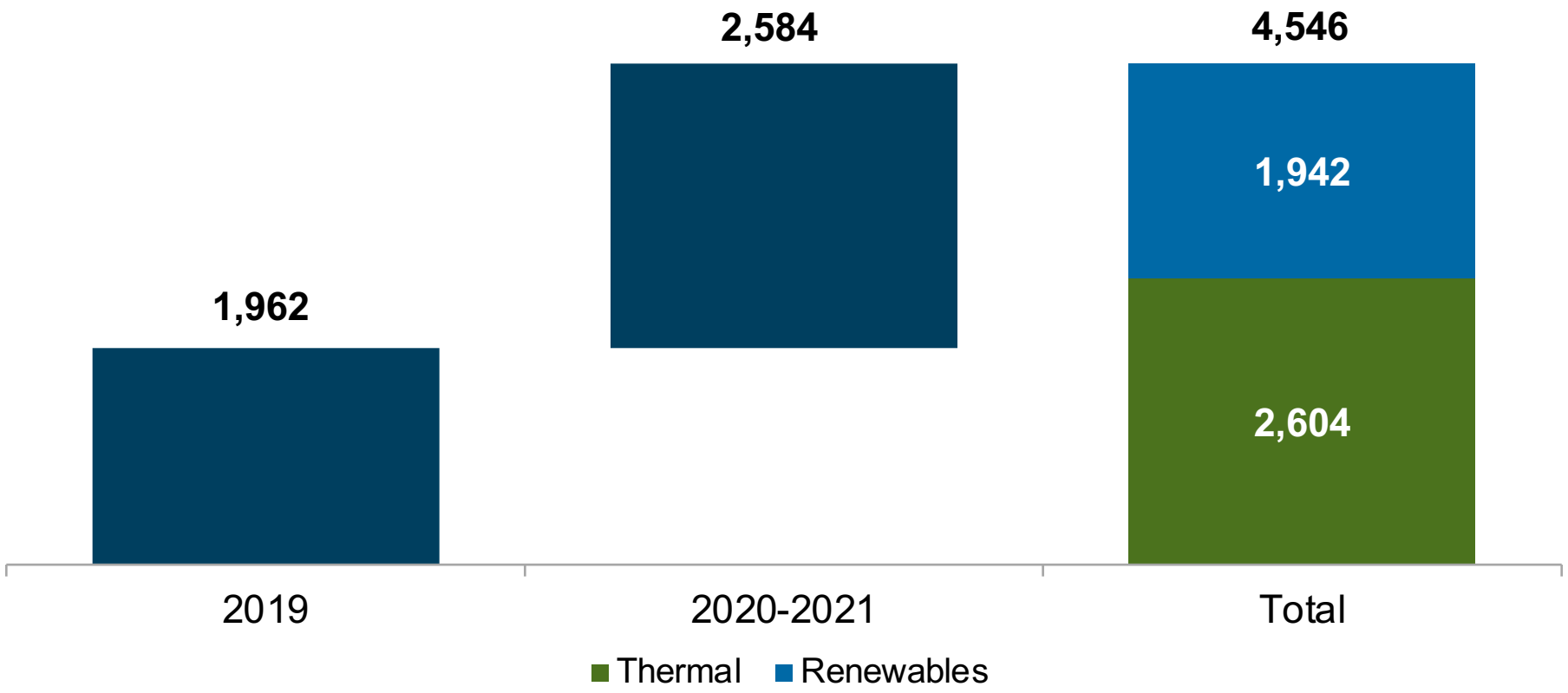
On Track to Become One of the Largest Renewable Developers in the World



- Expect to sign 2 to 3 GW of new PPAs per year
  - Split 50/50 between:
    - Wind and solar
    - US and internationally
- YTD June 2019 signed 1,019 MW
  - 525 MW in Q2 2019
  - 181 MW of Green Blend and Extend

4.5 GW Currently Under Construction

Expected COD[1] of Projects Under Construction (MW)



1. Commercial Operation Date.

Achieving Key Milestones on Projects Under Construction

1,320 MW OPGC 2 in India



- Reached commercial operation of unit one
- Second unit is in the commissioning phase

1,284 MW Southland Repowering in California



- Approximately 95% complete
- Recently achieved first fire
- On track to come on-line in the first quarter of 2020

Achieving Key Milestones on Projects Under Construction

531 MW Alto Maipo in Chile



- Approximately 80% complete
  - Including 36 miles of tunnels
- COD[1] expected in 2H 2020
- Recently broke ground on a 10 MW energy storage project that will serve as the first virtual reservoir in the world
  - Five-hour duration
- Ability to increase the virtual reservoir by another 240 MW

1. Commercial Operation Date.

Advancing Our LNG Strategy

Dominican Republic

- Expanding LNG business in the Dominican Republic to provide an additional 50 TBTU of storage capacity
  - Already signed, or in advanced negotiations for long-term contracts for 60% of capacity
  - Minimal AES equity required
  - Expected COD[1] in 2022
- Expect $0.05 of potential EPS upside by 2022 from LNG facilities in the Dominican Republic and Panama

Vietnam

- Making good progress toward development of:
  - 450 TBTU of LNG storage capacity
  - 2 GW of combined cycle gas plants
- Expect to achieve critical development milestones this year

1. Commercial Operation Date.

Investing in Innovative Technologies

Fluence Energy Storage Joint Venture with Siemens



- Global market leader:
  - 1,140 MW delivered or awarded, including 424 MW in YTD June 2019
  - 99 projects in 20 countries
- Current backlog of nearly $700 million of awarded sales

FLUENCE
A Siemens and AES Company

Investing in Innovative Technologies

Uplight Enables Utilities to Better Engage Their Customers

- In July, Simple Energy merged with other companies in the space to form Uplight
- Uplight is the market leader in providing cloud-based energy solutions in the United States
  - Serves 85 electric and gas utilities
- Expect Uplight's annual revenue to grow significantly from its current base of over $100 million

Selected for the Edison Electric Institute's Edison Award

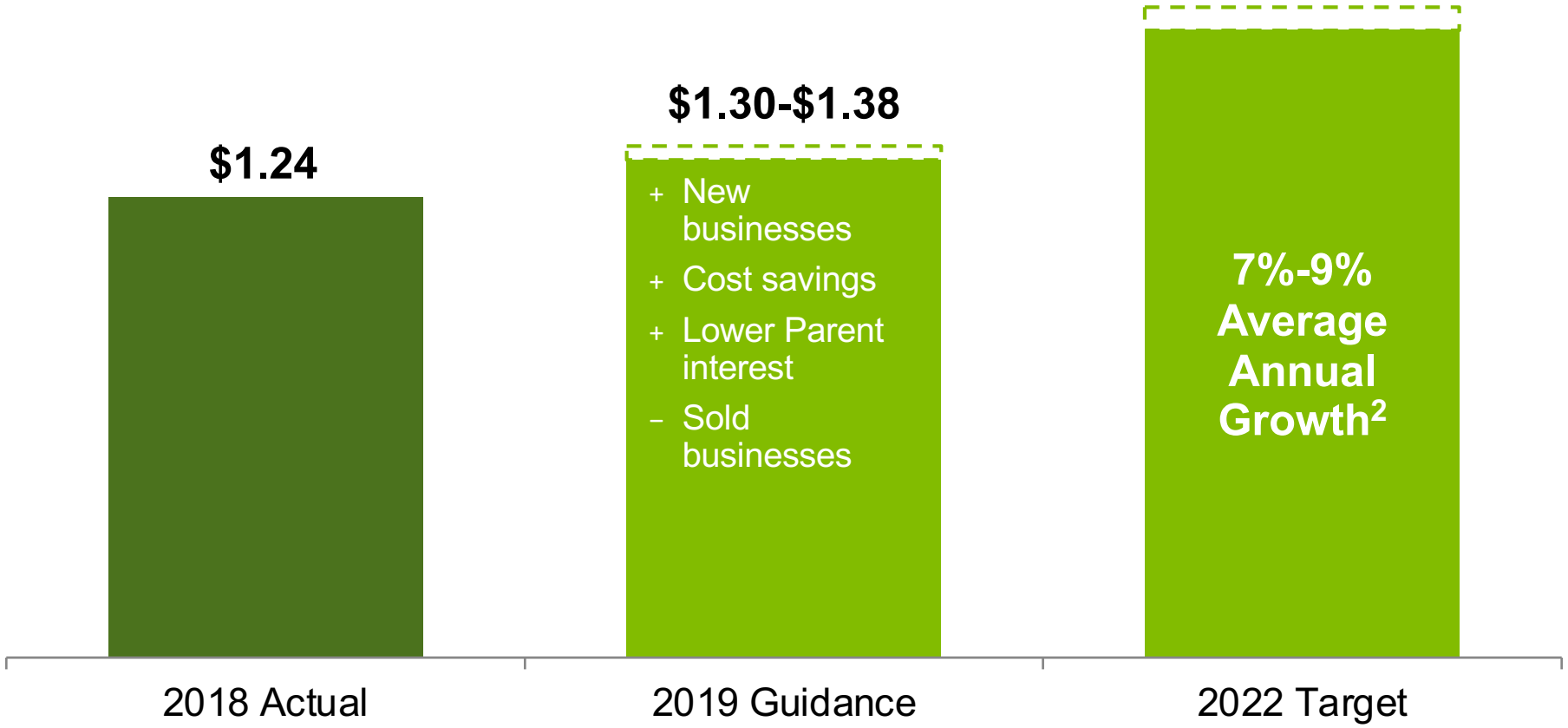
Recognized for Launching World's Largest Solar Peaker



- Lāwa'i is a 20 MW solar and 100 MWh five-hour duration energy storage project on the island of Kaua'i
- New model for stabilizing large-scale renewable energy

Adjusted EPS[1] Guidance and Longer-Term Growth Rate Target

$ Per Share



1. A non-GAAP financial measure. See Appendix for definition. The Company is not able to provide a corresponding GAAP equivalent or reconciliation for its Adjusted EPS guidance without unreasonable effort. See Slide 27 for a description of the adjustments to reconcile Adjusted EPS to diluted EPS for YTD 2019.
2. From a base of 2018 Adjusted EPS of $1.24.

Parent Free Cash Flow[1] Expectation and Longer-Term Growth Rate Target

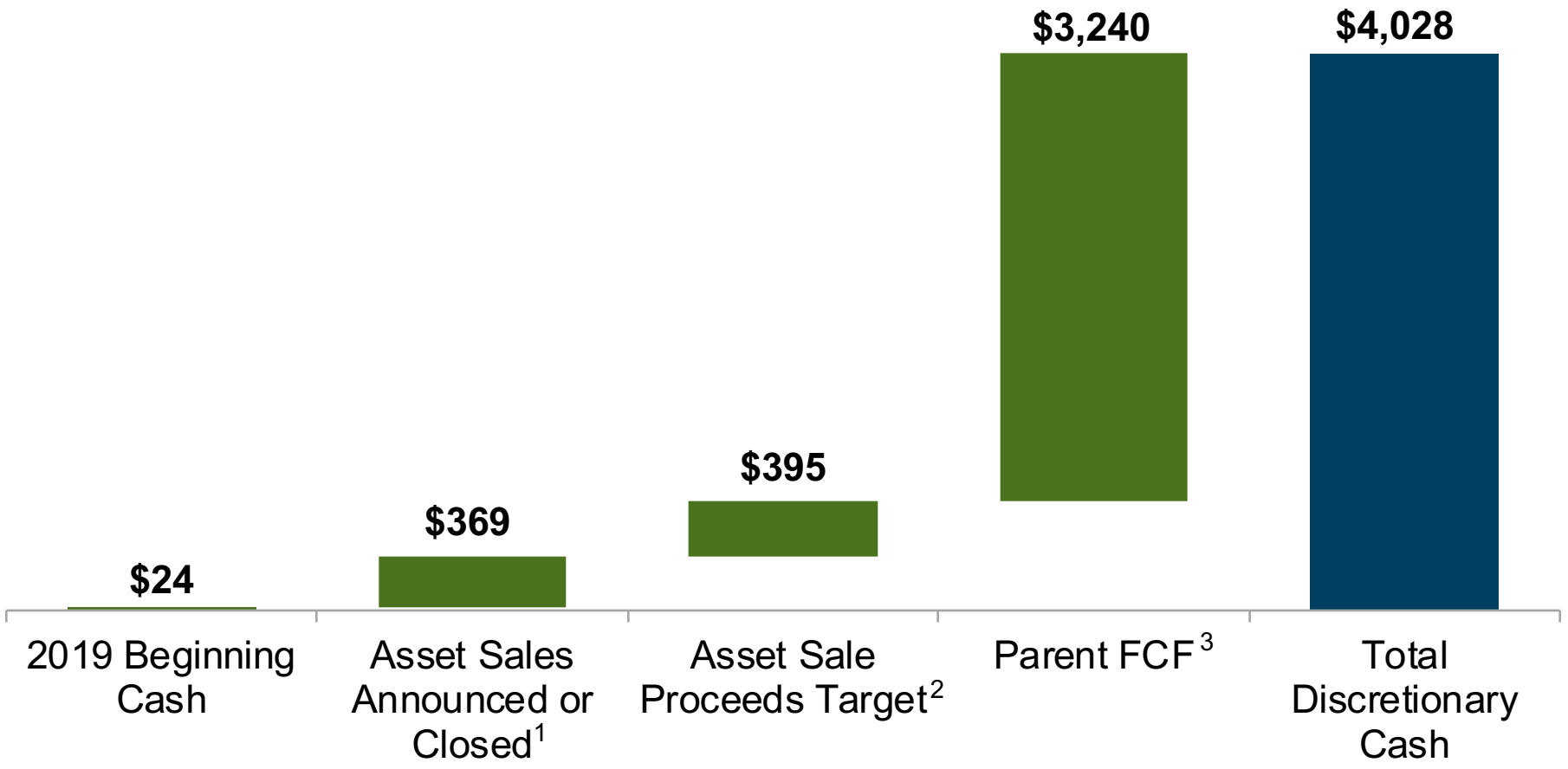
$ in Millions



1. A non-GAAP financial measure. The Company is not able to provide corresponding GAAP equivalent or GAAP reconciliation for its Parent Free Cash Flow expectation without unreasonable effort. See Appendix for definition.
2. From a base of 2018 Parent Free Cash Flow of $689 million.

2019-2022: $4 Billion of Discretionary Cash Generation

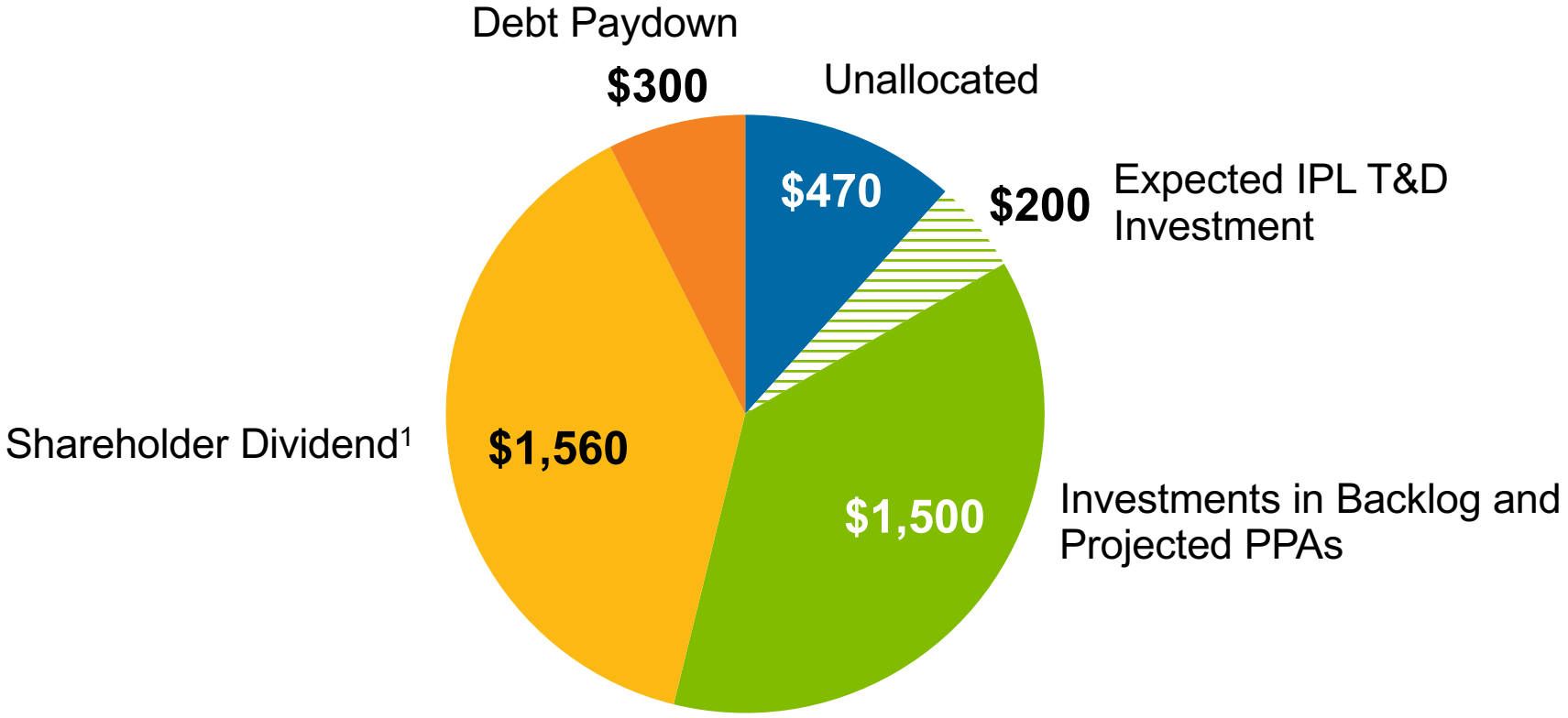
$ in Millions



1. Includes: sell-down of sPower's operating portfolio; and sales of businesses in Jordan and Northern Ireland.
2. Remaining portion of $2 billion target, net of $1.6 billion announced or closed in 2018 and 2019.
3. A non-GAAP financial measure. See Appendix for definition. For illustrative purposes, Parent Free Cash Flow assumes the low end of expectations.

2019-2022: $4 Billion of Discretionary Cash Available for Allocation

$ in Millions



Delivering Value by Allocating $4 Billion of Discretionary Cash

1. Assumes 2019 payment of $0.1365 per share each quarter on 662 million shares outstanding as of December 31, 2018, growing at 5% per year through 2022.

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Annual Total Shareholder Return

1. A non-GAAP financial measure. See Appendix for definition.
2. Cost reduction program announced in Q1 2019.

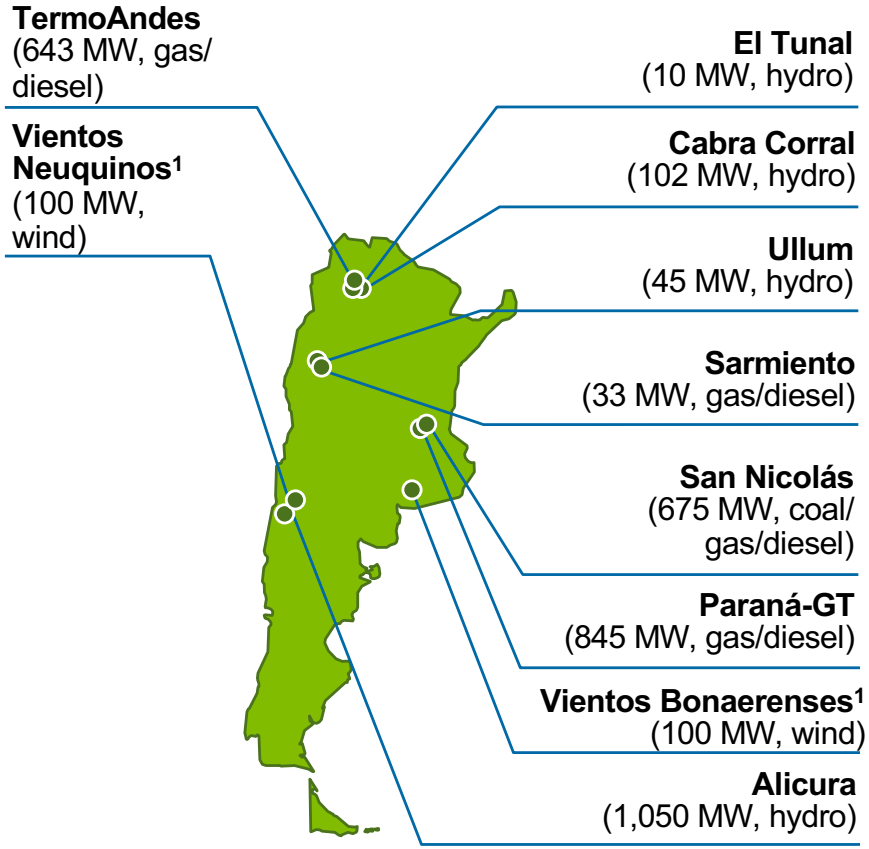
Appendix

- AES Argentina — Slide 20
- Currencies and Commodities — Slides 21-23
- AES Modeling Disclosures — Slide 24
- Construction Program — Slide 25
- Renewables Under Long-Term Contracts (PPAs) — Slide 26
- Reconciliation of Adjusted EPS[1] — Slide 27
- Assumptions & Definitions — Slides 28-29

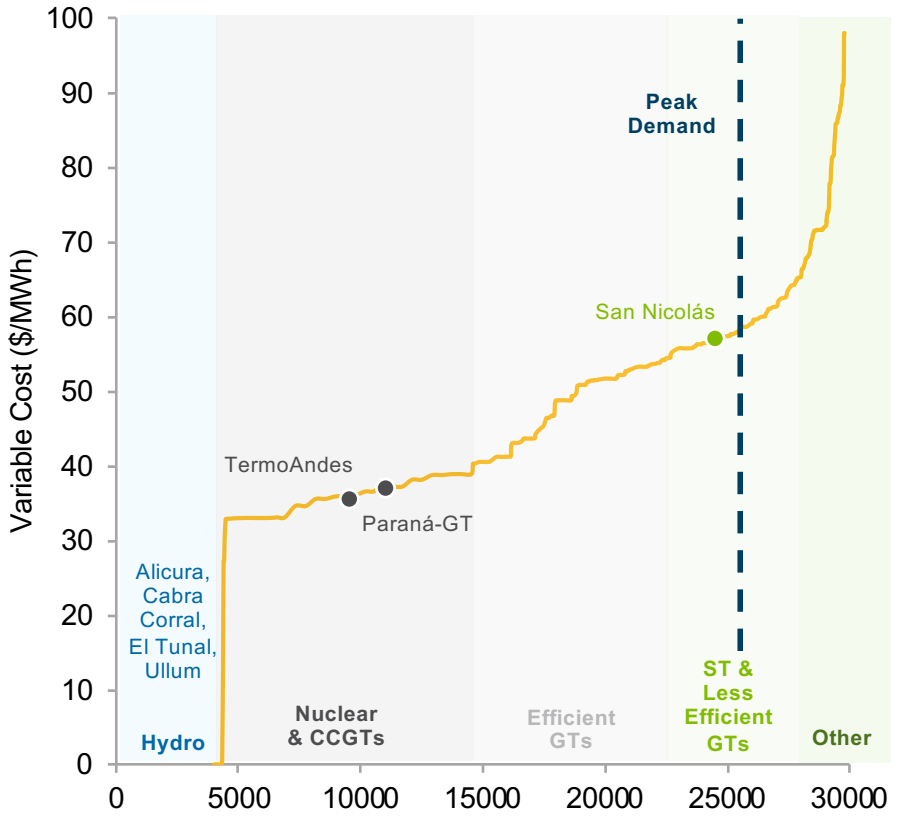
1. A non-GAAP financial measure.

AES in Argentina: A Diversified and Low-Cost Source of Generation

3.6 GW of Generation



Merit Order



>80% of Capacity is Low Cost and Required to Meet System Average Demand

1. Under construction.

Year-to-Go 2019 Guidance Estimated Sensitivities

Interest Rates[1]

- 100 bps increase in interest rates over YTG 2019 is forecasted to have a change in EPS of approximately ($0.010)

Currencies

10% appreciation of USD against following currencies is forecasted to have the following EPS impacts:	Year-to-Go 2019	
	Average Rate	Sensitivity
Argentine Peso (ARS)	48.51	($0.005)
Brazilian Real (BRL)	3.88	Less than $0.005
Chilean Peso (CLP)	678	Less than ($0.005)
Colombian Peso (COP)	3,229	($0.005)
Euro (EUR)	1.15	Less than ($0.005)
Indian Rupee (INR)	69.77	Less than ($0.005)
Mexican Peso (MXN)	19.51	$0.01

Commodity

10% increase in commodity prices is forecasted to have the following EPS impacts:	Year-to-Go 2019	
	Average Rate	Sensitivity
IPE Brent Crude Oil	$65.01/bbl	Less than ($0.005)
NYMEX Henry Hub Natural Gas	$2.4/mmbtu	Less than $0.005
Rotterdam Coal (API 2)	$54.4/ton	($0.005)
US Power – SP15	$42.45/MWh	Less than $0.005

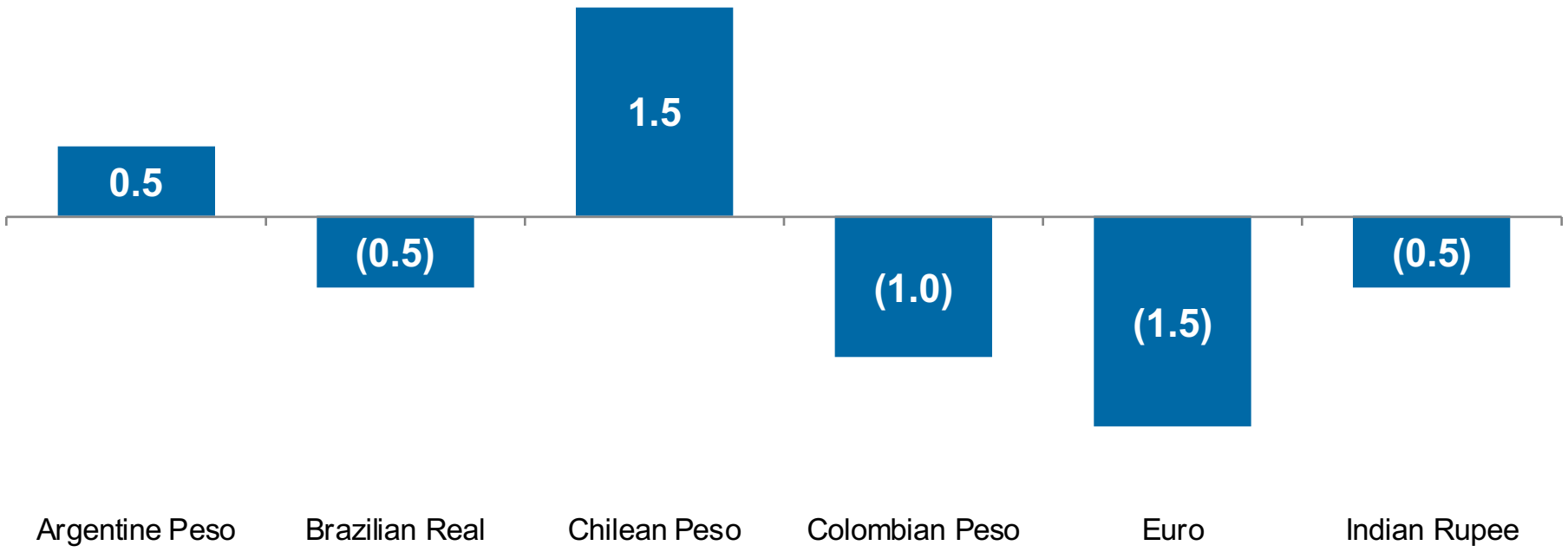
Note: Guidance reaffirmed on August 6, 2019. Sensitivities are provided on a standalone basis, assuming no change in the other factors, to illustrate the magnitude and direction of changing key market factors on AES' results. Estimates show the impact on year-to-go 2019 Adjusted EPS. Actual results may differ from the sensitivities provided due to execution of risk management strategies, local market dynamics and operational factors. Reaffirmed 2019 guidance is based on currency and commodity forward curves and forecasts as of June 30, 2019. There are inherent uncertainties in the forecasting process and actual results may differ from projections. The Company undertakes no obligation to update the guidance presented. Please see Item 3 of the Form 10-Q for a more complete discussion of this topic. AES has exposure to multiple coal, oil, natural gas and power indices; forward curves are provided for representative liquid markets. Sensitivities are rounded to the nearest $0.005 per share.

1. The move is applied to the floating interest rate portfolio balances as of June 30, 2019.

Foreign Exchange (FX) Risk Before Hedges

Cents Per Share, Exposures Before Hedges

Full Year 2020 Adjusted EPS[1] FX Sensitivity[2]



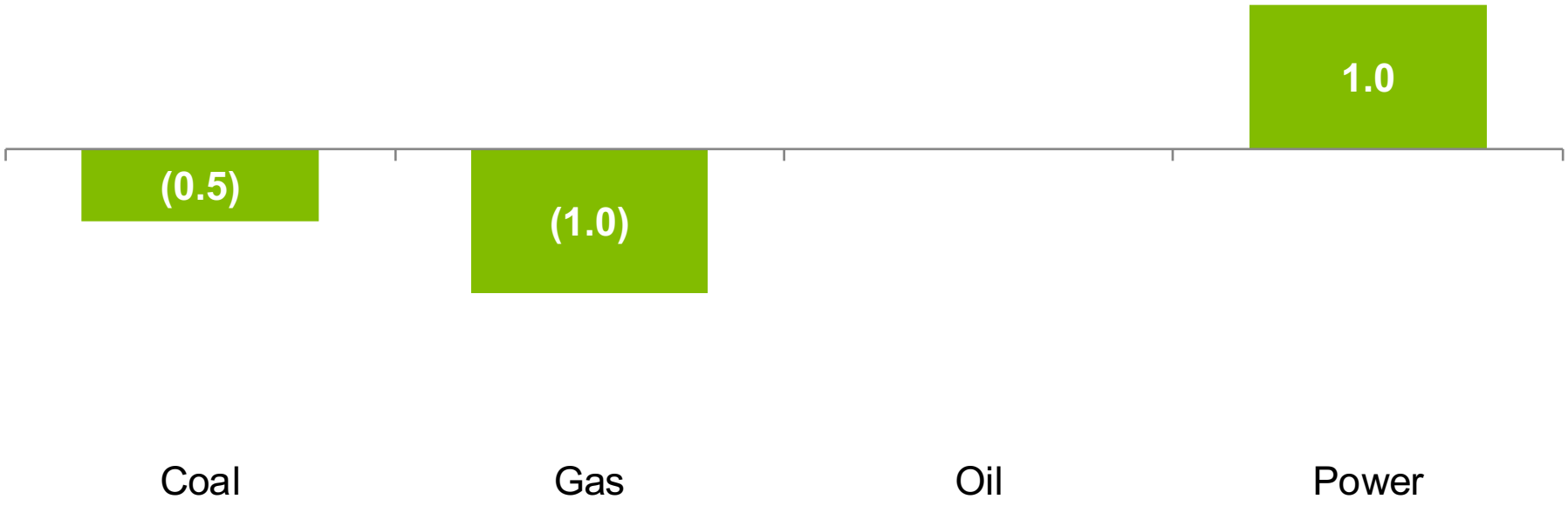
- 2020 FX risk before hedges for 10% US dollar appreciation against foreign currency
- FX risk mitigated on a rolling basis by active FX hedging

1. A non-GAAP financial measure. See “definitions”.
2. Sensitivity represents full year 2020 exposure as of December 31, 2018.

Commodity Risk

Cents Per Share

Full Year 2020 Adjusted EPS[1] Commodity Sensitivity[2]



1. A non-GAAP financial measure. See “definitions”.
2. Sensitivities assume fuel moves 10% relative to commodities as of December 31, 2018. Adjusted EPS is negatively correlated to coal and gas price movement, and positively correlated to oil and power price movements.

AES Modeling Disclosures

$ in Millions

	2019
Subsidiary Distributions (a)	**$1,115-$1,165**
Cash Interest (b)	**($200)**
Corporate Overhead	($150)
Parent-Funded SBU Overhead	($55)
Business Development/Taxes	($10)
Cash for Development, General & Administrative and Tax (c)	**($215)**
Parent Free Cash Flow[1] (a – b – c)	**$700-$750**

1. A non-GAAP financial measure. The Company is not able to provide a corresponding GAAP equivalent or reconciliation for its Parent Free Cash Flow expectation without unreasonable effort. See “definitions”.

Projects Under Construction Expected to Earn Double-Digit After-Tax Returns

$ in Millions, Unless Otherwise Stated

Project	Location	Fuel/ Technology	Gross MW	AES Ownership	Expected COD[1]	Total Capex	Total AES Equity
Construction Projects Coming On-Line 2019-2021							
Global Renewables	Various	Wind/Solar/ Energy Storage	1,411	24%-100%	2H 2019-1H 2021	$2,002	$260
OPGC 2	India	Coal	1,320[2]	49%	2H 2019	$1,585	$227
Southland Repowering	US-CA	Gas	1,284	100%	1H 2020	$2,287	$329
Alto Maipo	Chile	Hydro	531	62%	2H 2020	$3,439	$683
Total			**4,546**			**$9,313**	**$1,499**

1. Commercial Operation Date.
2. Half of OPGC 2's capacity (660 MW) is on-line.

PPAs Signed in YTD June 2019

Project	Location	Technology	Gross MW	AES Equity Interest	Expected COD[1]	PPA Length (Years)
AES Distributed Energy (AES DE)	US-Various	Solar	142	100%	1H-2H 2020	20-25
		Energy Storage	120			
McDonalds	Brazil	Solar	5	24%	1H 2020	12
Farmácias São João	Brazil	Solar	3	24%	1H 2020	12
APS	US-AZ	Energy Storage	100	100%	1H 2021	20
Quimpac	Colombia	Solar	13	67%	1H 2021	10
Skipjack (Keydet, sPower)	US-VA	Solar	175	50%	2H 2021	15
Clover Creek (sPower)	US-UT	Solar	80	50%	2H 2021	25
Mantos Copper	Chile	Solar/Wind	181	34%	1H 2022	15
Gensa	Colombia	Wind	200	67%	1H 2023	15
Total			**1,019**			

1. Commercial Operation Date.

Reconciliation of YTD Adjusted PTC[1] and Adjusted EPS[1]

$ in Millions, Except Per Share Amounts	YTD 2019		YTD 2018	
	Net of NCI[2]	Per Share (Diluted) Net of NCI[2]	Net of NCI[2]	Per Share (Diluted) Net of NCI[2]
Income from Continuing Operations, Net of Tax, Attributable to AES and Diluted EPS	$170	$0.26	$781	$1.18
Add: Income Tax Expense from Continuing Operations Attributable to AES	$121		$291	
Pre-Tax Contribution	$291		$1,072	
Adjustments				
Unrealized Derivative and Equity Securities Gains (Losses)	$9	$0.01	($12)	($0.02)
Unrealized Foreign Currency Losses	$18	$0.02	$49	$0.07[3]
Disposition/Acquisition Losses (Gains)	$14	$0.02[4]	($839)	($1.26)[5]
Impairment Expense	$123	$0.18[6]	$92	$0.14[7]
Loss on Extinguishment of Debt	$57	$0.09[8]	$178	$0.27[9]
Restructuring Costs	-	-	$3	-
U.S. Tax Law Reform Impact	-	$0.01	-	-
Less: Net Income Tax Expense (Benefit)	-	($0.06)[10]	-	$0.14[11]
Adjusted PTC[1] & Adjusted EPS[1]	**$512**	**$0.53**	**$543**	**$0.52**

1. Non-GAAP financial measures. See “definitions”.
2. NCI is defined as Noncontrolling Interests.
3. Amount primarily relates to unrealized FX losses of $22 million, or $0.03 per share, associated with the devaluation of long-term receivables denominated in Argentine pesos, and unrealized FX losses of $12 million, or $0.02 per share, associated with the devaluation of receivables denominated in Chilean pesos.
4. Amount primarily relates to loss on sale of Kilroot and Ballylumford of $31 million, or $0.05 per share, partially offset by gain on sale of a portion of our interest in sPower’s operating assets of $28 million, or $0.04 per share.
5. Amount primarily relates to gain on sale of Masinloc of $777 million, or $1.17 per share, gain on sale of Electrica Santiago of $49 million, or $0.07 per share, and realized derivative gains associated with the sale of Eletropaulo of $17 million, or $0.03 per share.
6. Amount primarily relates to asset impairments at Kilroot and Ballylumford of $115 million, or $0.17 per share.
7. Amount primarily relates to the asset impairment at Shady Point of $83 million, or $0.13 per share.
8. Amount primarily relates to loss on early retirement of debt at DPL of $45 million, or $0.07 per share.
9. Amount primarily relates to loss on early retirement of debt at the Parent Company of $169 million, or $0.26 per share.
10. Amount primarily relates to income tax benefits associated with the impairments at Kilroot and Ballylumford of $23 million, or $0.03 per share, and income tax benefits associated with the loss on early retirement of debt at DPL of $11 million, or $0.02 per share.
11. Amount primarily relates to the income tax expense under the GILTI provision associated with the gains on sales of business interests, primarily Masinloc, of $155 million, or $0.23 per share, and income tax expense associated with the gain on sale of Electrica Santiago of $23 million, or $0.04 per share; partially offset by income tax benefits associated with the loss on early retirement of debt at the Parent Company of $52 million, or $0.08 per share, and income tax benefits associated with the impairment at Shady Point of $26 million, or $0.04 per share.

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 had 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 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; (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; (d) losses due to impairments; (e) gains, losses and costs due to the early retirement of debt; (f) costs directly associated with a major restructuring program, including, but not limited to, workforce reduction efforts, relocations, and office consolidation; and (g) tax benefit or expense related to the enactment effects of 2017 U.S. tax law reform and related regulations and any subsequent period adjustments related to enactment effects.
- **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; (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; (d) losses due to impairments; (e) gains, losses and costs due to the early retirement of debt; and (f) costs directly associated with a major restructuring program, including, but not limited to, workforce reduction efforts, relocations, and office consolidation. Adjusted PTC also includes net equity in earnings of affiliates on an after-tax basis adjusted for the same gains or losses excluded from consolidated entities. Adjusted PTC reflects the impact of NCI and excludes the items specified in the definition above. In addition to the revenue and cost of sales reflected in Operating Margin, Adjusted PTC includes the other components of our Consolidated Statement of Operations, such as general and administrative expenses in the corporate segment, as well as business development costs, interest expense and interest income, other expense and other income, realized foreign currency transaction gains and losses, and net equity in earnings of affiliates.
- **NCI** is defined as noncontrolling interests.
- **Parent Company Liquidity** (a non-GAAP financial measure) is defined as as cash available to the Parent Company plus available borrowings under existing credit facility plus cash at qualified holding companies (“QHCs”). 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 Net Cash Provided by Operating Activities which is determined in accordance with GAAP. 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. Parent Free Cash Flow is used for dividends, share repurchases, growth investments, recourse debt repayments, and other uses by the Parent Company.
- **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 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 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.