



G L O B A L M A R K E T S

SUMMARY OF INVESTMENT ANALYSIS

Name of the company: The AES Corporation

Ticker (Exchange)/Price of share: AES (NYSE)/13.43 USD

Sector: Utilities

Industry: Electric Utilities

Description:

The AES Corporation together with its subsidiaries engages in the generation and distribution of electricity in, North America, Europe, Latin America, Africa and Asia. The company operates on two segments, generates and distributes energy to wholesalers and to end-user customers. The company generates electricity through various resources, including wind, coal, gas and biomass, as well as hydro and solar. So far AES owns 127 generation facilities with capacity of approximately 43 000 MW electricity which distributes to 11 million people in 29 countries. The company was founded in 1981 and is based in Arlington, Virginia.

Commentary:

- ❖ For 2008 the revenue of the company is \$16.07 bln. and net income is \$1.234 bln. The assets of AES are nearly 37 bln. dollars, which on the background of the worldwide recession is more that a good result. For 2Q 2009 AES announced 303 mln. dollars net income which is 39% rise compared to 1Q this year.
- ❖ In July the U.S. Department of Energy announced that it will give another 13.8 mln. dollars for developing new wind power projects. The ultimate goal of the DoE is 20% of the whole energy generation in the country to come from wind farms by 2030, which is a stable policy in that direction and companies like AES will definitely benefit from that.
- ❖ AES has been developing firmly and that is visible from its financial results. For the second quarter the analysts' projections were for EPS of \$0.20 and the company released EPS of \$0.28.
- ❖ AES raised its adjusted earnings per share guidance from a range of \$0.97-\$1.07 to a range of \$1.05-\$1.10.

Graph:



Short-term target price, defined using both technical and fundamental analysis*: \$ 16

* A potential risk for the company and for the stock price could be the following: slowing economy, decreasing revenues, lower cash flows, decreasing recommendations of analysts and others. Due to a great number of factors reaching the target price is not guaranteed, all data are based on the expectations for the company development. In case of short-term speculations and abrupt changes in the stock price below \$ 12.91, we recommend selling in order to minimize the loss to 4%.

Basic fundamental data:

Market capitalization:	8.95 млрд.	P/E (price/earnings) (ttm):	15.01
Beta:	1.52	P/S (price/sales): (ttm)	0.61
EPS (TTM) 5 yr growth rate:	29.14	P/B (price/book value): MRQ	2.06
ROA: (ttm)	3.89%	ROE: (ttm)	13.80%
Operating Margin (ttm)	13.56%	Gross margin (ttm):	22.88%

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Main competitors and related companies:

E. ON AG
Impresa Nacional

Energis
FPL Group

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Sources: <http://www.aes.com/aes/index?page=home/>, www.bloomberg.com, www.reuters.com, www.nyse.com, www.yahoo.com, www.biqcharts.com

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