

AES DOMINICANA

Relevant Results Fourth Quarter 2019

Content

	Pages
Executive Summary	1
External Factors	2
Analysis of Andres-DPP Financial Results	3
Analysis of Itabo Financial Results	5
Financial Debt Summary	7
Dividends	7
Collections	8
Operational Results of Andres-DPP	9
Operational Results of Itabo	10
Safety Indicators	10
Environmental Matters	10
Financial Statements	11
Glossary of Key Terms	21

Santo Domingo, Dominican Republic, June 1, 2020 - Andres-DPP and Itabo announced today financial results for the quarter ended December 31, 2019. All operating and financial information, except where otherwise specified, are expressed in US Dollars and prepared in accordance with United States General Accepted Accounting Principles, as of any date of determination, or "US GAAP".

AES Andres B.V. and Subsidiary and Dominican Power Partners announced a Combined Net Comprehensive Income of \$216 million for the fourth quarter 2019.

- Fourth quarter 2019 revenue increased 4% and operating costs decreased (1)%, compared to the fourth quarter 2018.
- Net comprehensive income increased 79% to \$216 million.

Table 1: Summary of Financial Results - Andres & DPP

ANDRES - DPP		
(Millions of US\$)	2019	December 31, 2018
Revenues	677	654
Operating costs and expenses	(442)	(449)
Operating income	235	205
Operating income margin	35%	31%
Net Comprehensive Income	216	121
Net Cash Provided by Operating Activities	224	83

Itabo announced a Net Comprehensive Income of \$44 million for the fourth quarter 2019.

- Fourth quarter 2019 revenue and operating costs decreased (10)% and (14)%, respectively, compared to the fourth quarter 2018.
- Net comprehensive income was \$44 million in 2019 and \$45 million in 2018.

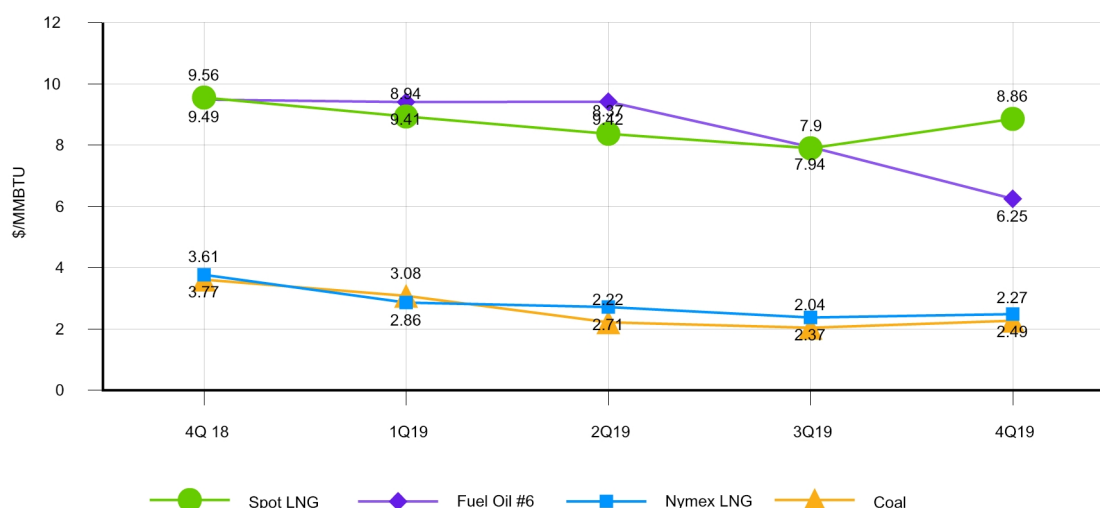
Table 2: Summary of Financial Results of Itabo

Itabo		
(Millions of US\$)	2019	December 31, 2018
Revenues	215	238
Operating costs and expenses	(150)	(173)
Operating income	65	65
Operating income margin	30%	27%
Net Comprehensive Income	44	45
Net Cash Provided by Operating Activities	123	13

External Factors¹

- Dominican Republic's annual GDP grew 5.1% as of December 31, 2019 .²
- The accumulated Inflation stood at 2.25% as of December 2019.
- The exchange rate for Financial Entities as of December 31, 2019 was RD\$52.84 per US dollar (Ask) and RD\$52.91 per US dollar (Bid).
- Average Nymex Henry Hub natural gas prices were \$2.49 per MMBtu for the fourth quarter of 2019, with a peak of \$2.66 per MMBtu and a low of \$2.31 per MMBtu.³
- Average coal prices were \$2.27 per MMBtu for the fourth quarter of 2019, with a peak of \$2.30 per MMBtu and a low of \$2.22 per MMBtu.
- Average spot liquefied natural gas ("LNG") prices were \$8.86 per MMBtu for the fourth quarter of 2019, with a peak of \$9.38 per MMBtu and a low of \$8.36 per MMBtu.
- Total electricity demand for Q4 2019 reached 17.4 GWh, an increase of 10.9% versus the same period of 2018.

Chart 1: Fuel Prices Evolution



Spot LNG: As reference, it is used the 14% of Dated Brent Index, published in the Platts Crude Oil Marketwire, which in the current market represents a valid reference price for spot LNG purchases in the Atlantic Basin.

¹Source: Dominican Central Bank of the Dominican Republic (Macro-economic Data), Organismo Coordinador del Sistema Eléctrico Dominicano (Electric Sector Data) and FOB, 6000 kcal/kg NAR Colombia, Platts International Coal Report (Commodity Prices).

²Source: December 2019 Central Bank's Dominican Republic Economy Performance Report.

³Pricing under the BP Contract is at a premium to the Henry Hub natural gas price per MMBtu on the NYMEX Index.

Analysis of Andres-DPP⁴ Financial Results

Table 3: Financial results for the fourth quarter 2019

	December 31,	
	2019	2018
	<i>(Millions of US\$)</i>	
Revenues	677	654
Electricity sales - Contracts	500	473
Electricity sales - spot market	21	51
Natural Gas Sales	153	130
Operating Costs and Expenses	(442)	(449)
Cost of sales - electricity purchases and fuel costs used for generation	(231)	(282)
Cost of sales - fuel and fuel related costs purchased for resale	(111)	(77)
Operating, maintenance and general expenses	(63)	(53)
Depreciation and amortization	(37)	(36)
Other Income (expense)	64	(34)
Interest expense - financial - net	(36)	(37)
Interest income - commercial - net	10	8
Other income (expense) -net	90	(3)
Cash Flows Variations - Provided by Operating Activities	224	83
Decrease (increase) in accounts payable	31	(4)
Increase in accounts receivable	(85)	(119)
Increase in income tax payable	27	12
(Increase) increase in Inventory	(14)	4
Positive adjustment	48	69
Net comprehensive income	216	121
Free Cash Flow	148	75
Net Cash Provided by Operating Activities	224	83
(Less) Maintenance and environmental CAPEX	(104)	(33)

⁴The accompanying combined financial results include the accounts of AES Andres, B.V. and its subsidiary AES Andres DR, S.A. and DPP. Intercompany balances and transactions have been eliminated in these combined financial statements.

Key drivers of fourth quarter 2019 - Andres-DPP Financial Results

- **Revenue** increased 4% to \$677 million in 2019. The variation of \$23.5 million, compared to the prior year, was mainly driven by increases of :
 - (\$2.7) million in contracted and spot market sales due to lower volume sold in 2019 as a result of lower efficiency in both plants, Andres and DPP, as consequence of the plants operations as open cycle, Andres since September 2018 due to the Turbine damage (lightening) and DPP since February 2019 until April 2019 due to a vibration correction. Combine cycle of Andres began operations in September 2019.
 - \$23.7 million in natural gas sales to third parties due to increase in volume sales as a result of a new client in 2019 partially offset by lower sales price as a consequence of the international LNG prices.
 - \$2.5 million increase other income mainly by administrative services to pipeline project with our related company Energía Natural Dominicana SRL.
- **Operating Costs and Expenses** decreased (1)% to \$442 million. The variance of \$7 million when compared to the same period of 2018 was mainly due to decreases of:
 - \$51 million in "electricity purchases and fuel cost used for generation" mainly due to a decrease in consumption on LNG mainly due to lower generation in 2019.
 - (\$34) million in fuel purchased for resale mainly due to higher sale to third parties.
 - Increases of: (\$10) million in operating, maintenance and general expenses due to higher insurance expenses and other expenses.
- **Other Income (Expense)** was \$64 million, 288% higher than 2018. The variance of \$98 million when compared to the same period of 2018 was mainly due to increases of \$94 million in other income due to insurance claim received from the Insurance Company related to the write off and property damage of Andres Steam Turbine.
- **Net Cash Provided by Operating Activities** increased from \$83 million to \$224 million in 2019. The variation of \$141 million was primarily driven by:
 - Higher net comprehensive income by \$96 million mostly to the drivers discussed above.
 - Negative impact by \$(21) million in non-cash adjustments to net comprehensive income mainly related to the variances in disposal of assets described above.
 - Positive impact in accounts receivable by \$34 million due to the decrease in account receivable related to the insurance claim of Andres.
 - Positive impact of income tax by \$15 million due to lower payment of income taxes in 2019.
 - Decrease of accounts payable by \$35 million mainly due to lower LNG payment.
 - Negative impact in inventory and other asset by \$(18) million related to LNG Brent.

Analysis of Itabo Financial Results

Table 4: Financial results for the fourth quarter 2019

	December 31,	
	2019	2018
	<i>(Millions of US\$)</i>	
Revenues	215	238
Electricity Sales	210	223
Other revenues	4	15
Operating Costs and Expenses	(150)	(173)
Cost of electricity sales	(96)	(117)
Operating, general and maintenance expenses	(34)	(37)
Depreciation and amortization	(20)	(19)
Other Income (Expenses)	(5)	(4)
Interest (expense) - financial - net	(8)	(8)
Interest income - commercial - net	3	4
Cash Flows Variations - Provided by Operating Activities	123	13
(Decrease) increase in accounts payable	(7)	8
Decrease (increase) in accounts receivable	64	(56)
Decrease (increase) in inventory	2	(2)
Decrease in income tax payable	(1)	(1)
Increase in prepaid expense and other assets	—	1
Positive adjustment	22	18
Net income	44	45
Free Cash Flow	114	—
Net Cash Provided by in Operating Activities	123	13
(Less) Maintenance and environmental CAPEX	(9)	(11)

Key drivers of fourth quarter 2019 - Itabo Financial Results

- **Revenue** decreased (10)% to \$215 million. The variation of \$(24) million compared to 2018 was mainly driven by decrease of:
 - \$15 million in contracted electricity sales mainly due higher volume sold.
 - \$(6) million decrease in other revenue due to lower volume of coal sold.
 - \$(4) million due to lower intercompany sales.
 These drivers were partially offset by \$(29) million in lower spot electricity sales due to lower prices.
- **Operating Costs and Expenses** decreased (14)% to \$150 million. The variance of \$24 million was primarily due to:
 - \$21 million in cost of sales due to lower coal prices and lower coal sold to third and intercompany parties.
 - \$3.0 million due to lower expenses maintenances by minor outages.
- **Other Income (Expense)** was \$(5) million, 15% lower than the fourth quarter 2018 but with no material variances.
- **Net Cash Provided by Operating Activities** increased from \$13 million in 2018 to \$123 million in 2019. The variation of \$111 million is primarily driven by a:
 - Decrease of accounts receivable by \$120 million due to higher collections in 2019 compared to the same period in 2018.
 - Positive impact in inventory and net income by \$4 million.
 - Decrease of accounts payable by (\$14) million due to payments of energy spot and coal.

Financial Debt Summary

Table 5: Summary of Debt Profile of Andres-DPP

Financial Debt	Dec-19	Dec-18
(expressed in millions of US\$)		
Local Currency	—	—
Foreign Currency	555	543
Total Debt	555	543
Fixed Rate	95%	98%
Variable Rate	5%	2%
Short Term	5%	—%
Long Term	95%	100%
Financing Cost (*)	7.4%	7.53%
Average Life (years)	6.8	7.6

(*) (1) After tax rates

Table 6: Summary of Debt Profile of Itabo

Financial Debt	Dec-19	Dec-18
(expressed in millions of US\$)		
Local Currency	—	—
Foreign Currency	100	100
Total Debt	100	100
Fixed Rate	100%	100%
Variable Rate	—%	—%
Short Term	—%	—%
Long Term	100%	100%
Financing Cost (*)	8.79%	8.79%
Average Life (years)	6.9	7.4

(*) (1) After tax rates

Table 7: Summary of International & Local Ratings

Rating Agency	Market	Type of Debt	Rating	Outlook
Fitch Ratings (AES Andres/DPP)	International	Senior Notes 2026	BB-	Negative
Standard & Poor's (AES Andres/Itabo/DPP)	International	Senior Notes 2020	BB-	Negative
Feller Rate Dominicana (Andres/DPP)	Local	Guaranteed Ordinary Bonds	AA (dom)	Stable
Fitch Dominicana (Andres/DPP)	Local	Guaranteed Ordinary Bonds	AA (dom)	Stable
Fitch Ratings (Itabo)	International	Senior Notes 2026	BB-	Negative

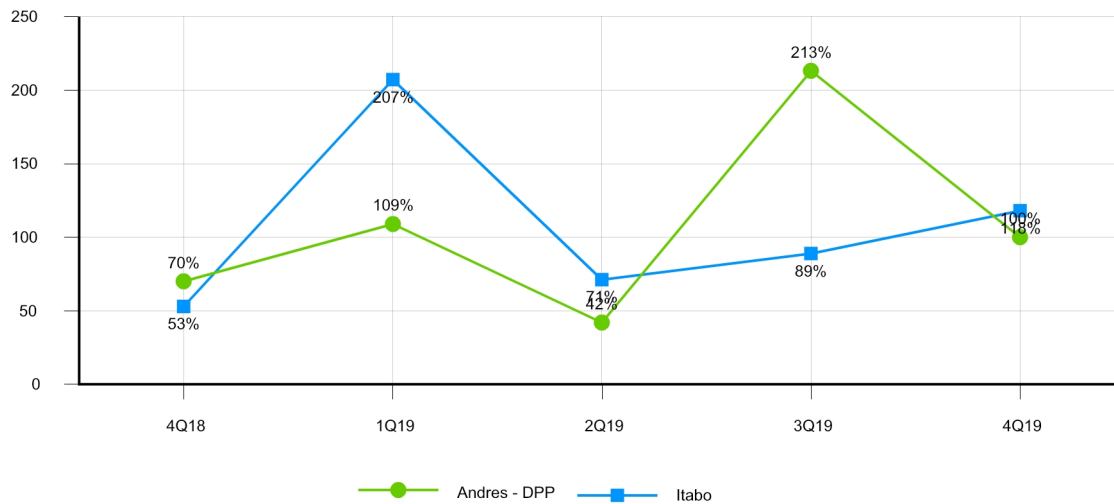
Dividends

- Itabo declared and paid dividends in the aggregated amount of \$70.8 million during 2019.
- DPP paid dividends in the aggregated amount of \$59.9 million during 2019 related to dividends declared in 2018, and declared and paid \$28.6 million during 2019.
- Andres declared and paid dividends in the aggregated amount of \$140 million during 2019.

Collections

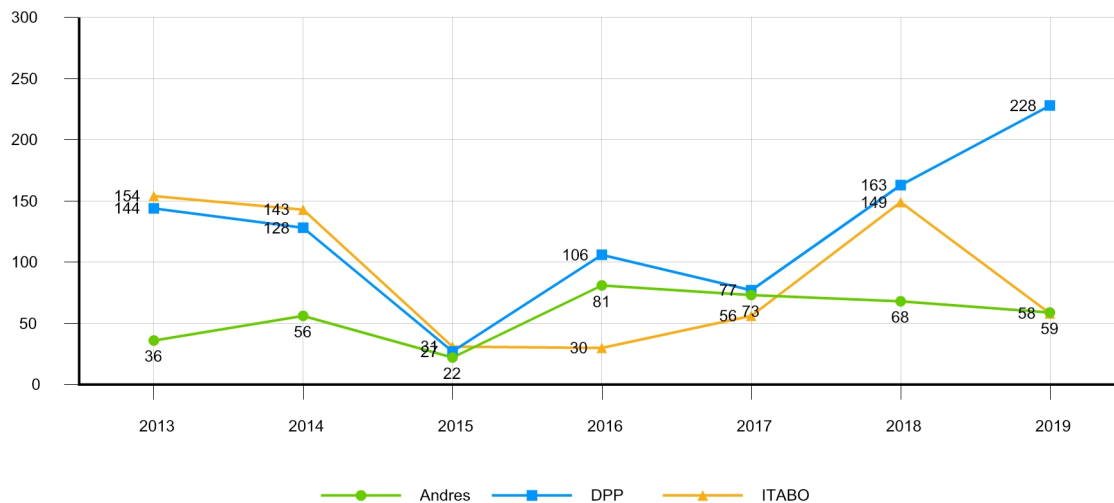
- During the fourth quarter 2019 the average collection rate for Andres-DPP was 100% compared to 70% as of December 31, 2018, and for Itabo 118% compared to 53%.
- As of December 31, 2019, Andres accounts receivable had a 59 days of sales outstanding ("DSO"), DPP had a 228 DSO and Itabo had a 58 DSO compared to 68, 163 and 149 DSO, respectively as of December 31, 2018.

Chart 2: Average Collection Rate



The average collection is calculated using the total collected vs. the total billed to the distribution companies during the quarter.

Chart 3: Days Sales Outstanding



The DSO was calculated using the current account receivables as of December 31, 2019 divided by the average month sales for 12 months. It assumes 30 days in a month.

Operational Results of Andres-DPP

Andres damage:

On September 3, 2018, a lightning affected Andres 319MW combined cycle natural gas facility in the Dominican Republic ("the Plant") resulting in significant damage to its steam turbine and generator. The Company has business interruption and property damage insurance coverage, subject to pre-defined deductibles, under its existing programs.

On September 21, 2019 the steam turbine and generator of AES Andres were back online.

Table 8: Summary of Technical Details

December 31, 2019	Andres	DPP	Aggregate
Installed capacity (MW)	329	368	697
Power Generation Units	1	2	3
Energy Storage Solutions	1	1	2

Table 9: Summary of Key Performance Indicators

Operating Data		Q4		YTD		YTD
		2019	2018	2019	2018	Var.%
Gross generation	GWh	1,249	915	3,753	4,495	(17)%
Internal consumption	GWh	(29)	(25)	(84)	(102)	(17)%
Net Generation	GWh	1,219	890	3,669	4,393	(17)%
Total Energy Sold	GWh	1,343	1,263	4,991	5,558	(10)%
Andres' Firm Capacity (average)	MW	282	285	291	282	4 %
Andres Heat Rate	Btu/KWh	7,590	12,024	9,678	8,244	17 %
Andres EAF	%	94	41	71	75	(6)%
Andres EFOR	%	1	61	—	23	(100)%
DPP's Firm Capacity (average)	MW	226	165	215	152	41 %
DPP EAF	%	100	99	91	92	(1)%
DPP EFOR	%	—	—	7	—	1,808 %

Key drivers of year to date variances - Andres-DPP Operational Results

- **Combined Net Generation** decreased (17)% to 3,753 GWh due to lower efficiency in both plants, Andres and DPP, as consequence of the plants operations as open cycle, Andres since September 2018 until September 2019 due to the Turbine damage (lightening) and DPP since February 2019 until April 2019 due to a vibration correction.
- The **Energy Sold** decreased also (10)% to 4,991 GWh due to the lower generation.
- **Andres Firm Capacity** increased to an average of 291 MW.
- **Andres EAF** was lower than last year, decreasing (6)% to 71% mainly due to the damage in September 2018 in Andres. The **Heat Rate** increased to 9,678 Btu/KWh.
- **DPP Firm Capacity** increased to an average of 215 MW.
- **DPP EAF** was 91% as of December 2019, it is not a significant variation.

Operational Results of Itabo

Table 10: Summary of Technical Details

September 30, 2019	
Installed capacity (MW)	295
Power Generation Units	3

Table 11: Summary of Key Performance Indicators

Operating Data		Q4		YTD		YTD
		2019	2018	2019	2018	Var. %
Gross generation	GWh	514	537	1,995	1,911	4 %
Internal consumption	GWh	(43)	(45)	(168)	(165)	2 %
Net Generation	GWh	471	492	1,826	1,746	5 %
Total Energy Sold	GWh	477	493	1,862	1,791	4 %
Firm Capacity (average)	MW	211	205	212	212	— %
Heat Rate	Btu/KWh	11,081	11,025	11,059	11,088	(0.3)%
EAF	%	90	95	89	86	4 %
EFOR	%	0.9	—	1.2	2	(29)%

Key drivers of year to date variances - Itabo Operational Results

- **Net Generation** increased 4% to 1,995 GWh due to higher plant availability. As a result, the total **Energy sold** increased 4%.
- **Itabo Firm Capacity** has an average of 212 MW.
- The **Heat Rate** slightly decreased (0.3)% to 11,059 Btu/KWh.
- The **EAF** increased 4% due to outage days during the 2019 compared to 2018, that translated to a decreased in EFOR.

Safety Indicators

- During the fourth quarter 2019, Andres, DPP and Itabo did not have lost-time incidents or fatalities.

Environmental Matters

- During the fourth quarter 2019, Andres, DPP and Itabo have complied with all environmental requirements of The AES Corporation and the Dominican laws.

**AES ANDRES B.V. AND SUBSIDIARIES, AND
DOMINICAN POWER PARTNERS**
(Indirectly Owned Subsidiaries of The AES Corporation)
Unaudited Combined Statements of Comprehensive Income
(Amounts expressed in thousands of US dollars)

	December 31, 2019	December 31, 2018
REVENUES		
Electricity sales - contracts	\$ 500,081	\$ 472,859
Electricity sales - spot market	20,575	50,487
Natural gas sales	153,225	129,486
Other sales	3,381	900
Total revenues	677,262	653,732
OPERATING COSTS AND EXPENSES		
Cost of sales - electricity purchases and fuel costs used for generation	(231,145)	(282,271)
Cost of sales - fuel and fuel related costs purchased for resale	(110,891)	(77,341)
Operating, maintenance and general expenses	(63,176)	(53,283)
Depreciation and amortization	(36,616)	(35,560)
Total operating costs and expenses	(441,828)	(448,455)
OPERATING INCOME	235,434	205,277
OTHER INCOME (EXPENSES)		
Interest expense - net	(26,816)	(29,525)
Investment in affiliate	(1,160)	—
Debt discount amortization	(516)	(383)
Other income (expense) – net	90,281	(3,325)
Exchange gain (loss), net	2,166	(765)
Total other income (expense) - net	63,955	(33,998)
INCOME BEFORE TAXES	299,389	171,279
Income tax expense	(83,263)	(50,728)
NET COMPREHENSIVE INCOME	\$ 216,126	\$ 120,551

**AES ANDRES B.V. AND SUBSIDIARIES, AND
DOMINICAN POWER PARTNERS**
(Indirectly Owned Subsidiaries of The AES Corporation)
Unaudited Combined Balance Sheets
(Amounts expressed in thousands of US dollars)

	December 31, 2019	December 31, 2018
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 75,525	\$ 71,081
Restricted cash	119	125
Short term Investment unrestricted	95	89
Accounts receivable	202,347	181,358
Accounts receivable - related parties	477	827
Other receivables	944	95
Other receivable - related parties	27,779	74,403
Inventories - net	29,390	15,675
Prepaid expenses and other assets	1,118	859
Derivative asset	1	18
Income tax receivable	—	10,337
Total current assets	337,795	354,867
PROPERTY, PLANT AND EQUIPMENTS, NET:		
Land	44,906	44,528
Plant and electricity generating equipment	1,032,966	913,109
Less accumulated depreciation	(253,584)	(237,378)
Property, plant and equipment, net	824,288	720,259
OTHER ASSETS:		
Intangible assets, net	6,450	3,771
Derivative instruments	873	1,191
Prepayments and other assets	3,427	17,380
Affiliate investment	47,544	—
Right-of-use assets, net	4,175	—
Total other assets	62,469	22,342
TOTAL ASSETS	\$ 1,224,552	\$ 1,097,468
LIABILITIES AND SHAREHOLDER'S EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 81,414	\$ 38,861
Accounts payable - related parties	8,971	2,234
Line of credit	25,000	—
Income tax payable	41,471	24,629
Lease liability	244	—
Dividends payable	—	59,669
Derivative instruments	61	67
Total current liabilities	157,161	125,460
LONG TERM LIABILITIES:		
Deferred income tax	42,885	36,772
Financial debt - net	568,896	530,578
Derivate instrument	363	474
Long term compensation	—	71
Lease liability	3,740	—
Other liabilities	55	20
total long-term liabilities	615,939	567,915
SHAREHOLDER'S EQUITY:		
Common stock	15,018	15,018
Contributed capital	104,976	376,595
Additional paid-in capital	272,656	996
Retained earnings	58,802	11,484
Total shareholders' equity	451,452	404,093
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,224,552	\$ 1,097,468

**AES ANDRES B.V. AND SUBSIDIARIES, AND
DOMINICAN POWER PARTNERS**
(Indirectly Owned Subsidiaries of The AES Corporation)
Unaudited Combined Statements of Cash Flow
(Amounts expressed in thousands of US dollars)

	December 31, 2019	December 31, 2018
OPERATING ACTIVITIES:		
Net comprehensive income	\$ 216,126	\$ 120,551
Adjustments to reconcile net comprehensive income to net cash provided by Operating activities:		
Depreciation	35,609	35,281
Amortization of intangible assets	1,009	278
Amortization of right-of-use assets	464	—
Loss on derivative instruments	223	1,298
Deferred income tax	7,225	9,329
Deferred financing costs amortization	1,033	794
Debt discount amortization	516	383
Write-off of deferred financing costs due to early	1,415	—
Loss on asset disposal	3,027	20,990
Loss on early extinguishment of debt	240	—
Gain on asset sale	(1,586)	—
Long term compensation	11	36
Affiliate investment	1,160	—
Exchange (gain) loss, net	(2,166)	765
Increase in accounts receivable	(20,510)	(49,329)
Decrease (increase) in accounts receivable – related parties	350	(231)
(Increase) decrease in other receivable	(984)	1,281
Increase in other receivable – related parties	(63,368)	(70,456)
(Increase) decrease in inventories	(13,715)	3,616
Increase in other assets	(266)	(72)
Increase in income tax payable	27,179	11,996
Increase (decrease) in accounts payable and accrued liabilities	24,516	(2,364)
Increase in accounts payable – related parties	6,737	319
Decrease in accrued and other liabilities	(13)	(1,684)
Net cash provided by operating activities	224,232	82,781
INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(152,810)	(24,368)
Advances payment for the acquisition of property, plant and equipment	(3,407)	(17,364)
Additions of intangible assets	(3,865)	(1,703)
Insurance proceeds	109,993	8,744
Proceeds from sales of property, plant and equipment	—	9
Proceeds from sales of business	47,348	—
Affiliate investment	(48,704)	—
Net cash used in investing activities	(51,445)	(34,682)
FINANCING ACTIVITIES:		
Proceeds from issuance of financial debt	60,000	14,000
Proceeds from line of credit	160,000	25,000
Payment of line of credit	(135,000)	(25,000)
Payment of financing costs and debt discount	(529)	(1,520)
Penalty payment on early extinguishment of debt	(240)	—
Dividends payment	(228,478)	(38,035)
Repayment of capital of loan	(24,000)	—
Payment of lease liabilities	(698)	—
Net cash used in financing activities	(168,945)	(25,555)
Effect of exchange rate changes on cash	596	510
Net increase in cash, cash equivalents and restricted cash	4,438	23,054
Cash and cash equivalents at the beginning of the year	71,206	48,152
Cash and cash equivalents at the end of the year	\$ 75,644	\$ 71,206

AES ANDRES B.V. (*)

Property, plant and equipment, net	December 31,					December 31,
	2018	Additions	Reductions	Reductions for business sale	Transfers	2019
(Expressed in thousands of US\$)						
<u>Original value:</u>						
Generation plant	\$ 398,057	\$ 2,208	\$ (17,134)	\$ —	\$ 141,725	\$ 524,856
LNG facility, pier and pipeline	61,522	—	—	—	—	61,522
Spare parts	22,190	177	(163)	—	1,321	23,525
Buildings	15,899	—	(69)	—	—	15,830
Vehicles	688	—	—	(265)	291	714
Office equipment and others	4,506	59	—	(23)	173	4,715
Subtotal	502,862	2,444	(17,366)	(288)	143,510	631,162
<u>Accumulated depreciation</u>						
Generation plant	(80,538)	(13,810)	14,375	—	(57)	(80,030)
LNG facility, pier and pipeline	(65,817)	(4,461)	—	—	—	(70,278)
Spare parts	(2,056)	(740)	13	—	57	(2,726)
Buildings	(3,348)	(337)	12	—	—	(3,673)
Vehicles	(465)	(110)	—	103	—	(472)
Office equipment and others	(3,637)	(314)	—	17	—	(3,934)
Subtotal	(155,861)	(19,772)	14,400	120	—	(161,113)
Subtotal	347,001	(17,328)	(2,966)	(168)	143,510	470,049
Land	36,522	—	(46)	—	424	36,900
Construction in progress	13,628	188,546	—	(52,166)	(143,934)	6,074
Total, net	\$ 397,151	\$ 171,218	\$ (3,012)	\$ (52,334)	\$ —	\$ 513,023

DOMINICAN POWER PARTNERS (*)

Property, plant and equipment, net	December 31,				December 31,
(Expressed in thousands of US\$)	2018	Additions	Retirements	Transfer	2019
<u>Original value:</u>					
Generation plant	\$ 373,315	\$ 32	\$ (4,529)	\$ 3,835	\$ 372,653
Buildings	3,545	—	(267)	1,333	4,611
Vehicles	467	—	—	—	467
Spare parts	13,435	835	(98)	(2,793)	11,379
Office equipment and others	1,582	31	(3)	211	1,821
Subtotal	392,344	898	(4,897)	2,586	390,931
<u>Accumulated depreciation</u>					
Generation plant	(77,977)	(14,816)	4,514	(563)	(88,842)
Buildings	(1,900)	(185)	267	—	(1,818)
Vehicles	(316)	(28)	—	—	(344)
Spare parts	534	(627)	98	563	568
Office equipment and others	(1,211)	(138)	3	—	(1,346)
Subtotal	(80,870)	(15,794)	4,882	—	(91,782)
Subtotal	311,474	(14,896)	(15)	2,586	299,149
Land	8,006	—	—	—	8,006
Construction in progress	2,571	3,360	—	(2,586)	3,345
Total, net	\$ 322,051	\$ (11,536)	\$ (15)	\$ —	\$ 310,500

(*) Property, plant and equipment, net included US\$1 million adjustment due to combined Balance Sheet presentation

AES ANDRES B.V and DPP:**Combined interest expenses - net**

(Expressed in thousands of US\$)

	December 31, 2019	December 31, 2018
Interest expense - borrowings	\$ (35,549)	\$ (37,641)
Interest expense - commercial	(1,035)	(244)
Subtotal	(36,584)	(37,885)
Deferred financing cost amortization	(1,033)	(794)
Write off of deferred financing cost due to early debt repayment	(1,415)	—
Interest income - commercial	10,603	7,870
Interest income - financial	1,613	1,284
Subtotal	12,216	9,154
Total	\$ (26,816)	\$ (29,525)

EMPRESA GENERADORA DE ELECTRICIDAD ITABO, S. A.
(An Indirectly Owned Subsidiary of The AES Corporation)
Unaudited Statements of Comprehensive Income
(Amounts expressed in thousands of US dollars)

	December 31, 2019	December 31,2018
REVENUES:		
Electricity sales	\$ 210,192	\$ 223,308
Other revenues	4,323	14,889
Total revenues	214,515	238,197
OPERATING COSTS AND EXPENSES:		
Cost of revenues	(95,738)	(117,108)
Operating, general and maintenance expenses	(34,088)	(37,091)
Depreciation and amortization	(19,938)	(19,205)
Total operating costs and expenses	(149,764)	(173,404)
OPERATING INCOME	64,751	64,793
OTHER INCOME (EXPENSE):		
Interest expense - net	(4,728)	(3,856)
Debt discount amortization	(181)	(137)
Other income (expenses) - net	(41)	100
Exchange (loss) gain - net	10	(406)
Total other expense	(4,940)	(4,299)
INCOME BEFORE TAXES	59,811	60,494
Income tax expense	16,068	15,148
NET COMPREHENSIVE INCOME	\$ 43,743	\$ 45,346

EMPRESA GENERADORA DE ELECTRICIDAD ITABO, S. A.
(An Indirectly Owned Subsidiary of The AES Corporation)
Unaudited Statements of Balance Sheets
(Amounts expressed in thousands of US dollars)

	December 31, 2019	December 31, 2018
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 51,353	\$ 13,455
Accounts receivable - trade	7,247	8,778
Accounts receivable - related parties	43,129	105,579
Inventories, net	20,612	22,392
Derivative instrument	—	1,658
Prepaid expenses and other assets	243	72
Total current assets	122,584	151,934
PROPERTY, PLANT AND EQUIPMENT, NET:		
Land	7,389	7,389
Plant and electricity generating equipment	412,335	409,642
Accumulated depreciation	(221,826)	(204,913)
Construction in progress	7,429	1,557
Total Property, plant and equipment, net	205,327	213,675
OTHER ASSETS:		
Intangible assets, net	1,194	1,162
Prepayments	3,147	707
Right of use asset, net	36	—
Total other assets	4,377	1,869
TOTAL ASSETS	\$ 332,288	\$ 367,478
LIABILITIES AND SHAREHOLDER'S EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 14,625	\$ 16,855
Accounts payable - related parties	1,463	5,847
Lease liability	36	—
Income tax payable	2,264	3,202
Total current liabilities	18,388	25,904
LONG TERM LIABILITIES:		
Financial debt - net	96,631	96,209
Deferred income tax	8,692	9,766
Long - term compensation	—	15
Total long-term liabilities	105,323	105,990
SHAREHOLDERS'S EQUITY		
Common stock RD\$100 par value (56,355,556 shares issued, authorized and outstanding)	355,556	355,556
Additional paid-in-capital	378	370
Accumulated deficit	(147,357)	(120,342)
Total shareholder's equity	208,577	235,584
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	\$ 332,288	\$ 367,478

EMPRESA GENERADORA DE ELECTRICIDAD ITABO, S. A.
(An indirectly Owned Subsidiary of The AES Corporation)
Unaudited Statements of Cash Flow
(Amounts expressed in thousands of US dollars)

	December 31, 2019	December 31, 2018
OPERATING ACTIVITIES:		
Net comprehensive income	\$ 43,743	\$ 45,346
Adjustments to reconcile net comprehensive income to net cash provided in operating activities:		
Depreciation	19,547	19,055
Amortization of intangible assets	392	151
Right of use amortization	138	—
Derivative Instruments	1,658	(1,658)
Deferred financing costs amortization	218	166
Debt discount amortization	181	137
Deferred income tax	(590)	(813)
Loss on sale of asset	15	17
Long term compensation	8	15
Exchange gain, net	(10)	406
(Increase) Decrease in accounts receivable	1,531	(9)
Decrease (increase) in other accounts receivable – related companies	62,450	(55,697)
Decrease (increase) in inventories	1,780	(1,902)
Increase in prepaid expense and other assets	(171)	651
Decrease in income tax payable	(938)	(739)
Decrease in accounts payable and accrued liabilities	(2,224)	3,773
(Decrease) increase in accounts payable - related parties	(4,384)	3,878
Net cash provided by operating activities	123,344	12,777
INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(10,400)	(11,898)
Advance payments for the acquisition of property, plant and equipment	(3,147)	(707)
Additions to intangible assets	(997)	(460)
Net cash used in investing activities	(14,544)	(13,065)
FINANCING ACTIVITIES:		
Proceeds from line of credit	10,000	—
Payment of line of credit	(10,000)	—
Payment of lease liability	(144)	—
Dividends payment	(70,758)	(30,000)
Net cash used in financing activities	(70,902)	(30,000)
Net increase (decrease) in cash and cash equivalents	37,898	(30,288)
Cash and cash equivalents at the beginning of the year	13,455	43,743
Cash and cash equivalents at the end of the year	\$ 51,353	\$ 13,455

Property, plant and equipment, net (Expressed in thousands of US\$)	December 31,				December 31,
	2018	Additions	Retirements	Transfers	2019
<u>Original value:</u>					
Buildings	\$ 37,601	\$ —	\$ —	\$ 245	\$ 37,846
Generating equipment	358,589	16	(2,631)	4,390	360,364
Spare parts	5,511	721	(18)	(198)	6,016
Vehicles	336	—	—	—	336
Office equipment	7,605	168	—	—	7,773
Subtotal	409,642	905	(2,649)	4,437	412,335
<u>Accumulated depreciation:</u>					
Buildings	(17,683)	(743)	—	—	(18,426)
Generating equipment	(180,588)	(18,171)	2,631	(3)	(196,131)
Spare parts	(707)	(414)	3	3	(1,115)
Vehicles	(280)	(28)	—	—	(308)
Office equipment	(5,655)	(191)	—	—	(5,846)
Subtotal	(204,913)	(19,547)	2,634	—	(221,826)
Construction in progress	1,557	10,309	—	(4,437)	7,429
Land	7,389	—	—	—	7,389
Subtotal	8,946	10,309	—	(4,437)	14,818
Total, net	\$ 213,675	\$ (8,333)	\$ (15)	\$ —	\$ 205,327

INTEREST EXPENSE - NET (Expressed in thousands of US\$)	December 31, 2019	December 31, 2018
Interest expense - financial	\$ (8,649)	\$ (8,593)
Subtotal	(8,649)	(8,593)
Amortization of deferred financing costs	(218)	(166)
Interest income - commercial	3,164	4,448
Interest income - financial	975	455
Subtotal	4,139	4,903
Total	\$ (4,728)	\$ (3,856)

Andres-DPP and Itabo are controlled and managed by subsidiaries of The AES Corporation.

Itabo owns the lowest-cost thermal power generation units in the Dominican Republic. Itabo operates power generation units that in the aggregate have 295 MW of installed capacity. Itabo also has the only loading dock with the capacity to service Panamax vessels and to unload to 60,000 tons of solid fuels in bulk.

Andres and DPP own and operate power generation units and energy storage solutions that in aggregate have 697 MW of installed capacity. Andres also has the only LNG shipment receiving terminal in the Dominican Republic, a regasification facility, a LNG storage facility, and a natural gas pipeline.

The pro forma combined balance sheet and statement of operations presented in this report have not been audited and were derived from the audited consolidated financial statements of Andres and audited financial statements of DPP. The information provided by the consolidated financial statements of Andres and financial statements of DPP and for Itabo has been prepared in accordance with United States General Accepted Accounting Principles (US GAAP) as established in the Offering Memorandum of the \$370 million notes units.

The non-audited pro forma combined financial information described above is being provided for illustrative purposes only. Andres and DPP may have performed differently if they had actually been combined during the periods presented. This non-audited proforma combined financial information should be read in conjunction with the audited consolidated financial statements as of and for the periods ended December 31, 2019 and 2018 and notes thereto, of each Andres and DPP.

You should not rely on the pro forma combined financial information as being indicative of the historical results that would have been achieved by Andres and DPP if they had always been combined.

The AES Corporation (NYSE: AES) is a global power company that owns and operates a diverse and growing portfolio of electricity generation and distribution businesses, which provide reliable, affordable energy to customers in 15 countries. AES understands that a reliable, affordable supply of electricity is essential to human progress, economic growth, public health and security. - See more at: www.aes.com.

This report may contain forward-looking statements speculative in nature based on the information, operational plans and forecasts currently available about future trends and facts. As such, they are subject to risks and uncertainties. A wide variety of factors may cause future real facts to differ significantly from the issues presented or anticipated in this report, including, among others, changes in general economic, political, government and business conditions. In the event of materializing any of these risks or uncertainties, or if underlying assumptions prove to be mistaken, future real facts may vary significantly. Itabo is not bound to update or correct the information contained in this report.

Please address any questions or comments related to this report to Investor Relations, email address: inversoraescac@aes.com

Glossary of key terms

Btu:	British thermal units of measurement. It is an unit of heat in the English European System. Its equivalence in the International System (IS) is the Calorie. The prices of Natural Gas are usually expressed in US\$/MMBtu. 1 Btu is equivalent to 252 calories.
Capex:	Capitalized expenditures.
CDEEE:	Corporación Dominicana de Empresas Eléctricas Estatales. Previously known as CDE.
Coordinating Body:	“OC” or Organismo Coordinador. Whose function is to plan and coordinate the economic operations of the power providers with those of the transmission, distribution and commercialization system that form the SENI.
Deregulated Users (NRU):	The user of the electrical service which monthly demand exceeds the limit established by the Superintendence of Electricity in order to be classified as an unregulated user under the General Electricity Law.
EAF:	Equivalent Availability Factor
EFOR:	Equivalent Forced Outage Rate
Firm Capacity:	The amount of capacity assigned by the Coordinating Body to each power generation unit for being available to cover the demand in peak hours.
FX:	Foreign exchange, a banking term for changing money from one currency into another.
GDP:	The gross domestic product (GDP) is one of the measures of national income and output for a given country's economy. GDP is defined as the total market value of all final goods and services produced within the country in a given period of time (usually a calendar year).
Henry Hub:	The specific pricing point for natural gas future contracts on the New York Mercantile Exchange, or NYMEX.
Installed capacity:	The amount of MW a turbine is designed to produce upon installment (name-plate capacity).
Liquid Natural Gas (LNG):	Natural Gas processed to be transported in liquid form. It is the best alternative for transporting and storage because when transformed into liquid at atmospheric pressure and -163° C, the liquefaction process reduces the volume of gas by 600 times.
Platts:	Provider of energy information around the world that has been in business in various forms for more than a century and is now a division of The McGraw-Hill Companies. Products include Platts Energy Economist, industry news and price benchmarks for the oil, natural gas, electricity, nuclear power, coal, petrochemical and metals markets.
PPA:	Power Purchase Agreement.
SENI:	Sistema Eléctrico Nacional Interconectado or the National Interconnected Electrical System.