
AES Panama & AES Changuinola

Presentation to Fitch Ratings

2014 Annual Review

October 27th, 2014



Safe Harbor Disclosure

This presentation 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 presentation, 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. AES Panama or AES Changuinola are not bound to update or correct the information contained in this report.

Agenda

- | | |
|------------------------|------------------------|
| 1. Company Overview | Miguel Bolinaga |
| 2. Market Overview | Gustavo Giraldo |
| 3. Financial Overview | Javier Dib |
| 4. Recent Developments | Nicolás Van Tienhoven |
| 5. Projections | Julio Díaz /Doug Heron |

1. Company Overview

AES in Panama: Company Overview



Largest electricity generation company in Panama both in terms of installed capacity and energy generation in a year with average hydrology



Business provides the most competitive energy in the country



Majority government ownership, privately managed and controlled



Portfolio comprises run-of-river and reservoir facilities + bunker fueled engines (COD Feb 15)



Largest privately controlled hydro generation in Central America



Reservoir facilities provide reliability to the system



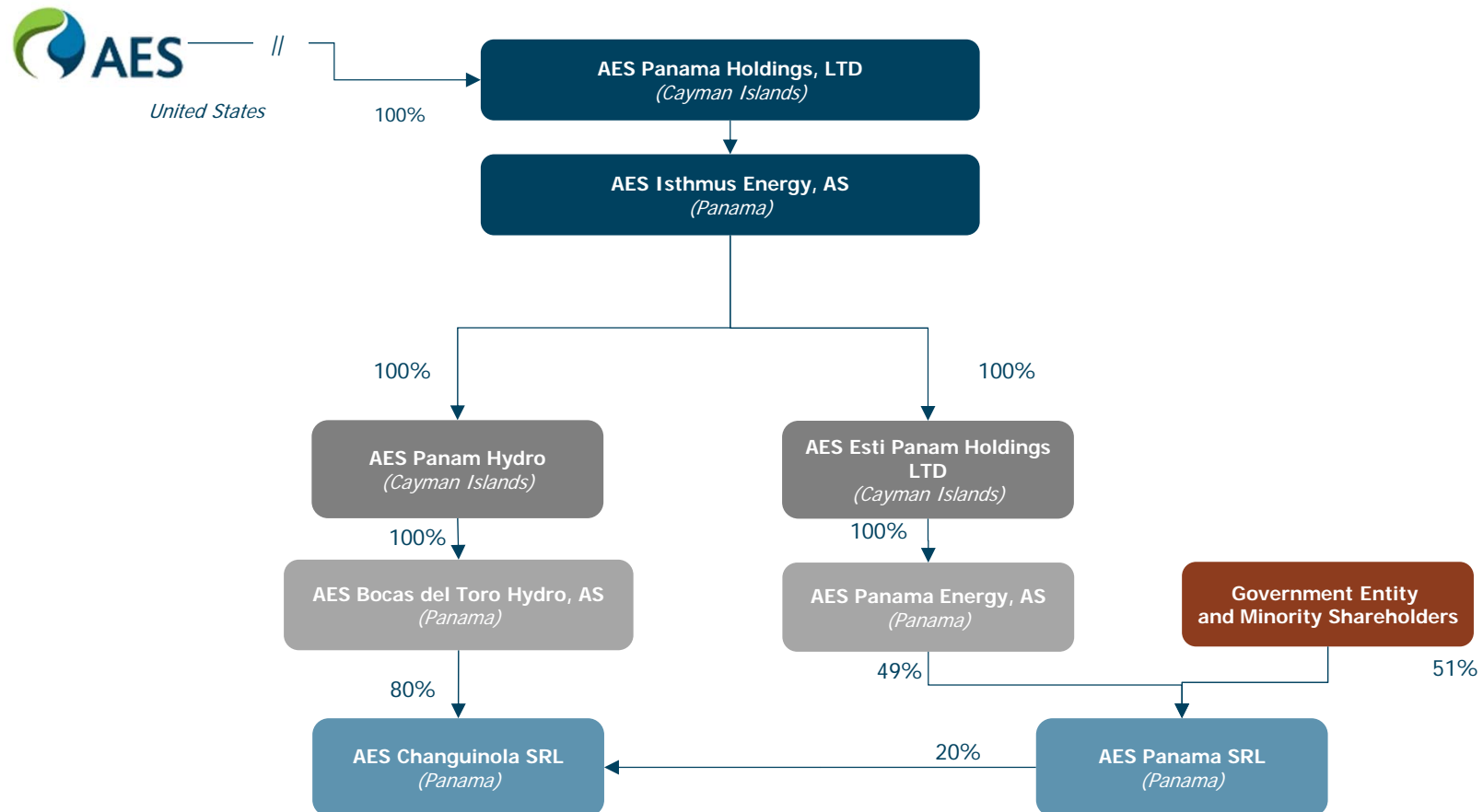
Fully committed to supporting the Panamanian energy system



Strong management and operational performance

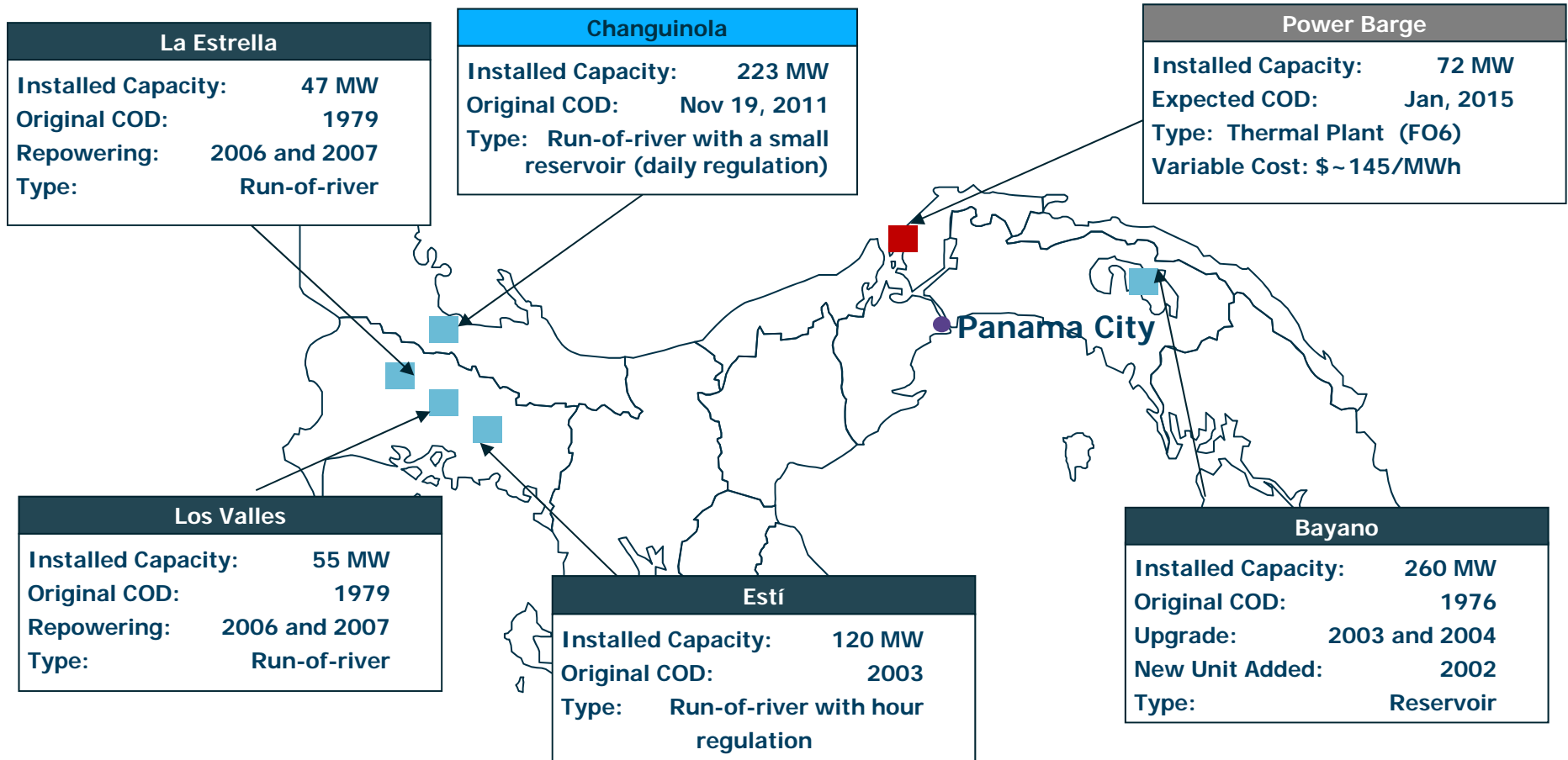
AES Panama and AES Changuinola Structure

Corporate Structure



AES Panama and AES Changuinola Generating Facilities

AES supplies **19%** of Panama's total demand and, with its **705 MW**, has **26% of the installed capacity** of the country.



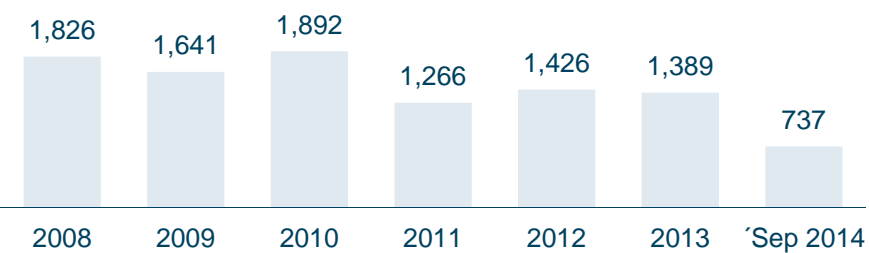
- AES has presence in Panama through two companies: AES Panama (49% AES) and AES Changuinola (89.8% AES).
- Own and operates a total of 5 plants and 12 generation units, totaling 705 MW of installed capacity
- Portfolio is mix of run-of-river facilities (Estrella, Valles and Estí), reservoir facilities (Bayano and Changuinola) and the a thermal generation (Barge).

Key Operating Overview

AES Panama

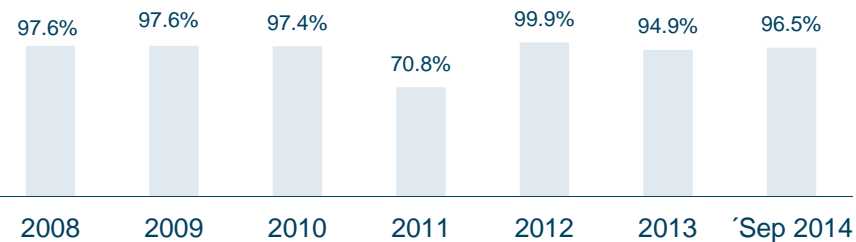
Net Generation

(GWh)



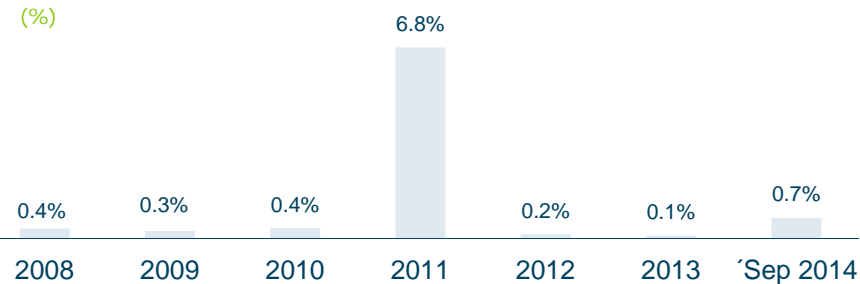
Availability Factor

(%)



Forced Outage Factor - EFOR

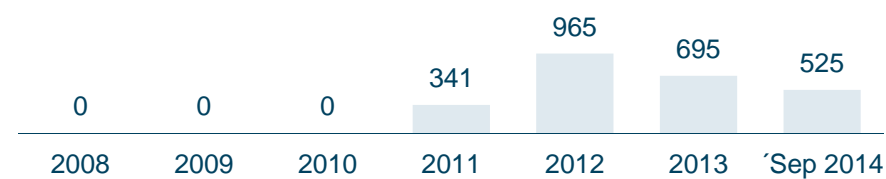
(%)



AES Changuinola

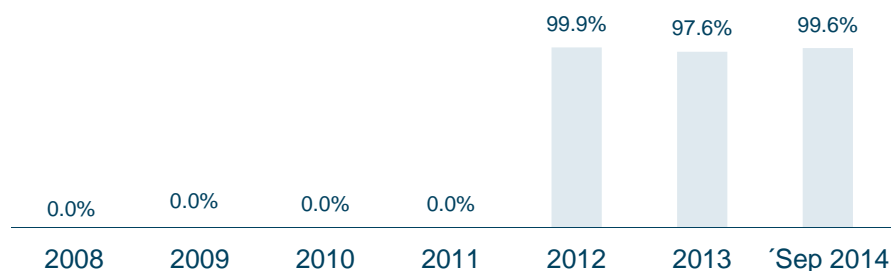
Net Generation

(GWh)



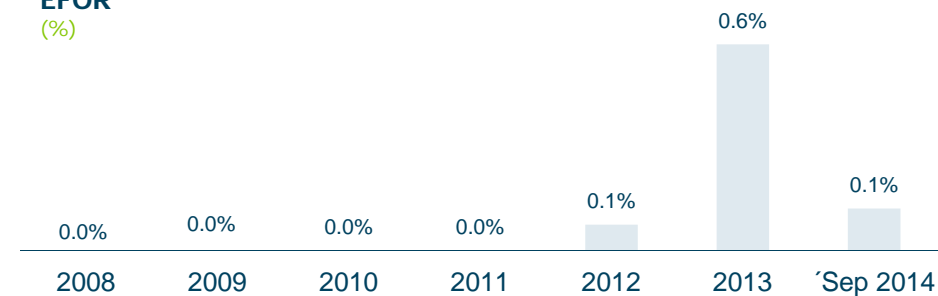
Availability Factor

(%)



Forced Outage Factor - EFOR

(%)



Increasing the System's Installed Capacity by 72 MW in early 2015

Estrella del Mar I
Instaled Capacity: 72 MW
Lentgh: 101 m
Width: 30 m
Height: 32 masl
Weight: 2,500 mt



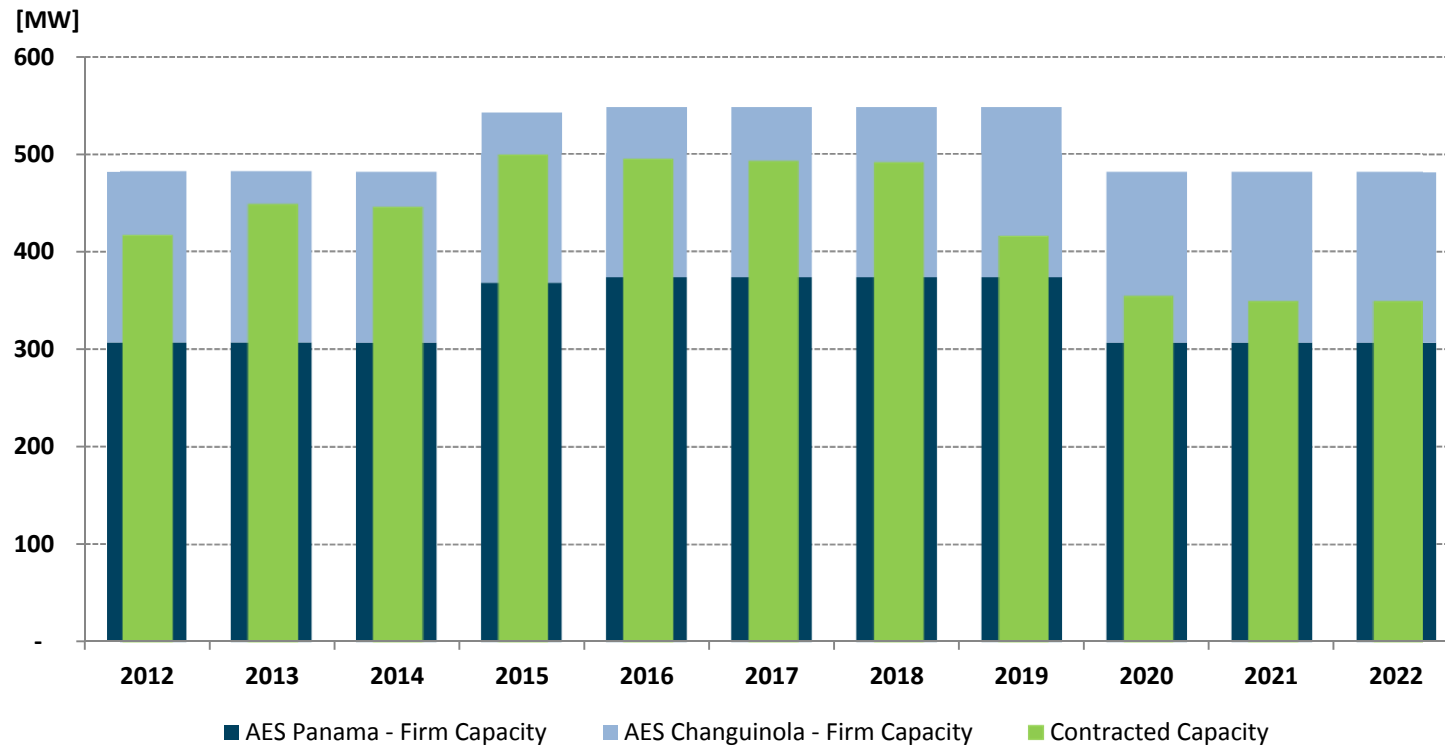
Other works:

1. Dredging ,
2. Construction of new dock,
3. Civil Works, including the Cativá 3 Substation of 69/115KV
4. Fuel supply pipeline,
5. New transmission line S/E Cativá 3-S/E BLM,
6. Rewiring of existing transmission line,
7. Civil works on the existing Bahía Las Minas Substation

Commercial Structure



Current Contract Level



Firm and Contracted Capacity [MW]	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
AES Panama - Firm Capacity	307	307	307	368	374	374	374	374	307	307	307
AES Changuinola - Firm Capacity	175	175	175	175	175	175	175	175	175	175	175
Total Firm Capacity	482	482	482	543	549	549	549	549	482	482	482
Contracted Capacity	418	450	446	500	495	493	492	417	356	350	350
MW Available	64	32	35	43	53	55	56	132	126	132	132
Contract Level %	87%	93%	93%	92%	90%	90%	90%	76%	74%	73%	73%

2. Market and Regulatory Update

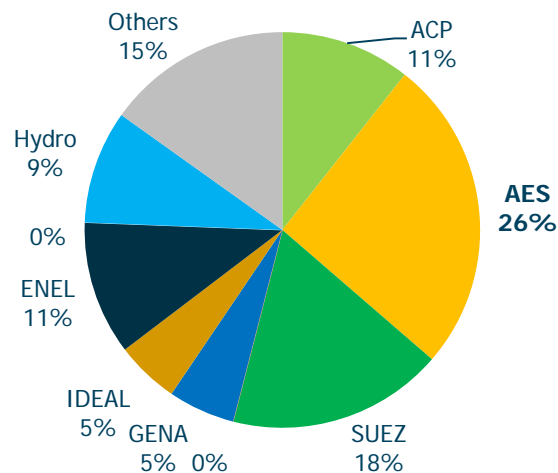
Panama's Current Market Environment

Market Drivers		
Hydrology:	(-)	The October Hidromet report updated its inflows projections. For the YTG, inflows are expected to be below the LTA for Changuinola (-12%), Bayano (-22%) and Chiriqui (-17%).
Price Volatility:	(-)	Supply reliance on Hydro generation (~60%) will continue affecting spot price volatility.
Tx Constraints:	(-)	Bottlenecks in the transmission lines connecting Chiriqui Generation (SS/Veladero) and Panama Province (SS/Chorrera) are expected to continue until 4Q2016, keeping surplus power trapped in the West, particularly during wet season;
Regulation:	(+/-)	The lack in system reserve and transmission investment together with the extreme hydrology conditions and low reservoir levels may put pressure for additional changes on the market rules;
Government:	(+/-)	New President has been appointed since July 2014 with an Energy Agenda that seems to support the current regulatory framework;
Economy:	(+)	Panama economic fundamentals remain favorable GDP (~6% for 2015).
Demand Growth:	(+)	Demand growth forecasted to be 6.1% for the next few years, above the historical average of 5.4% (2004-2013).
Supply Growth:	(+)	A total of 1,236 MW are expected to be added within the next 5 years (2014-2019) as a result of public tenders from DISCOS, RFPs and Direct Negotiation for emergency supply power.
Regional Interconnections	(+)	An expansion in Costa Rica-Panama Interconnection to 300 MW (currently at 70-100MW) was completed in Sept 2014. The Panama -Colombia Interconnection (ICP Project - 300 MW) is expected by 2019.

2014 Panama Market Update

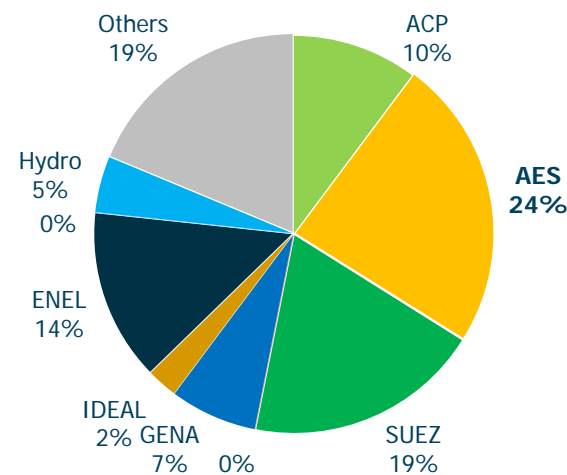
Installed Capacity, August 2014

Total 2,740 MW



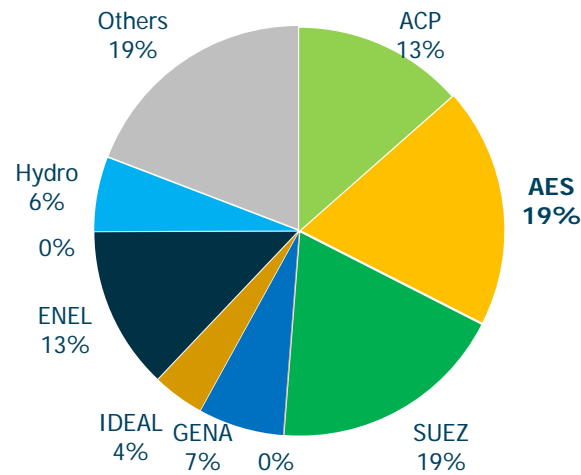
Firm Capacity, 2014

Total 2,034 MW



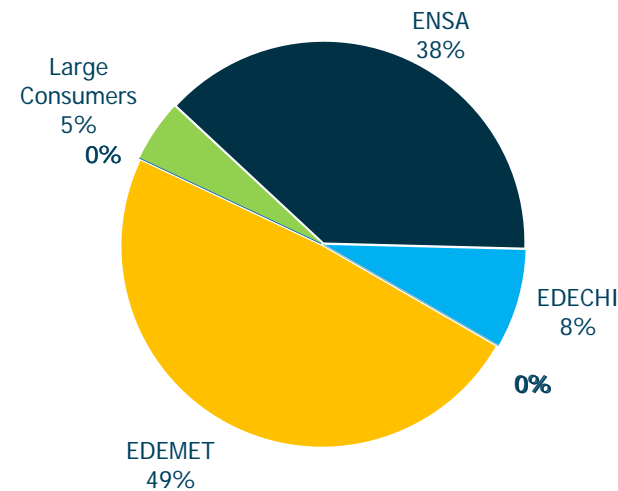
Generation, YTD August 2014

Total 5,828 GWh



Energy Demand, YTD August 2014

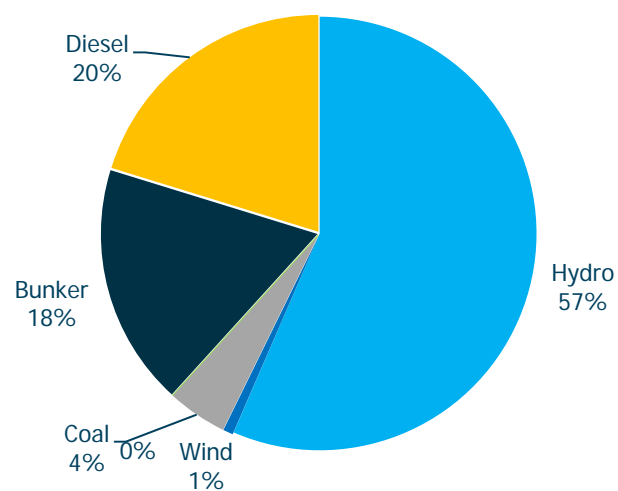
Total 5,866 GWh



2014 Panama Market Update

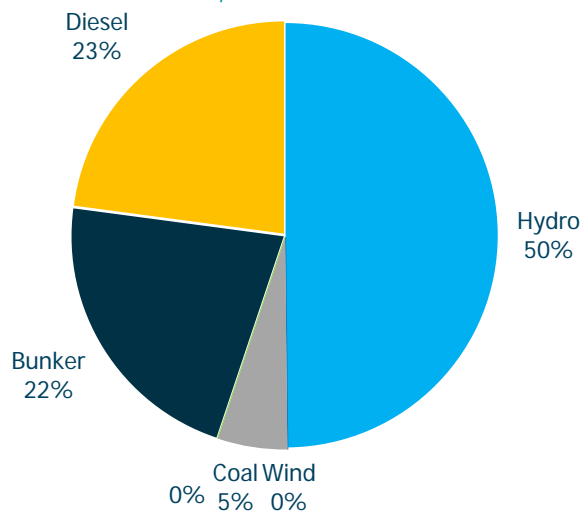
Installed Capacity, August 2014

Total 2,740 MW



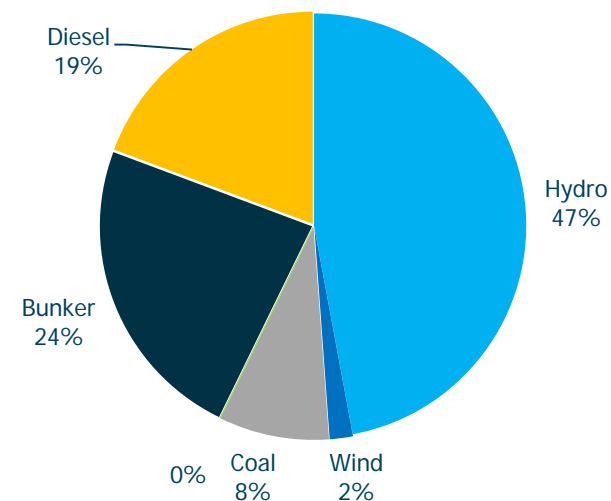
Firm Capacity, 2014

Total 2,034 MW



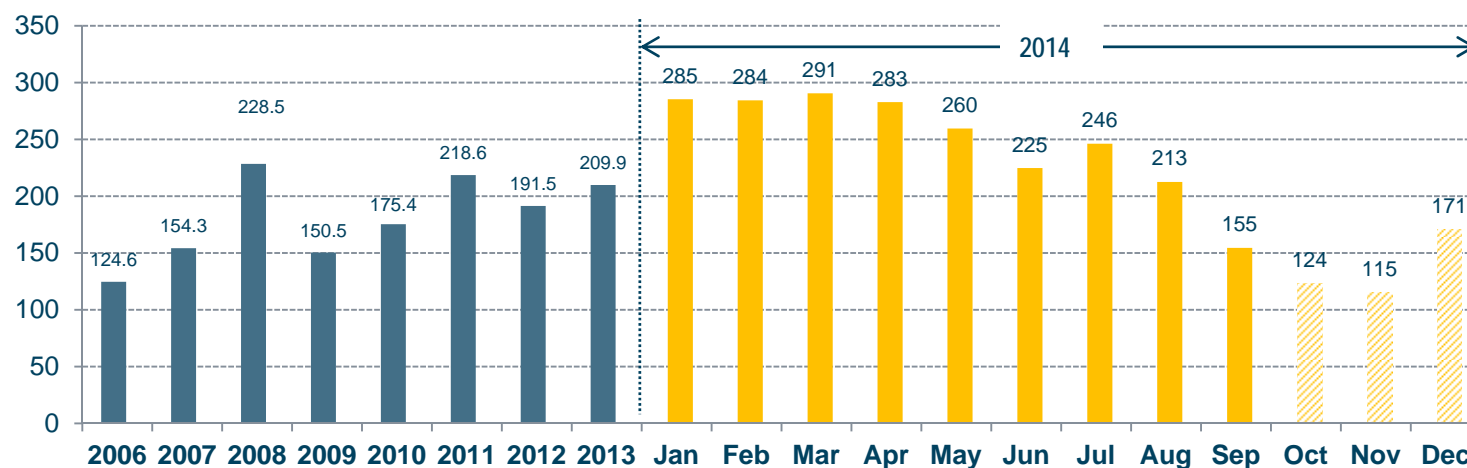
Generation, YTD August 2014

Total 5,866 GWh



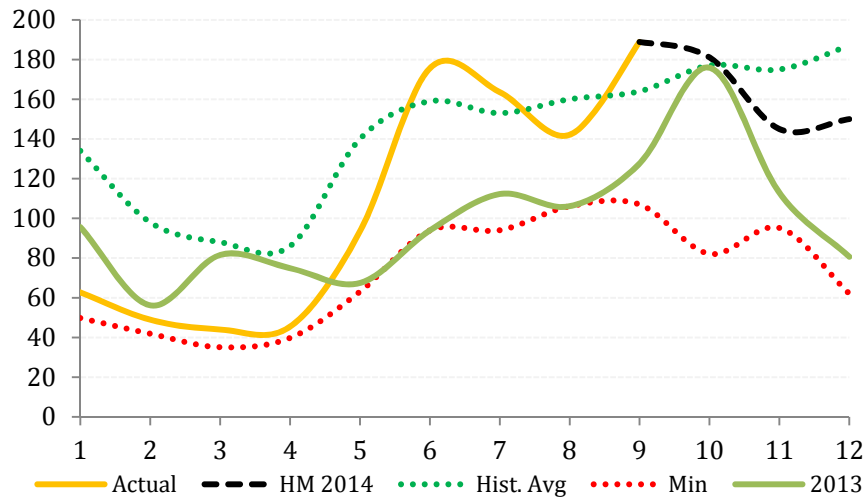
Spot Price Evolution

US\$/MWh

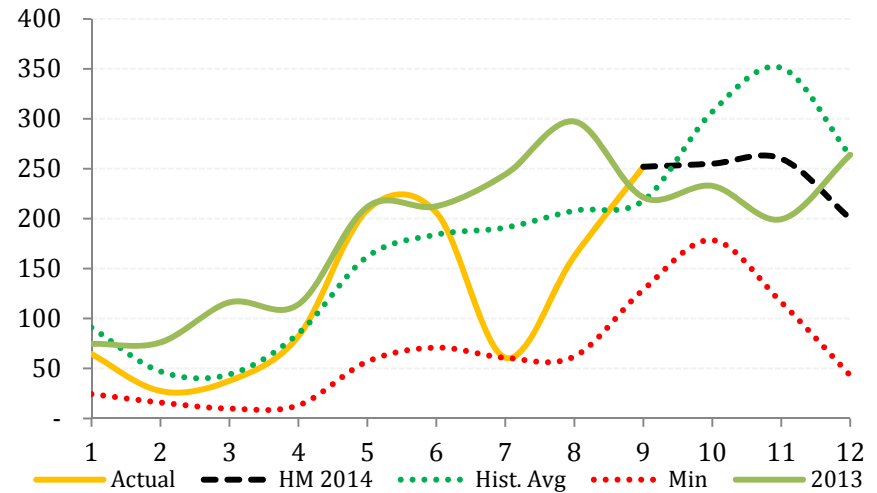


Panama: 2014 Hydrology Update – As of October 19th

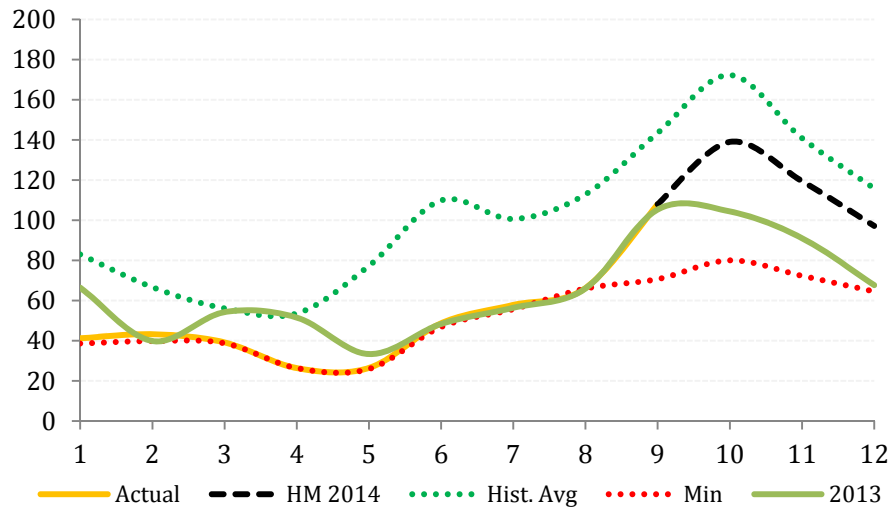
Changuinola Inflows (m³/s)



Bayano Inflows (m³/s)



Chiriqui Inflows (m³/s)



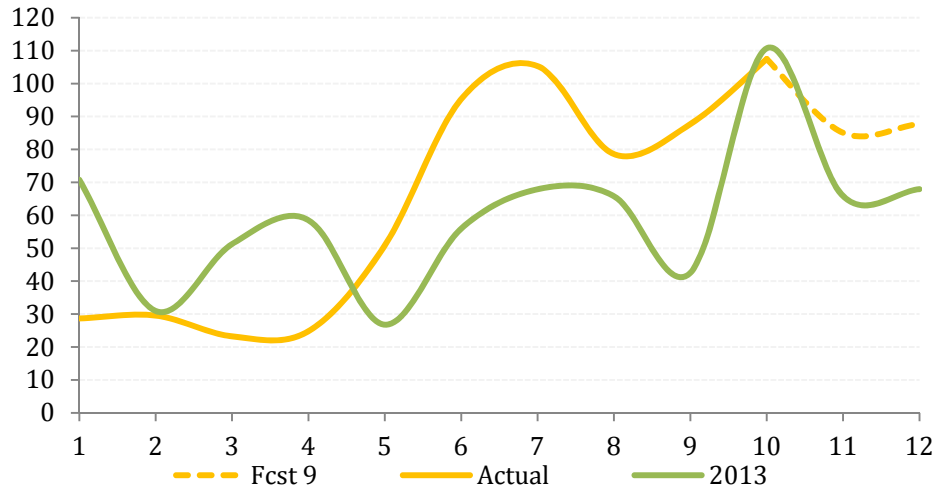
- Hidromet's report for October estimates the start of an El Nino Event in the next 2 months, ending Q2 2015.

Inflows (var to hist. avge)	Changuinola	Bayano	Chiriqui
YTD	-18%	-10%	-43%
FYF	-16%	-16%	-34%

Panama: 2014 Generation Update – As of October (F9)

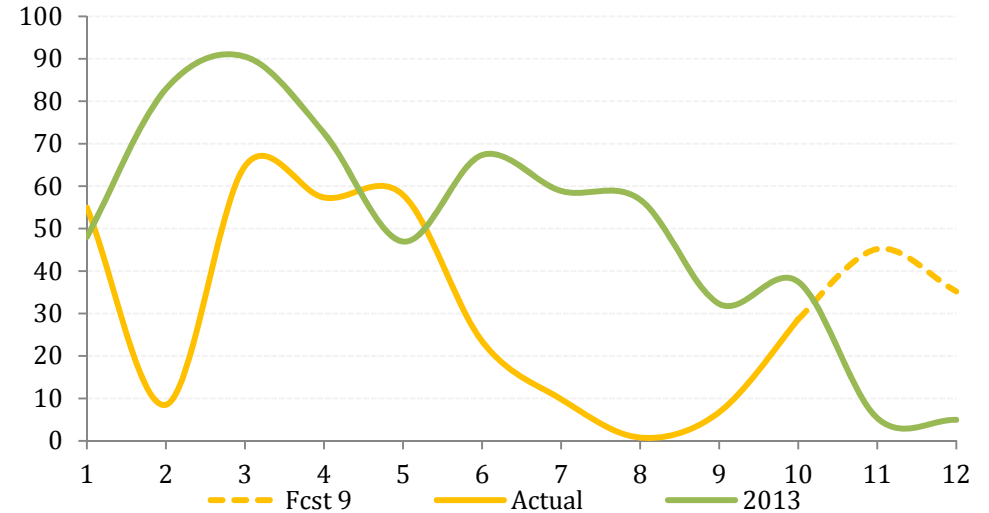
Changuinola Generation

GWh



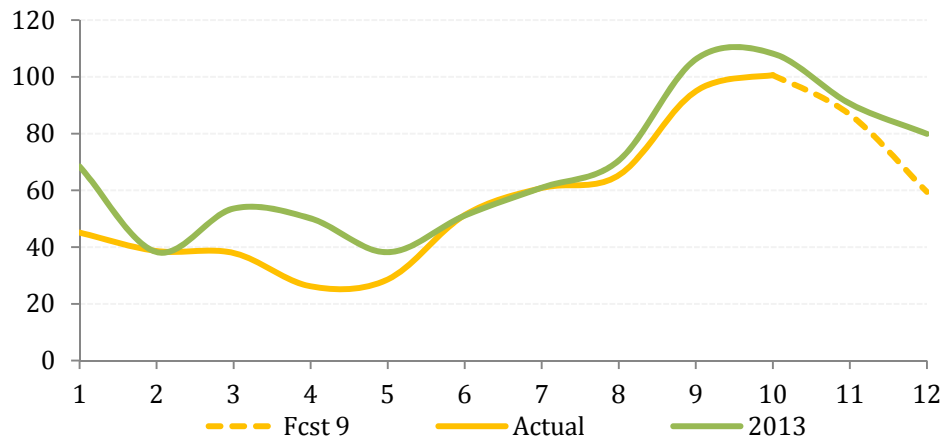
Bayano Generation

GWh



Chiriqui Generation

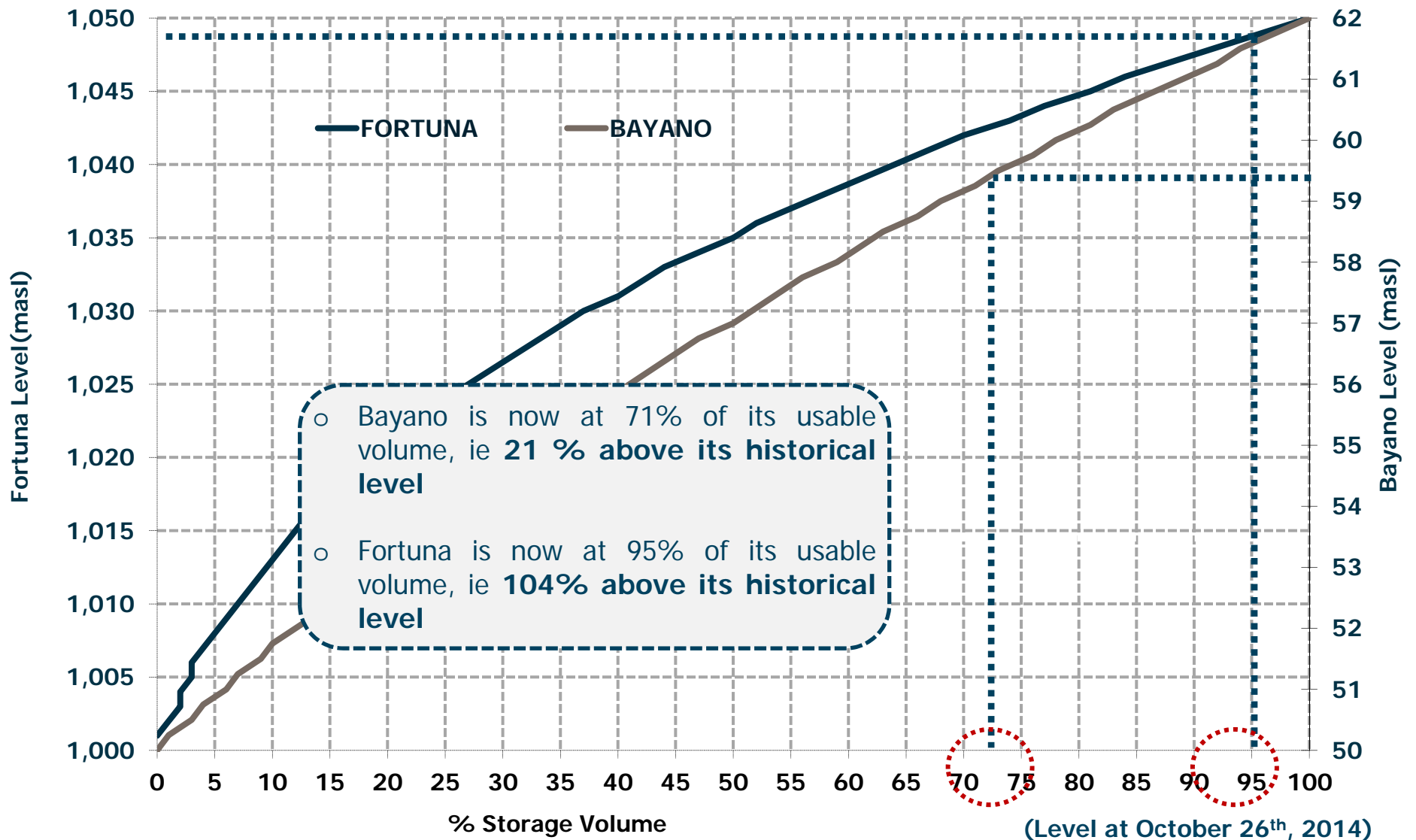
GWh



Based on the current hydrology projections we are expecting the following generation numbers for 2014:

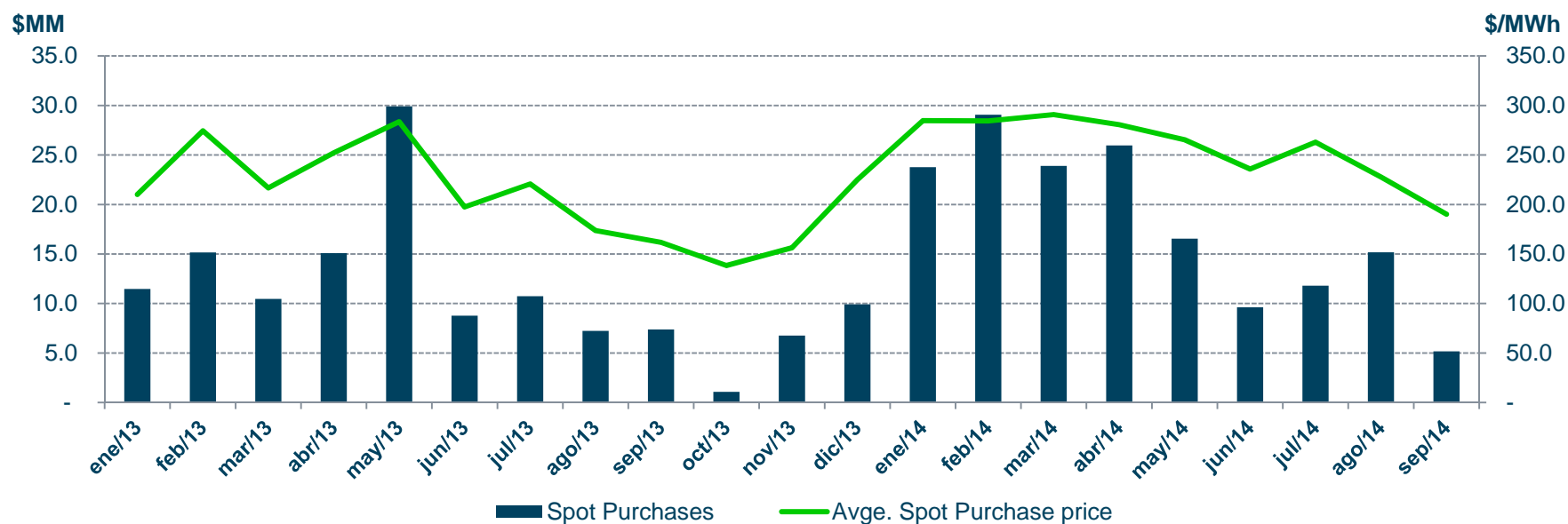
AES Changuinola: 805 GWh (16% above 2013)
AES Panama: 1,092 GWh (21% below 2013)

Panama Reservoir Levels vs. % Storage Volume



Commercial Margin has been reduced in the last years due to very dry hydrology and increased the spot prices

AES Panama´s Evolution of Spot Purchases

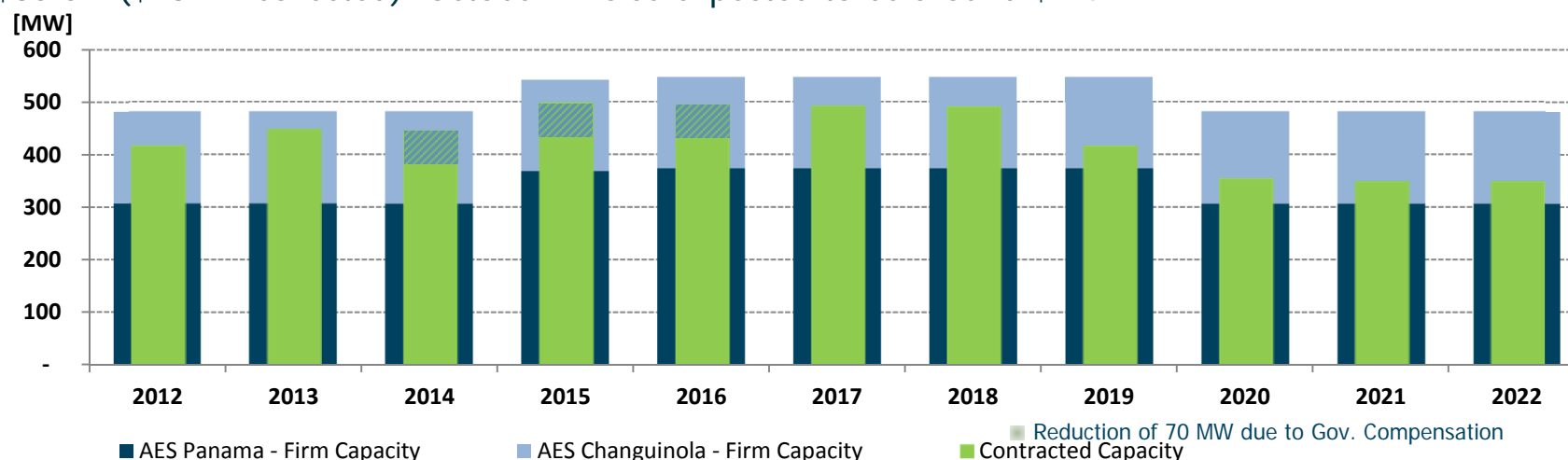


Management has been working proactively so as to reduce the spot market exposure, development a strategy based on protecting AES value in Panama by creating options to enhance the existing portfolio and developing LNG market in Panama.

AES Mitigation Actions

AES Panama's management has been working proactively so as to reduce the spot market exposure and improve the risk profile of the business, through – among others - the following actions:

Reduce the Contracted Capacity In March 2014 a general settlement was agreed with the Government by which AES Panama will be compensated for the spot purchases up to **US\$40M in 2014** (starting from March 1st) and **US\$30M** for each of 2015 and 2016. The compensation mechanism is based on a formula which compensates the spread between the spot and contract price associated to 70MW; YTD invoicing is at \$35.6M (\$23.2M collected). October invoice expected to be around \$1.4M.



Firm and Contracted Capacity (MW)	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Firm Capacity*	482	543	549	549	549	549	482	482	482
Contracted Capacity	446	500	495	493	492	417	356	350	350
Government Compensation	(70)	(70)	(70)						
Implicit Contractual level %	78%	79%	77%	90%	90%	76%	74%	73%	73%

* Firm Capacity is the sum of AES Panama and AES Changuinola

AES Mitigation Actions (Cont.)

10.3 MW of contracted capacity released from Non-Regulated customers, reducing the exposure to the spot market at NPV for AES Panama of \$6.5M. Close to **7.5 GWh-month (close to 9MW in capacity)** of contracted energy avoided with a government entity. In parallel we are working on additional negotiations with Non-Regulated customers, looking for schemes in order to reduce our **potential energy purchases from the spot market by 15 MW(~3% PPAs)**

Regional Imports. During 2014 AES Panama has been importing energy from MER, reducing the spot purchases from the local market by approx. **US\$1.6M.**

Changuinola Contract

On January 1, 2014 AES Panama amended the Reserve Contract with AES Changuinola from financial to physical (175 MW).

Rebalance AES Panama's Generation Portfolio.

- Installation of a power barge of 72 MW (5 years PPA with EGESA - government-owned generation company) in order to support the government in mitigating the energy crisis;
- Last Sep 30th, AES Panama took part in a public tender process to add up to 250MW of capacity in which offered 57 MW power barge (5 years PPA with DISCOS). In our preliminary analysis there are some probability to be awarded, since the most competitive bids have significant question marks about the interconnection feasibility;
- AES is also exploring other options to mitigate dry hydrology in the short term such as wind power from Union Eolica Panameña UEP – Penonomé (Goldwind). The idea is to buyout a plant of 55MW of installed capacity with an existing agreement for up to 28MW and the remaining energy will be used as a hedge for AES Panama.

3. Financial Update

Financial Statements as of June 2014

AES Panama

Values in Millions

	jun-14	jun-13
Generation (GWh)	497.84	692.92

Income Statment Highlights

Revenues	131,547	165,454
Variable Costs	(171,242)	(143,927)
Operating Income	(39,695)	21,527

EBITDA	(27,715)	33,213
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Net Income	(55,494)	8,655
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Balance Sheet Highlights

Cash	18,930	26,853
Restricted Cash		
Debt	349,241	299,099

Cashflow Highlights

Cashflow from operating activities	(45,662)	22,438
CAPEX	(88,976)	(3,304)

AES Changuinola

Values in Millions

	jun-14	jun-13
Generation (GWh)	259.0	294.2

Income Statment Highlights

Revenues	26,834	47,777
Variable Costs	(18,811)	(60,928)
Operating Income	8,023	(13,151)

EBITDA	16,623	(4,551)
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Net Income	(10,033)	(24,179)
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Balance Sheet Highlights

Cash	30,697	33,907
Restricted Cash	18,828	21,107
Debt	413,487	418,393

Cashflow Highlights

Cashflow from operating activities	800	26,896
CAPEX	(1,289)	(47)

Capital Structure and Key Debt Metrics

Current Capital Structure

AES Panama

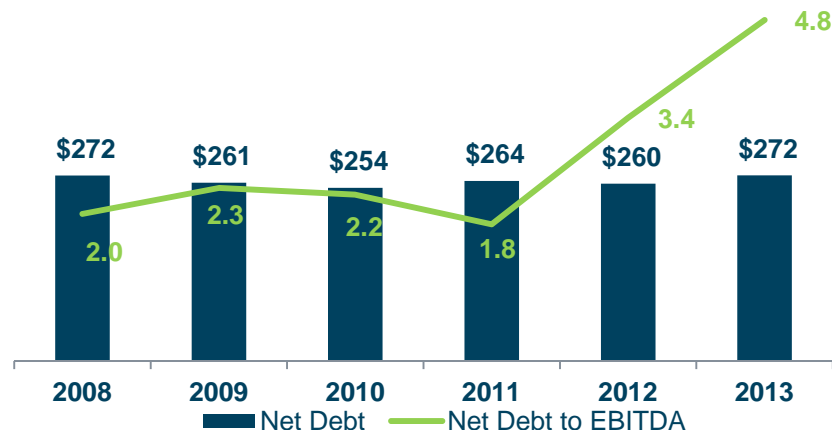
- On November 13th 2006, AES Panama issued **US\$300 mm** of Senior Notes under Rule 144A.
- The notes bear an interest rate of 6.35% p.a. and mature in December **2016**.
- Additionally, AES Panama has drawn WC lines for US\$50 mm.
- AES Panama has US\$ 30 mm in committed WC Lines

AES Changuinola

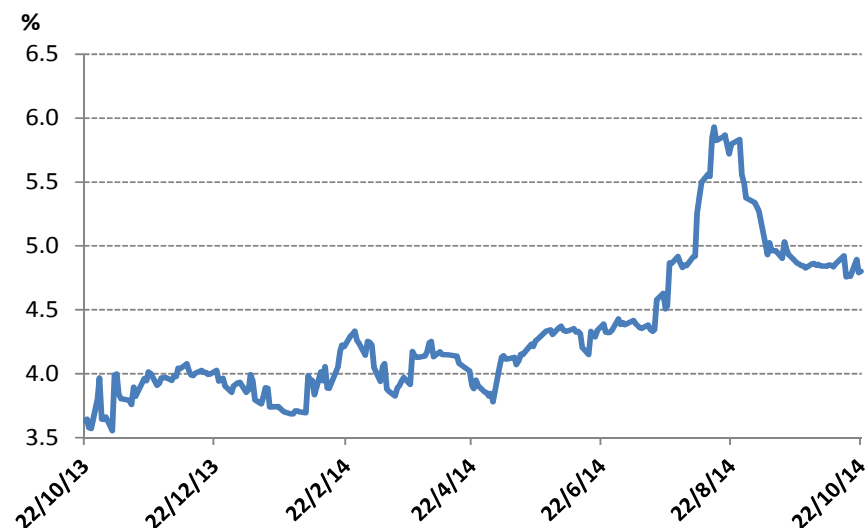
- In November 2013, AES Changuinola issued **US\$470 mm** in Bonds
- The notes bear interest of 6.25% p.a for 5 years and 6.75% p.a for the 10 year tranche.
- AES Changuinola has not drawn on any of its WC lines.

AES Panama Net Debt & Net Debt / EBITDA

(US\$ mm, x)



AES Panama Bond Yield



Planned Capital Structure in the Future

- AES Changuinola expects to **maintain a similar capital structure** going forward.
- AES Panama is already reviewing refinancing options, with attractive possibilities in the international and local markets.
- Estrella del Mar I is being financed with a local Syndicated Loan.
- AES Panama and AES Changuinola have well established relationships with many local and international banks that ensure it will always have working capital lines available.

Cash Position (as of September 30th, 2014)

AES PANAMA	Real									Estimated			Total 2014
Funds Flow (million of dollars)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Initial Position	26.3	28.1	32.1	46.1	25.8	34.2	9.5	13.6	18.6	18.9	51.7	58.1	26.3
Collections	18.4	16.2	22.4	17.8	19.5	17.2	21.0	22.9	20.7	22.8	22.7	20.0	241.6
Government Compensation	-	-	-	-	-	6.9	11.8	-	4.5	5.6	6.7	4.5	40.0
Spot & Market Payments	(7.4)	(9.8)	(24.4)	(32.9)	(26.3)	(26.6)	(16.9)	(9.8)	(11.9)	(18.5)	(5.3)	(1.3)	(191.1)
Insurance	-	-	-	-	-	-	(3.3)	-	-	-	-	-	(3.3)
Interest of LT Bonds	-	-	-	-	-	(9.5)	-	-	-	-	-	(9.5)	(19.1)
Interests of ST LC an banking exp.	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)	(0.0)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.1)	(1.2)
Short term Lines of Credit	(0.0)	(0.0)	20.0	(0.0)	20.0	10.0	-	-	-	-	-	-	50.0
LT Loan - Barge	-	-	-	-	-	-	-	-	15.0	42.3	-	-	57.3
G&A expenses	(1.9)	(2.1)	(4.0)	(2.5)	(1.9)	(2.9)	(2.0)	(2.2)	(4.2)	(2.5)	(2.4)	(5.4)	(34.1)
IC AES Changuinola	(7.2)	(0.2)	-	-	-	(17.0)	(2.0)	(4.0)	(5.3)	(8.7)	(9.6)	(7.5)	(61.6)
Barge Proyect payments	-	-	-	(2.7)	(2.7)	(2.7)	(4.4)	(1.7)	(18.2)	(8.1)	(5.6)	(2.3)	(48.3)
Final Position	28.1	32.1	46.1	25.8	34.2	9.5	13.6	18.6	18.9	51.7	58.1	56.5	56.5

AES CHANGUINOLA	Real									Estimated			Total 2014
Funds Flow (million of dollars)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Initial Position	34.6	32.8	39.0	38.0	36.0	34.4	30.8	1.4	3.3	6.8	14.0	21.5	34.6
Collections	0.1	0.1	0.1	0.1	0.0	0.1	0.3	0.2	0.2	0.2	0.2	0.3	1.9
Spot & Market Payments	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.4)	(0.6)
Insurance	-	-	-	-	-	-	(2.8)	0.3	-	-	-	-	(2.5)
Interest of LT Bonds	-	-	-	-	-	(21.1)	-	-	-	-	-	(18.7)	(39.9)
Interests of ST LC an banking exp.	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	-	-	(0.0)
Short term Lines of Credit	-	-	-	-	-	-	-	-	-	-	-	-	-
G&A expenses	(1.9)	(1.3)	(1.0)	(2.1)	(1.6)	(2.0)	(1.4)	(2.6)	(1.9)	(1.8)	(2.2)	(1.8)	(21.7)
IC AES Panama	-	7.5	-	-	-	17.0	2.0	4.0	5.3	8.7	9.6	7.5	61.6
Consorcio Gavilán Payments	-	-	-	-	-	-	(27.5)	-	-	-	-	-	(27.5)
Changes in DSRA	-	-	-	-	-	2.3	-	-	-	-	-	0.2	2.5
Final Position	32.8	39.0	38.0	36.0	34.4	30.8	1.4	3.3	6.8	14.0	21.5	8.6	8.6

Cash Position (as of September 30th, 2014)

	Cayman Islands	Panama	USA	Total
AES Changuinola, SRL	579,730	5,982,347	273,567	6,835,644
Banco General (Overseas) Inc.	579,730			579,730
Banco General, S.A.		210,630		210,630
Citibank, N.A.		5,729,822	273,567	6,003,389
Global Bank		41,896		41,896
AES Panama, S.A.		18,029,019	10,735,025	28,764,044
Banco General, S.A.		13,346,566		13,346,566
Banco Panama		5,383		5,383
Banistmo		24,497		24,497
BNY Mellon Bank			99,995	99,995
Citibank, N.A.		4,352,317	793,929	5,146,246
HSBC			9,841,101	9,841,101
Scotiabank		300,257		300,257
BG Trust Inc. (DSR Account for CHAN)		18,861,016		18,861,016

1. New Developments

Estrella del Mar I Acquisition

Project Description

- Asset: 72 MW power barge, based on FO #6 Wartsila Engines previously operating in the DR. Heat rate: 8,350 BTU/kWh
- The project entails the disconnection from the DR grid, transport, grid expansion and reconnection in the Panama grid of the power barge.
- Expected to generated US\$90 mm of EBITDA in the first 2 years of operation.
- Project duration: Q3 and Q4 2014, Expected COD: January 31st, 2015.



Economics

- Estimated total Investment: Approx. ~**US\$57 mm**
- 100% owned by the AES Panama (49% AES Corp.) but represented in the market by EGESA through a 5-year PPA with a purchase option at the end of the term .
- Project to be fully financed with bank debt.

Development Status

Commercial	<ul style="list-style-type: none">• Purchase agreement with Barrick Gold was finalized on July 4th 2014 and final payment was made on September 18th, 2014.• PPA with EGESA already signed and waiting for approval from the Contraloría to be fully executed. Term: 5 years• Fuel Supply Agreement is in final stages of approval within Chevron.
EPC	<ul style="list-style-type: none">• EPC Contract Executed with ICONSA on August 26th, 2014.
Permits	<ul style="list-style-type: none">• Updated environmental license received on September 4th, 2014 by ANAM. A provisional license for generation was given by ASEP to EGESA, with the environmental license, we are submitting to receive the final license. Dredging permit awarded by the Maritime Authority of Panama on September 16th, 2014.
Land	<ul style="list-style-type: none">• Land lease agreement signed with Chevron on September 3rd, 2014.

Estrella del Mar I Acquisition

Strategic Rationale behind the acquisition...

- **Diversify portfolio to reduce hydrology exposure and margin volatility**
 - Thermo power generation barge that operates on fuel oil no. 6 and 2
 - Base Load Generation partially hedging the hydro portfolio exposure to spot
- **Increase in cash flows starting 2015**
 - Guaranteed annual capacity payments of US\$31mm in the first three years and US\$25mm in the last two years
 - Increased cash flows from energy margin when plant is dispatched
- **Reduce variable margin volatility**
 - The PPA with EGESA, government-owned generation company, will be physical (commitment to supply only actual generation), thus with no exposure to spot and with most of the cash flow coming from fixed capacity payments
- **Support the government while creating significant value for the company**
 - 72 MW of efficient thermo generation in less than a year with an attractive PPA with EGESA

Estrella del Mar I Acquisition

Location



Main Features

Bahía Las Minas

Substation

Santa Rita: ETESA (Empresa de Transmisión Eléctrica) has confirmed availability for expanding Santa Rita's substation, and it also confirmed capacity in the transmission line.

Transmission Line

Building a new line of 1.2 km and repowering existing line of 6.4 km

Right of Way

Right of way of existing line favors repowering works

Fuel Supply

Contract with Chevron

Environmental Impact

No maritime transit in the area
Fuel storage facilities in the area

Dredging

Confirmed

Operating and Maintenance

Aprox. US\$8 million p.a.

Estrella del Mar I Acquisition

PPA Description

Summary

Physical PPA (commitment to supply only actual generation)

Off-taker: EGESA (state-owned company)

Term: 5 years

Quantity: Total output

Purchase Option for EGESA

(at book value as of the end of PPA)

Capacity

67 MW

Capacity Charge

2015 – 17: US\$38/kW-month (US\$31mm p.a.)

2018 – 19: US\$31/kW-month (US\$25mm p.a.)

Energy Charge

2015 – 17: US\$190/MWh

2018 – 19: US\$210/MWh

(100% Fuel Pass-through indexed by Fuel Oil no. 6 + Energy Margin)

Estrella del Mar I Acquisition – Syndicated Loan

Borrower:	AES Panama S.R.L.
Facility:	Senior Secured Syndicated Loan
Collateral:	(i) First priority charge over the Barge; (ii) Assignments of the Borrower's rights under the Power Purchase Agreements and insurance policies for the Plant
Facility Amount:	US\$ 57.3 million
Tenor:	5 years
Availability Period:	Up to 15 days from closing date
Amortization:	Quarterly Payments based on a 7 year amortization profile, starting 6 months after closing, and a bullet at the end of year 5.
Interest Rate:	3M Libor + 3.5% p.y. (minimum 5.5%p.y.)
Commitment Fees:	N/A
Financial Covenants:	<ul style="list-style-type: none">• DSCR >1.5:1.0 (starting Dec 2015 on a semi annual basis)• Net Debt/EBITDA to 5.0:1.0 starting on Dec 2015; 4.0:1.0 starting on Jun 2016; 3.5:1.0 starting on Dec 2016
Administrative and Structuring Agent:	The Bank of Nova Scotia, Panamá branch.

7. Projections

Panama Commercial Strategy 2015-2019

Looking forward, business strategy aims at reducing the spot market exposure particularly in the down side scenario (P90) by reaching the desired target contract level [2,000 - 2,150] GWh/yr while securing the variable margin target* with the lowest volatility, through action plans/products oriented on both, the demand and supply sides:

Demand Side: efforts continue to reduce contract capacity. PPA re-negotiation & buyout; Team is also working on engaging the government in energy efficiency and saving program aimed at reducing business exposure in terms of prices and quantities.

Alternative	Short Description	Potential Reduction (GWh/yr)				
		2015	2016	2017	2018	2019
Large Users	Following with the contracts buyout process	86	56	0	0	0
Discos Contracts Reduction	Look for the reduction in the contract capacity (up to 70 MW)	396	396	396	396	0
Energy Efficiency	Promote energy efficiency and saving programs with a target of 1% of the total demand (preliminary estimations)	25	25	25	25	0
Consolidated		507	477	421	421	0

Supply Side: 2015-2016 focus still to seek the hedge of the current spot exposure through bilateral contracts for replacement power below the expected average spot prices during the dry season (~\$200/MWh). 2017-2019 focus will be on rebalancing the existing portfolio.

Alternative	Short Description	Potential Reduction (GWh/yr)				
		2015	2016	2017	2018	2019
New Complementary Asset	Acquire or build a new thermal asset (up to 120 MW/~ 400 GWh/yr)	400	400	400	400	0
Regional Imports	Buy Replacement Energy from MER at prices lower than spot market prices in Panama	45	35	25	25	0
Energy Purchases	Energy purchases from other plants with available energy	0	0	50	50	0
Consolidated		445	435	475	475	0

(*)The target margin is set with the strategy to cover: Debt Service (Principal + Interest), (ii) Fixed and Capex, (iii) Dividends and (iv) tax payments.

Key Assumptions

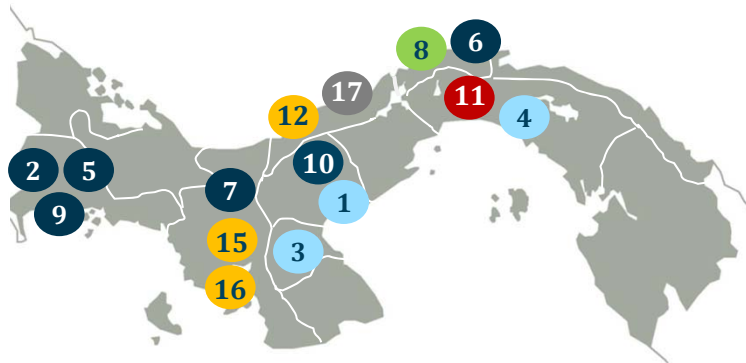
Fuel & Market Prices	2014	2015	2016	2017	2018	2019
NYMEX Crude WTI (\$/bbl)	100.45	93.43	88.06	85.27	83.81	82.77
NYMEX HH Natural Gas (\$/MMBTU)	4.59	4.26	4.23	4.39	4.55	4.72
Colombia FOB Bolivar, 6300 Kcal/kg (\$/mt)	65.61	68.36	73.64	78.01	80.44	83.13
Gulf Coast FO#& 3%S (\$/bbl)	89.96	87.18	85.09	82.60	81.18	80.18
Spot price (\$/MWh)	220.47	185.92	148.58	125.45	126.84	123.57

Generation (GWh)	2014	2015	2016	2017	2018	2019
AES Panama	1,089	1,757	2,042	2,048	2,082	1,862
AES Changuinola	804	885	1,033	1,074	1,070	1,064
Total	1,893	2,642	3,074	3,122	3,152	2,927

Operational Metrics	2014	2015	2016	2017	2018	2019
AES Panama - EAF (%)	97.01%	95.96%	94.61%			
AES Panama - EFOR (%)	0.67%	0.49%	0.47%			
AES Panama - NCF (%)	26.28%	32.40%	41.30%			
AES Changuinola - EAF (%)	99.49%	96.14%	96.60%			
AES Changuinola - EFOR (%)	0.33%	0.71%	0.71%			
AES Changuinola - NCF (%)	38.48%	32.40%	53.48%			

Panama's Generation Projects

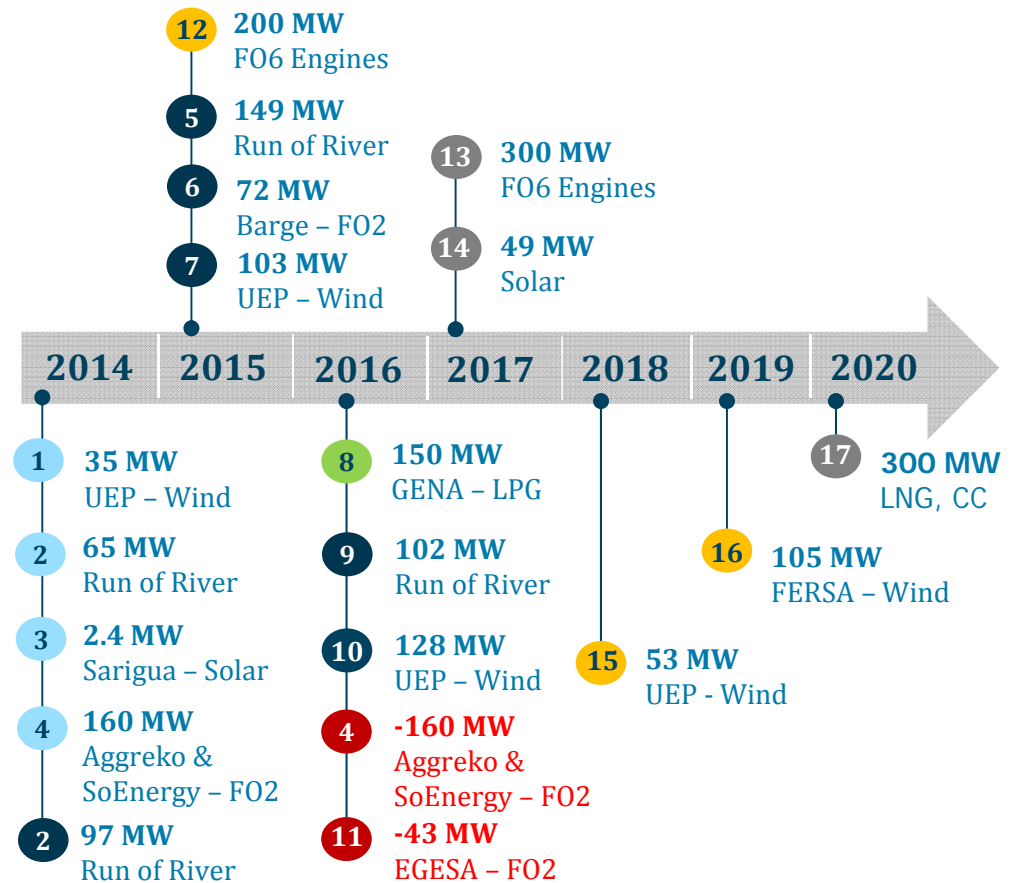
Locations



Legend:

- Commercial Operation
- Under construction
- Secured (Awarded bid)
- New Resources needed to maintain supply/demand balance
- Fuel conversion
- Retirement

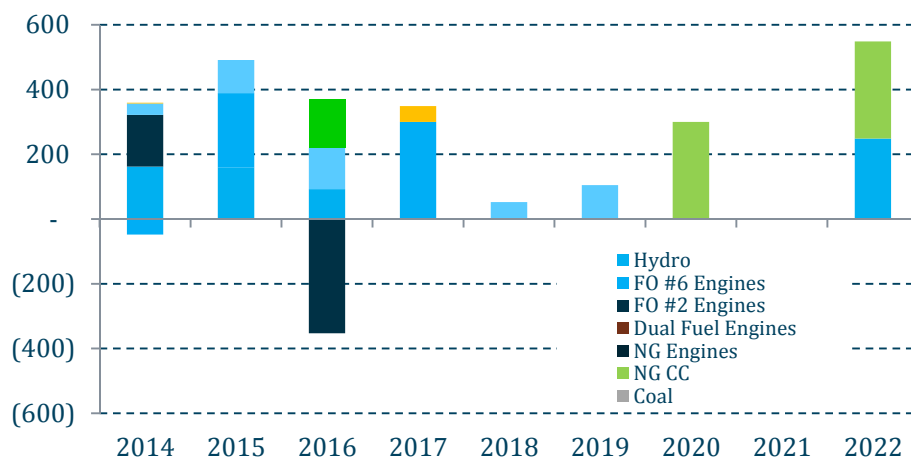
Timeline



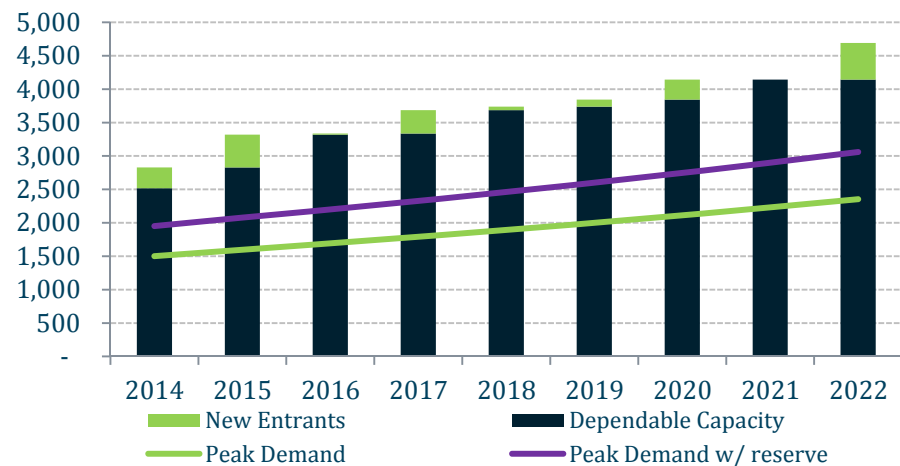
- Colombia-Panama Interconexión (ICP Project) delayed till 2019

Panama's Generation Projects

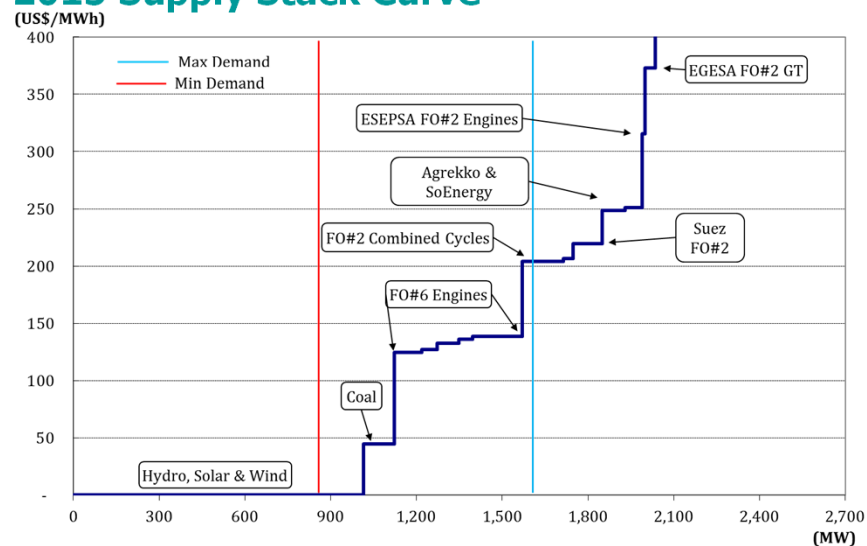
New Entrants by Type of Technology (MW)



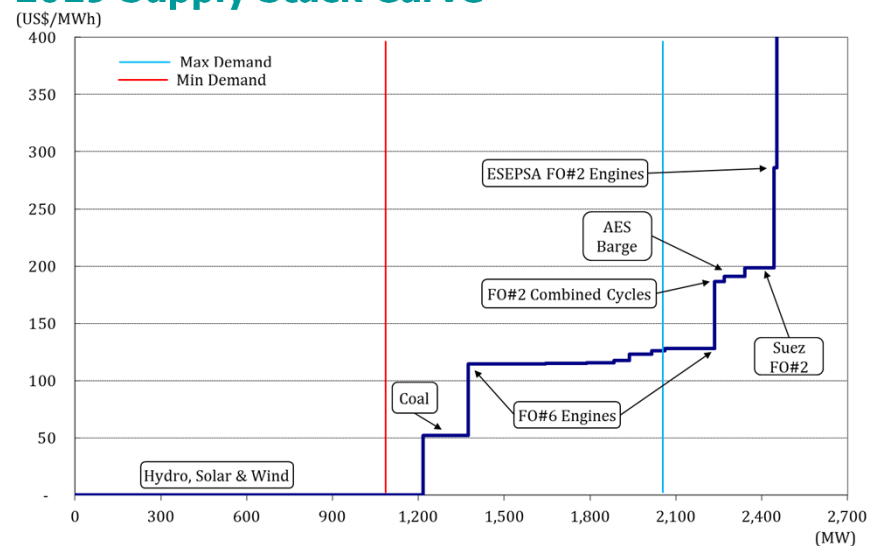
Supply/Demand Balance* (MW)



2015 Supply Stack Curve



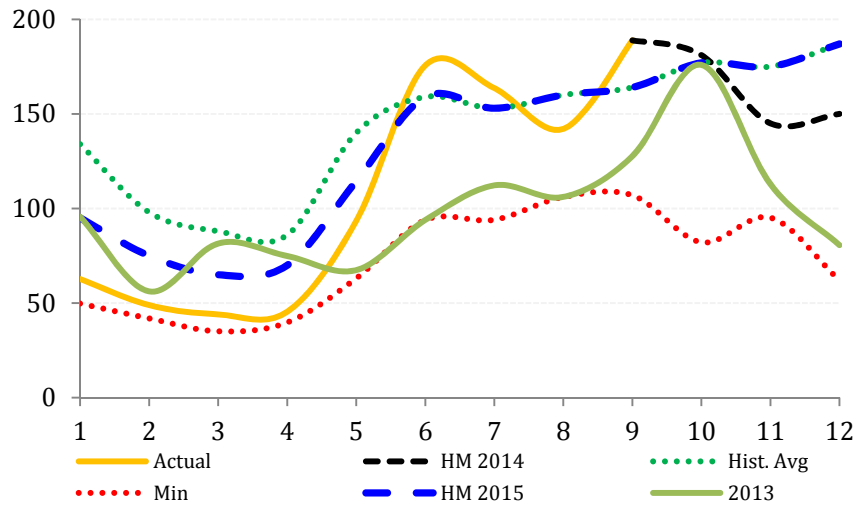
2019 Supply Stack Curve



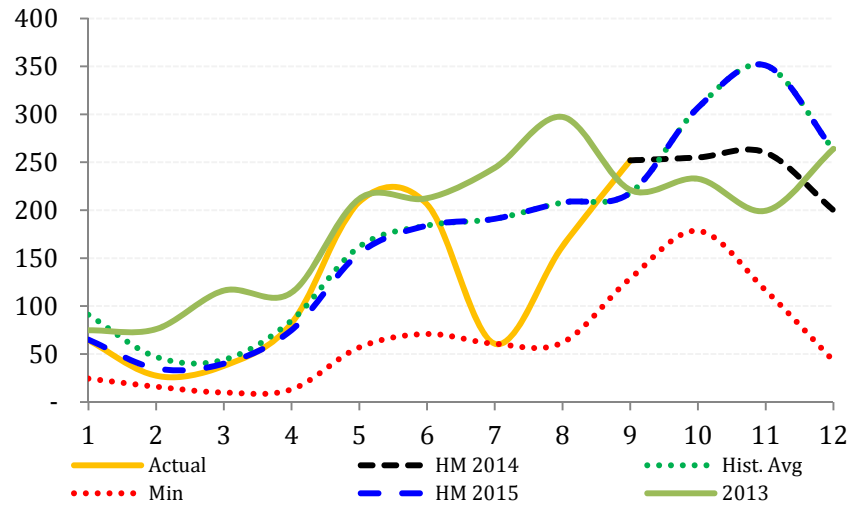
* Assumed demand reserve of 30%.

Panama: 2015 Hydrology Forecast

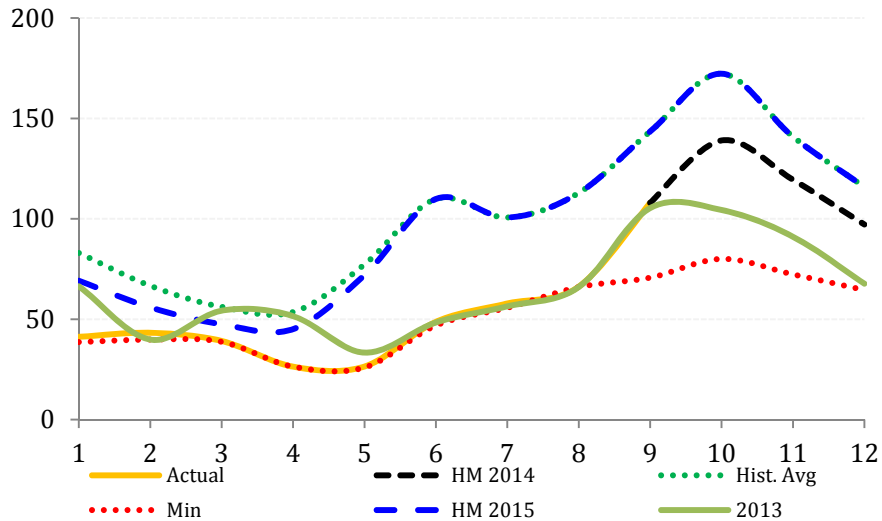
Changuinola Inflows (m³/s)



Bayano Inflows (m³/s)

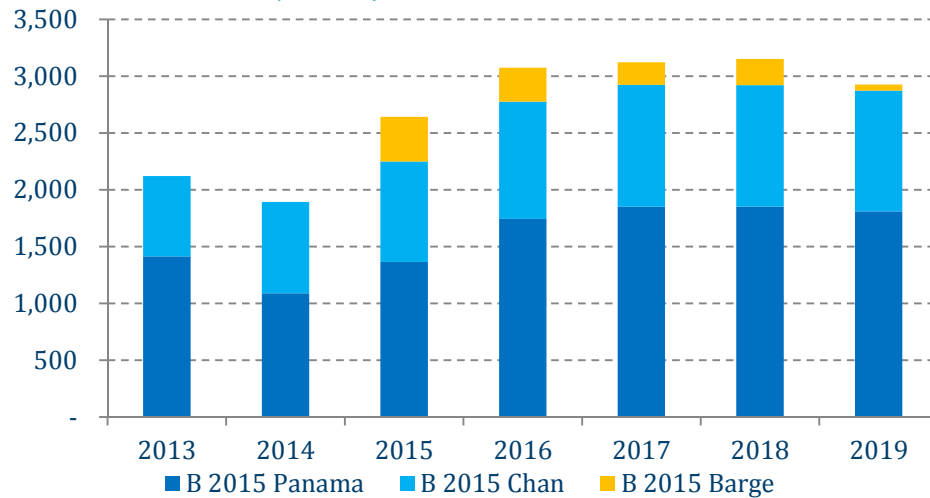


Chiriqui Inflows (m³/s)

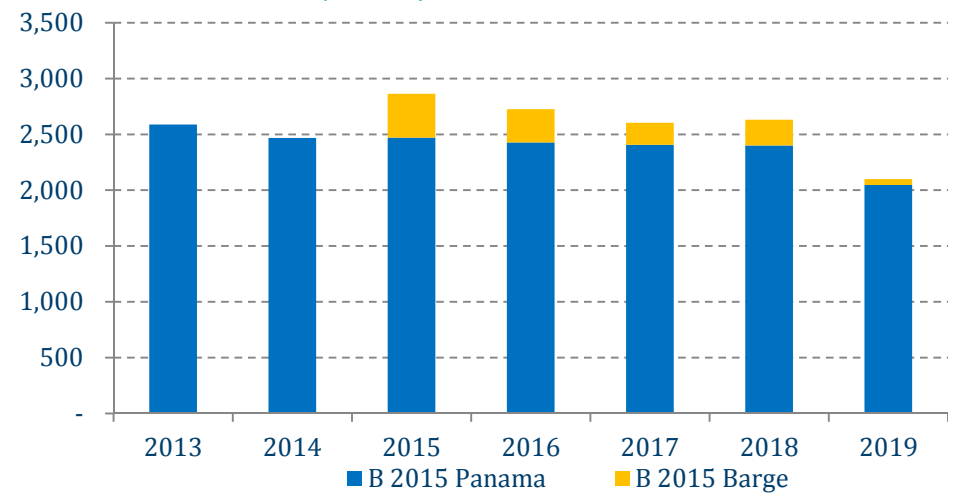


2015 & LTF Panama –Key Results

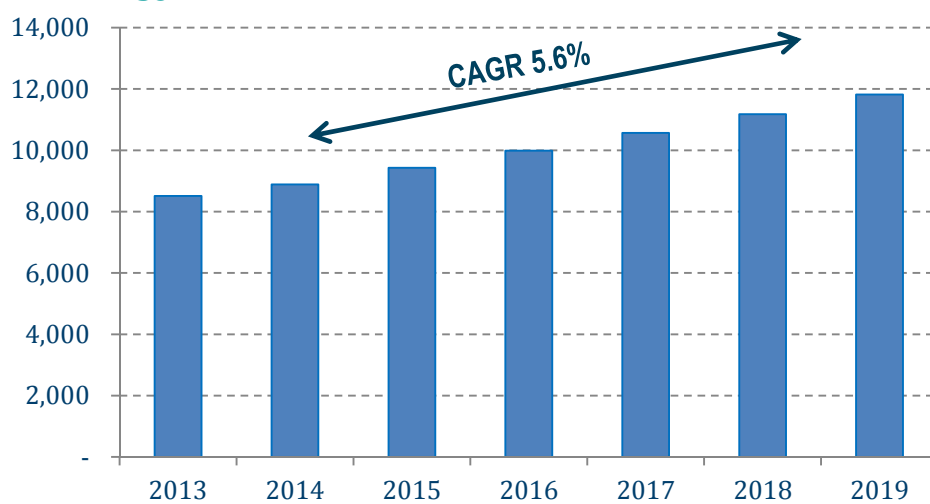
Generation (GWh)



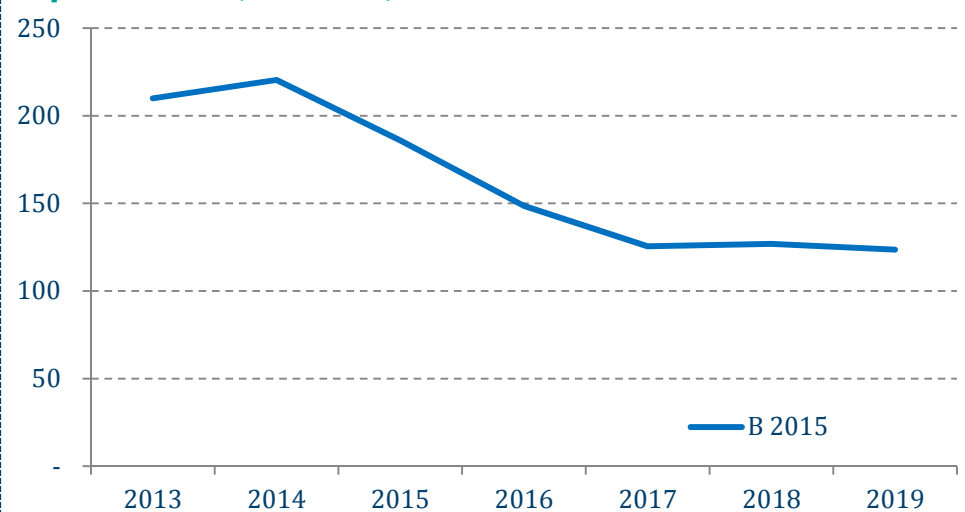
Contract Sales (GWh)



Energy Demand (GWh)



Spot Price (\$/MWh)



Financial Summary [AES Panama]

AES Panama

Values in Millions

Income Statement Highlights	2014	2015	2016	2017	2018	2019
Revenues	253.6	350.7	361.6	353.6	355.5	355.4
EBITDA	7.1	108.0	193.1	179.3	180.7	209.4
Net Income	(30.2)	37.9	99.1	90.2	91.3	111.4
Balance Sheet Highlights	2014	2015	2016	2017	2018	2019
Cash	55.4	59.9	20.4	20.5	20.7	20.8
Total Debt	406.7	398.9	341.2	333.3	325.3	300.0
Cash Flow	2014	2015	2016	2017	2018	2019
Cashflow from Operating Activities	(22.5)	27.2	161.1	98.1	121.9	153.4
CAPEX	61.3	9.4	6.9	7.5	5.9	3.6
Covenants	2014	2015	2016	2017	2018	2019
Net Debt to Ebitda	49.4	3.1	1.7	1.7	1.7	1.3
DSCR	0.4	5.7	10.2	9.4	9.5	11.0

Financial Summary [AES Changuinola]

AES Changuinola

Values in Millions

Income Statement Highlights	2014	2015	2016	2017	2018	2019
-----------------------------	------	------	------	------	------	------

Revenues	76.0	83.7	96.1	95.5	95.4	92.7
EBITDA	56.8	64.9	76.3	74.0	73.7	71.0
Net Income	23.7	8.5	18.5	17.3	18.1	17.5

Balance Sheet Highlights	2014	2015	2016	2017	2018	2019
--------------------------	------	------	------	------	------	------

Cash	8.6	39.0	5.8	5.4	5.6	5.4
Total Debt	410.0	400.0	390.0	370.0	350.0	330.0

Cash Flow	2014	2015	2016	2017	2018	2019
-----------	------	------	------	------	------	------

Cashflow from Operating Activities	13.3	48.9	46.3	46.6	49.3	46.8
CAPEX	35.0	4.8	3.1	1.1	0.9	1.0

Covenants	2014	2015	2016	2017	2018	2019
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Debt to Ebitda	7.2	6.2	5.1	5.0	4.7	4.6
DSCR	3.0	1.7	2.1	1.6	1.7	1.6

1. Appendix

Regulatory Update

Resolution	Description
Resolutions 7453 and 7452, 2014	It ended the temporary restriction on air conditioners and lighting of neon signs, advertising or similar fences, night lights. (June 2014)
Resolution 7464, 2014	It ended the application of the Regulation Self-sufficiency to Regulated Customers, approved by Resolution 6934 of 2013 (June 2014)
Resolution 7473, 2014	It extended the deadline given in Resolution 2651, 2009, to the company ELECTRICAL INTERCONNECTION COLOMBIA-PANAMA, SA, concerning the construction and operation of a power transmission line for electrical interconnection between Colombia and Panama
Resolution 7502, 2014	It ordered to National Dispatch Center to take the necessary operational measures to ensure the electricity supply for the dry season of 2015.
Resolution 7471, 2014	It amended Resolution 1021, 2007, clarifying the licensing process for construction and operation of plants generating electricity.
Resolution 7477, 2014	It amended the Guarantees scheme for the Wholesale Electricity Market, approved by Resolution JD-605, 1998. Currently ASEP is studying changes to this scheme as result of request of AES, Enel Fortuna and GDF Suez.
Resolution 7796, 2014	It modified transiently the Cost of Energy Not Supplied used in the planning of the operation. The National Dispatch Center must inform the provisional cost next September 25 th .
Resolution 7793, 2014	It approved the Addendum No. 1 to the Tender ETESA 04-14, for hiring Short Term of only Power Supply and Power and Energy Supply, exclusively from Thermoelectric Generation, for the period from January 1 st 2015 until June 30 th , 2020.

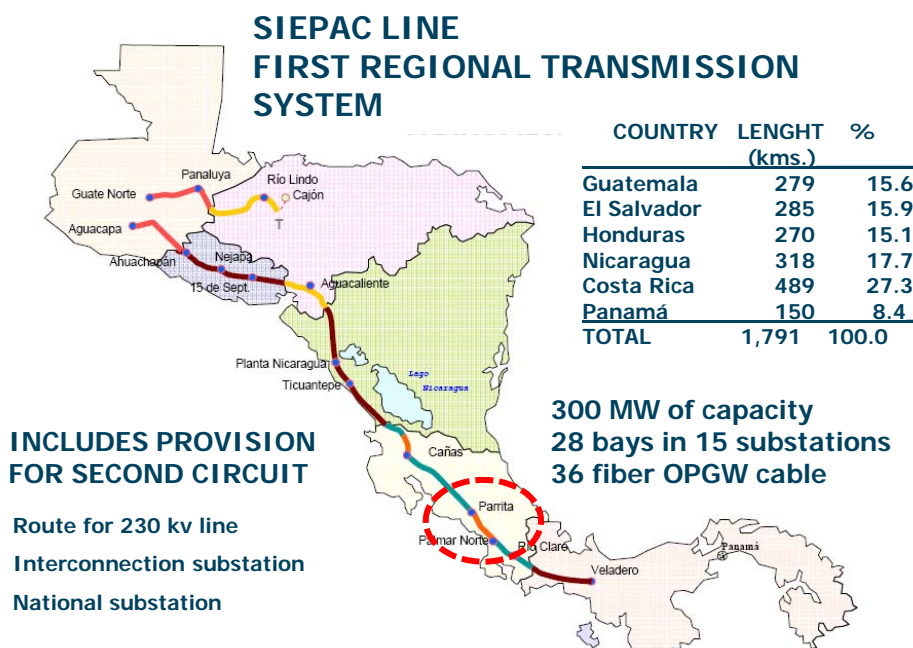
AES Panama's Contract Portfolio

Agent	Start	End	Capacity MW	Energy(Avg/yr) GWh	Prices		Load Factor %	All in \$/ MWh	Indexation
					\$/kW-Month	\$/MWh			
Edemet	1-Jan-09	31-Dec-18	196	1,034.13	18.00	34.10	60.23%	75.04	Fix Price
Edechi	1-Jan-09	31-Dec-18	29	153.01	18.00	34.10	60.23%	75.04	Fix Price
EDEMET	1-Jan-11	31-Dec-20	15	76.61	1.00	78.70	58.30%	81.05	Fix Price
Edechi	1-Jan-11	31-Dec-20	35	178.75	1.00	78.70	58.30%	81.05	Fix Price
Edemet	1-Jan-12	31-Dec-21	77	460.83	10.00	72.90	68.32%	92.95	Fix Price
Elektra	1-Jan-12	31-Dec-21	23	137.65	10.00	72.90	68.32%	92.95	Fix Price
Edemet	1-Jan-13	31-Dec-22	31.57	188.75	10.00	79.80	68.25%	99.87	Fix Price
Elektra	1-Jan-13	31-Dec-22	9.43	56.38	10.00	79.80	68.25%	99.87	Fix Price
Cempa	1-Jan-09	31-Dec-18	8.25	65.04	15.00	88.37	90.00%	111.20	Fix Price
Super 99 (5 SMEC)	31-oct-09	31-Dec-15	1.81	10.45	9.00	71.29	65.89%	90.00	Fix Price
Super 99 (13 SMEC)	25-sep-10	31-Dec-15	3.11	17.93	9.00	71.29	65.89%	90.00	Fix Price
OER	1-Jan-12	31-oct-13			-	112.00	66.60%	112.00	Fix Price
Suntar Hotel	01-jul-12	31-Dec-17	0.94	5.43	9.00	71.29	65.89%	90.00	Fix Price
Contraloría de la República	10-nov-12	01-nov-15	1.22	6.95	7.12	80.00	65.00%	95.01	Fix Price
Gold Mills	01-mar-13	31-Dec-18	0.97	4.4	9.00	66.29	52.00%	90.00	Fix Price
CSS	01-sep-13	30-sep-16	2.8	15.94	7.12	80.00	65.00%	95.01	Fix Price
Cemento Interoceanico	20-Aug-13	31-Dec-15	1.05	5.98	9.00	108.00	65.00%	126.97	CPI (USA)
Embajada EUA	15-sep-13	31-Dec-15	1.3	8.83	10.00	134.00	77.56%	151.66	Fix Price
Avipac	10-Aug-13	31-Dec-15	0.28	1.28	10.00	90.00	52.00%	116.34	CPI (USA)
VH. Fabrica -Pesé	01-sep-13	31-Dec-15	0.24	1.09	9.00	108.00	52.00%	131.71	CPI (USA)
VH. Cía. -Pmá.	01-sep-13	31-Dec-15	0.24	1.09	10.00	90.00	52.00%	116.34	CPI (USA)
Edemet	1-Jan-16	31-Dec-30	95.4	568.45	11.82	90.08	68.02%	113.88	Fix Price
Edechi	1-Jan-16	31-Dec-30	11.13	66.32	11.82	90.08	68.02%	113.88	Fix Price
Elektra	1-Jan-16	31-Dec-30	52.47	312.65	11.82	90.08	68.02%	113.88	Fix Price

SIEPAC Background

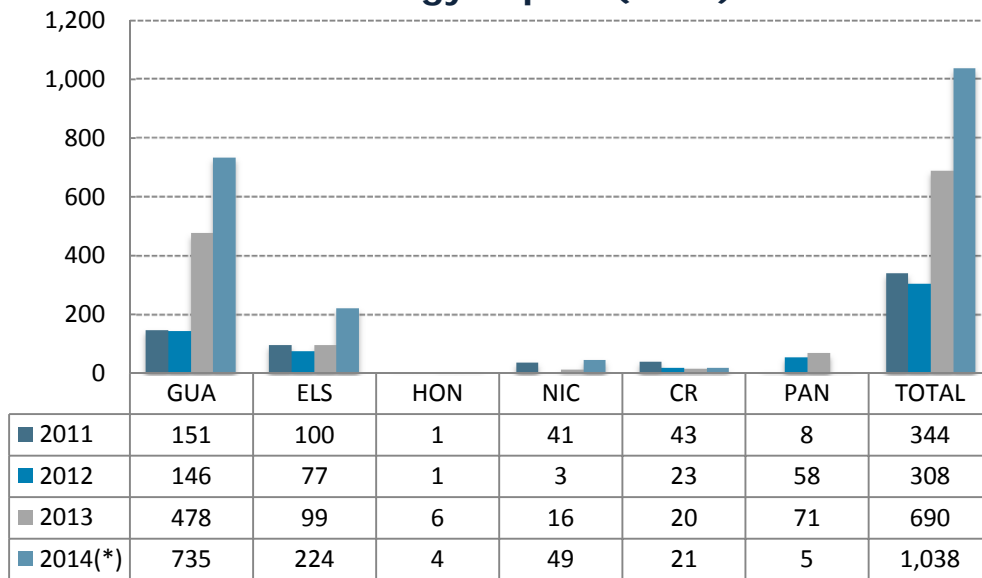
- The SIEPAC involves the development of the first regional transmission system called the SIEPAC line, with a 300 MW capacity;
- Also, the creation and operation of a wholesale electric market in Central America (named as the Regional Electric Market –MER–), and its regional entities (CRIE and EOR). The MER is a seventh market superposed over the six existing markets or national systems;
- SIEPAC project is being executed by Empresa Propietaria de la Red, S.A. (EPR), whose partners are the electric companies of the region such as Local transmission companies (government own), ENDESA, ISA with equal interest. The total cost is ~\$500M
- PDC - MER Commercial operation: June 1st, 2013
- Right of Ways need to be procured.

- The project began operations in 2011, in sections
- However a section of 100 km in Costa Rica is pending, limiting import and export transactions by local network .
- The last section of the SIEPAC line was energized on September 29, 2014, with this section is concluded the entire first line circuit SIEPAC.

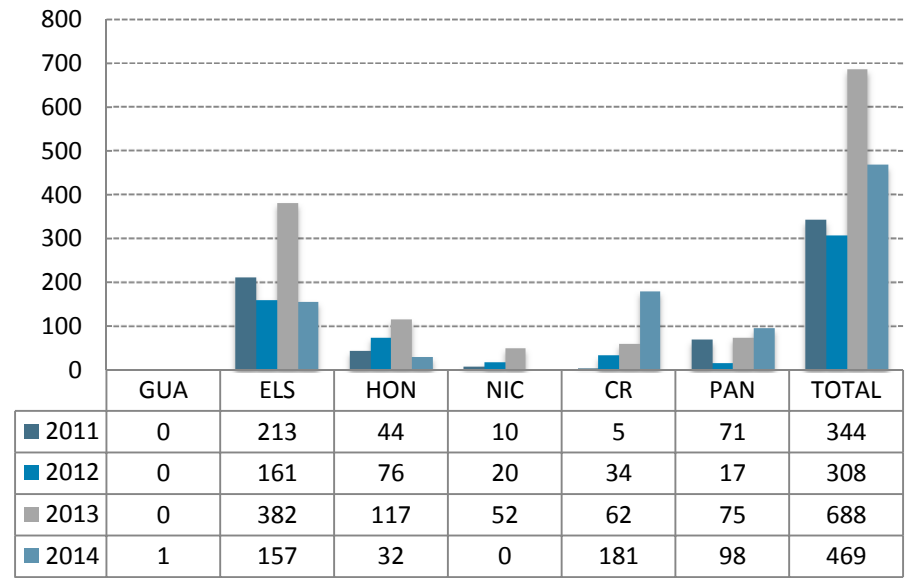


Historical Transactions to MER

Energy Export (GWh)



Energy Import (GWh)

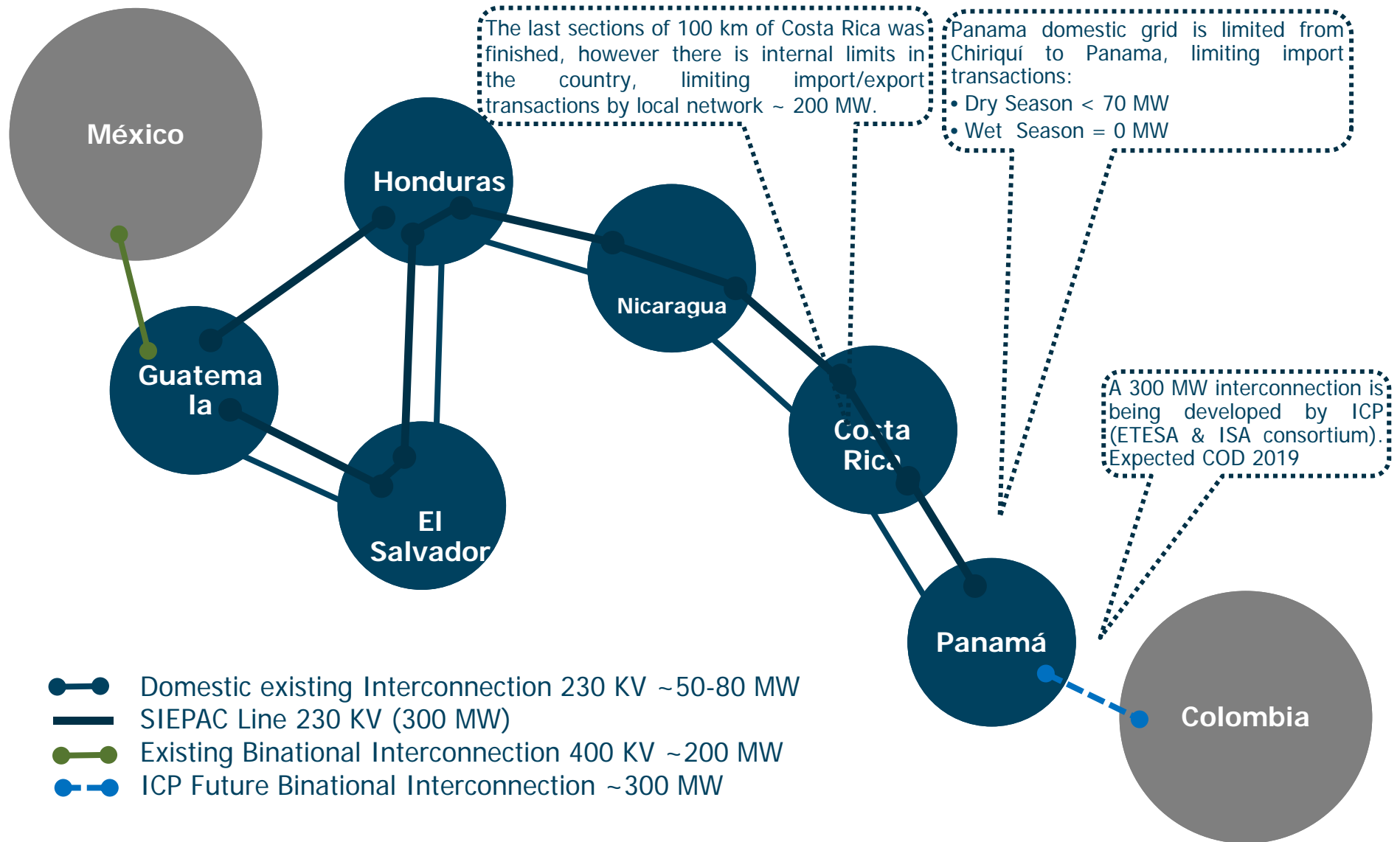


*Regional Transactions until September 30th

Month/Year	Ene	Feb	Mar	Abr	May	Jun	Jul	Ago	Sep	Oct	Nov	Dic	TOTAL	% Demand
2009	33	36	46	44	37	27	34	37	22	18	14	19	368	0.9%
2010	21	24	24	26	31	22	29	31	25	31	34	38	336	0.8%
2011	40	37	33	24	25	23	25	16	26	34	23	39	344	0.8%
2012	30	19	28	28	18	15	29	17	29	27	32	36	308	0.7%
2013	22	69	29	44	52	26	51	42	78	97	80	100	690	1.5%
2014	125	114	134	116	120	151	107	83	87				1,038	2.2%

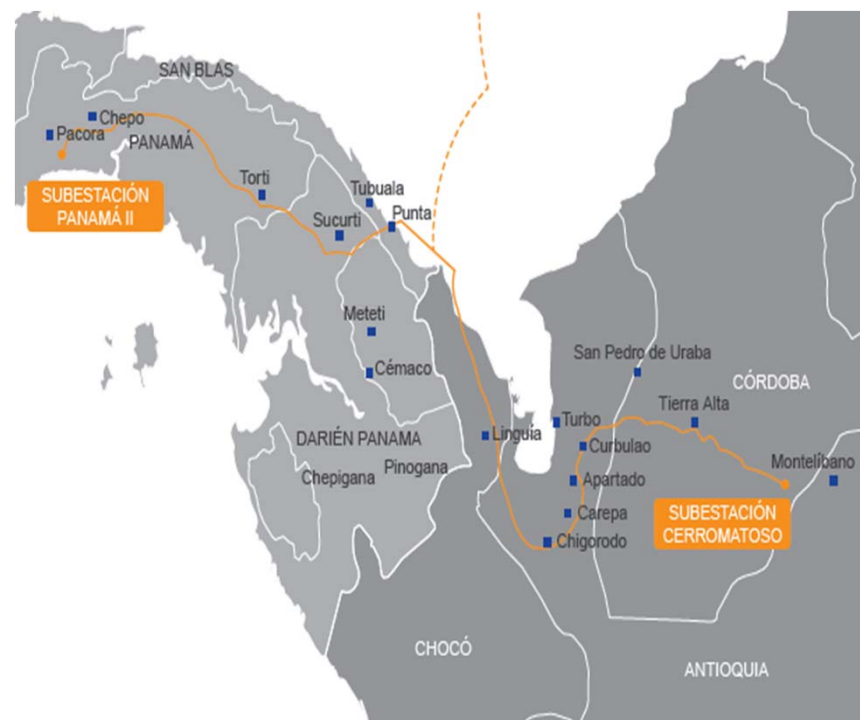
For 2014, the regional transaction could be approx. 2.2% of a maximum of 6% of regional demand.

Regional Transmission Grid



Interconnection Colombia – Panama (ICP)

- Interconexión Eléctrica Colombia – Panamá (ICP) is a binational company created in order to develop, build and operate the Electrical Interconnection line;
- The interconnection will have a 300 MW transmission capacity and consists of an Electric Transmission Line High Voltage Direct Current –HVDC. The cost of project is being revised, but it is estimated between \$300 to \$400M;
- In 2012, ICP released the first auction of right of ways, however due to various operational, environmental, financial and regulatory risks the company ICP decided to cancel the auction;
- Up to date, the technician, environmental, economic, financing and regulatory studies are still being revised;
- The project will have relevant delay in its development and construction, so that the project would not be in operation before of 2019.



Political and Regulatory Environment – Panama

Timeline																
Sep-Nov	Jan	Feb	Mar	Apr	Mai	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2016	2017	2018	2019
①	②					③							⑤			⑥
						④										
<i>N.</i>	<i>Description</i>												<i>Risk</i> <i>(High, Medium, Low)</i>		<i>Ability to Influence</i> <i>(High, Medium, Low)</i>	
①	▪ Clarification of Market Power Limits												▪ High		▪ Medium	
②	▪ Financial Closure natural gas generation plant												▪ High		▪ Low	
③	▪ Constituent Assembly												▪ High		▪ Low	
④	▪ Integral assessment of Wholesale Energy Market												▪ High		▪ Medium	
⑤	▪ Entry into operation third circuit 230 kV												▪ Low		▪ Low	
⑥	▪ Presidential Elections												▪ Low		▪ Low	