



The AES Corporation (AES)

Updated March 17th, 2026 by Quinn Mohammed

Key Metrics

Current Price:	\$14	5 Year CAGR Estimate:	18.6%	Market Cap:	\$10 B
Fair Value Price:	\$22	5 Year Growth Estimate:	6.0%	Ex-Dividend Date:	05/01/2026
% Fair Value:	65%	5 Year Valuation Multiple Estimate:	9.1%	Dividend Payment Date:	05/15/2026
Dividend Yield:	5.0%	5 Year Price Target:	\$29	Years of Dividend Growth:	12
Dividend Risk Score:	C	Sector:	Utilities	Rating:	Hold

Overview & Current Events

The AES (Applied Energy Services) Corporation was founded in 1981 as an energy consulting company. In 1991, AES listed on the NYSE under the ticker symbol AES and then expanded globally in 1992. The corporation now has businesses in 14 countries and a portfolio of approximately 152 generation facilities. AES produces power through various fuel types, such as gas, renewables, coal, and oil/diesel. The company has approximately 35,000 Gross MW in operation. In 2025, AES produced \$12.2 billion in revenues. It is headquartered in Arlington, Virginia and has a market capitalization of \$10 billion.

In October 2025, it was rumored that Global Infrastructure Partners (GIP) may acquire AES. Then on March 2nd, 2026, GIP, and EQT Infrastructure VI Fund officially entered an agreement to acquire AES for \$15 per share in cash. The deal is seen as unfavorable by shareholders, especially considering AES stock was trading for \$17.28 before the announcement. The acquisition is expected to close in late 2026 or early 2027, at which point AES will become private.

AES Corporation reported full-year results on March 6th, 2026, for the period ending December 31, 2025. Adjusted EPS increased 9.3% to \$2.34 from \$2.14.

In 2025, the company completed construction of 3.2 GW of energy storage, solar and wind, and signed or awarded new long-term PPAs for 4.0 GW of renewables. In 2024, for comparison, the company constructed and acquired 3 GW of renewable energy, and constructed a 670 MW combined cycle gas plant in Panama.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Adj. EPS	\$0.94	\$1.08	\$1.24	\$1.36	\$1.44	\$1.52	\$1.67	\$1.76	\$2.14	\$2.34	\$2.29	\$3.06
DPS	\$0.45	\$0.49	\$0.53	\$0.55	\$0.57	\$0.60	\$0.63	\$0.66	\$0.69	\$0.70	\$0.70	\$0.82
Shares¹	659	660	662	667	668	667	668	668	713	714	715	730

AES has produced strong and consistent EPS growth over the long term, and in recent years. In the last nine and five years, AES Corporation has increased adjusted EPS by a 10.7% and 10.2% CAGR, respectively.

The company is actively engaged in developing and acquiring new energy projects; it currently has a backlog of 12.0 GW of renewables. AES expects to complete the majority of these projects over the next three years, but as it continues expanding, new projects could push this date out. To fund attractive growth opportunities, the company is likely to continue issuing equity and debt, and through asset sales. On October 31st, 2024, it closed the sale of 47.3% equity interest in AES Brasil which fetched \$630 million of proceeds, and in April 2025 it sold its 30% interest of AES Ohio to CDPQ for \$546 million, which it will use to invest in renewables and US utilities. After selling a stake in its global insurance business, AGIC, the company received \$450 million, achieving its asset sale proceeds target for the year.

Management targets at least 10% CAGR in US Utilities rate base and last forecasted 7% to 9% annual adjusted EPS growth through 2027. We see AES growing adjusted EPS at 6% on average over the next five years.

The corporation has grown the dividend ever since it was instated at \$0.08 in 2012, for a total of twelve years to date. The dividend has grown 5.1% per year on average since 2016, and 4.3% per year on average in the past five years. We

¹ In millions

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expect low dividend growth as AES focuses its capital on investment opportunities and aims to minimize stock issuance. The dividend appears safe, and we see it growing at 3% over the next five years to reach \$0.82 in 2031.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	12.8	10.5	9.0	9.5	11.8	16.7	14.2	11.7	8.0	5.3	6.1	9.5
Avg. Yld.	3.4%	4.0%	4.4%	4.1%	3.4%	2.3%	2.5%	3.3%	4.0%	5.7%	5.0%	2.8%

The current PE of 6.1 is extremely undervalued based on AES' historical PE ratio. In the past nine and five years, the average PE was 11.0 and 11.2, respectively. We believe that fair value for AES is approximately 9.5 times adjusted earnings as the company executes on its growth and expansion strategy. If AES stock trades at 9.5 times earnings in five years, it will benefit from a 9.1% annualized gain due to multiple expansion.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	48%	45%	43%	40%	40%	40%	38%	38%	32%	30%	31%	27%

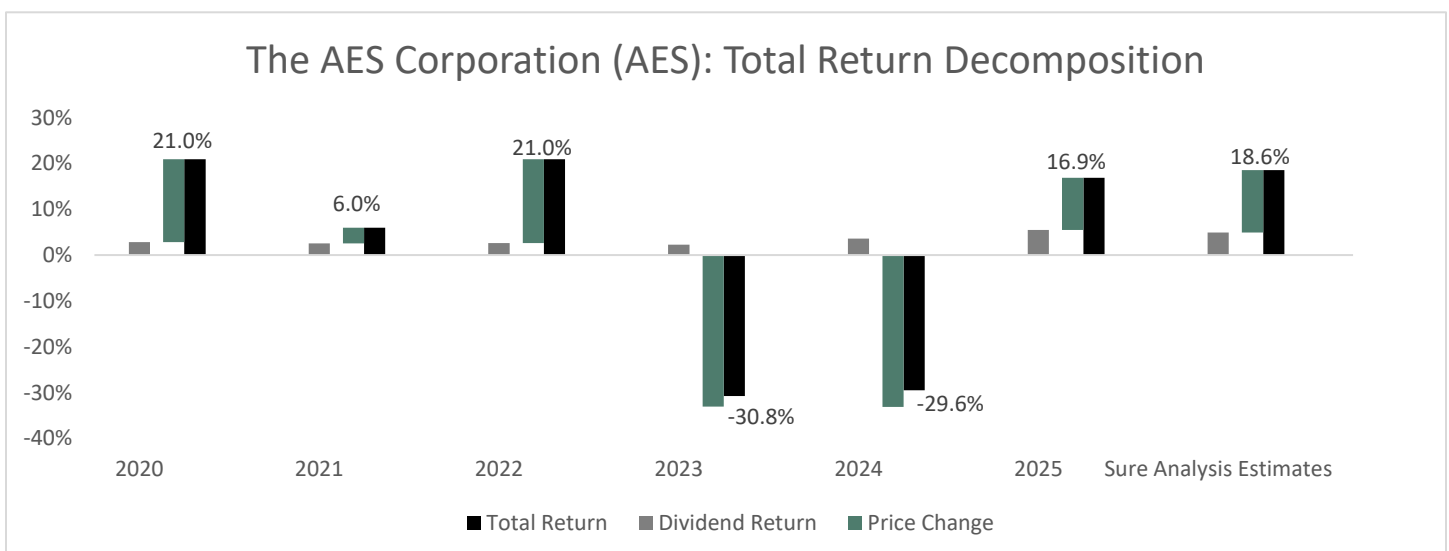
AES' payout ratio has remained fairly stable and is currently well covered. Its payout ratio has never exceeded half of its adjusted earnings, and we see the dividend continuing to grow as it has for the past twelve years.

During the great financial crisis, the AES Corporation's share price fell significantly, however, on an adjusted EPS basis, the company remained quite stable and was not in financial duress. Also, at the time, the corporation had no dividend established and thus no dividend was threatened. Energy is an essential product, regardless of the overall health of the economy. The AES Corporation's competitive advantage is its global presence in 28+ markets and technologically differentiated, customer-centric products, services, and digital packages.

Final Thoughts & Recommendation

The AES Corporation is executing its solid growth strategy and expanding its renewables energy portfolio. The majority of total returns for AES will come from valuation expansion, which is estimated at 9.1% annually. We forecast that AES can achieve annualized total returns of 18.6% over the next five years, in the event that the company is not acquired. This return projection includes a 5.0% yield and 6.0% annualized EPS growth. AES earns a hold rating. We note that the current share price of AES is 5% lower than the offer from GIP and EQT.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	11,260	10,281	10,530	10,736	10,189	9,660	11,141	12,617	12670	12280
Gross Profit	2,663	2,383	2,465	2,573	2,349	2,693	2,711	2,548	2504	2314
Gross Margin	23.7%	23.2%	23.4%	24.0%	23.1%	27.9%	24.3%	20.2%	19.8%	18.8%
D&A Exp.	196	194	215	192	196	165	166	207	1128	1264
Operating Profit	2,467	2,137	2,250	2,374	2,153	2,528	2,545	2,341	2237	2026
Op. Margin	21.9%	20.8%	21.4%	22.1%	21.1%	26.2%	22.8%	18.6%	17.7%	16.5%
Net Profit	1,144	1,176	1,169	1,003	1,045	1,068	1,056	1,053	249	1679
Net Margin	10.2%	11.4%	11.1%	9.3%	10.3%	11.1%	9.5%	8.3%	2.0%	13.7%
Free Cash Flow	306	-1,130	-1,161	1,203	303	46	-409	-546	-4690	-4640
Income Taxes	-174	552	327	222	61	855	-214	-1836	261	59

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	36,470	36,124	33,112	32,521	33,648	34,603	32,963	38,363	44800	47410
Cash & Equivalents	1,257	1,244	949	1,166	1,029	1,089	943	1,374	1426	1524
Goodwill & Int.	2,302	1,421	1,463	1,595	1,479	1,300	1,418	1,799	2591	2292
Total Liabilities	671	622	562	577	487	461	604	1,055	38810	39700
Accounts Payable	1,497	1,444	1,425	1,495	1,528	1,888	2,627	2,203	3173	2571
Long-Term Debt	30,299	30,424	28,267	26,917	28,419	29,883	28,396	33,859	26880	29020
Total Equity	1,571	1,238	1,371	1,329	1,311	1,156	1,153	1,730	1650	3644
LTD/E Ratio	6.38	6.96	8.10	6.01	6.73	7.55	6.68	9.64	10.80	7.96

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	0.8%	-3.1%	-3.4%	3.7%	0.9%	0.1%	-1.2%	-1.5%	0.6%	3.6%
Return on Equity	8.2%	-38%	-44.2%	42.4%	9.8%	1.6%	-17.8%	-30.7%	4.8%	24.5%
ROIC	1.1%	-4.4%	-4.6%	4.8%	1.2%	0.2%	-1.7%	-2.1%	0.8%	4.8%
Shares Out.	689	660	660	665	667	668	666	668	712	711
Revenue/Share	16.34	15.58	15.95	16.14	15.28	14.46	16.73	18.89	17.79	17.26
FCF/Share	-0.25	0.84	0.50	0.33	0.09	1.28	-0.32	-2.75	-6.59	-6.52

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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