

First Solar Q2'21 Earnings Call

July 29, 2021



LEADING THE WORLD'S
SUSTAINABLE ENERGY FUTURE



Important Information

Cautionary Note Regarding Forward Looking Statements

This presentation contains forward-looking statements which are made pursuant to safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements in this presentation, other than statements of historical fact, are forward-looking statements. These forward-looking statements include, but are not limited to, statements concerning: our business strategy, including anticipated trends and developments in and management plans for our business and the markets in which we operate; our financial guidance for the full-year 2021, future financial results, operating results, net sales, revenues, cost of goods sold, gross margin, gross margin percentage, operating expenses, operating income, earnings per share, net cash balance, capital expenditures, products, product improvements, efficiency, projected costs (including estimated future module collection and recycling costs), warranties, shipments, bookings, booking opportunities, backlog, confirmations, sales, supply, production, nameplate manufacturing capacity, solar module technology and cost reduction roadmaps, product reliability, photovoltaic ("PV") market growth and competitiveness, investments in unconsolidated affiliates, and capital expenditures; our ability to continue to reduce the cost per watt of our solar modules (and the impact of drivers to reduce such costs); our ability to expand manufacturing capacity worldwide; the potential construction of our third Ohio factory and India (Tamil Nadu) factory; our ability to reduce the costs to construct PV solar power systems; research and development ("R&D") programs; the impact of our copper replacement (CuRe) program; energy yield; sales and marketing initiatives; the impact of U.S. tax reform; and competition. These forward-looking statements are often characterized by the use of words such as "estimate," "expect," "anticipate," "project," "plan," "intend," "seek," "believe," "forecast," "foresee," "likely," "may," "should," "goal," "target," "might," "will," "could," "predict," "continue," "contingent" and the negative or plural of these words and other comparable terminology. Forward-looking statements are only predictions based on our current expectations and our projections about future events and therefore speak only as of the date of this presentation. You should not place undue reliance on these forward-looking statements. We undertake no obligation to update any of these forward-looking statements for any reason, whether as a result of new information, future developments or otherwise. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from those expressed or implied by these statements. These factors include, but are not limited to: the severity and duration of the COVID-19 pandemic, including its potential impact on the Company's business, results of operations and financial condition; structural imbalances in global supply and demand for PV solar modules; the market for renewable energy, including solar energy; our competitive position and other key competitive factors; reduction, elimination, expiration, or introduction of government subsidies, policies, and support programs for solar energy projects; the impact of public policies, such as tariffs or other trade remedies imposed on solar cells and modules; our ability to execute on our long-term strategic plans; our ability to execute on our solar module technology and cost reduction roadmaps; our ability to improve the wattage of our solar modules; interest rate fluctuations and both our and our customers' ability to secure financing; the creditworthiness of our offtake counterparties and the ability of our offtake counterparties to fulfill their contractual obligations to us; the ability of our customers and counterparties to perform under their contracts with us; the satisfaction of conditions precedent in our sale agreements; our ability to attract new customers and to develop and maintain existing customer and supplier relationships; our ability to successfully develop and complete our systems business projects; our ability to convert existing production facilities to support new product lines, such as Series 6 module manufacturing; general economic and business conditions, including those influenced by U.S., international, and geopolitical events; environmental responsibility, including with respect to cadmium telluride ("CdTe") and other semiconductor materials; claims under our limited warranty obligations; changes in, or the failure to comply with, government regulations and environmental, health, and safety requirements; effects resulting from litigation; future collection and recycling costs for solar modules covered by our module collection and recycling program; our ability to protect our intellectual property; our ability to prevent and/or minimize the impact of cyber-attacks or other breaches of our information systems; our continued investment in R&D; the supply and price of components and raw materials, including CdTe; our ability to attract and retain key executive officers and associates; and the matters discussed under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our most recent Annual Report on Form 10-K, and our subsequently filed Quarterly Reports on Form 10-Q, as supplemented by our other filings with the Securities and Exchange Commission. You should carefully consider the risks and uncertainties described in these reports.

Second Quarter 2021 Highlights

- **Manufacturing**

- Started site preparation for previously announced 3.3 GW factory in Ohio
- Announced additional 3.3 GW capacity expansion in India; contingent upon permitting and approval of government incentives that are satisfactory to First Solar
- Factories are expected to produce most competitively advantaged module with an expected lower cost-per-watt and environmental footprint compared to our existing fleet
- Record year-to-date bookings of 9.0 GW⁽¹⁾; 4.1 GW⁽²⁾ since previous earnings call

- **Technology**

- New world record CdTe module efficiency validated by manufacturing on commercial production line
- Recently deployed prototypes of early stage bifacial modules at a test facility

- **Outlook**

- Manufacturing, commercial, and technology momentum, paired with an increasingly favorable policy environment, presents a compelling growth opportunity in the near-to-mid term

(1) Data from January 1, 2021 through July 29, 2021

(2) Data from April 29, 2021 through July 29, 2021

Module Segment Update

COVID-19 Update

- Have been permitted and able to maintain manufacturing operations in Malaysia and Vietnam to-date
- The rise in COVID-19 cases and potential government and other restrictions present ongoing risk to our production, supply chain, and technology implementation plans

Performance Metrics

- Delivered strong manufacturing results despite three weeks of downtime for Series 6 Plus implementation in Ohio
- 91%⁽¹⁾ and 88%⁽²⁾ fleet-wide capacity utilization; over 100%^(1,2) capacity utilization adjusted for downtime
- 20.4⁽¹⁾ / 19.8⁽²⁾ MWs produced per day and 97.6%⁽¹⁾ / 97.3%⁽²⁾ manufacturing yield
- 448⁽¹⁾ / 449⁽²⁾ average watts per module and 98%⁽¹⁾ / 98%⁽²⁾ bin distribution from 440 to 455

Supply Chain and Logistics

- Sales freight reduced module segment gross margin by 9 percentage points in Q2 of 2021 or 3 percentage points higher year on year
- Elevated shipping rates highlight the strategic thesis for domestic PV manufacturing
- For certain new bookings, employing structures that mitigate increases to sales freight costs
- Have largely hedged glass costs via long term fixed-priced agreements with volumetric pricing benefits
- Mitigated a portion of aluminum cost challenges through a hedge; lumber impacted Q2'21 results by \$2 million

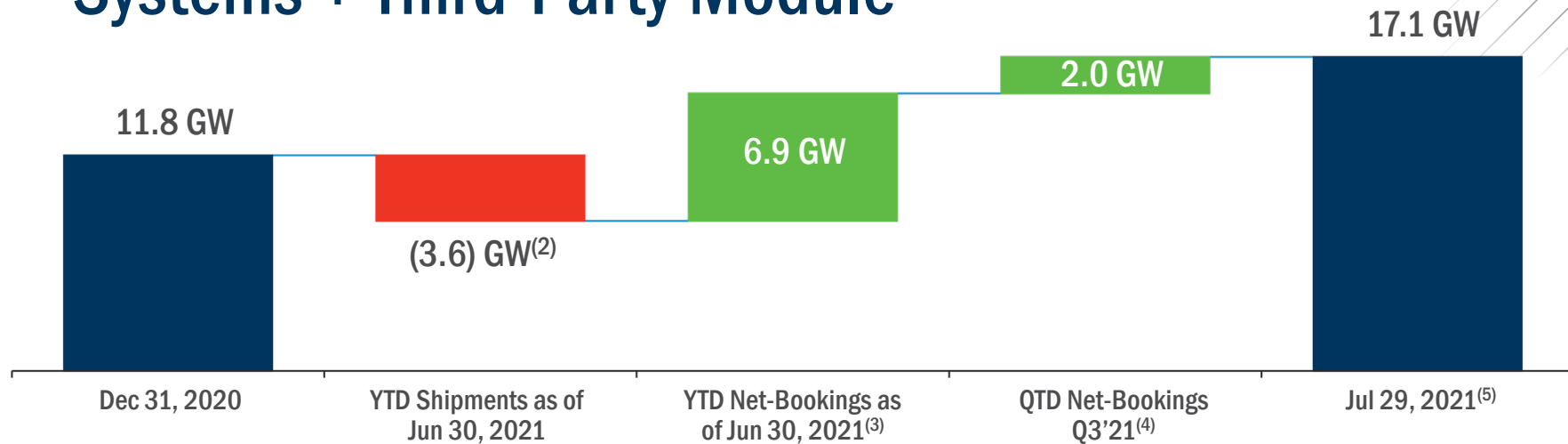
Financial

- Targeting 9% cost per watt produced reduction between Q4'20 and Q4'21
- Targeting 3% cost per watt sold reduction between Q4'20 and Q4'21

(1) Data from June 1, 2021 through June 30, 2021

(2) Data from July 1, 2021 through July 27, 2021

Expected Module Shipments⁽¹⁾ (GW_{DC}): Systems + Third-Party Module

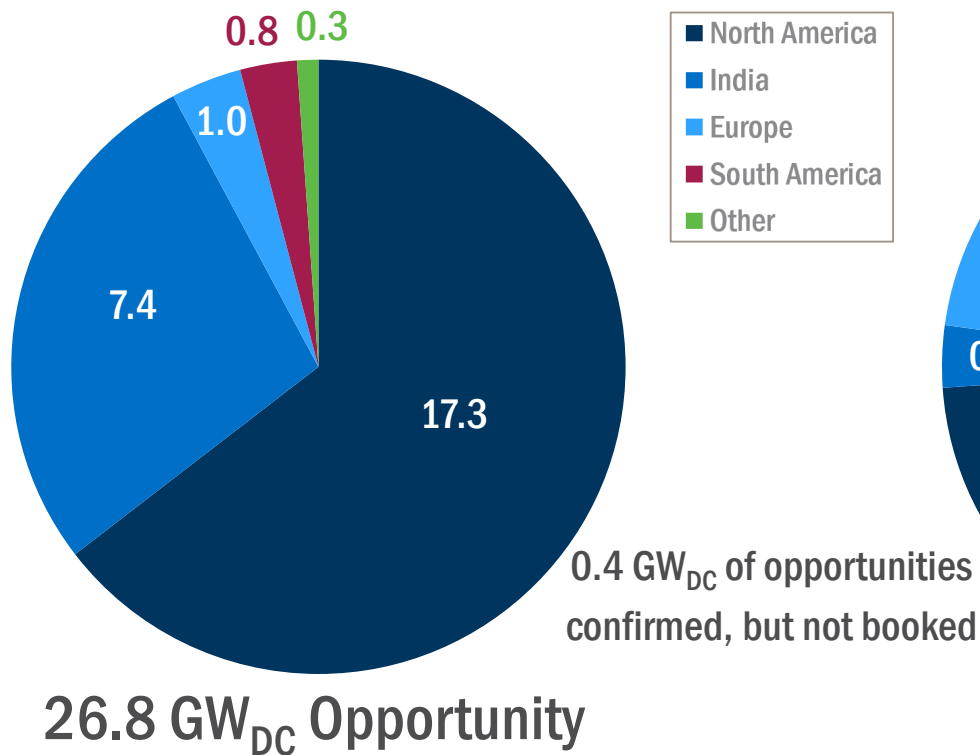


The above table presents the actual module shipments for 2021 through Jun 30, 2021, new module volume net-bookings through Jul 29, 2021, and the expected module shipments beyond Jun 30, 2021. A module is considered to be shipped when the delivery process to a customer commences and the module leaves one of our facilities or the module has been recognized as revenue. Expected module shipments do not have a direct correlation to expected revenues as expected module shipments do not represent total systems revenues and do not consider the timing of when all revenue recognition criteria are met, including timing of module installation.

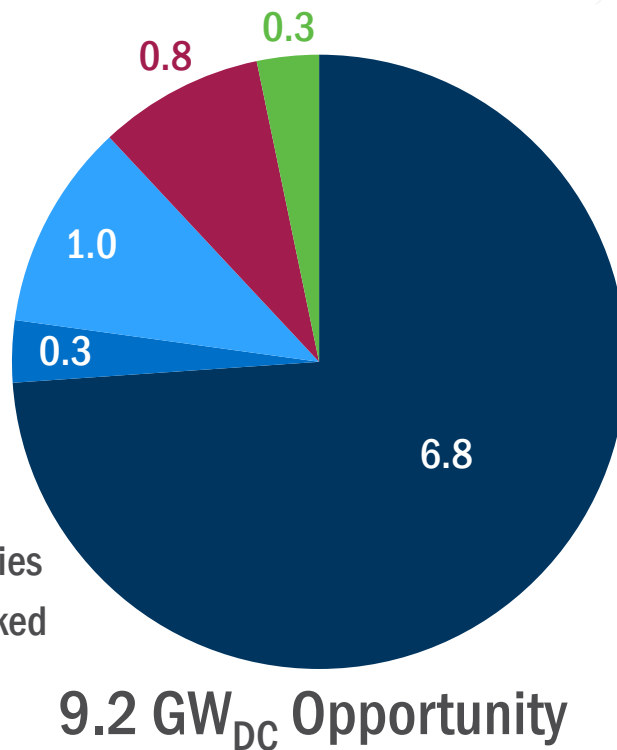
- (1) Expected module shipments includes systems projects and contracted 3rd party module-only sales. Systems projects include (a) under sales agreement, (b) executed PPA not under sales agreement, and (c) no PPA and not under sales agreement, but electricity to be sold on an open contract basis.
- (2) 3.6 GW of net shipment volume deducted from backlog; 0.2 GW of modules previously shipped to safe harbor the U.S. investment tax credit for future systems projects.
- (3) Reflects net-bookings from Jan 1, 2021 to Jun 30, 2021, reduced by 0.5 GW of debookings.
- (4) Reflects net-bookings from Jul 1, 2021 to Jul 29, 2021, reduced by 0.1 GW of debookings.
- (5) Balance includes remaining shipment volumes as of Jun 30, 2021 and net-bookings through Jul 29, 2021. Shipments from Jul 1 to Jul 29, 2021 not deducted.

Potential Booking Opportunities: By Geography

Total bookings opportunities



Mid-to-Late stage opportunities



Capacity Expansion Expectations

	United States (Ohio)	India (Tamil Nadu) ⁽¹⁾
Production Start	■ First half of 2023	■ By year end 2023
Capacity	■ 3.0 GW by year end 2023 3.3 GW in 2025	■ 3.0 GW by year end 2024 3.3 GW in 2025
'23 Production	2 GW to 3 GW in total between Ohio 3 and India	
Capex / Capex per Watt	■ \$680 million / ~\$0.20 per watt	■ \$684 million / ~\$0.20 per watt
Technology	Fleet-leading efficiency, module wattage, and environmental footprint	
Cost per Watt	■ Lowest cost per watt produced (tracker)	■ Lowest cost per watt produced (fixed tilt)
Demand Catalysts	■ Cost competitiveness, solar penetration, corporate demand, load growth, policy	■ Technology advantages, domestic capacity, load growth, policy
Policy	■ Continue to evaluate evolving policy environment for future expansion	■ Tariffs and production-linked incentives

U.S. and India expansion and fleet optimization expected to double nameplate capacity to 16 GW in 2024

(1) Construction of facility contingent upon permitting and approval of incentives by the Government of India that are satisfactory to First Solar

Quarterly Income Statement Highlights

<i>(In millions, except per share amounts)⁽¹⁾</i>	Q2 2021A	Q1 2021A	Q2 2020A	QoQ Change	YoY Change
Net sales	\$629	\$803	\$642	(\$174)	(\$13)
<i>Gross profit %</i>	<i>27.7%</i>	<i>23.0%</i>	<i>21.4%</i>	<i>4.7%</i>	<i>6.3%</i>
Selling, general and administrative	36	52	52	(16)	(15)
Research and development	24	20	22	4	1
Production start-up	2	11	6	(10)	(5)
Litigation loss	-	-	6	-	(6)
Gain on sales of businesses, net ⁽²⁾	(2)	151	-	(153)	(2)
Operating income	110	252	51	(142)	59
Income tax (expense) benefit	(20)	(46)	(10)	26	(10)
Net income	82	210	37	(127)	46
Net income per share – diluted	0.77	1.96	0.35	(1.19)	0.42

(1) Actual, QoQ, and YoY amounts rounded to the nearest million and may not tie due to rounding

(2) Realized gain on the sales of our North American O&M and U.S. Project Development businesses in Q1; certain purchase price adjustments recorded in Q2'21

Quarterly Balance Sheet Highlights

<i>(In millions)</i> ⁽¹⁾	Q2 2021A	Q1 2021A	Q2 2020A	QoQ Change	YoY Change
Cash and marketable securities ⁽²⁾	\$2,052	\$1,797	\$1,642	255	410
Accounts receivable ⁽³⁾	598	817	352	(219)	246
Inventories (current and noncurrent)	830	755	703	74	127
Property, plant and equipment, net	2,397	2,398	2,324	(1)	72
PV solar power systems, net	233	236	466	(3)	(232)
Project assets - current and noncurrent	311	291	382	20	(71)
Total assets	7,248	7,109	7,073	140	176
Long-term debt - current and noncurrent	279	257	465	22	(185)
Total liabilities	1,465	1,414	1,846	51	(381)
Total stockholders' equity	5,784	5,695	5,227	89	557

(1) Actual, QoQ, and YoY amounts rounded to the nearest million and may not tie due to rounding

(2) Includes cash and cash equivalents, marketable securities, and restricted cash

(3) Includes accounts receivable trade, net & accounts receivable, and unbilled and retainage, net

2021 Guidance as of July 29, 2021

	Prior	Current
Net Sales	\$2.85B to \$3.025B	\$2.875B to \$3.1B
Gross Margin (\$) ⁽¹⁾	\$695M to \$775M	\$695M to \$760M
Operating Expenses ⁽²⁾	\$285M to \$300M	Unchanged
Operating Income ^(3,4)	\$545M to \$640M	\$545M to \$625M
Earnings Per Share	\$4.05 to \$4.75	\$4.00 to \$4.60
Net Cash Balance ⁽⁵⁾	\$1.8B to \$1.9B	\$1.35B to \$1.45B
Capital Expenditures	\$425M to \$475M	\$825M to \$875M
Shipments	7.8GW to 8.0GW	7.6GW to 8.0GW

- (1) Includes of \$1 million of related ramp expense (unchanged) and \$40 million of impact due to underutilization and reduced throughput (unchanged)
- (2) Includes \$20 million to \$25 million of production start-up expense (unchanged)
- (3) Includes \$61 million to \$66 million of related ramp expense, production start-up expense, underutilization and reduced throughput impact (unchanged)
- (4) Includes a \$149 million pre-tax gain related to the sales of the North American O&M and U.S. project development businesses (\$151 million previously)
- (5) Defined as cash, cash equivalents, marketable securities, and restricted cash less expected debt at the end of 2021



Summary & Highlights



Financial

- Year-to-date diluted EPS of \$2.73 per share
- Q2'21 net cash⁽¹⁾ of \$1.8 billion
- 2021 EPS guidance of \$4.00 to \$4.60 per share



Manufacturing

- Started site preparation for previously announced 3.3 GW factory in Ohio
- Announced additional 3.3 GW capacity expansion in India; contingent upon permitting and approval of government incentives that are satisfactory to First Solar
- Nameplate manufacturing capacity expected to double to 16 GW due to Ohio and India expansion and optimization of the existing fleet



Bookings

- 9.0 GW of year-to-date net bookings
- 4.1 GW of net-bookings since previous earnings call

(1) Defined as cash, cash equivalents, marketable securities, and restricted cash less debt



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