



# First Solar Q1'24 Earnings Call

May 1, 2024



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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: demand for our technology, our business strategy, including anticipated trends and developments in and management plans for our business and the markets in which we operate; our ability to upgrade and expand manufacturing capacity worldwide; increased research and development (“R&D”) programs and investment; a new Series 7 product; our financial guidance for 2024, including future financial results, operating results, net sales, gross margin, gross profit, gross loss, operating expenses, operating income, earnings per share, loss per share, net cash balance, capital expenditures, gain on sale of businesses, net, tax expense, after-tax gain on sale of businesses, non-operating income, income (loss) before taxes, net income, net loss, and implied loss per share; expected earnings cadence, volume sold, bookings, booking opportunities, expected module shipments; products and our business and financial objectives for 2024; the impact of the Inflation Reduction Act of 2022 including the total advanced manufacturing production credit available to us under Section 45X of the Internal Revenue Code; the ability of our updated contracting structure to provide ASP upsides and gross margin risk mitigation and a meaningful benefit to our current contracted backlog ASPs; our energy yield; our expectations regarding investment in the expansion of our domestic and international capacity and the dedicated R&D innovation center; our expectations regarding our work with partners; and our belief about recently passed legislation.

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 our forward-looking statements. These factors include, but are not limited to: structural imbalances in global supply and demand for PV solar modules; our competitive position and other key competitive factors; the market for renewable energy, including solar energy; the 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; the passage of legislation intended to encourage renewable energy investments through tax credits, such as the Inflation Reduction Act of 2022, the impact of the Inflation Reduction Act of 2022 on our expected results of operations in future periods, which may be affected by technical guidance, regulations, subsequent amendments or interpretations of the law; interest rate fluctuations and both our and our customers’ ability to secure financing; changes in the exchange rates between the functional currencies of our subsidiaries and other currencies in which assets and liabilities are denominated; our ability to execute on our long-term strategic plans; the loss of any of our large customers, or the ability of our customers and counterparties to perform under their contracts with us; our ability to execute on our solar module technology and cost reduction roadmaps; our ability to improve the wattage of our solar modules; the satisfaction of conditions precedent in our sales agreements; our ability to attract new customers and to develop and maintain existing customer and supplier relationships; 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 arising from and results of pending litigation; future collection and recycling costs for solar modules covered by our module collection and recycling program; supply chain disruption, including demurrage and detention charges; 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 research and development; the supply and price of components and raw materials, including CdTe; our ability to construct new production facilities to support new product lines in line with anticipated timing, evolving corporate governance and public disclosure regulations and expectations including with respect to environmental, social and governance matters; our ability to attract and retain key executive officers and associates; the severity and duration of public health threats, and the potential impact on our business, financial condition, and results of operations; 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, as supplemented by our other filings with the Securities and Exchange Commission. You should carefully consider the risks and uncertainties described in these reports.

# First Quarter 2024 Update



## Demand

- Year to date bookings of 2.7 GW at ASP of 31.3 cents per watt, excluding adjusters
- Total bookings backlog of 78.3 GW extending through 2030
- Total bookings opportunities of 72.8 GW; 29.4 GW mid-to-late stage



## Manufacturing<sup>(1)</sup>

- Production: S6 2.4 GW / S7 1.2 GW
- Wattage: Top Bin S6 475 / S7 545; Average Bin S6 468 / S7 534
- Yield: S6 98% / S7 96%



## Technology (CuRe)

- Received Underwriters Laboratories (UL)/International Electrotechnical Commission (IEC) certifications
- Expect to launch CuRe at lead line factory in Ohio in Q4



## Financial

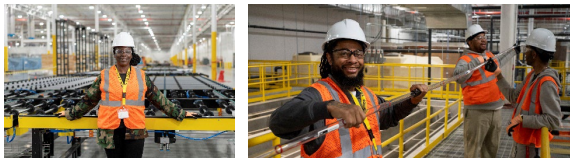
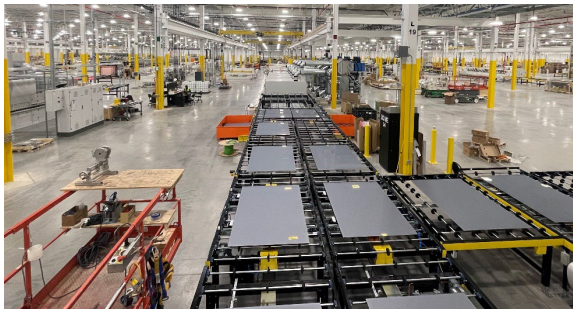
- Q1 2024 diluted EPS of \$2.20
- Q1 2024 gross cash<sup>(2)</sup> of \$2.0 billion, net cash<sup>(3)</sup> of \$1.4 billion

1) Data from January 1, 2024 through March 31, 2024

2) Defined as cash, cash equivalents, marketable securities, restricted cash and restricted cash equivalents

3) Defined as gross cash less debt

# Facilities Update

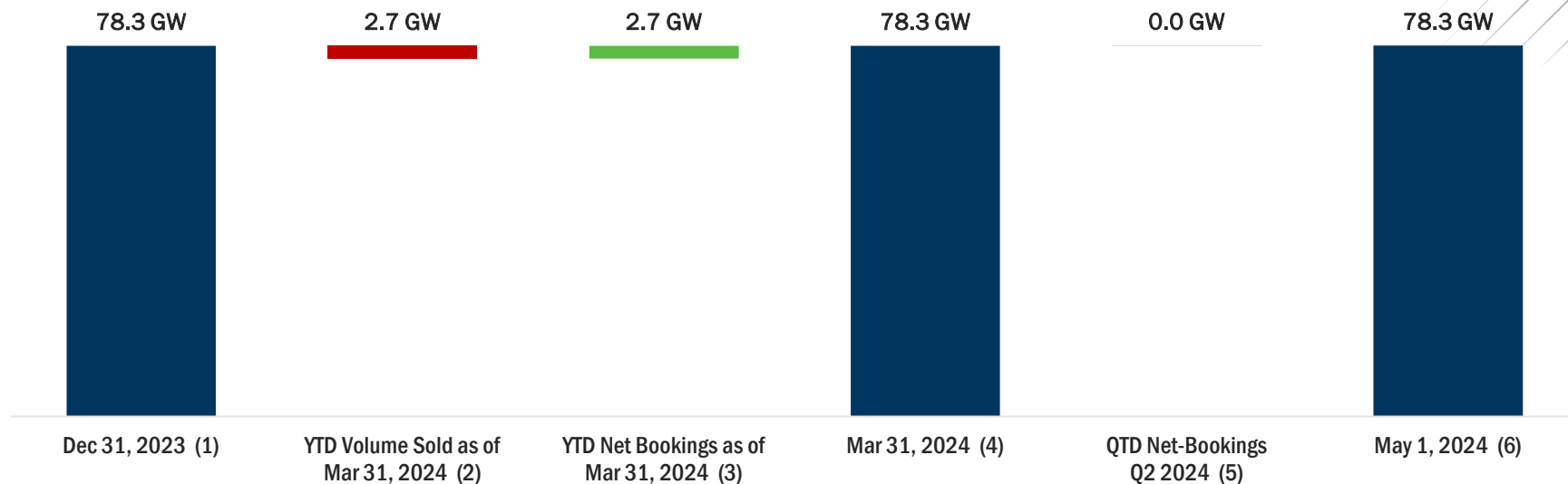


**Ohio Expansion and R&D Facility**  
Expected 2024

**Alabama**  
Expected 2024

**Louisiana**  
Expected 2025

# Expected Module Volume Sold (GW<sub>DC</sub>):



The table above presents our expected module volume sold.

(1) Backlog as of December 31, 2023

(2) Volume sold from January 1, 2024 to March 31, 2024

(3) Net-bookings from January 1, 2024 to March 31, 2024

(4) Backlog as of March 31, 2024

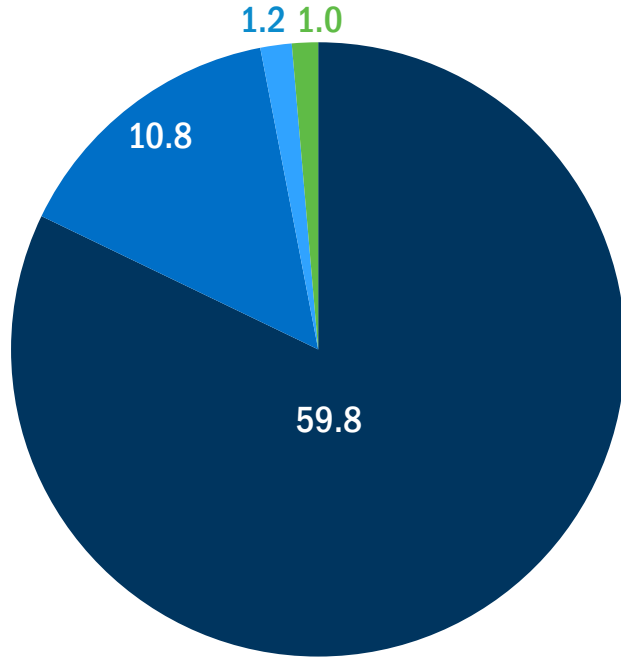
(5) Net-bookings from April 1, 2024 to May 1, 2024

(6) Backlog as of March 31, 2024 and net-bookings through May 1, 2024. Volume sold from April 1, 2024 to May 1, 2024 not deducted



# Potential Booking Opportunities

Total bookings opportunities

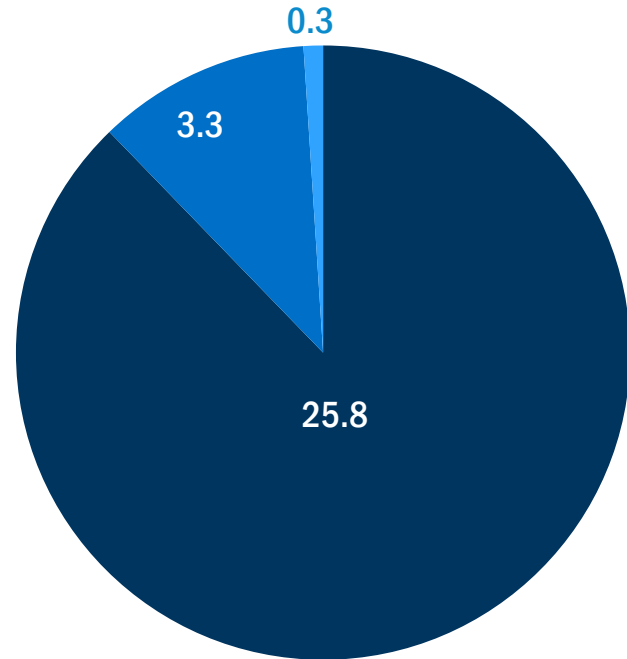


72.8 GW Opportunity



3.7 GW  
of opportunities  
confirmed,  
but not booked

Mid-to-Late stage opportunities



29.4 GW Opportunity

# Income Statement Highlights

(In millions, except per share amounts)<sup>(1)</sup>

	Q1 2024A	Q4 2023A	Q1 2023A	QoQ Change	YoY Change
<b>Net sales</b>	<b>\$794</b>	<b>\$1,159</b>	<b>\$548</b>	<b>(\$364)</b>	<b>\$246</b>
<i>Gross profit %</i>	43.6%	43.3%	20.4%	0.2%	23.1%
Selling, general and administrative	46	57	44	(11)	2
Research and development	43	44	31	(1)	12
Production start-up	15	10	19	6	(4)
Gain on sales of businesses, net <sup>(2)</sup>	1	7	-	(5)	1
<b>Operating income</b>	<b>243</b>	<b>398</b>	<b>18</b>	<b>(155)</b>	<b>225</b>
Income tax (expense) benefit	(19)	(27)	7	9	(26)
<b>Net income</b>	<b>237</b>	<b>349</b>	<b>43</b>	<b>(113)</b>	<b>194</b>
<b>Net income per share – diluted</b>	<b>2.20</b>	<b>3.25</b>	<b>0.40</b>	<b>(1.05)</b>	<b>1.80</b>

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

(2) Reflects certain post-closing adjustments and earnouts associated with the prior sale of our Japan project development business and O&M operations

# Balance Sheet Highlights

<i>(In millions)</i> <sup>(1)</sup>	Q1 2024A				
	Q1 2024A	Q4 2023A	Q1 2023A	QoQ Change	YoY Change
Cash and marketable securities <sup>(2)</sup>	\$2,011	\$2,121	\$2,287	(110)	(276)
Accounts receivable	670	661	299	9	371
Inventories - current and noncurrent	1,236	1,087	1,005	149	231
Property, plant and equipment, net	4,916	4,397	3,859	518	1,057
<b>Total assets</b>	<b>10,761</b>	<b>10,365</b>	<b>8,565</b>	<b>395</b>	<b>2,196</b>
Deferred revenue - current and noncurrent	2,068	2,005	1,348	63	720
Debt - current and noncurrent	620	560	320	59	300
<b>Total liabilities</b>	<b>3,858</b>	<b>3,678</b>	<b>2,696</b>	<b>180</b>	<b>1,162</b>
<b>Total stockholders' equity</b>	<b>6,903</b>	<b>6,687</b>	<b>5,869</b>	<b>215</b>	<b>1,034</b>

(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, restricted cash and restricted cash equivalents



# 2024 Guidance as of May 1, 2024 <sup>(1)</sup>

	Prior	Current
Net Sales	\$4.4B to \$4.6B	Unchanged
Gross Margin (\$) <sup>(2)</sup>	\$2.0B to \$2.1B	Unchanged
Operating Expenses <sup>(3)</sup>	\$455M to \$485M	Unchanged
Operating Income <sup>(4)</sup>	\$1.5B to \$1.6B	Unchanged
Earnings Per Diluted Share	\$13.00 to \$14.00	Unchanged
Net Cash Balance <sup>(5)</sup>	\$0.9B to \$1.2B	\$600M to \$900M
Capital Expenditures	\$1.7B to \$1.9B	\$1.8B to \$2.0B
Volume Sold	15.6GW to 16.3GW	Unchanged

(1) The guidance figures presented are forward-looking statements that are subject to a variety of assumptions and estimates

(2) Assumes \$40 to \$60 million of ramp and underutilization costs and \$1.0 to \$1.05 billion of Section 45X tax credits

(3) Assumes \$85 to \$95 million of production start-up expenses

(4) Assumes \$125 to \$155 million of production start-up expenses, ramp and underutilization costs and \$1.0 to \$1.05 billion of Section 45X tax credits

(5) Defined as cash, cash equivalents, restricted cash, restricted cash equivalents, and marketable securities, less expected debt at the end of 2024

## Expected Earnings Cadence

“From an earnings cadence perspective, we expect our net sales and cost of sales profile, excluding the benefit of Section 45X tax credits, to be approximately 35-40% in the first half of the year and 60-65% in the second half of the year. We forecast Section 45X tax credits of approximately \$400 million in the first half of the year and \$620 million in the second half of the year. With an operating expense profile roughly evenly split across the year, this results in a forecasted earnings per diluted share profile of approximately 35-40% in the first half of the year and 60-65% in the second half of the year.”

# Policy Update

<b>Structural overcapacity in China drives volatility, undermines US, Europe and India industrial policies</b>	<ul style="list-style-type: none"><li>• China ended 2023 with 861 GW of capacity, versus FY 2023 worldwide deployment of 390 GW <sup>1</sup></li><li>• Average utilization rates of Chinese large capacity factories declined to 23% in February 2024 <sup>2</sup></li><li>• Chinese solar manufacturers still expected to expand by 500-600 GW in 2024 <sup>1</sup></li></ul>
<b>Growing international backlash against China's strategic use of structural overcapacity</b>	<ul style="list-style-type: none"><li>• US government reportedly weighing lifting Section 201 bifacial exemption</li><li>• EU launched Foreign Subsidies Regulation investigation into Chinese solar manufacturer</li><li>• India reinstated ALMM restricting access of fully imported modules, First Solar added to ALMM in April</li></ul>
<b>New US AD/CVD petitions seek to level the playing field, address anti-competitive behavior</b>	<ul style="list-style-type: none"><li>• American Alliance for Solar Manufacturing Trade Committee represents leading US manufacturers</li><li>• Petitions filed on April 24, 2024, with US International Trade Commission, US Department of Commerce</li><li>• Petitions call for investigation into potentially illegal trade practices injuring US solar manufacturers</li></ul>
<b>Southeast Asian Belt &amp; Road Initiative countries accounted for 75% of 2023 US solar imports <sup>2</sup></b>	<ul style="list-style-type: none"><li>• 140% increase in US imports in 18 months since IRA signed into law <sup>2</sup></li><li>• Modules believed to be sold below cost, denying US manufacturers a level playing field to compete on merits</li></ul>

1: Reuters, China solar industry faces shakeout, but rock-bottom prices to persist, 04.03.2024

2: BNEF Solar Supply Chain Index, March 2024: Pitched Battle

# Summary and Highlights



## Demand

- 2.7 GW of YTD net bookings at ASP of 31.3 cents per watt, excluding adjusters
- Current contracted backlog of 78.3 GW
- Opportunity pipeline of 72.8 GW, including 29.4 GW mid-to-late stage



## Manufacturing

- Record Q1 production of 3.6 GW
- Alabama, Louisiana, and Ohio expansions on schedule
- Expect to launch CuRe at lead line factory in Ohio in Q4
- Investment to accelerate CuRe replication and potentially advance timeline of technology attributes to capture additional ASP upside



## Financial

- Q1 2024 diluted EPS of \$2.20
- Q1 2024 gross cash<sup>1</sup> of \$2.0 billion, net cash<sup>2</sup> of \$1.4 billion
- Reiterate full-year 2024 P&L guidance

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

(2) Defined as gross cash less debt



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