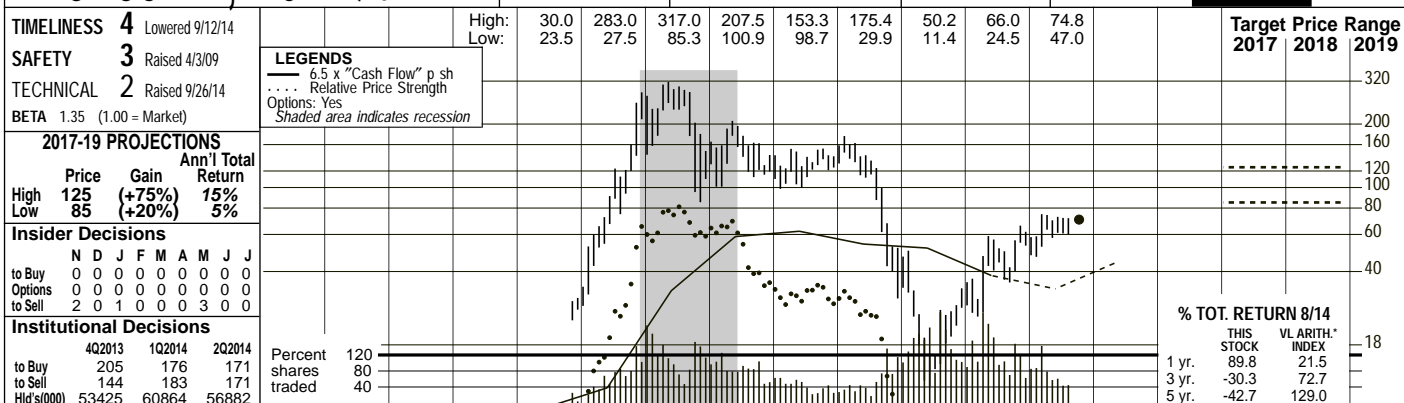


# FIRST SOLAR, INC. NDQ:FSLR

RECENT PRICE **70.69** P/E RATIO **26.7** (Trailing: 18.6; Median: NMF) RELATIVE P/E RATIO **1.46** DIV'D YLD **Nil** VALUE LINE



First Solar was founded in 1999 with the goal of applying new technologies to the process of solar power generation. The company initially conducted only research and development operations, until commercial operations began in January 2002. The company went public in November 2006, issuing 22.9 million shares at \$20 each, in a deal underwritten by Credit Suisse and Morgan Stanley.	2004	2005	2006 <sup>A</sup>	2007	2008	2009	2010	2011	2012	2013	2014	2015	© VALUE LINE PUB. LLC	17-19
	--	1.06	1.87	6.41	15.27	24.24	29.86	31.98	38.65	33.25	38.10	41.65	Sales per sh <sup>A</sup>	48.05
	--	d.07	.20	1.73	5.00	9.03	9.56	8.31	7.95	5.90	5.10	6.90	"Cash Flow" per sh	10.55
	--	d.14	.07	1.43	4.24	7.53	7.68	5.55	4.90	3.70	2.60	4.50	Earnings per sh <sup>A B</sup>	5.25
	--	--	--	--	--	--	--	--	--	--	Nil	Nil	Div'ds Decl'd per sh	Nil
	--	.94	2.12	3.08	5.63	3.28	6.86	8.46	4.35	3.02	2.90	3.60	Cap'l Spending per sh	3.10
	--	.29	5.69	13.96	18.54	31.13	40.25	42.13	41.37	45.25	47.65	51.65	Book Value per sh	65.30
	--	45.21	72.33	78.58	81.60	85.23	85.84	86.49	87.15	99.51	101.00	102.00	Common Shs Outst'g <sup>C</sup>	102.00
	--	--	NMF	73.1	50.7	19.3	16.5	19.4	5.0	11.8	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	20.0
	--	--	NMF	3.88	3.05	1.29	1.05	1.22	.32	.66			Relative P/E Ratio	1.25

CAPITAL STRUCTURE as of 6/30/14													Avg Ann'l Div'd Yield	Nil
Total Debt \$194.6 mill. Due in 5 Yrs \$194.6 mill.	--	48.1	135.0	504.0	1246.3	2066.2	2563.5	2766.2	3368.5	3309.0	3850	4250	Sales (\$mill) ^	4900
LT Debt \$133.8 mill. LT Interest \$5.0 mill.	--	NMF	9.6%	32.1%	39.9%	39.2%	35.3%	28.3%	20.6%	20.9%	18.0%	22.0%	Operating Margin	24.0%
(Total int. coverage: 41.3x) (3% of Cap'l)	--	3.4	10.2	24.5	59.5	129.6	156.1	235.2	262.7	234.3	255	275	Depreciation (\$mill)	540

Leases, Uncapitalized Annual rentals \$14.2 mill.	--	3.4	10.2	24.5	59.5	129.6	156.1	235.2	262.7	234.3	235	275	Depreciation (\$mill)	340
	--	d6.6	4.0	111.7	248.3	640.1	664.2	483.6	430.1	353.0	260	455	Net Profit (\$mill)	535
	--	--	56.7%	28.4%	24.9%	6.7%	12.8%	14.2%	12.1%	6.7%	18.0%	19.0%	Income Tax Rate	31.0%
	--	NMF	2.9%	22.2%	27.9%	31.0%	25.9%	17.5%	12.8%	10.7%	6.8%	10.7%	Net Profit Margin	10.9%

No Defined Benefit Pension Plan	--	d7.3	336.4	616.0	695.6	956.4	1114.8	1639.6	1730.9	2204.7	1725	1900	Working Cap'l (\$mill)	2300
	--	28.6	61.0	68.9	163.5	146.4	210.8	619.1	500.2	162.8	135	100	Long-Term Debt (\$mill)	Nil
	--	13.1	411.4	1097.3	1513.0	2652.8	3454.9	3643.9	3605.5	4503.1	4815	5270	Shr. Equity (\$mill)	6660
Common Stock 100,193,196 shs. as of 8/31/2014		N/A	0%	0.9%	20.0%	22.0%	19.1%	14.2%	10.6%	7.6%	5.6%	9.6%	Return on Total Cap'l	9.0%

as of 8/1/2014				--	NMF	.9%	9.8%	20.9%	23.0%	18.1%	11.3%	10.6%	7.6%	5.5%	8.5%	Return on Total Cap'l	8.0%			
MARKET CAP: \$7.1 billion (Large Cap)				--	NMF	1.0%	10.2%	23.0%	24.1%	19.2%	13.3%	11.9%	7.8%	5.5%	8.5%	Return on Shr. Equity	8.0%			
CURRENT POSITION				2012	2013	6/30/14	--	NMF	1.0%	10.2%	23.0%	24.1%	19.2%	13.3%	11.9%	7.8%	5.5%	8.5%	Retained to Com Eq	8.0%
(SMILL.)							--	--	--	--	--	--	--	--	--	--	Nil	Nil	All Div'ds to Net Prof	Nil
Cash Assets				901.3	1325.1	851.3	--	--	--	--	--	--	--	--	--	--	Nil	Nil		

<b>CURRENT POSITION 2012 2013 6/30/14 (\$MILL.)</b>	2004	2005	2006 <sup>A</sup>	2007	2008	2009	2010	2011	2012	2013	2014	2015	© VALUE LINE PUB. LLC 17-19
Cash Assets	901.3	1325.1	851.3										
Receivables	553.6	657.7	237.9										
Inventory (FIFO)	434.9	389.0	385.2										
Other	942.5	1421.0	1695.9										
Current Assets	2832.3	3792.8	3170.3										
Accts Payable	350.2	261.3	187.5										
Debt Due	62.3	60.5	60.8										
Other	688.9	1266.3	962.9										
Current Liab.	1101.4	1588.1	1211.2										

<b>ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '11-'13 of change (per sh)</b>	2004	2005	2006 <sup>A</sup>	2007	2008	2009	2010	2011	2012	2013	2014	2015	© VALUE LINE PUB. LLC 17-19
Sales	--	--	34.5%	5.5%									
"Cash Flow"	--	--	26.0%	6.0%									
Earnings	--	--	20.0%	2.0%									
Dividends	--	--	--	Nil									
Book Value	--	--	27.5%	7.0%									

<b>QUARTERLY SALES (\$mill.)</b>	2004	2005	2006 <sup>A</sup>	2007	2008	2009	2010	2011	2012	2013	2014	2015	© VALUE LINE PUB. LLC 17-19
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31									
2011	567.3	532.8	1005.8	660.3	2766.2								
2012	497.1	957.3	839.1	1075.0	3368.5								
2013	755.2	519.7	1265.6	768.5	3309.0								
2014	950.2	544.4	1125.4	1230	3850								
2015	975	800	1250	1225	4250								

<b>EARNINGS PER SHARE<sup>B</sup></b>	2004	2005	2006 <sup>A</sup>	2007	2008	2009	2010	2011	2012	2013	2014	2015	© VALUE LINE PUB. LLC 17-19
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31									
2011	1.33	.70	2.26	1.26	5.55								
2012	d.08	1.65	1.25	2.04	4.90								
2013	.66	.37	1.94	.64	3.70								
2014	1.10	.04	.61	.85	2.60								
2015	1.15	1.00	1.10	1.25	4.50								

<b>QUARTERLY DIVIDENDS PAID</b>	2004	2005	2006 <sup>A</sup>	2007	2008	2009	2010	2011	2012	2013	2014	2015	© VALUE LINE PUB. LLC 17-19
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31									
2010													
2011													
2012													
2013													
2014													
2015													

<b>NO CASH DIVIDENDS BEING PAID</b>	2004	2005	2006 <sup>A</sup>	2007	2008	2009	2010	2011	2012	2013	2014	2015	© VALUE LINE PUB. LLC 17-19

(A) All data prior to 2006 are pro forma. (B) Diluted earnings. Excludes nonrecurring gain/(losses): '07, \$1c; '11, (\$6.01); '12, (\$6.00). Earnings may not sum due to rounding. (C) In millions.

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**First Solar's top and bottom lines are subject to wide fluctuations.** In the second quarter, share earnings were \$0.04 and revenues came in at \$544 million, compared to consensus figures of roughly \$0.35, and \$800 million, respectively. Difficulty in timing when to realize revenues on major solar projects is the prime reason for the irregular earnings pattern. Management has had a hard time of late coming close to their own guidance.

**We are raising our estimates for the company.** Deferring revenue recognition on the Desert Sunlight facility was the cause of the less-than-expected June-period results. The project, which has had some issues with converters, is still expected to be completed on time. Revenue and profits generated by the project will most likely just be pushed back to the second half of the year. So, despite weak second-quarter comparisons, we are raising our full year share-earnings estimate \$0.20, to \$2.60. Next year, we are hiking our share number \$0.25 to \$4.50, as more solar farms are scheduled to come on line.

**Demand for projects could pick up significantly in the next year or two.**

With a good portion of the tax benefits for solar power scheduled to be cut in 2016, many customers sitting on the fence will probably make sure their orders are placed in time to benefit from the expiring tax credits. Thus, the company may enter 2016 with a solid backlog that could take several years to work off.

**Management has indicated that a decision on forming a YieldCo will be made soon.** A YieldCo is a new type of business organization patterned after a REIT or an MLP. Essentially, the YieldCo will not have to pay income taxes as long as it distributes almost all of its profits to shareholders. Establishing such a structure should enable the company to lower the cost of capital while speeding up project development.

**These untimely shares may interest long-term investors willing to live with erratic quarterly earnings.** The stock's capital appreciation potential through 2017-2019 is higher than the typical equity in the Value Line universe. Moreover, unlike many of its peers, First Solar has a solid balance sheet.

James A. Flood September 26, 2014

Company's Financial Strength	A
Stock's Price Stability	5
Price Growth Persistence	30
Earnings Predictability	45

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