

<b>FIRST SOLAR, INC.</b> NDQ-FSLR				RECENT PRICE	60.49	P/E RATIO	13.0	(Trailing: 15.5 Median: NMF)	RELATIVE P/E RATIO	0.69	DIV'D YLD	Nil	VALUE LINE
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TIMELINESS	3	Raised 10/24/14	High:	30.0	283.0	317.0	207.5	153.3	175.4	50.2	66.0	74.8	62.3	Target Price Range	2018	2019	2020
SAFETY	3	Raised 4/3/09	Low:	23.5	27.5	85.3	100.9	98.7	29.9	11.4	24.5	40.5	39.2				
TECHNICAL	3	Lowered 3/20/15	LEGENDS 8.5 x "Cash Flow" p sh ..... Relative Price Strength Options: Yes Shaded area indicates recession														
BETA	1.40	(1.00 = Market)															

2018-20 PROJECTIONS									
	Price	Gain	Ann'l Total						
High	125	(+105%)	20%						
Low	85	(+40%)	10%						
Insider Decisions									
	M	J	J	A	S	O	N	D	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	3	0	0	0	0	0	0	0	0
Institutional Decisions									
	2Q2014	3Q2014	4Q2014						
to Buy	171	181	183						
to Sell	171	167	184						
Hld's(000)	56882	59861	57588						

% TOT. RETURN 2/15		
	THIS STOCK	VL ARITH. INDEX
1 yr.	4.7	8.2
3 yr.	85.0	60.8
5 yr.	-43.5	110.1

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.	2005	2006 <sup>A</sup>	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
	1.06	1.87	6.41	15.27	24.24	29.86	31.98	38.65	33.25	33.82	<b>34.40</b>	<b>44.10</b>	Sales per sh <sup>A</sup>	49.00
	d.07	.20	1.73	5.00	9.03	9.56	8.31	7.95	5.90	6.40	<b>7.50</b>	<b>8.70</b>	"Cash Flow" per sh	10.60
	d.14	.07	1.43	4.24	7.53	7.68	5.55	4.90	3.70	3.91	<b>5.00</b>	<b>6.00</b>	Earnings per sh <sup>A B</sup>	6.50
	--	--	--	--	--	--	--	--	--	--	<b>Nil</b>	<b>Nil</b>	Div'ds Decl'd per sh	<b>Nil</b>
	.94	2.12	3.08	5.63	3.28	6.86	8.46	4.35	3.02	2.57	<b>3.25</b>	<b>3.50</b>	Cap'l Spending per sh	3.25
	.29	5.69	13.96	18.54	31.13	40.25	42.13	41.37	45.25	50.13	<b>54.45</b>	<b>59.80</b>	Book Value per sh <sup>D</sup>	70.10
	45.21	72.33	78.58	81.60	85.23	85.84	86.49	87.15	99.51	100.29	<b>101.00</b>	<b>102.00</b>	Common Shs Outst'g <sup>C</sup>	102.00
	--	NMF	73.1	50.7	19.3	16.5	19.4	5.0	11.8	15.4	<b>Bold figures are Value Line</b>		Avg Ann'l P/E Ratio	16.0
	--	NMF	3.88	3.05	1.29	1.05	1.22	.32	.66	.81			Relative P/E Ratio	1.00

CAPITAL STRUCTURE as of 12/31/14	--	--	--	--	--	--	--	--	--	--	estimates		Avg Ann'l Div'd Yield	Nil
Total Debt \$298.2 mill. Due in 5 Yrs \$165.0 mill.	48.1	135.0	504.0	1246.3	2066.2	2563.5	2766.2	3368.5	3309.0	3391.8	3475	4500	Sales (\$mill) ^	5000
LT Debt \$246.3 mill. LT Interest \$11.7 mill. (5% of Cap'l)	NMF	9.6%	32.1%	39.9%	39.2%	35.3%	28.3%	20.6%	20.9%	20.2%	22.0%	23.0%	Operating Margin	24.0%
	3.4	10.2	24.5	59.5	129.6	156.1	235.2	262.7	234.3	245.0	255	275	Depreciation (\$mill)	550
	d6.6	4.0	111.7	348.3	640.1	664.2	483.6	430.1	353.0	396.9	505	610	Net Profit (\$mill)	665
Leases, Uncapitalized Annual rentals \$18.0 mill.	--	56.7%	28.4%	24.9%	6.7%	12.8%	14.2%	12.1%	6.7%	7.0%	8.5%	9.0%	Income Tax Rate	22.0%
	NMF	2.9%	22.2%	27.9%	31.0%	25.9%	17.5%	12.8%	10.7%	11.7%	14.5%	13.6%	Net Profit Margin	11.0%
No Defined Benefit Pension Plan	d7.3	336.4	616.0	695.6	956.4	1114.8	1639.6	1730.9	2204.7	2189.4	2100	2300	Working Cap'l (\$mill)	2700
	28.6	61.0	68.9	163.5	146.4	210.8	619.1	500.2	162.8	246.3	165	150	Long-Term Debt (\$mill)	Nil
Common Stock 100,291,843 shs. as of 2/20/2015	13.1	411.4	1097.3	1513.0	2652.8	3454.9	3643.9	3605.5	4503.1	5027.5	5500	6100	Shr. Equity (\$mill) ^	7150
MARKET CAP: \$6.1 billion (Large Cap)	NMF	.9%	9.8%	20.9%	23.0%	18.1%	11.3%	10.6%	7.6%	7.6%	9.0%	10.0%	Return on Total Cap'l	9.5%
	NMF	1.0%	10.2%	23.0%	24.1%	19.2%	13.3%	11.9%	7.8%	7.9%	9.0%	10.0%	Return on Shr. Equity	9.5%
CURRENT POSITION (SMILL.)	NMF	1.0%	10.2%	23.0%	24.1%	19.2%	13.3%	11.9%	7.8%	7.9%	9.0%	10.0%	Retained to Com Eq	9.5%
Cash Assets 1003.9 1764.2 1991.1	--	--	--	--	--	--	--	--	--	--	Nil	Nil	All Div'ds to Net Prof	Nil

BUSINESS: First Solar, Inc. designs and manufactures solar modules for use in the conversion of solar energy for everyday use. The modules are produced using a proprietary thin-film semiconductor technology that allows for a lower manufacturing cost per watt (\$0.54, 2014) than traditional crystalline silicon solar modules. From 2002 to 2006, sold a total of 28 megawatts (MW) of modules.																	
In '07, 201 MW; '08, 498 MW; '09, 568 MW; '10, 727 MW; '11, 880 MW; '12, 1,875 MW; '13, 2625 MW; '14, 3980 MW. Has 6,060 employees. Foreign sales: 10% of '14 total. Walton family owns at least 26% of common; off/dir., less than one percent (4/14 Proxy). CEO: James Hughes. Inc.: DE. Add.: 350 W. Washington St., #600, Tempe, AZ 85281. Tel.: 602-414-9300. Int.: www.firstsolar.com.																	

Current Liab.

1101.4

1588.1

1001.1

ANNUAL RATES of change (per sh)

Past 10 Yrs.

Past 5 Yrs.

Est'd '12-'14 to '18-'20

Sales

--

18.0%

5.5%

"Cash Flow"

--

5.0%

6.0%

Earnings

--

-1.0%

2.0%

Dividends

--

--

Nil

Book Value

--

16.5%

7.0%

Cal-endar

QUARTERLY SALES (\$ mil.)

Mar.31

Jun.30

Sep.30

Dec.31

Full Year

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

544.3

889.3

1008.0

3391.8

2015

600

750

1000

1125

3475

2016

850

850

1300

1500

4500

Cal-endar

EARNINGS PER SHARE <sup>a</sup>

Mar.31

Jun.30

Sep.30

Dec.31

Full Year

2012

d.08

1.65

1.25

2.04

4.90

2013

.66

.37

1.94

.64

3.70

2014

1.10

.04

.87

1.89

3.91

2015

d.30

1.60

1.45

2.25

5.00

2016

.05

1.70

1.55

2.70

6.00

Cal-endar

QUARTERLY DIVIDENDS PAID

Mar.31

Jun.30

Sep.30

Dec.31

Full Year

2011

2012

2013

2014

2015

NO CASH DIVIDENDS BEING PAID

First Solar is spinning off some assets.

On February 24th, the company announced plans to form a joint venture called a YieldCo with SunPower Corp. A YieldCo is structured much like a Real Estate Investment Trust (REIT). In this type of format, the new entity will be exempt from income taxes, if it pays out almost all of the profits generated to unitholders. Moreover, investors will pay taxes on their quarterly distributions as if this was personal income, rather than dividends.

Specifics on the transaction have not been provided.

Both solar power companies will contribute assets, which have not yet been identified, to form the new YieldCo. We think First Solar and SunPower will allocate large industrial solar projects that are already on line and producing relatively well-defined revenues. Solar companies often build large solar farms for electric utilities, which are usually mandated by law to have a percentage of their capacity consist of renewable energy. Shareholders in the two companies will probably be issued new units in the YieldCo on a pro-rated basis, and the value of the stock will decline to reflect

the percentage of earnings that are no longer with the company.

Meanwhile, First Solar's new bookings are soaring.

Since late 2014, new orders have been robust, and its book-to-bill ratio increased to about 1.6, versus only one-to-one a year earlier. As a result, we are increasing our 2015 earnings-per-share estimate by \$0.50, to \$5.00. This year's net income would have probably been much higher, but First Solar realized a large gain in 2014's fourth quarter. As a result, management expects a loss of \$0.30 a share in the March period. For 2016, we look for a significant increase in demand, as customers accelerate orders while the 30% tax credit is still in effect. (Our numbers are based on how the company is currently configured.)

First Solar shares are pegged to be market performers in the year ahead.

Alternative energy stocks were probably oversold when oil prices fell sharply last year. Still, even with the equity rising almost 50% since our late December report, these shares have above average long-term capital appreciation potential.

James A. Flood

March 27, 2015