

RECENT PRICE	40.90	P/E RATIO	11.3 (Trailing: 15.4 Median: NMF)	RELATIVE P/E RATIO	0.63	DIV'D YLD	Nil	VALUE LINE
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2017-19 PROJECTIONS			
	Price	Gain	Ann'l Total Return
High	110	(+170%)	28%
Low	75	(+85%)	16%

  

Insider Decisions							
	F	M	A	M	J	J	A
to Buy	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0
to Sell	0	0	0	3	0	0	0

  

Institutional Decisions			
	1Q2014	2Q2014	3Q2014
to Buy	176	171	181
to Sell	183	171	167
Hld's(000)	60864	56882	59861

  

% TOT. RETURN 11/14		
	THIS STOCK	VL ARITH.* INDEX
1 yr.	-18.4	8.0
3 yr.	2.0	72.4
5 yr.	-59.0	119.8

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	<b>37.15</b>	<b>40.70</b>	Sales per sh <sup>A</sup>	<b>47.55</b>
--	d.07	.20	1.73	5.00	9.03	9.56	8.31	7.95	5.90	<b>5.15</b>	<b>7.15</b>	"Cash Flow" per sh	<b>10.60</b>
--	d.14	.07	1.43	4.24	7.53	7.68	5.55	4.90	3.70	<b>2.60</b>	<b>4.50</b>	Earnings per sh <sup>A B</sup>	<b>5.25</b>
--	--	--	--	--	--	--	--	--	--	<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	<b>3.25</b>	<b>3.50</b>	Cap'l Spending per sh	<b>3.15</b>
--	.29	5.69	13.96	18.54	31.13	40.25	42.13	41.37	45.25	<b>48.15</b>	<b>52.45</b>	Book Value per sh	<b>64.20</b>
--	45.21	72.33	78.58	81.60	85.23	85.84	86.49	87.15	99.51	<b>101.00</b>	<b>102.00</b>	Common Shs Outst'g <sup>C</sup>	<b>102.00</b>
--	--	NMF	73.1	50.7	19.3	16.5	19.4	5.0	11.8	<b><i>Bold figures are Value Line</i></b>		Avg Ann'l P/E Ratio	<b>17.5</b>
--	--	NMF	3.88	3.05	1.29	1.05	1.22	.32	.66			Relative P/E Ratio	<b>1.10</b>

										estimates		Avg Ann'l Div'd Yield	Nil
--	48.1	135.0	504.0	1246.3	2066.2	2563.5	2766.2	3368.5	3309.0	3750	4150	Sales (\$mill) ^	4850
--	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%
	2.4	10.2	24.5	50.5	120.6	155.4	225.2	263.7	224.2	255	275	Depreciation (\$mill)	545

--	3.4	10.2	24.3	39.3	129.0	130.1	233.2	202.7	234.3	233	275	Depreciation (\$mil)	343
--	d6.6	4.0	11.7	348.3	640.1	664.2	483.6	430.1	353.0	265	219	Net Profit (\$mil)	535
--	--	56.7%	28.4%	24.9%	6.7%	12.8%	14.2%	12.1%	6.7%	9.5%	13.0%	Income Tax Rate	25.0%

--	NMF	2.9%	22.2%	27.9%	31.0%	25.9%	17.5%	12.8%	10.7%	7.1%	11.0%	Net Profit Margin	11.0%
--	d73	336.4	616.0	695.6	956.4	1114.8	1639.6	1730.9	2204.7	2400	2200	Working Cap'l (\$mill)	2500
--	28.6	61.0	68.9	163.5	146.4	210.8	619.1	500.2	162.8	165	150	Long-Term Debt (\$mill)	N/A

--	13.1	411.4	1097.3	1513.0	2652.8	3454.9	3643.9	3605.5	4503.1	<b>4865</b>	<b>5350</b>	Shr. Equity (\$mil)	<b>6550</b>
--	NMF	1.9%	9.8%	23.0%	23.0%	18.1%	11.3%	10.6%	7.6%	<b>5.5%</b>	<b>8.5%</b>	Return on Total Cap'l	<b>8.5%</b>
--	NMF	1.0%	10.2%	22.0%	24.1%	10.2%	12.2%	14.0%	7.0%	<b>5.5%</b>	<b>9.5%</b>	Return on Shr. Equity	<b>9.5%</b>

--	NMF	1.0%	10.2%	23.0%	24.1%	19.2%	13.3%	11.9%	7.8%	5.5%	6.3%	return on Sini. Equity	6.3%
--	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	8.5%
--	--	--	--	--	--	--	--	--	--	Nil	Nil	All Div'ds to Net Prof	Nil

<p><b>BUSINESS:</b> 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 (\$0.63, 2013) than traditional crystalline silicon solar modules. From 2002 to 2006, sold a total of 28 megawatts (MW) worth of</p>	<p>modules. In '07, 201 MW; '08, 498 MW; '09, 568 MW; '10, 727 MW; '11, 880 MW; '12, 1,875 MW; '13, 2625 MW. Has 4,850 employees. Foreign sales: 14% of '13 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., Suite 600, Tempe, AZ 85281. Tel.: 602-414-9300. Internet: <a href="http://www.firstsolar.com">www.firstsolar.com</a>.</p>
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**Market conditions remain difficult for solar companies such as First Solar.** The current amount of worldwide capacity available to manufacture solar panels is well above existing demand. This has led to a very tough pricing environment for panel producers, which includes First Solar. The 30% Investment Tax Credit (ITC) will fall to 10% in 2017. Thus, we believe there will be a surge in demand in 2016, as companies will get new orders on the books for new projects before the ITC falls. **We expect First Solar to stage a solid recovery in 2015.** With only the fourth

panel producers, which includes First Solar. The gap between supply and demand should narrow over the next two years, however, as there has been a sharp decline in capital expenditures by solar panel producers. Thus, we estimate that there will not be a substantial increase in manufacturing capacity until 2015, if recovery in 2013. With only the fourth quarter left to report, management has stated that 2014 share earnings should come in at about \$2.60, \$1.10 below 2013's figure, marking the fourth-straight year in which the company's bottom line has declined. Thanks to a solid backlog of new facilities scheduled to be built, however,

manufacturing capacity, while sales of panels should continue to remain very brisk. Hence, supply and demand should be in balance, and improve the pricing power of manufacturers. **Still, there is some reason for optimism.** In addition to selling solar facilities scheduled to be built, however, we think earnings per share can surge by nearly \$2.00 next year. **Neutrally ranked First Solar shares might interest speculators.** The stock has been pummeled over the past three months, underperforming the market by

panels, the company has a large business segment that constructs and maintains large solar facilities or “farms”. Two industry trends should aid First Solar over the next two years. First, temporary tariffs were placed on imported cheaply priced Chinese solar panels in mid-2014 (a final decision is expected shortly). Second, the 40%. Risk-tolerant investors may believe that the market has overreacted to the slump in oil prices, especially because solar does not really compete with oil-fired plants, as most power-producing projects in the continental U.S. use coal, natural gas, or nuclear fuel to make electricity.

*James A. Flood* *December 26, 2014*

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

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