



# First Solar Q1'21 Earnings Call

April 29, 2021



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# 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; 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" 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, or expiration 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.

# Module Segment Update

## Manufacturing Updates

- 2.4 GW of year-to-date production<sup>(1)</sup>; consistently producing 455 watt modules
- Second Series 6 factory in Malaysia exited ramp period; nameplate manufacturing capacity to 7.9 GW

## Performance Metrics

- Delivered strong manufacturing results despite planned and unplanned downtime
- 92%<sup>(2)</sup> and 99%<sup>(3)</sup> fleet-wide capacity utilization
- 20.2<sup>(2)</sup> / 22.0<sup>(3)</sup> MWs produced per day and 96.7%<sup>(2)</sup> / 97.4%<sup>(3)</sup> manufacturing yield
- 442<sup>(2)</sup> / 445<sup>(3)</sup> average watts per module and 98%<sup>(2)</sup> / 97%<sup>(3)</sup> ARC bin distribution from 440 to 455

## Supply Chain and Logistics

- Continuing to manage through elevated shipping rates via improved module efficiency, implementation of Series 6 *Plus* and expansion of distribution network footprint in U.S.
- Utilizing long-term supply agreements for raw materials and commodities to help de-risk value of backlog
- Mitigating a portion of cost challenges related to aluminum through a hedge structure

## Financial

- Module segment gross margin percentage in-line with Q1 guidance
- On track to achieve target 11% cost per watt produced reduction between Q4'20 and Q4'21
- Targeting 6% to 7% cost per watt sold reduction between Q4'20 and Q4'21

(1) Data from January 1, 2021 through April 28, 2021

(2) Data from March 1, 2021 through March 31, 2021

(3) Data from April 1, 2021 through April 28, 2021

# Systems Segment Update

## Project Sales

- In March completed the sales of the Sun Streams 2, 4, and 5 projects
- In April completed the sale of the Sun Streams 3 project
- Across these four projects, Longroad Energy intends to utilize approximately 1 GW of Series 6 modules, of which 785 MW represent new bookings

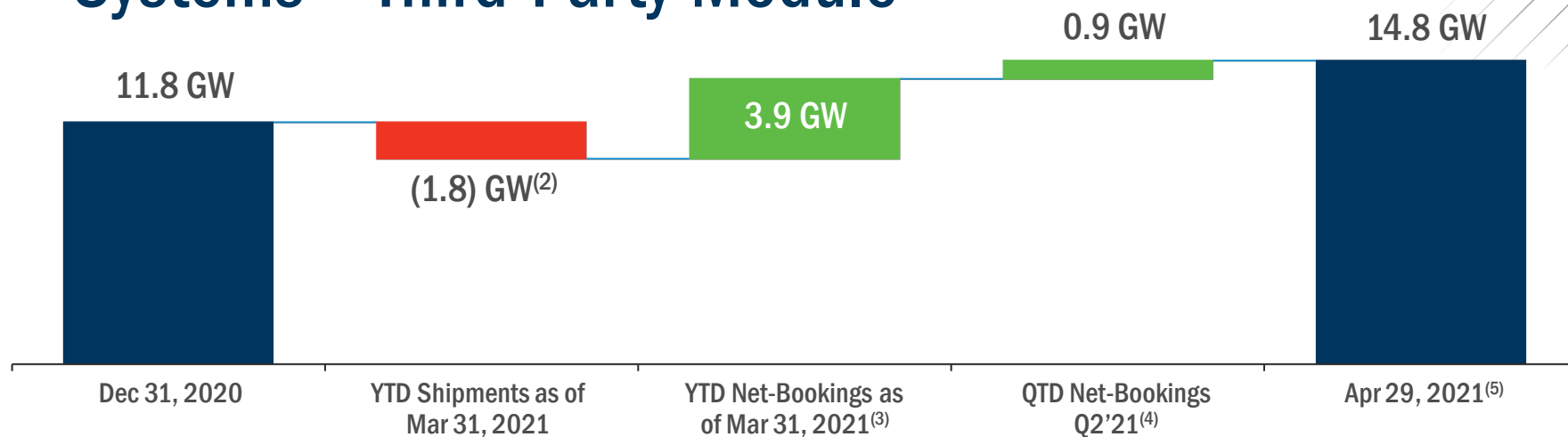
## Strategic Updates

- In March completed the sale of our U.S. Project Development business to Leeward Renewable Energy
- In March completed the sale of our North American O&M business to NovaSource Power Services

## Japan Systems Business

- 320 MW booked systems backlog in Japan; includes 55 MW since previous earnings call
- 40 MW of opportunities with feed-in-tariff rights secured but pending the satisfaction of certain permitting requirements
- Across the portfolio of currently contracted assets in Japan, have the potential to capture approximately \$250 million of gross profit in the next 3 to 5 years
- With a \$15 million per year overhead cost structure, anticipate the sell-down of systems projects in Japan will continue to contribute to operating income

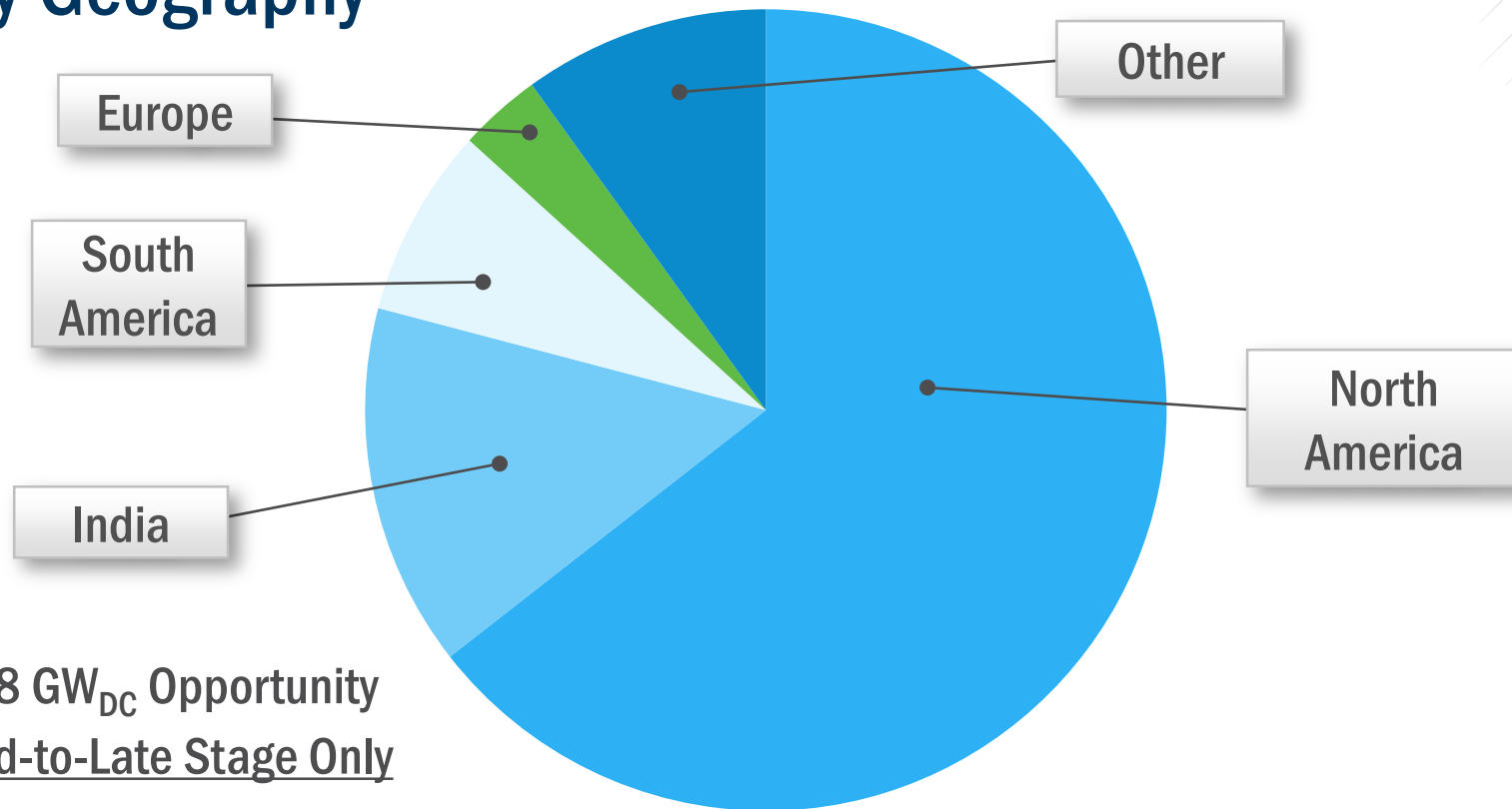
# Expected Module Shipments<sup>(1)</sup> (GW<sub>DC</sub>): Systems + Third-Party Module



The above table presents the actual module shipments for 2021 through Mar 31, 2021, new module volume net-bookings through Apr 29, 2021, and the expected module shipments beyond Mar 31, 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 3<sup>rd</sup> 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) 1.8 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 Mar 31, 2021, reduced by 0.1 GW of debookings.
- (4) Reflects net-bookings from Apr 1, 2021 to Apr 29, 2021, reduced by 0.2 GW of debookings.
- (5) Balance includes remaining shipment volumes as of Mar 31, 2021 and net-bookings through Apr 29, 2021. Shipments from Apr 1 to Apr 29, 2021 not deducted.

# Mid-to-Late Stage Booking Opportunities: By Geography



7.8 GW<sub>DC</sub> Opportunity  
Mid-to-Late Stage Only

# Quarterly Income Statement Highlights

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

	Q1 2021A	Q4 2020A	Q1 2020A	QoQ Change	YoY Change
<b>Net sales</b>	<b>\$803</b>	<b>\$609</b>	<b>\$532</b>	<b>\$194</b>	<b>\$271</b>
Gross profit %	23.0%	26.2%	17.0%	(3.2%)	6.0%
Selling, general and administrative	52	63	59	(11)	(7)
Research and development	20	23	26	(3)	(6)
Production start-up	11	17	4	(5)	7
Gain on sales of businesses, net <sup>(2)</sup>	151	-	-	151	151
<b>Operating income</b>	<b>252</b>	<b>58</b>	<b>2</b>	<b>195</b>	<b>251</b>
Income tax (expense) benefit	(46)	66	89	(113)	(136)
<b>Net income</b>	<b>210</b>	<b>116</b>	<b>91</b>	<b>94</b>	<b>119</b>
<b>Net income per share - diluted</b>	<b>1.96</b>	<b>1.08</b>	<b>0.85</b>	<b>0.88</b>	<b>1.11</b>

- (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

# Quarterly Balance Sheet Highlights

<i>(In millions)</i> <sup>(1)</sup>	Q1 2021A	Q4 2020A	Q1 2020A	QoQ Change	YoY Change
Cash and marketable securities <sup>(2)</sup>	\$1,797	\$1,794	\$1,598	3	198
Accounts receivable <sup>(3)</sup>	817	292	411	525	406
Inventories (current and noncurrent)	755	769	662	(13)	93
Property, plant and equipment, net	2,398	2,402	2,244	(4)	154
PV solar power systems, net	236	243	471	(7)	(234)
Project assets - current and noncurrent	291	373	389	(82)	(98)
Assets held for sale <sup>(4)</sup>	-	156	-	(156)	-
<b>Total assets</b>	<b>7,109</b>	<b>7,109</b>	<b>6,949</b>	<b>(0)</b>	<b>160</b>
Long-term debt - current and noncurrent	257	279	472	(22)	(215)
Liabilities held for sale <sup>(4)</sup>	-	26	-	(26)	-
<b>Total liabilities</b>	<b>1,414</b>	<b>1,588</b>	<b>1,781</b>	<b>(174)</b>	<b>(366)</b>
<b>Total stockholders' equity</b>	<b>5,695</b>	<b>5,521</b>	<b>5,169</b>	<b>174</b>	<b>526</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, and restricted cash

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

(4) Assets and liabilities related to the agreement to sell our North American O&M and U.S. Project Development businesses



# 2021 Guidance as of April 29, 2021

	Prior	Current
Net Sales	\$2.85B to \$3.0B	\$2.85B to \$3.025B
Gross Margin (\$) <sup>(1)</sup>	\$710M to \$775M	\$695M to \$775M
Operating Expenses <sup>(2)</sup>	\$285M to \$300M	Unchanged
Operating Income <sup>(3,4)</sup>	\$545M to \$640M	Unchanged
Earnings Per Share	\$4.05 to \$4.75	Unchanged
Net Cash Balance <sup>(5)</sup>	\$1.8B to \$1.9B	Unchanged
Capital Expenditures	\$425M to \$475M	Unchanged
Shipments	7.8GW to 8.0GW	Unchanged



- (1) Includes of \$1 million of related ramp expense (\$5 million to \$10 million previously) and \$40 million of underutilization losses (unchanged)
- (2) Includes \$20 million to \$25 million of production start-up expense (\$15 million to \$20 million previously)
- (3) Includes \$61 million to \$66 million of ramp expense, production start-up expense, and underutilization losses (\$60 million to \$70 million previously)
- (4) Includes a \$151 million pre-tax gain related to the sales of the North American O&M and U.S. project development businesses (\$135 million to \$150 million previously)
- (5) Defined as cash, cash equivalents, marketable securities, and restricted cash less expected debt at the end of 2021

# Summary & Highlights



## Financial

- Q1'21 EPS of \$1.96 per share
- \$1.5 billion net cash<sup>(1)</sup> position
- Module segment gross margin in line with Q1 guidance
- Closed sales of U.S. Project Development and North American O&M businesses
- Reiterate 2021 EPS guidance of \$4.05 to \$4.75



## Manufacturing

- Second Series 6 factory in Malaysia exited ramp period
- Nameplate manufacturing capacity increased in 7.9 GW
- On track to achieve target 11% cost per watt produced reduction between Q4'20 and Q4'21



## Bookings

- Continued success adding to contracted backlog
- Year-to-date net-bookings of 4.8 GW; 2.9 GW of since previous earnings call
- Largely sold out for 2021, have 6.4 GW for potential deliveries in 2022, and 3.0 GW across 2023 and 2024

(1) Defined as cash, cash equivalents, marketable securities, and restricted cash less expected debt at the end of 2021



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