

# FIRST SOLAR Q3'18 EARNINGS CALL

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October 25, 2018



LEADING THE WORLD'S  
SUSTAINABLE ENERGY FUTURE



# IMPORTANT INFORMATION

## Cautionary Note Regarding Forward Looking Statements

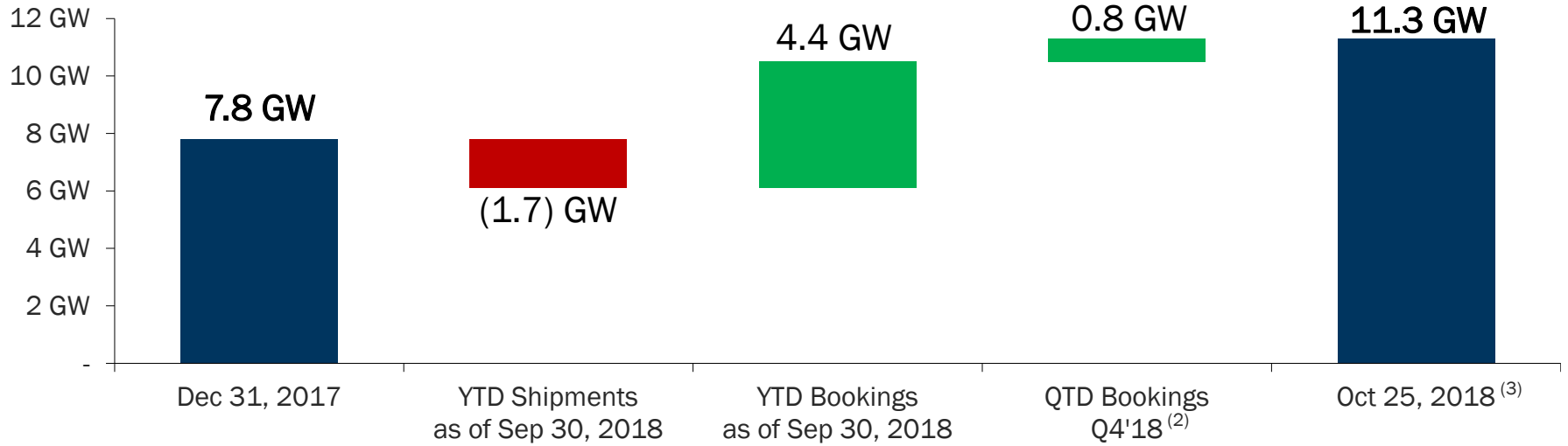
This presentation contains forward-looking statements which are made pursuant to safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements concerning: effects resulting from certain module manufacturing changes and associated restructuring activities; our business strategy, including anticipated trends and developments in and management plans for our business and the markets in which we operate; future financial results, operating results, revenues, gross margin, operating expenses, products, projected costs (including estimated future module collection and recycling costs), warranties, solar module technology and cost reduction roadmaps, restructuring, product reliability, investments in unconsolidated affiliates, and capital expenditures; our ability to continue to reduce the cost per watt of our solar modules; the impact of public policies, such as tariffs or other trade remedies imposed on solar cells and modules; our ability to expand manufacturing capacity worldwide; our ability to reduce the costs to construct photovoltaic (“PV”) solar power systems; research and development (“R&D”) programs and our ability to improve the conversion efficiency of our solar modules; 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: 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; our ability to execute on our long-term strategic plans; our ability to execute on our solar module technology and cost reduction roadmaps; interest rate fluctuations and both our and our customers' ability to secure financing; 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 pending 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 Conditions 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.

# AGENDA

- Business & Technology Update
- Q3'18 Financial Results
- 2018 Guidance
- Q&A



# EXPECTED MODULE SHIPMENTS<sup>(1)</sup> (GW<sub>DC</sub>): SYSTEMS + THIRD-PARTY MODULE

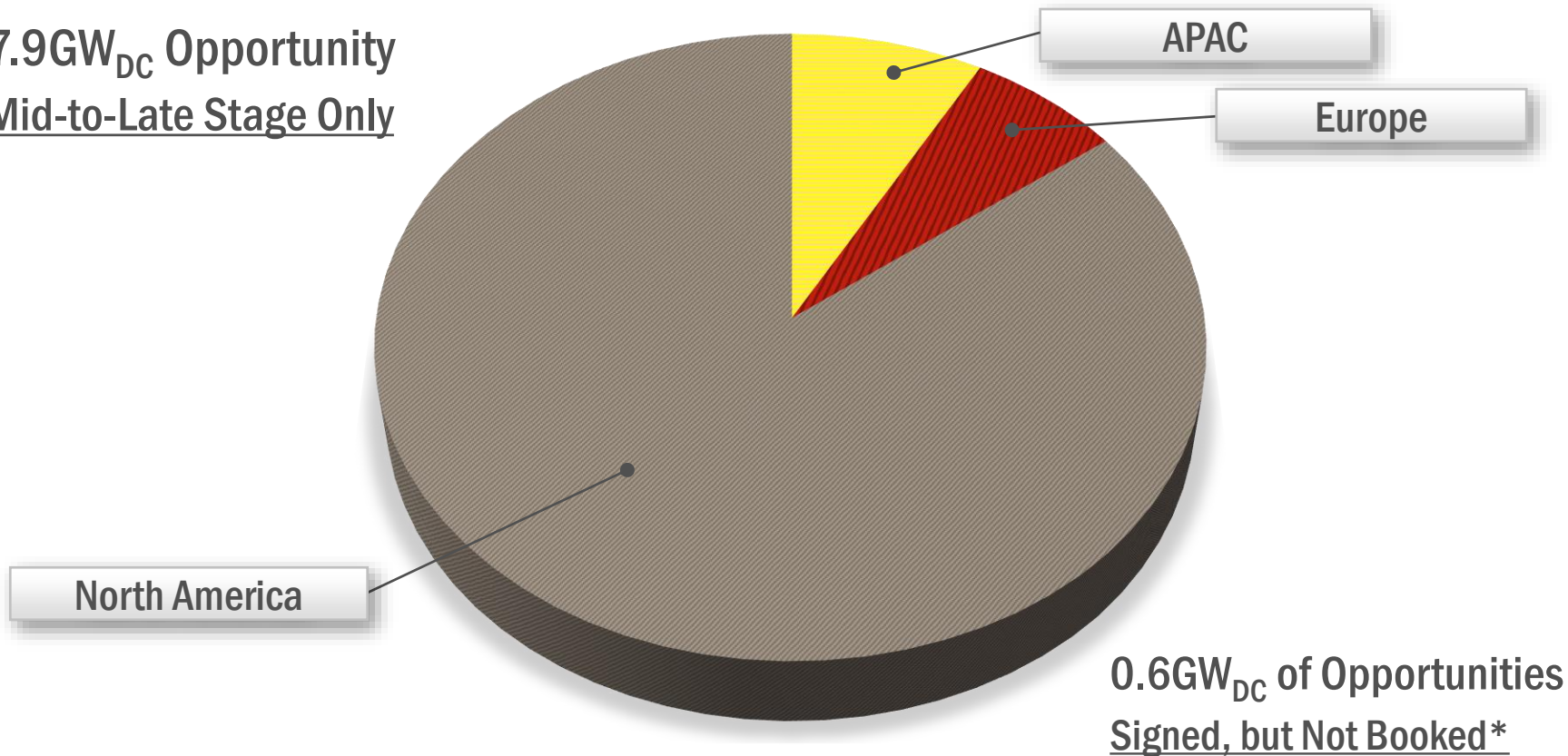


The above table presents the actual module shipments for 2018 through Sep 30, 2018, new module volume bookings through Oct 25, 2018, and the expected module shipments beyond Oct 25, 2018. A module is considered to be shipped when it leaves one of our manufacturing plants. Expected module shipments do 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) Reflects new bookings from Oct 1, 2018 to Oct 25, 2018. Q4 QTD bookings of 0.9GW, reduced by 0.1GW of de-bookings.
- (3) Balance includes remaining shipment volumes as of Sep 30, 2018 and bookings through Oct 25, 2018. Shipments from Oct 1 to Oct 25, 2018 not deducted.

# POTENTIAL BOOKING OPPORTUNITIES: BY GEOGRAPHY

7.9GW<sub>DC</sub> Opportunity  
Mid-to-Late Stage Only



\*0.6GW included in the 7.9GW total

# SERIES 6 MANUFACTURING UPDATE

	Metric	Today (Oct 25)	Prior (Jul 26)	Improvement
Ohio	Throughput*	~90%	~60%	~30%
	Watts/module**	~420	~415	~5 watts/module
	Top bin (watts/module)	~430	~425	~5 watts/module
Malaysia	Throughput*	~75%	~40%	~35%
Vietnam	Throughput*	~35%	No Production	~35%

\*Throughput shown has been demonstrated for periods of time and does not reflect the ability to run at these levels continually.

\*\*Reflects wattage for more than 50% of modules produced at these points in time with anti-reflective coating.



# Q3 2018 FINANCIAL RESULTS

# KEY INCOME STATEMENT DATA

	Q3'18	Q/Q	Y/Y
(in millions, except gross profit % and net loss per share data)			
(Unaudited)			
Net sales	\$676.2	119%	(38)%
Gross profit %	19.1%	21.7 ppt	-7.7 ppt
Selling, general and administrative	33.5	(34)%	(34)%
Research and development	22.4	10%	7%
Production start-up	14.7	(9.7)	2.1
Operating income	58.5	162.1	(148.5)
Other loss, net	(6.0)	(1.6)	(8.0)
Income tax expense	(2.4)	(8.6)	5.2
Equity in earnings, net of tax	(3.2)	(43.3)	(7.2)
Net income	\$57.8	\$106.3	(\$147.9)
Share count - Diluted	106.2	1%	0%
Net loss per share - Diluted	\$0.54	\$1.00	(\$1.41)



# KEY BALANCE SHEET AND CASH FLOW DATA

	Q3'18	Q2'18	Q/Q
(in millions)			
(Unaudited)			
<b>Assets &amp; Liabilities</b>			
Cash, cash equivalents, and marketable securities	\$2,729.9	\$3,134.9	(\$405.0)
Accounts receivable trade, net	141.7	125.4	16.3
Accounts receivable, unbilled and retainage	421.1	177.7	243.4
Inventories — current	296.0	234.2	61.8
Balance of systems parts	51.4	72.4	(21.0)
PV solar power systems, net	310.5	316.6	(6.1)
Project assets — current and noncurrent	492.6	563.3	(70.7)
Restricted cash — current and noncurrent	89.3	73.9	15.4
Equity method investments	3.2	8.1	(4.9)
Long-term debt — current and noncurrent	\$466.1	\$456.3	\$9.8
<b>Cash Flow</b>			
Net cash provided by operating activities	(\$225.2)	\$129.2	(\$354.4)

# 2018 GUIDANCE AS OF OCTOBER 25, 2018

	Prior GAAP	Current GAAP
Net Sales	\$2.5B to \$2.6B	<b>\$2.3B to \$2.4B</b>
Gross Margin (%) <sup>1</sup>	20.5% to 21.5%	<b>18.5% to 19.5%</b>
Operating Expenses <sup>2</sup>	\$390M to \$400M	<b>\$345M to \$355M</b>
Operating Income	\$120M to \$160M	<b>\$90M to \$110M</b>
Earnings Per Share	\$1.50 to \$1.90	<b>\$1.40 to \$1.60</b>
Net Cash Balance <sup>3</sup>	\$2.2B to \$2.4B	<b>\$2.0B to \$2.2B</b>
Operating Cash Flow	\$100M to \$200M	<b>(\$100M) to \$0M</b>
Capital Expenditures	\$800M to \$900M	Unchanged
Shipments	2.8GW to 2.9GW	<b>2.6GW to 2.7GW</b>

1. Includes approximately \$100 million of ramp costs
2. Includes approximately \$90 million of production start-up expense
3. Cash and marketable securities less expected debt at the end of 2018



# Q3'18 SUMMARY & HIGHLIGHTS

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## FINANCIALS:

- Q3'18 Revenue of \$676 million and EPS \$0.54
  - Q3'18 ending Net Cash of \$2.3 billion
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## SERIES 6:

- Start of Series 6 production at Vietnam factory
  - Series 6 throughput improving in Ohio and Malaysia
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## BOOKINGS:

- 5.2GW<sub>DC</sub> booked 2018 YTD
- 1.1GW<sub>DC</sub> booked since prior earnings call
- 7.9GW<sub>DC</sub> of mid-to-late stage opportunities, including 0.6GW<sub>DC</sub> signed



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