



First Solar Q3'23 Earnings Call

October 31, 2023



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. 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: demand for our technology, our business strategy, including anticipated trends and developments in and management plans for our business and the markets in which we operate; our ability to upgrade and expand manufacturing capacity worldwide, including investment in new U.S. manufacturing facilities; increased research and development (“R&D”) programs and investment; a new Series 7 product, including module/day capacity and top production bin; results of our Copper Replacement (“CuRe”) program; the production of bifacial modules; our financial guidance for 2023, including future financial results, operating results, net sales, gross margin, gross profit, gross loss, operating expenses, operating income, earnings per share, loss per share, net cash balance, capital expenditures, gain on sale of businesses, net, tax expense, after-tax gain on sale of businesses, non-operating income, income (loss) before taxes, net income, net loss, and implied loss per share; volume sold, bookings, booking opportunities, expected module shipments; products and our business and financial objectives for 2023; the availability of benefits under certain production linked incentive programs; the impact of the Inflation Reduction Act of 2022 (the “IRA”) including the total advanced manufacturing production credit available to us under Section 45X of the Internal Revenue Code; the ability of our updated contracting structure to provide ASP upsides and gross margin risk mitigation and a meaningful benefit to our current contracted backlog ASPs; our energy yield; our expectations regarding investment in the expansion of our domestic and international capacity and the dedicated R&D innovation center; our expectations regarding our work with partners; and our belief about recently passed legislation.

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,” “contingent” 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 our forward-looking statements. These factors include, but are not limited to: structural imbalances in global supply and demand for PV solar modules; our competitive position and other key competitive factors; the market for renewable energy, including solar energy and renewable energy projects; the reduction, elimination, expiration or introduction 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; the passage of legislation intended to encourage renewable energy investments through tax credits, such as the IRA, the impact of the IRA on our expected results of operations in future periods, which may be affected by technical guidance, regulations, subsequent amendments or interpretations of the law; interest rate fluctuations and both our and our customers’ ability to secure financing; changes in the exchange rates between the functional currencies of our subsidiaries and other currencies in which assets and liabilities are denominated; our ability to execute on our long-term strategic plans; the loss of any of our large customers, or the ability of our customers and counterparties to perform under their contracts with us; our ability to execute on our solar module technology and cost reduction roadmaps; our ability to improve the wattage of our solar modules; our ability to incorporate technology improvements into our manufacturing process, including the production of bifacial solar modules and the implementation of our Cure program; our ability to avoid manufacturing interruptions, including during the ramp of our Series 7 modules manufacturing facilities; the satisfaction of conditions precedent in our sales agreements; our ability to attract new customers and to develop and maintain existing customer and supplier relationships; 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 arising from and results of pending litigation; future collection and recycling costs for solar modules covered by our module collection and recycling program; supply chain disruptions, including demurrage and detention charges; 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 research and development; the supply and price of components and raw materials, including CdTe; our ability to construct production facilities to support product lines, including Series 6 and Series 7 module manufacturing; our ability to attract and retain key executive officers and associates; the severity and duration of public health threats (including pandemics such as COVID-19), and the potential impact on our business, financial condition, and results of operations; 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.

Third Quarter 2023 Update



Demand

- Year to date bookings of 27.8 GW; 6.8 GW since previous earnings call
- Total bookings backlog of 81.8 GW extending through 2030
- Total bookings opportunities of 65.9 GW; 32.5 GW mid-to-late stage



Series 6 ⁽¹⁾

- 2.5 GW produced
- 475 watt top bin, 469 watt average bin
- 98% manufacturing yield



Series 7

- 721 MW produced in third quarter, 1.3 GW produced year to date ⁽¹⁾
- Ohio facility demonstrated 15,000 module/day capability and top module wattage of 550
- India facility demonstrated 12,000 module/day capability and top module wattage of 535



Financial

- Q3 2023 diluted EPS of \$2.50
- Q3 2023 gross cash⁽²⁾ of \$1.8 billion, net cash⁽³⁾ of \$1.3 billion

1) Data from July 1, 2023 through September 30, 2023

2) Defined as cash, cash equivalents, marketable securities, restricted cash and restricted cash equivalents

3) Defined as gross cash less debt

Facilities Update

India

Construction complete

First deliveries expected by year end 2023



Louisiana

Expected 2025



Alabama

Expected 2024

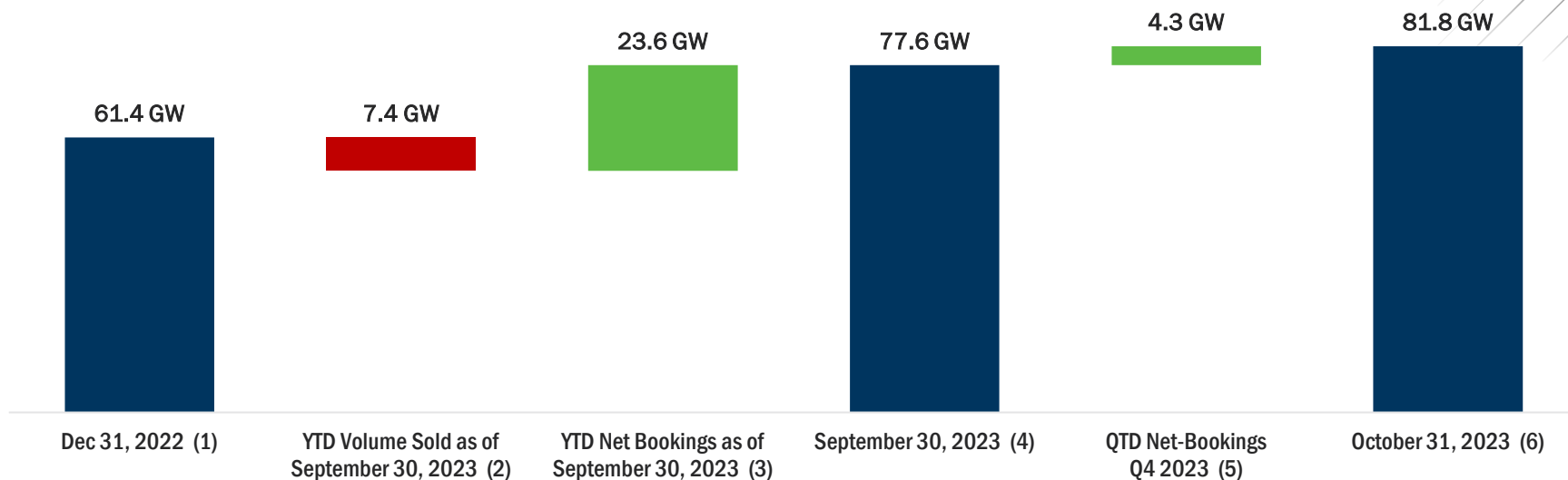


Ohio Expansion and R&D Facility

Expected 2024



Expected Module Volume Sold (GW):



The table above presents our expected module volume sold.

(1) Backlog as of December 31, 2022

(2) Volume sold from January 1, 2023 to September 30, 2023

(3) Net-bookings from January 1, 2023 to September 30, 2023

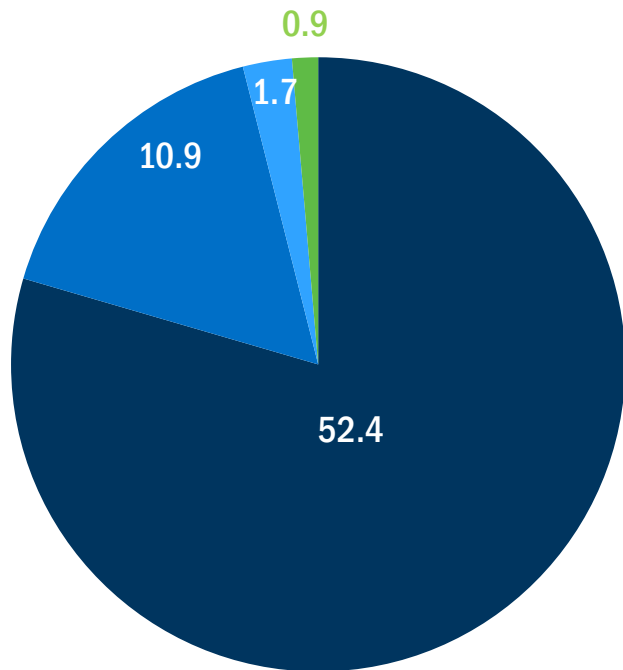
(4) Backlog as of September 30, 2023

(5) Net-bookings from October 1, 2023 to October 31, 2023

(6) Backlog as of September 30, 2023 and net-bookings through October 31, 2023. Volume sold from October 1, 2023 to October 31, 2023 not deducted

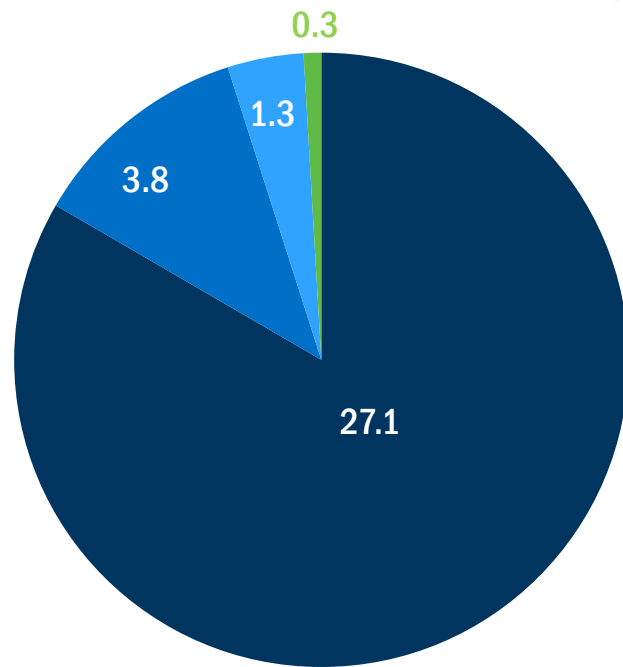
Potential Booking Opportunities

Total bookings opportunities



65.9 GW Opportunity

Mid-to-Late stage opportunities



32.5 GW Opportunity

5.1 GW
of opportunities
confirmed,
but not booked

Income Statement Highlights

(In millions, except per share amounts)⁽¹⁾

	Q3 2023A	Q2 2023A	Q3 2022A	QoQ Change	YoY Change
Net sales	\$801	\$811	\$629	(\$10)	\$172
<i>Gross profit %</i>	47.0%	38.3%	3.3%	8.7%	43.6%
Selling, general and administrative	50	46	46	4	4
Research and development	41	37	29	4	12
Production start-up	12	23	20	(11)	(8)
Litigation loss	-	36	-	(36)	-
Gain on sales of businesses, net ⁽²⁾	-	-	6	-	(6)
Operating income (loss)	273	169	(68)	104	341
Income tax (expense) benefit	(22)	(18)	13	(4)	(35)
Net income (loss)	268	171	(49)	98	318
Net income (loss) per share - diluted	2.50	1.59	(0.46)	0.91	2.96

(1) Actual, QoQ, and YoY amounts rounded to the nearest million and may not tie due to rounding

(2) Reflects gain associated with the sales of our international O&M operations

Balance Sheet Highlights

Q3 2023A

<i>(In millions)</i> ⁽¹⁾	Q3 2023A	Q2 2023A	Q3 2022A	QoQ Change	YoY Change
Cash and marketable securities ⁽²⁾	\$1,840	\$1,899	\$1,937	(59)	(97)
Accounts receivable ⁽³⁾	787	668	361	119	427
Inventories - current and noncurrent	1,144	1,032	1,064	112	80
Property, plant and equipment, net	4,073	4,020	3,124	53	949
Total assets	9,583	8,997	7,493	585	2,090
Deferred revenue - current and noncurrent	1,722	1,547	584	174	1,138
Long-term debt - current and noncurrent	499	437	260	62	240
Total liabilities	3,280	2,958	1,664	323	1,616
Total stockholders' equity	6,302	6,040	5,828	263	474

(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, restricted cash and restricted cash equivalents

(3) Includes accounts receivable trade, net and unbilled

2023 Guidance as of October 31, 2023 ⁽¹⁾

	Prior	Current
Net Sales	\$3.4B to \$3.6B	Unchanged
Gross Margin (\$) ⁽²⁾	\$1.2B to \$1.3B	Unchanged
Operating Expenses ⁽³⁾	\$450M to \$475M	\$440M to \$470M
Operating Income ⁽⁴⁾	\$745M to \$870M	\$770M to \$870M
Earnings Per Share	\$7.00 to \$8.00	\$7.20 to \$8.00
Net Cash Balance ⁽⁵⁾	\$1.5B to \$1.8B	Unchanged
Capital Expenditures	\$1.7B to \$1.9B	Unchanged
Volume Sold	11.8GW to 12.3GW	Unchanged



- (1) The guidance figures presented are forward-looking statements that are subject to a variety of assumptions and estimates, including with respect to certain factors related to the Inflation Reduction Act of 2022. Among other things, such factors include (i) the total advanced manufacturing production benefits available to us under Section 45X of the Internal Revenue Code, and (ii) the timing and ability to monetize such benefits
- (2) Includes \$110 to \$120 million of ramp and underutilization costs and \$670 to \$700 million of Section 45X tax benefits
- (3) Includes \$75 to \$85 million of production start-up expenses, and \$36 million of litigation losses
- (4) Includes \$185 to \$205 million of production start-up expenses, ramp and underutilization costs, \$36 million of litigation losses, and \$670 to \$700 million of Section 45X tax benefits
- (5) Defined as cash, cash equivalents, marketable securities, restricted cash, and restricted cash equivalents less expected debt at the end of 2023

Summary and Highlights



Demand

- Year to date bookings of 27.8 GW
- Total contracted backlog of 81.8 GW extending through 2030



Manufacturing & Technology

- Record Q3 production of 3.2 GW, including 721 MW of new Series 7 technology
- India manufacturing facility commenced production
- Alabama, Louisiana and Ohio expansions, and R&D facility construction on schedule



Financial

- Q3 2023 diluted EPS of \$2.50
- Q3 2023 gross cash⁽¹⁾ of \$1.8 billion, net cash⁽²⁾ of \$1.3 billion
- Maintain full-year 2023 revenue guidance and raise mid-point of EPS from \$7.50 to \$7.60

(1) Defined as cash, cash equivalents, marketable securities, restricted cash and restricted cash equivalents

(2) Defined as gross cash less debt



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