

First Solar Inc.

Nur zur internen Verwendung

First Solar stands as a leading American solar technology firm and a worldwide supplier of PV solar energy solutions. It specializes in crafting, producing, and marketing photovoltaic (PV) solar modules with cutting-edge thin film semiconductor technology (cadmium telluride modules). These modules offer a high-performance, eco-friendly alternative to traditional crystalline silicon PV solar modules. In addition to its core business of module production, the company engages in project development, operations and maintenance services, and the sale of PV solar power systems to third-party customers. Its customers include developers, utilities, independent power producers, commercial and industrial companies, and other system owners. Founded in 1999, First Solar has established itself as a leader in the solar energy industry, constantly innovating to meet the evolving needs of its markets. With a strong emphasis on high-performance and environmentally sustainable solutions, First Solar continues to play a significant role in advancing solar technology globally.

SUMMARY

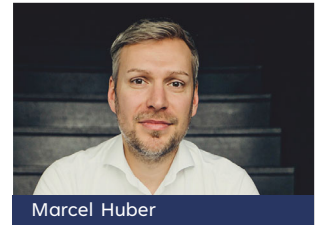
Equity

Bloomberg	FSLR
Country Of Origin	US
Currency	USD
Sector	Information Technology
Industry	Semiconductors & Equipment
Outlook	Positive
Investment Strategy	Buy

Investment Case

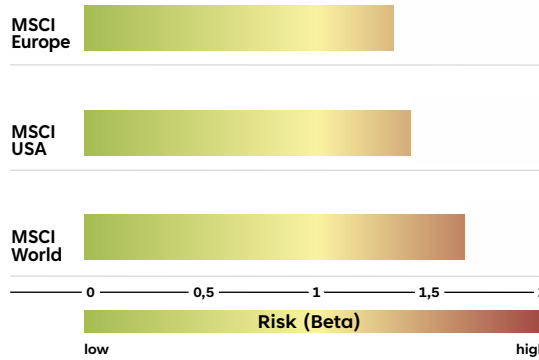
QUALITY
VALUE
GROWTH
MOMENTUM
CONTRARIAN

Analyst

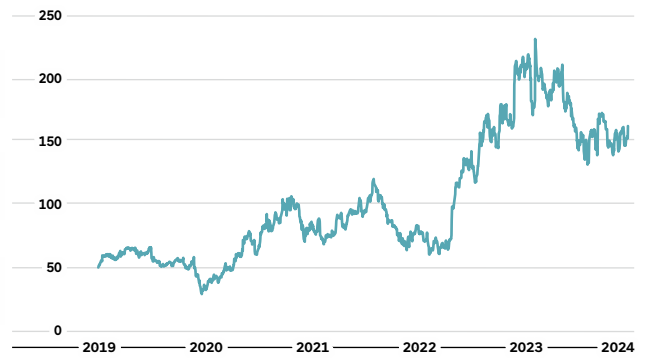


RISK & PERFORMANCE

Beta risk for First Solar Inc. - Class A (1 year)



First Solar Inc. - Class A Share Price (USD)



Source: Bloomberg

MAIN DRIVERS

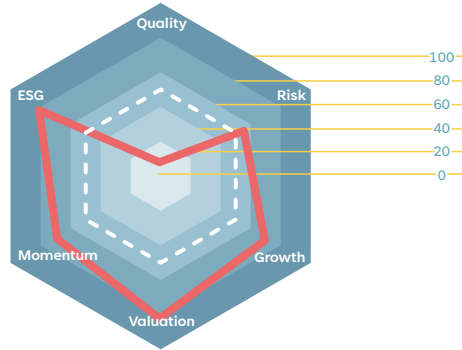
Solar panel production is crucial for transitioning to sustainable energy sources and reducing reliance on fossil fuels, thereby mitigating climate change. First Solar plays a pivotal role in this industry due to its expertise in developing advanced thin film semiconductor technology, which offers a more efficient and environmentally friendly alternative to conventional solar modules. By focusing on innovation and sustainability, First Solar contributes significantly to expanding access to clean energy and driving the adoption of solar power worldwide.

KEY POINTS

- First Solar is the largest solar PV manufacturer in the western hemisphere and generates high margins.
- 1Q24 production was at record level with 3.6 GW output.
- New facilities will further expand production capacity.
- Strong commitment to sustainable production and clean energy supply.
- Strategic push back of US and EU against Chinese and Southeast Asian modules which come at dumping prices.

FUNDAMENTAL AND QUANTITATIVE ANALYSIS

First Solar Inc. - Class A



In our fundamental and quantitative analysis, we use specialized data sources such as Bloomberg, ISS Datadesk, and HOLT Lens. In a proprietary process, we calculate six relevant characteristics for each stock title: Quality, Risk, Growth, Valuation, Momentum, and ESG. Each of these characteristics is in turn composed of several relevant factors. For example, the risk is calculated from the five metrics: Short-term volatility 90-days, Long-term volatility 5-years, Long-term beta 5-years, maximum draw-down 2-years, CvaR 5-years.

For the actual calculation, all data and factors are normalized, transformed, and exclusively compared to their peer group. The average of the peer group always receives a value of 50 (white hexagon in the left graphic).

SWOT ANALYSIS

Credit Positives

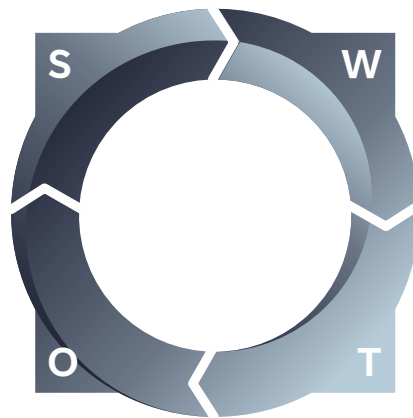
(Strength & Opportunities)

- Global technology leader in the PV manufacturing industry.
- First Solar is the only US-headquartered company among the world's 10 largest module producers, which is important in terms of global competition. There is a strong political commitment for the industry in the US.
- Global production, especially in India is rising.
- High R&D-spending (1.5bn USD so far) protect competitive advantage.
- Responsible production of ecologically efficient solar modules

Credit Negatives

(Weakness & Threats)

- The company generates almost 85% of its sales in the US and is dependent on the political and macro-economical environment in the United States.
- High dependency on raw materials and their availability in a global context.



- First Solar aims for a global annual installed capacity of 25 GW from 2026 on.
- New facilities will start to produce soon in Alabama (2024) and Louisiana (2025).
- Huge order backlog will bolster volatility and could lead to windfall profits.
- USA and Europe push back against Chinese solar manufacturers and the strategic use of structural overcapacity.

- Very competitive environment in the solar industry with large global players and political involvement.
- Structural production overcapacity in China drives volatility (861 GW of capacity vs. worldwide deployment of 390 GW in 2023). Capacity in China is still expected to expand significantly even though utilization rates of factories are below 25%.
- Modules from Southeast Asia are imported to the US and often sold below production costs in a hot competition environment.

NEWS

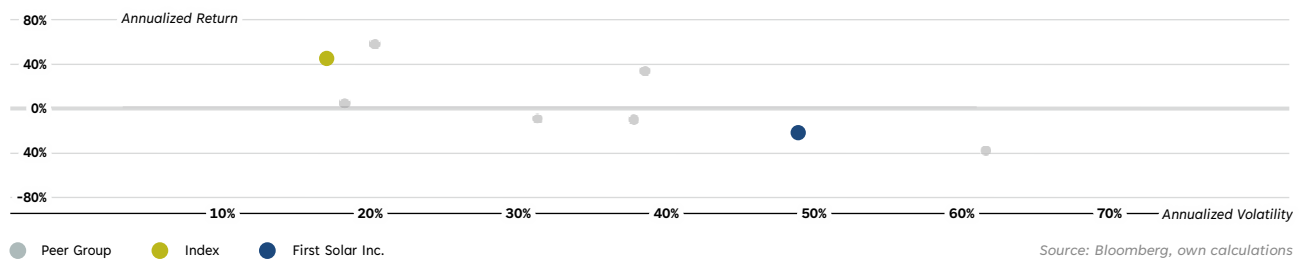
1Q24 Earnings have been reported on 01.05.2024:

First Solar presented a weaker quarter, as expected:

- Net sales for the first quarter were 794mn USD (-400mn USD vs. prior quarter). The decrease was driven by an expected historical/seasonal reduction in volumes.
- Diluted EPS of 2.20 USD, compared to 3.25 USD in 4Q23.
- Cash reduced by debt decreased to 1.4bn USD from 1.6bn USD at the end of the prior quarter. This was driven by capital expenditures related to manufacturing capacity expansions in Alabama, Louisiana and Ohio.
- Bookings of 2.7 GW at ASP of 31.3 cents per watt in 2024 so far.
- Backlog of 78.3 GW extending through 2030.
- Stable gross margin of 43.6% vs 43.3% in 4Q23.
- Full year guidance remains broadly unchanged, except for CapEx (100mn USD up) and Cash (300mn USD down). 2024 P&L guidance is confirmed.

COMPETITORS

Risk-Return: First Solar Inc. - Class A vs. Peer Group (1 year)



Name	Symbol	Country	Market Cap. (bn) [USD]	CFROI	P/E Multiple, Economic	Leverage (Economic)	Sales Growth % LFY	Gross Profit Margin % LFY	Operating Margin % LFY	Price/Book LFY
FIRST SOLAR INC	FSLR	USA	20.47	15.99	16.63	4.27	26.70	28.97	21.55	2.77
CANADIAN SOLAR INC	CSIQ	USA	1.08	3.04	22.49	77.88	41.53	20.03	8.17	1.06
MAXEON SOLAR TECH LTD	MAXN	USA	0.12	-0.01	-6.52	80.45	35.34	2.21	-6.55	16.58
JA SOLAR TECHNOLOGY CO LTD	002459	CHN	6.46	7.08	15.6	44.76	76.72	18.35	14.72	5.17
ENPHASE ENERGY INC	ENPH	USA	15.53	8.85	78.81	9.34	-1.72	49.17	33.48	18.16
TONGWEI COMPANY LIMITED	600438	CHN	13.49	7.44	17	33.46	124.32	41.40	34.29	2.94
SOLAREEDGE TECHNOLOGIES INC	SEDG	USA	3.45	-0.01	-29.71	26.66	-4.30	27.51	17.77	2.22

Source: HOLT Lens, own calculations

ESG

Rating Summary

Rating	Performance Score	Decile Rank	Trend	Transparency Level	Prime Status
B+	76.09	1	■	Very High	Prime

Assessments

Overall Assessment	GREEN	Overall Score	1	Total Number of Assessments	0 0 0
					Red Amber Green

UN Global Compact Pillars

Human Rights	Labor Rights	Environment	Anti-Corruption
GREEN	GREEN	GREEN	GREEN
0 Assessments	0 Assessments	0 Assessments	0 Assessments

Source: ISS ESG

IMPACT CASE

First Solar Inc. - Class A

Theme:	Increasing the share of renewable energies
SDG Impact Rating:	10.0
EU Taxonomy Est.Eligible Revenue:	100%
Coverage ISS:	Yes
Coverage Bloomberg:	Yes

The production of solar panels is an important component for facilitating the shift towards sustainable energy sources. First Solar established the Guiding Principles of Responsible Solar – encompassing its approach to employee welfare, environmental stewardship, and business operations. Those principles are setting a standard for the industry as a whole.

KEY RISKS

Safety of employees, contractors and suppliers is a key risk in the production of solar panels in large scale. Furthermore the treatment of hazardous waste is not described in detail, but the use of substances of very high concern as determined by EU REACH has been restricted. Sustainable production and responsible sourcing of raw materials are also important risk factors.

KEY POSITIVES

- Very positive contribution to SDG 7 - Affordable & Clean Energy and SDG 13 Climate Action.
- Alle stages of manufacturing are entirely conducted in-house accompanied by transparent reporting.
- Established group-wide certified health and safety management system, suppliers are required to adhere with the RBA code of conduct.
- Science-based net zero target: Achieve net-zero GHG emissions by 2050, relative to 2020.
- Target to reduce absolute scope 1 and scope 2 GHG emissions by 34% by 2028 and 95% by 2050, from a 2020 baseline. Comprehensive targets for scope 3 reduction are also in place.

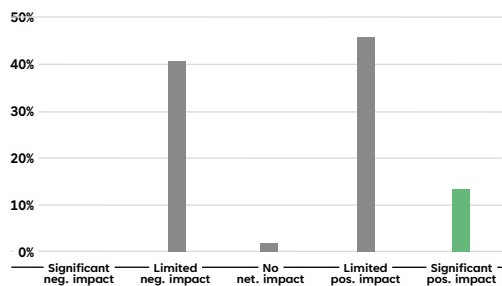
IMPACT MEASUREMENT

Sold products and order backlog together will reduce CO2e-emissions by 83mn metric tons per year over the product lifetime (according to 2023 figures). Reduction of the carbon footprint of the ultra-low carbon solar panels by up to ~70% by 2028 relative to 2020. In 2023 there was an 11% lower GHG emissions intensity, 28% lower manufacturing waste intensity and 20% lower water intensity compared to 2021 (lowest numbers in industry). Target is to achieve net zero emissions by 2050.

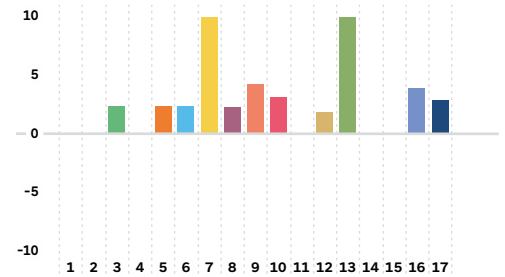
Impact Rating



Distribution Ratings (113 companies in the industry)



Goal Level Impact



- 1 No Poverty
- 2 Zero Hunger
- 3 Good Health & Well Being
- 4 Quality Education
- 5 Gender Equality
- 6 Clean Water & Sanitation
- 7 Affordable & Clean Energy
- 8 Decent Work & Economic Growth
- 9 Industry, Innovation & Infrastructure
- 10 Reduced Inequalities
- 11 Sustainable Cities & Communities
- 12 Consumption & Production
- 13 Climate Action
- 14 Life Below Water
- 15 Life on Land
- 16 Peace, Justice & Strong Institutions
- 17 Partnerships for the Goals

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