# First Solar Announces Second Quarter 2011 Financial Results

- **Net Sales $533 million**
- **EPS $0.70 per fully diluted share**
- **2011 EPS guidance of $9.00 - $9.50 per fully diluted share**

TEMPE, Ariz.--(BUSINESS WIRE)-- First Solar, Inc. (Nasdaq: FSLR) today announced its financial results for the second quarter of 2011. Net sales were $533 million in the quarter, a decrease of $34.5 million from the first quarter of 2011, primarily due to lower average selling prices (ASPs) as solar photovoltaic (PV) policy uncertainties in Italy, Germany and France adversely impacted demand in the second quarter. Quarterly net sales decreased from $588 million in the second quarter of 2010, primarily due to lower ASPs and a decrease in revenue recognized by the systems business, partially offset by higher module volume.

Second quarter net income per fully diluted share was $0.70, down from $1.33 in the first quarter of 2011 and $1.84 in the second quarter of 2010. Quarter over quarter, the net income decrease was primarily driven by lower ASPs and a higher tax rate, partially offset by higher volume sold. Year over year, the net income decrease was principally driven by lower ASPs and increased investment in the Utilities Systems Business and research and development.

"First Solar continued to execute in the quarter despite a challenging European market, and our 2011 outlook remains solid due to our differentiated and resilient business model," said Rob Gillette, CEO of First Solar. "We expect stronger performance in the second half of 2011 as we build projects from our systems pipeline, develop promising new markets, execute our cost reduction roadmaps and continue to improve module efficiencies."

First Solar's updated 2011 guidance is as follows:

- Net sales of $3.6 to $3.7 billion
- Operating Income of $900 to $960 million
- Effective tax rate 13% to 15%
- Earnings per fully diluted share of $9.00 to $9.50
- $35 to $40 million of manufacturing start-up expenses and $8 to $10 million of factory ramp costs
- Total capital spending of $800 to $900 million
- Operating cash flow of $500 to $600 million

First Solar will discuss these results and the outlook for 2011 in a conference call scheduled for today at 4:30 p.m. EDT. Investors may access a live audio webcast of this conference call and the earnings call presentation, which includes guidance for 2011 and additional details regarding the key assumptions relating to this guidance, in the Investors section of the Company's website at www.firstsolar.com.

An audio replay of the conference call will also be available approximately two hours after the conclusion of the call. The audio replay will remain available until August 9, 2011 at 7:30 p.m. EDT and can be accessed by dialing 888-203-1112 if you are calling from within the United States or 719-457-0820 if you are calling from outside the United States and entering the replay pass code 6647385. A replay of the webcast will be available on the Investor section of the Company's web site approximately two hours after the conclusion of the call and remain available for approximately 90 calendar days.

**About First Solar, Inc.**

First Solar manufactures solar modules with an advanced semiconductor technology, and is a premier provider of comprehensive photovoltaic (PV) system solutions. The company is delivering an economically viable alternative to fossil-fuel generation today. From raw material sourcing through end-of-life collection and recycling, First Solar is focused on creating value-driven renewable energy solutions that protect and enhance the environment. For more information about First Solar, please visit www.firstsolar.com.

**For First Solar Investors**

This release contains forward-looking statements which are made pursuant to the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934. The forward-looking statements in this release do not constitute guarantees of future performance. Those statements involve a number of factors that could cause actual results to differ materially, including risks associated with the company's business involving the company's products, their development and distribution, economic and competitive factors and the company's key strategic relationships and other risks detailed in the company's filings with the Securities and Exchange Commission. First Solar assumes no obligation to update any forward-looking information contained in this press release or with respect to the announcements described herein.

**FIRST SOLAR, INC. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
**(In thousands, except per share amounts)**
**(Unaudited)**

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | June 30, 2011 | June 26, 2010 | June 30, 2011 | June 26, 2010 |
| Net sales | $ 532,774 | $ 587,854 | $1,100,067 | $1,155,815 |
| Cost of sales | 337,976 | 303,660 | 645,604 | 589,585 |
| Gross profit | 194,798 | 284,194 | 454,463 | 566,230 |
| Operating expenses: | | | | |
| Research and development | 33,102 | 22,836 | 64,453 | 45,724 |
| Selling, general and administrative | 86,872 | 78,597 | 173,872 | 145,461 |
| Production start-up | 10,294 | 2,288 | 22,225 | 3,431 |
| Total operating expenses | 130,268 | 103,721 | 260,550 | 194,616 |
| Operating income | 64,530 | 180,473 | 193,913 | 371,614 |
| Foreign currency gain (loss) | 1,659 | (2,625) | 2,609 | (3,321) |
| Interest income | 3,417 | 3,035 | 6,440 | 8,683 |
| Interest expense, net | — | (6) | — | (6) |
| Other income (expense), net | 2,351 | (439) | 2,002 | (1,173) |
| Income before income taxes | 71,957 | 180,438 | 204,964 | 375,797 |
| Income tax expense | 10,819 | 21,395 | 27,858 | 44,409 |
| Net income | $ 61,138 | $ 159,043 | $ 177,106 | $ 331,388 |
| Net income per share: | | | | |
| Basic | $ 0.71 | $ 1.87 | $ 2.07 | $ 3.91 |
| Diluted | $ 0.70 | $ 1.84 | $ 2.03 | $ 3.84 |
| Weighted-average number of shares used in per share calculations: | | | | |
| Basic | 86,164 | 84,852 | 85,746 | 84,679 |
| Diluted | 87,126 | 86,401 | 87,092 | 86,247 |

**FIRST SOLAR, INC. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED BALANCE SHEETS**
**(In thousands, except share data)**
**(Unaudited)**

| | June 30, 2011 | December 31, 2010 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 357,477 | $ 765,689 |
| Marketable securities and investments | 106,966 | 167,889 |
| Accounts receivable trade, net | 541,977 | 305,537 |
| Accounts receivable, unbilled | 63,677 | 1,482 |
| Inventories | 322,995 | 195,863 |
| Balance of systems parts | 33,656 | 4,579 |
| Project assets | 145,379 | — |

| | | |
|---|---|---|
| Deferred tax assets, net | 3,590 | 388 |
| Prepaid expenses and other current assets | 260,514 | 143,033 |
| Total current assets | 1,836,231 | 1,584,460 |
| Property, plant and equipment, net | 1,727,993 | 1,430,789 |
| Project assets | 309,688 | 320,140 |
| Deferred tax assets, net | 268,243 | 259,236 |
| Marketable securities | 50,996 | 180,271 |
| Restricted cash and investments | 174,698 | 86,003 |
| Goodwill | 458,808 | 433,288 |
| Inventories | 42,713 | 42,728 |
| Other assets | 69,862 | 43,488 |
| Total assets | $4,939,232 | $ 4,380,403 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 189,875 | $ 82,312 |
| Income taxes payable | 36,493 | 16,831 |
| Accrued expenses | 242,250 | 244,271 |
| Current portion of long-term debt | 28,334 | 26,587 |
| Other current liabilities | 94,917 | 99,676 |
| Total current liabilities | 591,869 | 469,677 |
| Accrued solar module collection and recycling liability | 176,644 | 132,951 |
| Long-term debt | 332,492 | 210,804 |
| Other liabilities | 156,689 | 112,026 |
| Total liabilities | 1,257,694 | 925,458 |
| Stockholders' equity: | | |
| Common stock, $0.001 par value per share; 500,000,000 shares authorized; 86,290,962 and 85,843,511 shares issued and outstanding at June 30, 2011 and December 31, 2010, respectively | 86 | 86 |
| Additional paid-in capital | 1,878,429 | 1,815,420 |
| Contingent consideration | — | 1,118 |
| Accumulated earnings | 1,842,670 | 1,665,564 |
| Accumulated other comprehensive loss | (39,647) | (27,243) |
| Total stockholders' equity | 3,681,538 | 3,454,945 |
| Total liabilities and stockholders' equity | $4,939,232 | $ 4,380,403 |

**First Solar, Inc.**
**Investors:**
Mark Widmar
Chief Financial Officer
602-414-9315
Investor@firstsolar.com
or
Larry Polizzotto
Vice President Investor Relations
602-414-9315
LPolizzotto@firstsolar.com
or
**Media:**
First Solar—USA
Ted Meyer or Alan Bernheimer
602-414-9361
media@firstsolar.com
or
First Solar—Europe
Brandon Mitchener
+49 (0) 6131 1443-399
media-emea@firstsolar.com

Source: First Solar, Inc.

News Provided by Acquire Media