

# First Solar (FSLR) – Long PT: \$142.57



Today's Price: \$106.60  
 Dividend Yield: 0%  
 Market Cap: \$10.5B  
 Industry: Solar Energy  
 Headquarters: Tempe, AZ

*Short term supply chain headwinds and investments into business processes, long term value in the midst of a switch to solar energy*

### Business Overview

First Solar is the leading global provider of PV solar energy modules, and the largest thin film PV manufacturer in the world. They focus on regions with high solar resources and significant projected energy demand.

**Business Segments:** PV Solar Modules & Power Plant Solutions

**ESG Rating:** AA

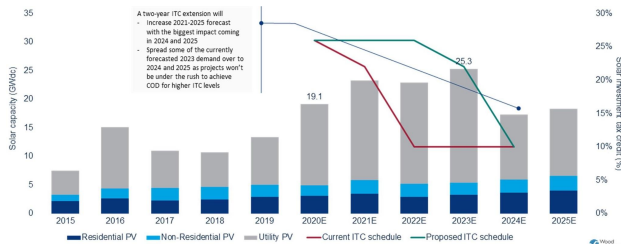
### Thesis Points

- 1. U.S. Government has been increasing support for solar power:** Many states have been enacting new laws that are increasing solar energy usage while decreasing coal, oil, and gas consumption. In addition to this, the Solar Investment Tax Credit is a newer federal tax incentive to encourage the usage of solar energy in the U.S. This applies to commercial and residential solar projects. The ITC ties into Biden's Build Back Better Plan which is incentivizing usage of solar power within home while supporting companies like First Solar through government loans/grants.
- 2. First Solar's panels are of the highest quality:** First Solar's panels are more reusable, durable, stronger, and have higher energy yields than competitors. FSLR's panels also use thin film CdTe which is considerably cheaper and more eco-friendly supporting the average consumer and sponsoring higher in-home usage of their solar panels.
- 3. Solar Industry demand is growing and First Solar is growing alongside it:** The growing demand for solar panels can be seen in the increasing total addressable market of which, in the last decade alone, solar energy has experienced an average annual growth rate of 42%. A large portion of this growth is seen in the U.S. which is also where First Solar reflects 68% of their revenues. To complement this, First Solar is opening new plants in both Ohio and India with goals of utilizing the lowest cost per watt produced and increasing global usage of sustainable solar energy .



### Industry Overview

First Solar is the only of the world's top 10 solar module manufacturers based in the US, and is destined to play a major role in the US administration's transition towards decarbonizing the energy supply. The industry is expected to double in capacity from 2020 to 2025, with the price of PV solar systems dropping to level competitive with wholesale prices of electricity. The current Bipartisan Infrastructure Deal and US Clean Energy Resolution are cutting the costs of installing solar panels, investing over \$46 billion in clean energy manufacturing. President Biden's 2035 clean electricity goal is also expected to boost the solar market, with deployment expected to accelerate from 3% of generation to 40% by 2035. The PV solar energy market is expected to capitalize on these trends to continue growing in domestic and international markets.



### Additional Commentary – Valuation/Risks/News

**Valuation:** We used the expected opening of a factory in India and Ohio in 2023, expecting to double capacity. With investments into opening the factory and in its products in the past few years, First Solar will be ready to take on the increased demand into the solar energy industry, as a competitive force

**Risks:** Land Acquisition becoming harder, Supply Chain Issues, Tariff Reduction increasing Chinese competition

