

FIRST SOLAR Q3'17 EARNINGS CALL

October 26, 2017



IMPORTANT INFORMATION

Forward Looking Statements

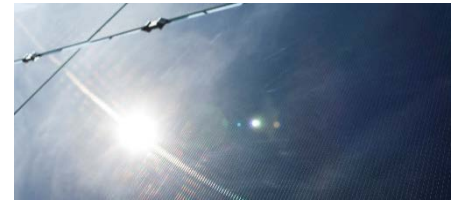
This presentation contains forward-looking statements which are made pursuant to safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements, among other things, concerning effects on our financial statements and guidance resulting 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 anticipated module shipments; our anticipated bookings opportunities by stage and geography; 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 PV solar power systems; research and development programs and our ability to improve the conversion efficiency of our solar modules; sales and marketing initiatives; 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. The forward-looking statements in this presentation are based on current information and expectations, are subject to uncertainties and changes in circumstances, and do not constitute guarantees of future performance. Those statements involve a number of factors that could cause actual results to differ materially from those statements, including the risks as described in First Solar, Inc.'s ("First Solar" or the "Company") most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and other filings with the Securities and Exchange Commission. First Solar assumes no obligation to update any forward-looking information contained in this presentation or with respect to the announcements described herein.

Non-GAAP Financial Measures

This presentation includes the presentation and discussion of certain financial information that differs from what is reported under generally accepted accounting principles in the United States ("GAAP"). These non-GAAP financial measures include non-GAAP earnings per fully diluted share ("EPS"), free cash flow, adjusted operating expenses, adjusted operating income and non-GAAP guidance for EPS, operating expenses and operating income. See the Appendix for a reconciliation of each of these non-GAAP financial measures to its most directly comparable GAAP measure and further information regarding such measures. Investors and other readers should consider non-GAAP measures only as supplements to, not as substitutes for or superior to, measures of financial performance prepared in accordance with GAAP.

AGENDA

- Business & Technology Update
- Q3'17 Financial Results
- 2017 Guidance
- Q&A

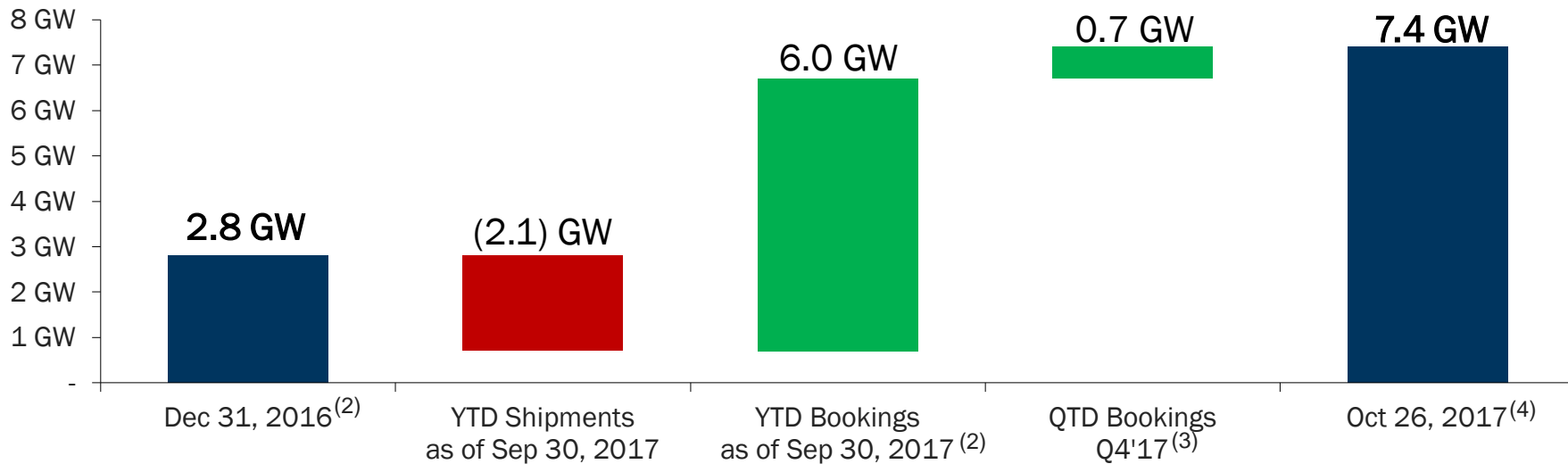


SERIES 6 MANUFACTURING MILESTONES

Milestone	Ohio	Status	Malaysia #1	Status
Series 4 Production Stop	Q4'16 (4 lines)	✓	Q2'17 (8 lines)	✓
Series 6 Major Tools Ordered from Suppliers	Q1'17	✓	Q2'17	✓
Begin Series 6 Tool Installation	Q3'17	✓	Q4'17	First coater arrived
Series 6 Front End Operational	Q4'17	Installation nearing completion	Q2'18 – Q3'18	
Series 6 Production Start	Q2'18		Q3'18 – Q4'18	

Series 6 Transition Progressing as Planned

EXPECTED MODULE SHIPMENTS⁽¹⁾ (GW_{DC}): SYSTEMS + THIRD-PARTY MODULE



The above table presents the actual module shipments for 2017 through Sep 30, 2017, new module volume bookings through Oct 26, 2017, and the expected module shipments beyond Oct 26, 2017. 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 3rd 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.

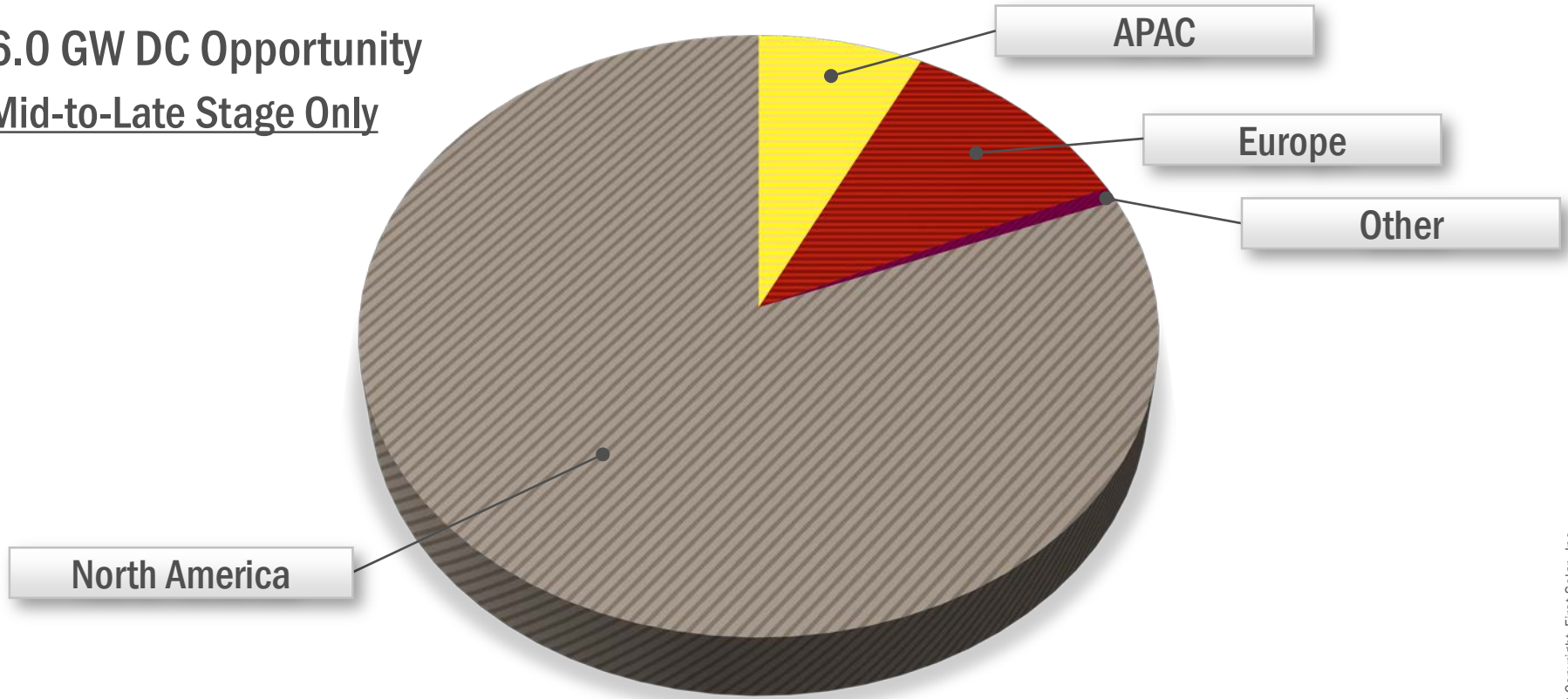
(2) Ending 2016 balance of 3.2GW, reduced by Jan 2017 Tribal Solar de-booking of 0.4GW. YTD bookings as of Sep 30, 2017 net of 0.6GW of de-bookings.

(3) Reflects new bookings from Oct 1, 2017 to Oct 26, 2017.

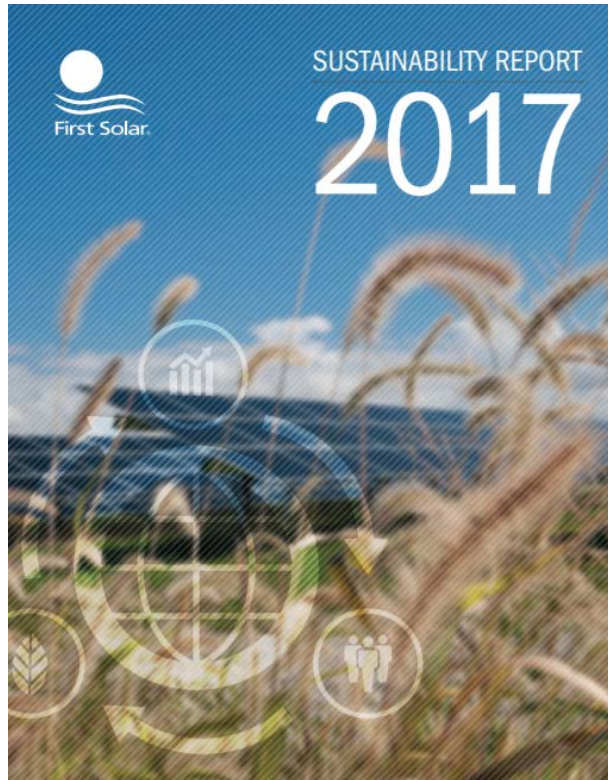
(4) Balance includes remaining shipment volumes as of Sep 30, 2017 and bookings through Oct 26, 2017. Shipments from Oct 1 to Oct 26, 2017 not deducted.

POTENTIAL BOOKING OPPORTUNITIES: BY GEOGRAPHY

6.0 GW DC Opportunity
Mid-to-Late Stage Only



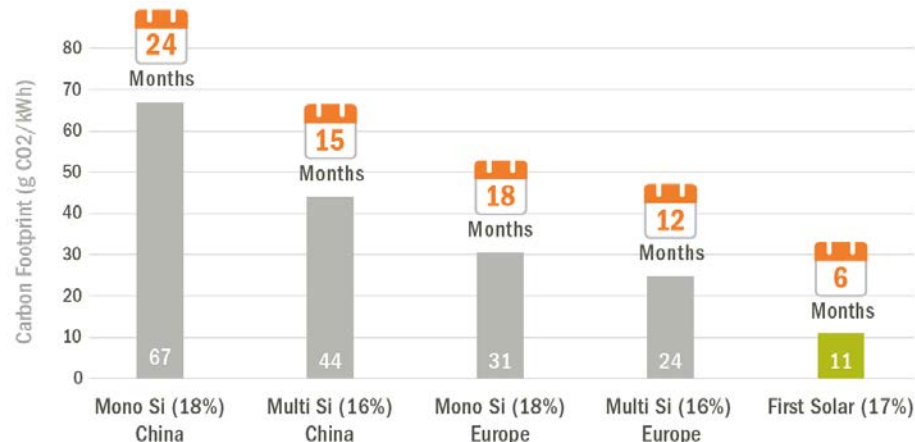
2017 SUSTAINABILITY REPORT



HIGHLIGHTS:

- Smallest Carbon Footprint¹
- Fastest Energy Payback¹
- Lowest Life Cycle Environmental Impacts²


...of any solar PV technology



Full Report: www.firstsolar.com/About-Us/Corporate-Responsibility

1 - M. de Wild-Scholten, Energy Payback Time and Carbon Footprint of Commercial Photovoltaic Systems, Solar Energy Materials & Solar Cells 119, (2013), 296-305. Assumes rooftop installation in Southern Europe (1700 kWh/m²/yr irradiation). Literature values were updated based on relative PV efficiency gains.

2 - Seitz et al., 2013, Eco-Efficiency Analysis of Photovoltaic Modules, Bifa Environmental Institute, Germany.

 = Energy Payback (in months)



Q3 2017 FINANCIAL RESULTS

ANALYST DAY AGENDA - DECEMBER 5TH

- Strategic Priorities Update
- Technology & Operations Update
- Business Outlook
- Q&A with executive management team
- Public webcast available at investor.firstsolar.com



Q3'17 OPERATIONS OVERVIEW

Metric	Q3'17	Q3'17 VS Q2'17	Q3'17 VS Q3'16
Production (MW _{DC})	527	3%	32%
Capacity Utilization	98%	1 pt	1 pt
Conversion Efficiency (Fleet Average)	17.0%	10 bps	50 bps
Conversion Efficiency (Best Line Quarter Average)	17.0%	Unchanged	40 bps

KEY INCOME STATEMENT DATA

	Q3'17	Q/Q	Y/Y
(in millions, except gross profit % and net income per share data)			
(Unaudited)			
Net sales	\$1,087.0	74%	60%
Gross profit %	26.8%	9.0 ppt	1.7 ppt
Selling, general and administrative	\$50.5	3%	-16%
Research and development	\$20.9	-2%	-35%
Production start-up	\$12.6	50%	1475%
Restructuring and asset impairments	\$0.8	-96%	-81%
Operating income	\$207.0	\$193.1	\$133.7
Other income, net	\$2.0	\$4.7	(\$4.4)
Income tax expense	(\$7.6)	(\$47.6)	(\$75.8)
Equity in earnings of unconsolidated affiliates, net of tax	\$4.0	\$2.0	(\$0.5)
Net income	\$205.7	\$153.7	\$55.2
Share count - Diluted	105.7	1%	2%
Net income per share - Diluted	\$1.95	\$1.45	\$0.50
Non-GAAP net income per share – Diluted ⁽¹⁾	\$1.95	\$1.31	N/A

(1) Refer to the appendix for a reconciliation of this non-GAAP measure to its most directly comparable GAAP measure

KEY BALANCE SHEET AND CASH FLOW DATA

	Q3'17	Q2'17	Q/Q
(in millions)			
(Unaudited)			
Assets & Liabilities			
Cash and marketable securities	\$2,719	\$2,229	\$490
Accounts receivable trade, net	\$345	\$261	\$84
Accounts receivable, unbilled and retainage	\$455	\$348	\$107
Inventories — current	\$218	\$344	(\$126)
Balance of systems parts	\$21	\$26	(\$5)
PV solar power systems, net	\$454	\$462	(\$8)
Project assets — current and noncurrent	\$474	\$822	(\$348)
Restricted cash — current and noncurrent	\$60	\$45	\$15
Investments in unconsolidated affiliates and joint ventures	\$228	\$226	\$2
Long-term debt — current and noncurrent	\$344	\$321	\$23
Cash Flow			
Net cash provided by operating activities	\$581	(\$168)	\$749
Free cash flow ⁽¹⁾	\$484	(\$272)	\$756

(1) Refer to the appendix for a reconciliation of this non-GAAP measure to its most directly comparable GAAP measure

2017 GUIDANCE AS OF OCTOBER 26, 2017

	Prior GAAP	Current GAAP	Prior Non-GAAP*	Current Non-GAAP*
Net Sales	\$3.0B to \$3.1B	Unchanged		
Gross Margin (%)	17.0% to 18.0%	~18.0%		
Operating Expenses	\$370M to \$395M	\$370M to \$385M	\$330M to \$340M	Unchanged
Operating Income	\$115M to \$180M	\$165M to \$190M	\$170M to \$220M	\$210M to \$230M
Earnings Per Share	\$1.55 to \$2.20	\$2.05 to \$2.30	\$2.00 to \$2.50	\$2.40 to \$2.60
Net Cash Balance ¹	\$2.1B to \$2.3B	Unchanged		
Operating Cash Flow	\$850M to \$950M	Unchanged		
Capital Expenditures	\$400M to \$500M	Unchanged		
Shipments	2.6GW to 2.7GW	Unchanged		

*See the appendix for a reconciliation of these forward looking non-GAAP measures to their most directly comparable GAAP measures

1. Cash and marketable securities less expected debt at the end of 2017

Q3'17 RESULTS SUMMARY

- **Financial Results**

- Q3'17 Net sales of \$1.1 billion
- Q3'17 GAAP EPS of \$1.95
- Raise guidance non-GAAP EPS midpoint to \$2.50*

- **Technology and Operation Roadmap**

- Series 6:
 - Front end of line installation nearing completion at 1st Series 6 factory (Ohio)
 - First coater arrived at 2nd Series 6 factory (Malaysia)
- Series 4:
 - Full fleet & lead line average efficiency of 17.0% for Q3'17

- **Pipeline Additions**

- Net bookings of 4.5 GW since last earnings call
- Year-to-date net bookings of 6.7 GW

*See the appendix for a reconciliation of this non-GAAP measure to its most directly comparable GAAP measure



APPENDIX

Key Quarterly Financial Data	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q3'17 Q/Q	Q3'17 Y/Y
(\$ in millions, except gross profit % and net income per share data) (Unaudited)							
Net sales	\$ 681.3	\$ 330.8	\$ 891.8	\$ 623.3	\$ 1,087.0	74%	60%
Gross profit %	25.1%	2.4%	9.4%	17.8%	26.8%	9.0 ppt	1.7 ppt
Selling, general and administrative	60.3	70.4	48.2	49.0	50.5	3%	-16%
Research and development	32.2	29.5	22.8	21.3	20.9	-2%	-35%
Production start-up	0.8	0.2	1.2	8.4	12.6	50%	1475%
Restructuring and asset impairments	4.3	728.9	20.0	18.3	0.8	-96%	-81%
Operating income (loss)	73.3	(821.2)	(8.0)	13.9	207.0	193.1	133.7
Income tax benefit (expense)	68.2	(56.1)	(5.7)	40.0	(7.6)	(47.6)	(75.8)
Equity in earnings of unconsolidated affiliates, net of tax	4.5	137.5	(0.6)	2.0	4.0	2.0	(0.5)
Net income (loss)	\$ 150.5	\$ (750.8)	\$ 9.1	\$ 52.0	\$ 205.7	\$ 153.7	\$ 55.2
Share count - Diluted	103.7	104.0	104.4	104.6	105.7	1%	2%
Net income (loss) per share - Diluted	\$ 1.45	\$ (7.22)	\$ 0.09	\$ 0.50	\$ 1.95	\$ 1.45	\$ 0.50
Share-based compensation expense	\$ 5.9	\$ 4.2	\$ 7.1	\$ 8.4	\$ 10.1	20%	71%
Capital expenditures	45.7	53.6	113.0	104.5	97.6	-7%	114%
Cash, cash equivalents, and marketable securities	\$ 2,090.2	\$ 1,955.1	\$ 2,445.7	\$ 2,229.1	\$ 2,718.6	22%	30%
Supplemental Data							
Net cash (used in) provided by operating activities	\$ (84.2)	\$ 268.4	\$ 493.1	\$ (167.8)	\$ 581.4	\$ 749.2	\$ 665.6
- Purchases of property, plant and equipment	(45.7)	(53.6)	(113.0)	(104.5)	(97.6)	6.9	(51.9)
= Free cash flow	\$ (129.9)	\$ 214.8	\$ 380.1	\$ (272.3)	\$ 483.8	\$ 756.1	\$ 613.7
MW Produced	778.9	759.7	711.9	512.8	527.3	3%	-32%
Average conversion efficiency	16.5%	16.6%	16.6%	16.9%	17.0%	10.0 bps	50.0 bps
Total amounts may not foot due to rounding							
See below for more information regarding free cash flow, a non-GAAP financial measure							

USE OF NON-GAAP FINANCIAL MEASURES

In this presentation we provided non-GAAP earnings per share for the three and nine months ended September 30, 2017 and for the three months ended June 30, 2017. In addition we have provided adjusted operating expenses and adjusted operating income for the three months ended September 30, 2017 and June 30, 2017. We have included these non-GAAP financial measures to adjust for (i) restructuring, asset impairment and related charges primarily associated with the transition from Series 4 to Series 6 production and (ii) the tax effect associated with these items. We believe non-GAAP earnings per share, adjusted operating expenses and adjusted operating income, when taken together with corresponding GAAP financial measures, to be relevant and useful information to our investors because such measures provides them with additional information in assessing our financial operating results. Our management uses these non-GAAP financial measure in evaluating our operating performance. However, these measures have limitations, including that they excludes the effect of certain changes to our assets and liabilities and certain amounts that we may ultimately have to pay in cash. Accordingly, these non-GAAP financial measures should be considered in addition to, and not as a substitute for, or superior to the corresponding financial measures prepared in accordance with GAAP. The following are the reconciliations of non-GAAP earnings per share, adjusted operating expenses and adjusted operating income to the corresponding measures prepared in accordance with GAAP for each period presented (in millions, except per share amounts):

RECONCILIATION OF ADJUSTED OPERATING EXPENSES AND ADJUSTED OPERATING INCOME TO GAAP

In millions	Three Months Ended September 30, 2017	Three Months Ended June 30, 2017
Total operating expenses	\$ 84.8	\$ 97.0
Restructuring and asset impairments	(0.8)	(18.3)
Adjusted operating expenses	\$ 84.0	\$ 78.7

In millions	Three Months Ended September 30, 2017	Three Months Ended June 30, 2017
Operating income (loss)	\$ 207.0	\$ 13.9
Restructuring and asset impairments	0.8	18.3
Adjusted operating income	\$ 207.8	\$ 32.2

RECONCILIATION OF NON-GAAP EARNINGS PER SHARE TO GAAP

In millions, except per share amounts	Three Months Ended September 30, 2017	
Net income	\$	205.7
Restructuring and asset impairments		0.8
Tax effect*		(0.1)
Non-GAAP Net Income	\$	<u>206.4</u>
Weighted-average number of shares used for diluted earnings per share		105.7
Diluted GAAP earnings per share	\$	1.95
Diluted Non-GAAP earnings per share	\$	1.95

*Restructuring treated as a non-discrete item for tax purposes and will be reflected in the effective tax rate over the duration of 2017.

RECONCILIATION OF NON-GAAP EARNINGS PER SHARE TO GAAP

In millions, except per share amounts	Nine Months Ended September 30, 2017	
Net income	\$	266.8
Restructuring and asset impairments		39.1
Tax effect*		(5.8)
Non-GAAP Net Income	\$	<u>300.1</u>
Weighted-average number of shares used for diluted earnings per share		104.9
Diluted GAAP earnings per share	\$	2.54
Diluted Non-GAAP earnings per share	\$	2.86

*Restructuring treated as a non-discrete item for tax purposes and will be reflected in the effective tax rate over the duration of 2017.

RECONCILIATION OF NON-GAAP EARNINGS PER SHARE TO GAAP

In millions, except per share amounts	Three Months Ended June 30, 2017	
Net income	\$	52.0
Restructuring and asset impairments		18.3
Tax effect*		(3.8)
Non-GAAP Net Income	\$	<u>66.5</u>
Weighted-average number of shares used for diluted earnings per share		104.6
Diluted GAAP earnings per share	\$	0.50
Diluted Non-GAAP earnings per share	\$	0.64

*Restructuring treated as a non-discrete item for tax purposes and will be reflected in the effective tax rate over the duration of 2017.

USE OF NON-GAAP FINANCIAL MEASURE: FREE CASH FLOW

This presentation includes information regarding free cash flow, which is a financial measure not prepared in accordance with GAAP.

Free cash flow is defined as net cash provided by (used in) operating activities minus capital expenditures (purchases of property, plant and equipment). The Company uses free cash flow to evaluate its businesses, and this measure is considered an important indicator of the Company's liquidity and ability to pursue opportunities to enhance shareholder value, including its ability to reduce debt and make strategic investments. A general limitation of a free cash flow measure is that it is not prepared in accordance with GAAP and thus may not be comparable to similarly titled measures of other companies due to differences in methods of calculation and excluded items. Accordingly, this non-GAAP financial measure should be considered in addition to, and not as a substitute for or superior to, net cash provided by (used in) operating activities.

In millions

	Quarter Ended				
	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17
Net cash (used in) provided by operating activities	\$ (84.2)	\$ 268.4	\$ 493.1	\$ (167.8)	\$ 581.4
- Purchases of property, plant and equipment	(45.7)	(53.6)	(113.0)	(104.5)	(97.6)
= Free cash flow	\$ (129.9)	\$ 214.8	\$ 380.1	\$ (272.3)	\$ 483.8

*Year ended data and totals may not sum due to rounding

USE OF NON-GAAP FINANCIAL MEASURES: NON-GAAP GUIDANCE

In the presentation above, we provided non-GAAP guidance as of October 26, 2017 for our operating expenses, operating income and earnings per share for the year ending December 31, 2017. We have included these forward-looking non-GAAP financial measures to adjust our GAAP projections of such financial measures for, as applicable, (i) restructuring, asset impairment and related charges primarily associated with the transition from Series 4 to Series 6 production and (ii) additional restructuring activities expected during the remainder of the year. Other GAAP charges, including those related to certain asset impairments or restructuring programs, that would be excluded from non-GAAP earnings per share are possible for the periods presented, but such amounts are dependent on numerous factors that we currently cannot ascertain with sufficient certainty or are presently unknown. These GAAP charges are also dependent upon future events and valuations that have not yet occurred or been performed. We believe these forward-looking non-GAAP financial measures, when taken together with our corresponding financial guidance based on GAAP, to be relevant and useful information to our investors because they provide them with additional information in assessing our financial operating results. Our management also uses such non-GAAP guidance in evaluating our operating performance. However, such measures have limitations, including that they exclude the effect of certain changes to our assets and liabilities, certain amounts that we may ultimately have to pay in cash and certain tax impacts. Accordingly, these forward-looking non-GAAP financial measures that exclude the aforementioned items should be considered in addition to, and not as substitutes for or superior to, financial guidance based on GAAP. The following are the reconciliations of our current and prior non-GAAP 2017 guidance to our current and prior GAAP 2017 guidance (in millions, except per share amounts):

RECONCILIATION OF CURRENT GAAP GUIDANCE TO CURRENT NON-GAAP GUIDANCE

2017	GAAP Guidance	Restructuring Charges ¹	Non-GAAP Guidance
In millions			
Operating Expenses	\$370 to \$385	\$(40) to \$(45)	\$330 to \$340
Operating Income	\$165 to \$190	\$45 to \$40	\$210 to \$230
Earnings per share	\$2.05 to \$2.30	\$0.35 to \$0.30	\$2.40 to \$2.60

1. \$40 to \$45 million of restructuring and asset impairment charges associated with our transition from Series 4 to Series 6 module manufacturing.

RECONCILIATION OF PRIOR GAAP GUIDANCE TO PRIOR NON-GAAP GUIDANCE

2017	GAAP Guidance	Restructuring Charges ¹	Non-GAAP Guidance
In millions			
Operating Expenses	\$370 to \$395	\$(40) to \$(55)	\$330 to \$340
Operating Income	\$115 to \$180	\$55 to \$40	\$170 to \$220
Earnings per share	\$1.55 to \$2.20	\$0.45 to \$0.30	\$2.00 to \$2.50

1. \$40 to \$55 million of restructuring and asset impairment charges associated with our transition from Series 4 to Series 6 module manufacturing.



First Solar®