

FIRST SOLAR, INC.
Form 10-Q
August 04, 2016
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark one)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2016

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 001-33156

First Solar, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

20-4623678

350 West Washington Street, Suite 600

Tempe, Arizona 85281

(Address of principal executive offices, including zip code)

(602) 414-9300

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [] No [x]

As of July 29, 2016, 102,359,553 shares of the registrant's common stock, \$0.001 par value per share, were outstanding.

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FIRST SOLAR, INC. AND SUBSIDIARIES

FORM 10-Q FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2016

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PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited)

FIRST SOLAR, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

(Unaudited)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--------------------------------|-----------|------------------------------|-------------|
| | 2016 | 2015 | 2016 | 2015 |
| Net sales | \$934,381 | \$896,217 | \$1,782,865 | \$1,365,426 |
| Cost of sales | 743,216 | 731,734 | 1,328,755 | 1,161,962 |
| Gross profit | 191,165 | 164,483 | 454,110 | 203,464 |
| Operating expenses: | | | | |
| Research and development | 32,931 | 29,479 | 63,118 | 64,235 |
| Selling, general and administrative | 63,776 | 70,901 | 131,279 | 138,589 |
| Production start-up | 55 | 6,970 | 55 | 13,620 |
| Restructuring and asset impairments | 85,532 | — | 85,532 | — |
| Total operating expenses | 182,294 | 107,350 | 279,984 | 216,444 |
| Operating income (loss) | 8,871 | 57,133 | 174,126 | (12,980) |
| Foreign currency loss, net | (2,723) | (2,957) | (5,963) | (3,178) |
| Interest income | 6,529 | 6,058 | 12,935 | 11,122 |
| Interest expense, net | (7,151) | (826) | (11,793) | (1,020) |
| Other income (expense), net | 6,753 | (792) | 42,306 | (2,051) |
| Income (loss) before taxes and equity in earnings of unconsolidated affiliates | 12,279 | 58,616 | 211,611 | (8,107) |
| Income tax (expense) benefit | (9,047) | 33,340 | (42,811) | 39,320 |
| Equity in earnings of unconsolidated affiliates, net of tax | 10,176 | 1,929 | 15,173 | 1,755 |
| Net income | \$13,408 | \$93,885 | \$183,973 | \$32,968 |
| Net income per share: | | | | |
| Basic | \$0.13 | \$0.93 | \$1.80 | \$0.33 |
| Diluted | \$0.13 | \$0.92 | \$1.78 | \$0.33 |
| Weighted-average number of shares used in per share calculations: | | | | |
| Basic | 102,287 | 100,852 | 102,070 | 100,615 |
| Diluted | 103,875 | 101,607 | 103,281 | 101,631 |

See accompanying notes to these condensed consolidated financial statements.

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FIRST SOLAR, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

(Unaudited)

| | Three Months | | Six Months Ended | |
|--|----------------|----------|------------------|----------|
| | Ended June 30, | | June 30, | |
| | 2016 | 2015 | 2016 | 2015 |
| Net income | \$13,408 | \$93,885 | \$183,973 | \$32,968 |
| Other comprehensive income (loss), net of tax: | | | | |
| Foreign currency translation adjustments | (2,325 |) 2,495 | 3,217 | (12,898 |