SIKULI CAPITAL

Conviction through contrarian research

First Solar (FSLR)

Valuation Snapshot — Fair Value Range

As of May 20, 2026 | *US utility-scale thin-film solar module manufacturer*

CURRENT PRICE	PROBABILITY-WEIGHTED FAIR VALUE	FAIR VALUE RANGE
$229.44	**~$275**	**$200 – $380**
Close 5/1/26 area	*Bull 25% / Base 50% / Bear 25%*	*~25% upside to weighted FV*

Verdict: FSLR is the highest-quality, lowest-multiple solar pure-play. Q1 2026 delivered revenue $1.04B (+24%), GAAP EPS $3.22 (+65%), and Adj EBITDA $520M with 47% gross margin[1]. The company reaffirmed full-year guidance of $4.9-5.2B revenue and $2.6-2.8B Adj EBITDA. At forward P/E of 10.6x and EV/EBITDA of 8.7x[2] — half the market multiple — FSLR offers utility-scale solar exposure with Section 45X manufacturing credits, net cash balance sheet ($2.5B), and US-onshored production. Our blended FV of ~$275 implies ~25% upside; consensus PT is $247[3].

CURRENT SNAPSHOT

Metric	Value	Notes / Source
Stock price	**$219**	Approx; post Q1 beat [4]
Market cap	**$21.0B**	[2]
Enterprise value	**$18.5B**	Net cash $2.5B [2]
Diluted shares	**~107M**	[2]
Q1 2026 revenue	**$1.04B (+24%)**	31% volume growth offset by India ASP [1]
Q1 2026 Adj EBITDA	**$520M**	47% gross margin [1]
Q1 2026 GAAP EPS	**$3.22 (+65%)**	[1]
FY26 revenue guide	**$4.9B – $5.2B**	Reaffirmed [5]
FY26 Adj EBITDA guide	**$2.6B – $2.8B**	[5]
Forward P/E	**10.6x**	[2]
EV/EBITDA	**8.7x (NTM ~6.8x)**	Inexpensive on growth [6]
Consensus PT	**$247**	48 analysts; Buy consensus [3]

MACRO CONTEXT — RATES & MARKET LEVELS

US utility-scale solar deployment continues at record pace, supported by IRA tax credits and AI data center power demand. 10-yr UST at 4.68%[7] pressures cap rates for solar developers but does not directly hit FSLR's module-sale margins. S&P at 21x forward[8] provides relative-value contrast. **Implication for FSLR:** FSLR's contracted backlog (>70 GW) and Section 45X credits provide multi-year revenue visibility. The discount to market multiples is partly explained by ASP risk and policy uncertainty — but the cash generation and balance sheet strength offer significant downside cushion.

METHODOLOGY

Three lenses (FY26E): **(1) P/E on FY26E EPS** (~$20.50 implied from EBITDA range), **(2) EV/EBITDA on FY26E** (mid $2.7B EBITDA), **(3) EV/EBITDA on FY27E** assuming +15% growth (~$3.1B EBITDA). Net cash $2.5B held flat; shares 107M. Weights: Bull 25% / Base 50% / Bear 25%.

BULL / BASE / BEAR SCENARIOS

Scenario (weight)	P/E on FY26E EPS	EV/EBITDA on FY26E	EV/EBITDA on FY27E	Blended FV
Bull (25%) *ASPs stabilize, India scale-up adds revenue, multiple re-rates to 14x*	18x → $369	13x → $352	12x → $369	**~$365**
Base (50%) *Hit FY26 guide, +15% in FY27, multiple stays near current levels*	13x → $267	10x → $275	9x → $284	**~$275**
Bear (25%) *ASP pressure intensifies, India dilutes mix, multiple compresses*	8x → $164	7x → $200	6x → $197	**~$190**
Probability-weighted	**~$267**	**~$275**	**~$278**	**~$275**

Blended fair value (~$275) = simple average of the three method-level probability-weighted outputs ($267 / $275 / $278). Range $200-$380 spans bear-to-bull. Wall Street avg PT $247 sits between our base case and the bear case midpoint.

PEER COMPARISON

Company	Fwd P/E	Rev Growth	Notes
First Solar (FSLR)	~11x	+24% Q1	Utility-scale; Section 45X; net cash [2]
Enphase (ENPH)	~14x	-21% Q1	Residential; profitable but declining
SolarEdge (SEDG)	n/m → 22x	+46% Q1	Turnaround; high beta

Company	Fwd P/E	Rev Growth	Notes
NextEra (NEE)	~22x	+8%	Utility/IPP; project developer
Brookfield Renewable	~25x	+10%	Project portfolio; yield component
Jinko / LONGi (China)	~6-8x	varies	Asian competitors; ASP pressure

FSLR's 11x forward P/E is anomalously low for a US-onshored manufacturer with 25%+ growth and 50%+ gross margins. The discount reflects: (1) ASP risk from Chinese oversupply, (2) policy uncertainty on Section 45X credits, and (3) limited resi exposure. Each of these is a real risk but the cash generation already locks in significant value.

Key Risks & Watch Points

- **ASP risk:** Module pricing remains pressured; India deliveries at ~$0.20/W reflect mix risk.
- **Section 45X credit:** Policy reversal or modification would materially impact economics.
- **Customer concentration:** Backlog concentrated in handful of large utility customers; pushouts can lump revenue.
- **Trade/tariff:** Chinese module dumping cases and trade policy whiplash.
- **Technology:** Thin-film vs. crystalline silicon efficiency gap; ongoing R&D risk.
- **Working capital:** Long manufacturing cycle ties up cash even with strong P&L.

What Would Change Our View

- **Upside:** FY26 guide raise, Section 45X clarity, ASP stabilization, AI data center demand catalysts for utility solar.
- **Downside:** FY26 guide cut, ASP collapse, Section 45X reduction, major backlog cancellation, China module surge.

Sources

[1] https://www.sec.gov/Archives/edgar/data/0001274494/000127449426000108/ex991pressreleaseq1-2026.htm

[2] https://stockanalysis.com/stocks/fslr/statistics/

[3] https://www.marketbeat.com/stocks/NASDAQ/FSLR/forecast/

[4] https://finance.yahoo.com/quote/FSLR/

[5] https://www.fool.com/earnings/call-transcripts/2026/04/30/first-solar-fslr-q1-2026-earnings-transcript/

[6] https://www.gurufocus.com/term/enterprise-value-to-ebitda/FSLR

[7] https://fred.stlouisfed.org/series/DGS10

[8] https://insight.factset.com/sp-500-earnings-season-update-may-8-2026

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