

First Solar Sends Jitters Through The Sector

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The Associated Press

TEMPE, Ariz. (AP) — A surprising quarterly loss from the nation's largest solar equipment manufacturer rattled the entire sector, sending shares of every major company downward.

Shares of First Solar Inc. dropped 10 percent Wednesday in early trading after the Tempe, Ariz. Company reported its 2011 financial results. CEO Mike Ahearn says that the industry is fighting "an aggressive competitive environment" that has dropped solar panel prices and forced many companies to slow down production.

First Solar said it would ship fewer modules than expected in 2012, and the company cut its revenue forecast to between \$3.5 billion and \$3.8 billion, down from its previous estimate in the range of \$3.7 billion to \$4 billion. Analysts were expecting revenue closer to \$3.8 billion.

Companies in China and Canada were not immune to the sell-off. Shares of Canadian Solar Inc. fell more than 2 percent, or 9 cents to \$3.73. SunPower Corp. fell almost 3 percent to \$7.63. Suntech Power Holdings Go. Fell 8 cents to \$3.21.

Compounding First Solar's outlook, analysts said they were concerned by rising reports of defective products. And Germany, the biggest market for solar panels, is expected to cut an incentive program for ground-based solar systems that are a big part of First Solar's business.

Maxim Group analyst Aaron Chew cut his 2012 earnings estimate for First Solar to \$3.67 from \$4.49 per share and Jefferies analyst Jesse Pichel cut his 2012 earnings estimate to \$4.20 from \$4.11 per share.

First Solar shares have plunged since trading above \$300 in May 2008. They fell by \$3.57 to \$32.83 in morning trading.

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