First Solar Shares Soar After Strong 2Q

The Associated Press

NEW YORK (AP) — First Solar appeared to be in recovery mode after a miserable year, beating second-quarter profit expectations and raising its revenue guidance for the year.

Shares of the Tempe, Ariz. solar panel company jumped more than 25 percent at one point in afternoon trading, softening the blow from a years-long plunge in market value. First Solar shares have plummeted since 2008 after an influx of competitors, many from Asia, flooded the market and forced down the price of solar panels. Shares that sold for close to $120 within the past year, can still be had for less than $20, even after the double-digit spike Thursday.

Investors are warming up to First Solar in part because it looks like a bargain after losing so much value over the last few years. Also, the company appears to have successfully transformed its business plan so that the volatility of solar panel prices are less likely to be threat.

The company has moved quickly to become a major developer of large-scale solar projects. It is now building some of the largest solar farms in the world. Construction of major projects in Nevada and California helped boost revenue and profit in the quarter.

First Solar's rivals haven't moved as aggressively into construction and development, and didn't catch much of draft from First Solar's meteoric rise Thursday. Shares of Trina Solar Ltd., Yingli Green Energy Holding Co., and Suntech Power Holdings Co. fell 7.7percent, 4.9 percent and 5.9 percent, respectively.

First Solar shares have been rising since late Wednesday when the company reported an 82-percent surge in second-quarter profits. The company is set to begin work on a 139-megawatt project in Imperial County, Calif., and increased its 2012 revenue forecast to between $3.6 billion and $3.9 billion.

Analysts expect First Solar to generate $3.67 billion in revenue this year, according to FactSet.

Cantor Fitzgerald analyst Dale Pfau said First Solar's strategy appears to be working. He upgraded the company to "Buy" from "Hold," saying he's "growing more comfortable" with First Solar's transition.

Maxim Group analyst Aaron Chew was more cautious. Chew maintained a "Sell" rating, saying shares are benefiting from one-time gains that masked weakness in the business. First Solar's second-quarter results will "light a fire under a stock plagued by negative sentiment as of late, (but) we expect the flame to soon die out," Chew said.

Shares rose $3.10 to $17.90.

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