

First Solar Reverses Loss, Posts 4Q Gain

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NEW YORK (AP) — First Solar, Inc. on Tuesday posted net income of \$154.2 million for the fourth quarter, reversing a huge loss from a year earlier, but investors were disappointed by the company's sales in the quarter and the earnings outlook for this year.

First Solar earned \$1.74 per share on revenue of \$1.08 billion for the quarter. Last year the company lost \$413 million, or \$4.78 per share, on revenue of \$660.4 million after it reduced the value of its solar system components division and booked other one-time charges.

After adjusting results to remove the effect of restructuring charges in the fourth quarter, the company earned \$2.04 per share. The earnings handily beat Wall Street estimates, but revenue fell short. Analysts expected the company to earn an adjusted \$1.75 per share on revenue of \$1.34 billion, according to FactSet.

FirstSolar, based in Tempe, Ariz., is one of the largest solar panel manufacturers in the world, and it also develops and builds large solar farms that generate electricity sold to utilities.

Solar panel prices have declined dramatically in recent years because global demand for panels has languished while solar manufacturing capacity has soared and raw material costs have plummeted. That has erased profit margins for solar panel makers, but it has made solar power more competitive and improved prospects for solar developments.

First Solar attributed its revenue boost in the quarter to an increase in solar panels sales and the continuing construction of the giant Topaz solar farm in Southern California.

But investors worry First Solar not selling enough new panels or signing enough new big development projects to keep its solar panel factories running profitably. The company declined to offer an estimate of profit and sales for the year, and the revenue and sales estimates it gave for the first quarter are below what investors hoped for.

"They are not replacing their pipeline," said Aaron Chew, an analyst at Maxim Group.

First Solar expects sales of \$650 million to \$750 million in the first quarter of this year, and earnings per share of 70 to 90 cents. Analysts were looking for earnings of 88 cents per share on revenue of \$822.1 million, according to FactSet.

"That's going to come down now," Chew said of the average estimate.

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For all of 2012, the company posted a loss of \$96 million, or \$1.11 a share, on sales of \$3.4 billion. In 2011, First Solar lost \$39 million on sales of \$2.8 billion.

First Solar shares fell sharply in after-hours trading. Shares were down \$2.96, or 9.4 percent, to \$28.40 in trading after the market closed. They dropped by 4.2 percent during the regular session Tuesday.

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