



## Bulls Move into First Solar for 6 Month Upside View

**Ticker/Price:** FSLR (\$60.75)

### Analysis:

**First Solar (FSLR)** buyers early for 1,000 September \$55 calls for \$9.05 to \$9.35 and later 2,000 September \$67.50 calls bought for \$3.45. FSLR has seen buyers in the May \$57.50 calls since mid-March with over 4,400 holding in open interest while the September \$60 and January \$60 calls both with notable open interest from buyers. Shares are consolidating above its rising 8-EMA this week and near a breakout above \$61.25. FSLR has been in a strong trend since December and in a low-volume gap from early 2018 which targets a move back to \$67.50. Long-term, the monthly looks coiled for a big move above \$70 and out of a six-year range. The \$6.4B company trades 17.5X earnings and 2.85X sales with double-digit growth and almost \$24/share in cash. FSLR sees 2-5% revenue growth over the next two years with plenty of room for a rebound in margins as ramp-related costs ease. They expect growth in shipments for their new large-format Series 6 module will expand their capacity to take on projects while also give them the ability to support more third-party sales. FSLR continues to see a significant opportunity to grow bookings with 7.3GW in mid-to-late stage projects available in NA, EMEA, and APAC. Analysts have an average target for shares of \$65 with 12 buy ratings and 4 hold ratings. Roth raising their PT to \$75 today expecting tight module supply in the US to sustain through 2019 and support bookings through 2021. The firm expects bookings beyond 2020 to support further capacity expansion, though this will likely come into focus in the second half of 2019 and does not expect an announcement on the Q1 call. JP Morgan positive on 4/18 seeing Series 6 production yielding sequentially higher margins in 2019. They also think at full capacity in 2021, FSLR could also emerge with a cost-advantage in the solar photovoltaic panel market. Institutional ownership rose 43% last quarter. Park West a buyer of 1.8M shares. Short interest is 10.2%.

### Hawk Vision:



**Trading Strategy:** FSLR earnings are expected shortly, shares a bit extended but continues to be the premier way for exposure into a group I highlighted in the monthly market brief, so like its momentum to continue.

**Confidence Ranking:** \$\$