



## First Solar Calls Bought as Shares Base Following Solar Weakness

Ticker/Price: FSLR (\$63.75)

### Analysis:

**First Solar (FSLR)** late day buyers on Friday of 3,000 October \$65 calls up to \$2.15 and follows buyers in the March \$65 calls and December \$65 calls recently. Shares are basing at YTD VPOC and just above the 200- MA after pulling back off of 52-week highs in August. A move above \$64.50 has room back to \$68 and then a run at the measured move to \$80. RSI is back above 55 and MACD is healthy with plenty of room to run. The \$6.56B company trades 17.5X earnings, 2.64X sales, and 3.2X cash. FSLR expects to earn more than \$4/share by FY21 with revenue growth accelerating as well. The company had a rare Q2 loss in August but raising their FY outlook anticipating a positive inflection in bookings in the 2H and 90% of capacity sold out through 2021. FSLR reported better capacity utilization and 16% growth in MWs produced per day. They see 6.0 GW opportunity in potential mid-and-late stage projects with most in North America. Analysts have an average target for shares of \$70. JP Morgan with an \$82 target remains on track for a "strong earnings inflection" into 2020 citing the company's "solid" execution of the Series 6 ramp, an "unplanned" 5% improvement in manufacturing throughput, and revenue visibility that he says now extends through mid-2021. Short interest is 9.6% but flat since November. Hedge Fund ownership fell 23.9% in Q2. Lansdowne Partners, Polunin Capital, Electron Capital, and Kettle Hill all notable holders.

### Hawk Vision:



**Hawk's Perspective:** FSLR is one of the safer plays in Solar while SEDG/ENPH are the big growth plays, and with Oil set to rise Solar could get renewed interest, liking FSLR out of its base versus recent lows.

Confidence Ranking: \$\$