

## First Solar, Inc.

# The Domestic King: Premium Pricing Persists, Reiterate Buy.

Reiterate Rating: BUY | PO: 187.00 USD | Price: 148.05 USD

## Pricing resilience despite industry challenges

We reiterate our Buy rating on shares of solar module manufacturer First Solar (FSLR) after a constructive 4Q23 report. Under a backdrop of declining solar panel prices, FSLR has secured an additional 2.3GW of net bookings at higher ASPs of 31.8c/W vs Q3'24 at 30c and Investor fears of 29c/w. Reiterate our Buy as we see numerous trade policies ahead helping hold intact the market despite slide in pricing QoQ. Watch for decision on CBP detention of CSIQ modules for key indicator on market enforcement policies around Chinese Poly. 4Q exceeded what appears a low bar to us. Ramp on build intact too.

## Oversold to offset delays; bookings likely flattish for FY

FSLR secured 2.3GW of net bookings since Q3, resulting in a total backlog of 80.1GW. While FSLR's contracted backlog is completely sold out through 2026, the deliberate over-allocation position (just a few % above production) serves as a strategic measure as FSLR have already encountered requests from customers seeking to adjust delivery volume (see this as mgmt's purposeful offset to delay risks we see from ARRY and others). Our conversations suggest interconnection queues continue to be a sore point; developer & regulatory discussions in DC this week affirm delay risks for '24. Mgmt expects to achieve 1:1 book-to-bill implying an acceleration in bookings from 2.3GW YTD: keeping ASP integrity appears priority. Notably, mgmt. does *not* see final clarity on domestic contents guidance in coming quarter as a key catalyst for orders.

## Solid result: Raise PO to \$187 as improving ests a tad

Despite weaker than expected revenues, FSLR delivered 4Q23 EBITDA and EPS ahead of consensus estimates on strong unit economics that flow into 2024 guidance. The company guided for 2024 net sales between \$4.4bn and \$4.6bn. higher than our estimates of \$4.4bn but largely in line with consensus at \$4.5bn. On EBITDA, Increased nameplate capacity contributed to operating margin expansion in 2023, where mgmt. continues to expect further growth in 2024. Mgmt. guided diluted EPS to \$13.00 to \$14.00 (cons is at the lower end, updated BofA est at \$13.67). We raise our PO to \$187 from \$179 prior on higher estimates in 2026, reflecting continued cost management and relatively stronger pricing than previously anticipated, in addition to stronger unit economics. Lack of corporate capital requirements to fund capex a plus through the plan.

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	(0.43)	7.74	13.67	21.58	29.90
GAAP EPS	(0.34)	7.74	13.56	21.42	29.69
EPS Change (YoY)	NM	NM	76.6%	57.9%	38.6%
Consensus EPS (Bloomberg)			13.12	20.52	29.78
DPS	0	0	0	0	0
Valuation (Dec)					
P/E	NM	19.1x	10.8x	6.9x	5.0x
GAAP P/E	NM	19.1x	10.9x	6.9x	5.0x
EV / EBITDA*	69.6x	14.5x	8.5x	5.5x	4.0x
Free Cash Flow Yield*	-0.2%	-5.0%	-7.0%	0.3%	0.5%

\* For full definitions of *IQmethod*<sup>SM</sup> measures, see page 8.

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28 February 2024

### Equity

#### Key Changes

(US\$)	Previous	Current
Price Obj.	179.00	187.00
2024E Rev (m)	4,384.7	4,465.3
2025E Rev (m)	5,669.6	5,712.4
2026E Rev (m)	NA	6,842.6
2024E EPS	13.20	13.67
2025E EPS	21.79	21.58
2026E EPS	NA	29.90

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### Stock Data

Price	148.05 USD
Price Objective	187.00 USD
Date Established	28-Feb-2024
Investment Opinion	C-1-9
52-Week Range	129.22 USD - 232.00 USD
Mkt Val (mn) / Shares Out (mn)	15,740 USD / 106.3
Free Float	94.4%
Average Daily Value (mn)	299.68 USD
BofA Ticker / Exchange	FSLR / NAS
Bloomberg / Reuters	FSLR US / FSLR.OQ
ROE (2024E)	19.8%
Net Dbt to Eqty (Dec-2023A)	-20.7%
ESGMeter <sup>TM</sup>	High

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to "BofA ESGMeter Methodology".

CBP: US Customs and Border Protection

CSIQ: Canadian Solar

ARRY: Array Technologies

# iQprofile<sup>SM</sup> First Solar, Inc.

## iQmethod<sup>SM</sup> – Bus Performance\*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	0%	10.5%	15.0%	19.6%	21.7%
Return on Equity	-0.8%	13.3%	19.8%	24.9%	26.6%
Operating Margin	-1.1%	25.8%	35.0%	44.1%	51.4%
Free Cash Flow	(30)	(785)	(1,096)	52	76

## iQmethod<sup>SM</sup> – Quality of Earnings\*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	NM	0.7x	0.5x	0.8x	0.6x
Asset Replacement Ratio	3.4x	4.5x	4.4x	3.6x	2.7x
Tax Rate	632.9%	6.8%	8.1%	8.5%	9.2%
Net Debt-to-Equity Ratio	-22.2%	-20.7%	-13.3%	-20.4%	-27.5%
Interest Cover	-2.2x	NM	NM	NM	NM

## Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	2,619	3,319	4,465	5,712	6,843
% Change	-10.4%	26.7%	34.6%	27.9%	19.8%
Gross Profit	70	1,301	1,044	1,435	1,872
% Change	-90.5%	NM	-19.8%	37.5%	30.5%
EBITDA	242	1,165	1,974	3,042	4,180
% Change	-71.4%	381.1%	69.4%	54.1%	37.4%
Net Interest & Other Income	36	34	24	(4)	(4)
<b>Net Income (Adjusted)</b>	<b>(46)</b>	<b>831</b>	<b>1,470</b>	<b>2,321</b>	<b>3,216</b>
<b>% Change</b>	<b>NM</b>	<b>NM</b>	<b>76.9%</b>	<b>57.9%</b>	<b>38.6%</b>

## Free Cash Flow Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	(36)	831	1,459	2,304	3,193
Depreciation & Amortization	270	308	411	521	660
Change in Working Capital	999	(527)	(162)	623	52
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	(359)	(10)	(1,004)	(1,546)	(2,046)
Capital Expenditure	(904)	(1,387)	(1,800)	(1,850)	(1,783)
<b>Free Cash Flow</b>	<b>-30</b>	<b>-785</b>	<b>-1,096</b>	<b>52</b>	<b>76</b>
<b>% Change</b>	<b>90.0%</b>	<b>NM</b>	<b>-39.7%</b>	<b>NM</b>	<b>45.6%</b>
Share / Issue Repurchase	0	0	0	0	0
Cost of Dividends Paid	0	0	0	0	0
Change in Debt	321	368	(400)	0	0

## Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	1,481	1,947	1,182	2,241	3,863
Trade Receivables	355	661	794	794	794
Other Current Assets	1,955	2,179	2,513	3,069	3,591
Property, Plant & Equipment	3,537	4,397	6,001	7,331	8,455
Other Non-Current Assets	923	1,181	1,175	1,175	1,175
<b>Total Assets</b>	<b>8,251</b>	<b>10,365</b>	<b>11,666</b>	<b>14,610</b>	<b>17,878</b>
Short-Term Debt	0	96	96	1	1
Other Current Liabilities	1,038	1,210	1,207	1,430	1,482
Long-Term Debt	184	464	3	98	98
Other Non-Current Liabilities	1,193	1,907	2,202	2,602	2,602
<b>Total Liabilities</b>	<b>2,415</b>	<b>3,678</b>	<b>3,509</b>	<b>4,131</b>	<b>4,184</b>
<b>Total Equity</b>	<b>5,836</b>	<b>6,687</b>	<b>8,157</b>	<b>10,479</b>	<b>13,694</b>
<b>Total Equity &amp; Liabilities</b>	<b>8,251</b>	<b>10,365</b>	<b>11,666</b>	<b>14,610</b>	<b>17,878</b>

\* For full definitions of iQmethod<sup>SM</sup> measures, see page 8.

## Company Sector

Alternative Energy

## Company Description

First Solar is the largest vertically integrated solar manufacturer in the United States. The company uses a specialized cadmium telluride (thin film) based panel, which is different from most other panels which are silicon based. First Solar engages in manufacturing and has planned 25 gigawatts of annual nameplate capacity by 2026, with revenues coming primarily from module sales

## Investment Rationale

We rate First Solar (FSLR) Buy given the above-average, de-risked earnings growth trajectory and significant cash build projected for later in the decade. FSLR's leading US solar manufacturing footprint supports its status as greatest beneficiary of IRA. With billions in cash flow expected to accrue to FSLR through 2030+, we see strong ability for FSLR to diversify and maintain its US competitive advantage.

## Stock Data

Average Daily Volume 2,024,197

## Quarterly Earnings Estimates

	2023	2024
Q1	0.40A	2.89E
Q2	1.59A	3.30E
Q3	2.50A	3.59E
Q4	3.18A	3.89E

## Estimates updated for pricing, cost per watt

We have modestly adjusted our FSLR estimates for updated assumption for average selling prices and costs per watt. We have increased our FY24 revenue estimate to \$4.5Bn from \$4.4Bn prior, reflecting an increase in global ASP to 28c/watt, in line with FSLR guidance for the full year. We have also flowed through lower cost/watt reflecting stronger fixed cost absorption and favorable mix relating to production in India, partially offset by cost of rollout of bifacial products and higher freight ramp and period costs at 3c/w. BofA EPS of \$13.67 resides in the top half of FSLR's \$13-14 guidance range. Still see tax credits comprising approximately 2/3 of EPS through 2026.

### Exhibit 1: FSLR Updated Estimates

Tax credits still predominant source of EPS through 2026

FSLR Estimates	2021A	2022A	2023A	2024E	2025E	2026E
<b>Revenue</b>	<b>2,923</b>	<b>2,619</b>	<b>3,319</b>	<b>4,465</b>	<b>5,712</b>	<b>6,843</b>
Previous Revenue	2,923	2,619	3,430	4,385	5,670	6,743
Consensus Revenue	2,923.4	2,619.3	3,474.8	4,539.1	5,633.7	6,710.8
Guidance (GAAP)	2,850-3,000	2,600-2,700	3,400-3,600	4,400-4,600		
<b>Module Gross Margin (%) (exc. PTC)</b>	<b>20%</b>	<b>4%</b>	<b>18%</b>	<b>23%</b>	<b>25%</b>	<b>27%</b>
Consensus GM% (Inc. PTC)	20%	6%	24%	31%	36%	39%
<b>EBITDA (inc. IRA)</b>	<b>847</b>	<b>242</b>	<b>1,165</b>	<b>1,974</b>	<b>3,042</b>	<b>4,180</b>
Previous EBITDA (inc. IRA)	847	242	1,161	1,863	3,039	4,097
<b>Core EBITDA</b>	<b>847</b>	<b>242</b>	<b>450</b>	<b>970</b>	<b>1,497</b>	<b>2,134</b>
Previous Core EBITDA	847	242	461	823	1,490	2,051
Consensus EBITDA - inc. IRA	847	243	1,143	1,943	2,944	3,967
<b>IRA 45X Production Tax Credits</b>				<b>990</b>	<b>1,524</b>	<b>2,017</b>
<b>EPS</b>	<b>3.28</b>	<b>(0.43)</b>	<b>7.74</b>	<b>13.67</b>	<b>21.58</b>	<b>29.90</b>
<b>Tax Credit EPS</b>			<b>6.54</b>	<b>9.20</b>	<b>14.17</b>	<b>18.75</b>
<b>% Tax Credit EPS</b>			<b>85%</b>	<b>67%</b>	<b>66%</b>	<b>63%</b>
Previous EPS	3.28	(0.43)	8.04	13.20	21.79	29.74
Consensus EPS		(0.41)	7.65	13.36	20.81	29.69
% Change to BofA Estimate	0%	0%	-4%	4%	-1%	1%
Guidance (GAAP)	\$4.05-4.75	\$(0.65) - (0.35)	\$7.20-8.00	\$13.00-14.00		

Source: BofA Global Research, Company filings, Bloomberg, Visible Alpha

BofA GLOBAL RESEARCH

## PO to \$187 for updated estimates, peer mtm

We continue to value FSLR using an EV/core 2026E EBITDA multiple. We mark to market FSLR's peer group of primarily Chinese module manufacturers to 3.2x from 3.1x prior, and continue to apply a 0.5x premium to the group given derisked access to the North American market. We still believe this premium to peers could be highly conservative given the extent to which peer economics could be affected in a scenario where there is heightened protectionism against Chinese imports. Our valuation flows through higher EBITDA reflecting our estimate changes above. With these changes, we raise our PO to \$187 from \$179 prior.



**Exhibit 2: First Solar Valuation**

PO to \$187 on estimate updates; 0.1x higher peer group multiple

**First Solar**

Base Year	<b>2026</b>
Modules (External)	22,397
Revenues	<b>2026E</b>
Modules	\$6,843
Gross Margin	
Modules	\$2,297
<b>Total Gross Margin</b>	<b>\$2,296.8</b>
Opex	(\$368.7)
Ex Start up Costs (non-capitalized)	\$0
D&A	\$659.6
Core EBITDA (incl. Systems)	<b>\$2,587.6</b>
<b>EV/EBITDA - 0.5x premium to Solar Mfg Peer Group</b>	<b>3.7x</b>
<b>Total EV on Core Biz (ex Credits)</b>	<b>\$9,671</b>
<b>YE23 Net (Debt) Cash Position - exc. PTC Cash Flow</b>	<b>1,542</b>
PV solar power systems, net (YE19)	-
Project assets (YE19)	-
<b>Total</b>	<b>\$104.00</b>
Implied '25 P/E (excluding Net Cash)	6.7x
FSLR Share Price	\$144.99
<b>Average Valuation - exc. IRA value</b>	<b>\$104.00</b>
BofAe IRA credit value	\$83
<b>Average Valuation - inc. IRA value</b>	<b>\$187.00</b>
Price Return	29%

Source: BofA Global Research, Company filings, Bloomberg, Visible Alpha

BofA GLOBAL RESEARCH

## Pricing resilience in a challenged industry

Under a backdrop of collapsing panel prices, FSLR managed to secure an additional 2.3GW of bookings at higher average selling prices (ASPs) of \$31.8/W (excluding adjusters) since Q3'24 (\$0.30c/W). In the context of an oversupply-driven, recent policy developments have shifted in their favor, particularly with increased Uyghur Forced Labor Prevention Act (UFPLA) enforcement and the potential removal of the bifacial exemption. In our view, this policy activity aligns with our allows them to exercise pricing discipline in navigating the market especially in context of the backlog (remain sold-out two years forward). A 2-yr fully sold-out order book also suggests FSLR can largely afford to see a slower pace of bookings under these market dynamics, in our view.

### ...but execution on the technology roadmap is key

While FSLR maintains a commitment to R&D innovation, we continue to emphasize that successful execution on technology upgrades stands as the linchpin for sustained pricing power and to retain their competitive position. Management hinted at the potential for realizing backlog volumes at higher Average Selling Prices (ASPs), amounting to an incremental \$0.01 per watt or \$0.5 billion in additional revenues through the application of technology adjusters. From a capital structure standpoint, FSLR's balance sheet offers the flexibility to capitalize on growth opportunities. Mgmt. have guided the 2024 net cash balance in the range of \$0.9bn to \$1.2bn.

### Backlog largely intact...

FSLR secured 2.3GW of net bookings since Q3, resulting in a total backlog of 80.1GW (average ASP of \$31.09/w). Additionally, India will start to ramp more meaningfully. Currently 206MW of contracts in India have been added to bookings (and 1.1GW are in the late-stage pipeline). On aggregate, while recent solar policies may work in FSLR's favor, we do not necessarily think the Inflation Reduction Act's (IRA's) 10% investment

tax credit (ITC) adder for domestic contents will be an incremental catalyst here (despite it being just about the only product available that can qualify for the full credit).

### **...We continue to monitor delays here**

While FSLR's contracted backlog (excluding India) is completely sold out through 2026, the deliberate over-allocation position serves as a strategic measure. This intentional stance ensures the resilience of certain delivery timelines, particularly in larger framework contracts, accounting for the inherent tendency for delays in the project development process. This becomes even more important the closer they get to the delivery date. We continue to monitor customer delays, as FSLR have already encountered requests from customers seeking to adjust delivery volume timing in response to project development delays. Our conversations suggest interconnection queues continue to be a sore point. FSLR maintains they will continue to invest in their partnerships so as to prevent customers from seeking out warehousing solutions or working with third parties. We do not anticipate this will impact contracted volumes for 2024.

On a separate note, manufacturers are working to improve efficiency and maintain share. That being said, and consistent with what we've seen, mgmt. highlighted that intellectual property (IP) is driving some uncertainty as the market has transitioned to TOPCon. Jinko and Moxon have both indicated that they have a strong IP position for TOPCon and they're going to enforce that IP.

### **Investing in nameplate capacity... from Ohio to India**

During 2023, FSLR began production of Series 7 modules at their third manufacturing facility in Ohio and in India, bringing total installed nameplate production capacity across all our facilities to ~16.6 GW. In 2024, FSLR expect to ramp and increase production to between 15.6 GW and 16.0 GW and sell between 15.6 GW and 16.3 GW.

FSLR is also in the process of expanding its U.S. manufacturing capacity by ~ 8 GW, including the construction of the fourth manufacturing facility, which is expected to commence operations in H2'24; a fifth facility in the US, due to commence in H2' 25; and the expansion of their existing facilities in Ohio, which is expected to be completed in H1'24.

## Price objective basis & risk

### First Solar, Inc. (FSLR)

Our price objective is \$187/share, based on an EV/EBITDA method. We apply a 3.2x multiple from a group of Chinese and other international solar comp group/module peers, and add a 0.5x premium for FSLR's lower risk to protectionist trade policies. We value FSLR's core EBITDA at a lower than historical multiple given significant pressure to 2027+ pricing from Chinese oversupply. We also add net cash balance and \$84/share net present value to account for production tax credits stipulated in Inflation Reduction Act.

Downside risks: 1) worse/declining price environment, 2) declining margins or worse-than-expected cost structure, 3) unfavorable trade policy dynamics, 5) worse Chinese/global demand environment, 6) worse execution on systems business, and 7) technology fails to live up to expectations 8) FSLR capture of production tax credits fall short of expectations

## Analyst Certification

I, Julien Dumoulin-Smith, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

### North America - Utilities and Alt Energy Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	Alliant Energy Corporation	LNT	LNT US	Julien Dumoulin-Smith
	Array Technologies	ARRY	ARRY US	Julien Dumoulin-Smith
	Atlantica Sustainable Infrastructure	AY	AY US	Julien Dumoulin-Smith
	Atmos Energy Corporation	ATO	ATO US	Julien Dumoulin-Smith
	CenterPoint Energy	CNP	CNP US	Julien Dumoulin-Smith
	Cheniere Energy Inc	LNG	LNG US	Julien Dumoulin-Smith
	Clearway Energy	CWENA	CWEN/A US	Julien Dumoulin-Smith
	Clearway Energy	CWEN	CWEN US	Julien Dumoulin-Smith
	CMS Energy	CMS	CMS US	Julien Dumoulin-Smith
	Consolidated Edison	ED	ED US	Julien Dumoulin-Smith
	DTE Energy	DTE	DTE US	Julien Dumoulin-Smith
	Enlight Renewable Energy Ltd	ENLT	ENLT US	Julien Dumoulin-Smith
	Enlight Renewable Energy Ltd	XENLF	ENLT IT	Julien Dumoulin-Smith
	Entergy	ETR	ETR US	Paul Zimbardo
	First Solar, Inc.	FSLR	FSLR US	Julien Dumoulin-Smith
	Fluence Energy	FLNC	FLNC US	Julien Dumoulin-Smith
	Hannon Armstrong	HASI	HASI US	Julien Dumoulin-Smith
	MDU Resources Group, Inc.	MDU	MDU US	Julien Dumoulin-Smith
	Nextrackr Inc	NXT	NXT US	Julien Dumoulin-Smith
	NiSource Inc	NI	NI US	Julien Dumoulin-Smith
	NorthWestern Energy Group	NWE	NWE US	Julien Dumoulin-Smith
	NRG Energy	NRG	NRG US	Julien Dumoulin-Smith
	PG&E Corporation	PCG	PCG US	Julien Dumoulin-Smith
	PNM Resources Inc.	PNM	PNM US	Julien Dumoulin-Smith
	PPL Corporation	PPL	PPL US	Paul Zimbardo
	Public Service Enterprise Group	PEG	PEG US	Julien Dumoulin-Smith
	Sempra	SRE	SRE US	Julien Dumoulin-Smith
	Sunnova Energy	NOVA	NOVA US	Julien Dumoulin-Smith
	SunRun	RUN	RUN US	Julien Dumoulin-Smith
	TPI Composites	TPIC	TPIC US	Julien Dumoulin-Smith
	Vistra Corp	VST	VST US	Julien Dumoulin-Smith
	Xcel Energy Inc	XEL	XEL US	Julien Dumoulin-Smith
<b>NEUTRAL</b>				
	AES	AES	AES US	Julien Dumoulin-Smith

## North America - Utilities and Alt Energy Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Algonquin Power & Utilities Corp	AQN	AQN US	Paul Zimbardo
	Algonquin Power & Utilities Corp	YAQN	AQN CN	Paul Zimbardo
	AltaGas	YALA	ALA CN	Cameron Lochridge
	Ameren Corporation	AEE	AEE US	Julien Dumoulin-Smith
	Ameresco	AMRC	AMRC US	Julien Dumoulin-Smith
	American Electric Power	AEP	AEP US	Julien Dumoulin-Smith
	ChargePoint Holdings	CHPT	CHPT US	Cameron Lochridge
	Constellation Energy Corp	CEG	CEG US	Paul Zimbardo
	Duke Energy	DUK	DUK US	Julien Dumoulin-Smith
	Emera Inc	YEMA	EMA CN	Julien Dumoulin-Smith
	Essential Utilities	WTRG	WTRG US	Julien Dumoulin-Smith
	Evergy, Inc	EVRG	EVRG US	Julien Dumoulin-Smith
	Exelon	EXC	EXC US	Paul Zimbardo
	Generac Holdings Inc.	GNRC	GNRC US	Julien Dumoulin-Smith
	Hydro One	YH	H CN	Julien Dumoulin-Smith
	Idacorp	IDA	IDA US	Paul Zimbardo
	Maxon Solar Technologies	MAXN	MAXN US	Julien Dumoulin-Smith
	NextEra Energy Partners	NEP	NEP US	Julien Dumoulin-Smith
	OGE Energy Corp	OGE	OGE US	Julien Dumoulin-Smith
	Ormat Technologies	ORA	ORA US	Julien Dumoulin-Smith
	Pinnacle West	PNW	PNW US	Julien Dumoulin-Smith
	Portland General Electric Company	POR	POR US	Julien Dumoulin-Smith
	Southern Company	SO	SO US	Julien Dumoulin-Smith
	Southwest Gas Holdings	SWX	SWX US	Julien Dumoulin-Smith
	TransAlta Corp	TAC	TAC US	Julien Dumoulin-Smith
	TransAlta Corporation	YTA	TA CN	Julien Dumoulin-Smith

## UNDERPERFORM

	Allete Inc	ALE	ALE US	Julien Dumoulin-Smith
	American Water Works	AWK	AWK US	Julien Dumoulin-Smith
	Avangrid	AGR	AGR US	Paul Zimbardo
	Avista	AVA	AVA US	Julien Dumoulin-Smith
	Black Hills Corporation	BKH	BKH US	Julien Dumoulin-Smith
	Bloom Energy	BE	BE US	Julien Dumoulin-Smith
	Dominion Energy	D	D US	Paul Zimbardo
	Edison International	EIX	EIX US	Paul Zimbardo
	Enphase Energy	ENPH	ENPH US	Julien Dumoulin-Smith
	Eversource Energy	ES	ES US	Paul Zimbardo
	FirstEnergy	FE	FE US	Julien Dumoulin-Smith
	Fortis	YFTS	FTS CN	Julien Dumoulin-Smith
	Fortis Inc	FTS	FTS US	Julien Dumoulin-Smith
	FREYR Battery	FREY	FREY US	Julien Dumoulin-Smith
	FTC Solar	FTCI	FTCI US	Julien Dumoulin-Smith
	Hawaiian Electric Industries	HE	HE US	Julien Dumoulin-Smith
	MGE Energy	MGEE	MGEE US	Julien Dumoulin-Smith
	New Jersey Resources Corp	NJR	NJR US	Julien Dumoulin-Smith
	ONE Gas, Inc.	OGS	OGS US	Julien Dumoulin-Smith
	SolarEdge Technologies	SEDG	SEDG US	Julien Dumoulin-Smith
	Spire	SR	SR US	Julien Dumoulin-Smith
	Stem, Inc.	STEM	STEM US	Julien Dumoulin-Smith
	SunPower Corp.	SPWR	SPWR US	Julien Dumoulin-Smith
	UGI Corp.	UGI	UGI US	Julien Dumoulin-Smith
	WEC Energy Group Inc	WEC	WEC US	Julien Dumoulin-Smith

## RSTR

	New Fortress Energy	NFE	NFE US	Cameron Lochridge
	NextEra Energy	NEE	NEE US	Julien Dumoulin-Smith



## iQmethod<sup>SM</sup> Measures Definitions

### Business Performance

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

### Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

### Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

EV / EBITDA

### Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

### Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash &amp; Equivalents

EBIT

### Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

### Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

### Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

### Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

Basic EBIT + Depreciation + Amortization

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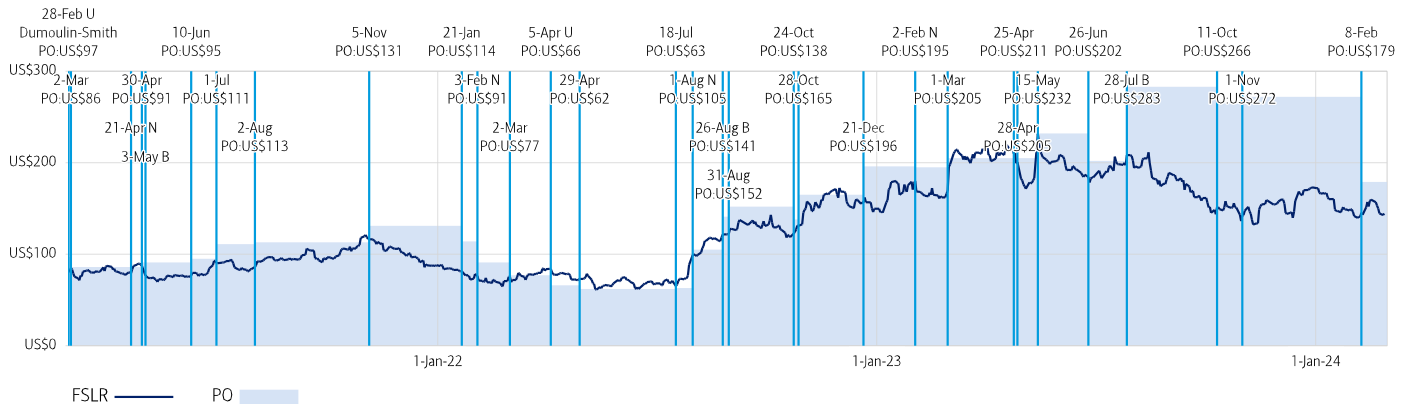
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B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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### Equity Investment Rating Distribution: Alternative Energy Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	8	47.06%	Buy	8	100.00%
Hold	5	29.41%	Hold	3	60.00%
Sell	4	23.53%	Sell	1	25.00%

### Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

<sup>R1</sup> Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster <sup>R2</sup>
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Neutral	≥ 0%	≤ 30%
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