

# **First Solar, Inc. (FSLR) Q2 2024 Earnings Call Transcript**

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**Body**

First Solar, Inc. (FSLR)

Q2 2024 Earnings Conference Call

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Company Participants

Richard Romero - Investor Relations

Mark Widmar - Chief Executive Officer

Alex Bradley - Chief Financial Officer

Conference Call Participants

Philip Shen - ROTH Capital Partners

Jon Windham - UBS

Andrew Percoco - Morgan Stanley

Mark Strouse - JPMorgan

Brian Lee - Goldman Sachs

Vikram Bagri - Citi

Presentation

Operator

Good afternoon, everyone and welcome to First Solar's Second Quarter 2024 Earnings Call. This call is being webcast live on the Investors section of First Solar's website at investor.firstsolar.com. [Operator Instructions] As a reminder, today's call is being recorded.

I would now like to turn the call over to Richard Romero from First Solar Investor Relations. Richard, you may begin.

Richard Romero

Good afternoon and thank you for joining us. Today, the company issued a press release announcing its second quarter 2024 financial results. A copy of the press release and associated presentation are available on First Solar's website at investor.firstsolar.com. With me today are Mark Widmar, Chief Executive Officer; and Alex Bradley, Chief Financial Officer. Mark will provide business, strategy, technology and policy updates, Alex will discuss our bookings, pipeline, quarterly financial results and provide updated guidance. Following their remarks, we will open the call to questions. Please note, this call will include forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from management's current expectations. We encourage you to review the Safe Harbor statements contained in today's press release and presentation for a more complete description.

It is now my pleasure to introduce Mark Widmar, Chief Executive Officer.

Mark Widmar

Good afternoon and thank you for joining us today. Reflecting on the first half of 2024, we are pleased with our ongoing efforts to strengthen the fundamentals of our business.

With solid operating and financial performance, selective incremental bookings, robust pipeline of demand, including a near -- a recently signed 620-megawatt module supply agreement subject to additional conditions precedent with a new U.S. customer that will be supplying power to a hyperscaler. And investment in technology, R&D infrastructure and manufacturing expansions, we continue to solidify our market position through strong execution. Our balanced approach to growth, profitability and liquidity, combined with multiple technological and business model points of differentiation enable us to deliver value for both our customers and our shareholders.

Beginning on Slide 3, I will share some key highlights for the second quarter. From a commercial perspective, we continued our disciplined approach to bookings. Since our last earnings call, we have secured a net 0.9 gigawatts of bookings with an ASP of $0.316 per watt, excluding adjusters where applicable or $0.334 per watt, assuming the realization of adjusters where applicable and in each case, excluding India domestic sales. This includes a 0.4 gigawatt debooking related to a termination for convenience exercised by one of our European power and utilities customers who are selling a portfolio of U.S. development assets as referenced on our last earnings call and who is obligated to pay the associated contract termination payment. This brings our year-to-date net bookings to 3.6 gigawatts. Our total contracted backlog now stands at 75.9 gigawatts with orders stretching through 2030.

From a technology perspective, since our Q1 earnings call, we have established a new world record CadTel research cell with a conversion efficiency of 23.1%, commissioned new critical R&D infrastructure in Ohio and remain on track to launch our CuRe program in Q4 of this year. Our CuRe program is expected to increase energy production in real world conditions through improved module temperature coefficient, bifaciality and degradation rate. Additionally, we have announced the ownership of certain issued and pending patents related to the manufacturing of TOPCon crystalline silicon solar cells. And while Alex will provide a comprehensive overview of our second quarter 2024 results, I would like to highlight our ability to deliver financially with second quarter earnings per diluted share of $3.25 and a quarter end net cash balance of $1.2 billion.

Despite this strong execution and our success, delivering on the manufacturing technology, customer and financial commitments, we must acknowledge that our industry faces varying degrees of increasing external uncertainties, particularly related to policy, supply conditions and evaluations of strategic direction and capital allocation by certain large multinational companies. These will be discussed later during the call.

Turning to Slide 4. Our growth plans remain on track. The expansion of our Ohio manufacturing footprint has been completed and commercial shipments began as scheduled at the end of the second quarter. The completion of this phase expands our manufacturing capacity into the state by almost 1 gigawatts to nearly 7 gigawatts. In Alabama, we expect to complete the installation of tools, complete plant certification and commence production this quarter with the first commercial shipments from the plan expected in Q4 of 2024. We are pleased with the speed at which we're able to construct, equip and commission the 2.4 million square foot facility, achieving this in approximately 24 months from the investment decision.

Our new Louisiana facility is also on track with the start of commercial operations expected in the second half of 2025. Furthermore, we commissioned the Jim Nolan Center for Solar Innovation earlier this month. This new research and development innovation center in Ohio is the largest facility of its kind in the Western Hemisphere. The 1.3 million square foot facility includes a high-tech pilot manufacturing line which we expect will allow us to produce full-size prototypes of thin-film and tandem PV modules in a manufacturing sandbox, freeing up our commercial production lots.

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In addition, we are on track to commission our new perovskite development line at our Ohio campus in the second half of 2024. Combined, these new facilities represent an investment of nearly $0.5 billion in American R&D infrastructure. We believe that thin-film research is critical for commercializing multi-junction tandem devices which are anticipated to be the next disruptive innovation in the solar industry. While the U.S. leads the world in thin-film PV under First Solar's stewardship, China is racing to close the innovation gap and we expect that our strategic investment in R&D infrastructure will help us maintain our nation's strategic advantage in thin-film technology and position the next generation of disruptive, transformative solar technologies to be American-made.

Turning to Slide 5. We continue to progress our technology road map and during the quarter, established a new world record CadTel research cell conversion efficiency of 23.1%. This achievement certified by the United States Department of Energy's National Renewable Energy Laboratory was accomplished at our California Technology Center. We remain on track to launch CuRe at our lead line in Ohio in Q4 of this year and following the pull-in of CapEx discussed at our previous earnings call, intend to accelerate replication across the fleet beginning in late 2025, with our Vietnam and third Ohio facility.

Additionally, we announced the ownership of issued and pending patents related to the manufacturing of TOPCon crystalline silicon photovoltaic solar cells earlier this month which we continue to leverage as we pursue multiple pathways towards our goal of developing the next transformative disruptive tandem solar technology. This portfolio which includes issued patents across various jurisdictions, including the U.S. and pending patents in the EU and Japan has validity extending to 2030.

We are mindful that there have recently been a number of TOPCon patent ownerships announcements and several litigation claims related to particular aspects of TOPCon cell production. Based on thorough and ongoing analysis, including the engagement of third-party legal and technology experts, we firmly believe in the value and strength of our patents and are investigating several leading crystalline silicon cell manufacturers for potential infringement. If infringement is discovered, we intend to challenge the ability to manufacture, assemble and sell infringing TOPCon technologies by pursuing enforcement, licensing and other measures to safeguard our rights.

I'll now turn the call over to Alex to discuss our bookings pipeline and finances.

Alex Bradley

Thanks, Mark. Moving on to Slide 6. As of December 31, 2023, our contracted backlog totaled 78.3 gigawatts, with an aggregate value of $23.3 billion. Through June 30, 2024, we contracted 2.7 gigawatts of incremental volume, reduced our bookings by 0.4 gigawatts due to the aforementioned contract termination by a European customer and recognized 6.1 gigawatts of volume sold. This brings our total backlog to 74.6 gigawatts at quarter end with an aggregate value of $22.3 billion implying an ASP of approximately $0.299 per watt, excluding adjusters where applicable.

Since the end of the second quarter, we've entered into an additional 1.3 gigawatts of contracts, resulting in a total backlog of 75.9 gigawatts. Substantial portion of our backlog includes opportunities to increase the base ASP through the application of adjusters if we realize achievements within our current technology road map as of the expected timing for delivery of the product. At the end of the second quarter, we had approximately 38.4 gigawatts of contracted volume with these adjusters which if fully realized, could result in additional revenue of up to approximately $0.7 billion or approximately $0.02 per watt, majority of which will be recognized between 2025 and 2028.

This increase in adjusters relative to the prior quarter is a function of the opportunity discussed on our prior earnings call to accelerate the expected replication of CuRe across the fleet. This amount does not include potential adjustments which are generally applicable to the total contracted backlog. Both the ultimate module being delivered to the customer which may adjust the ASP in the sales contract upwards or downwards and for increases in sales rate where applicable aluminum or steel commodity price changes.

As reflected on Slide 7, our total pipeline of potential bookings remained strong, with bookings opportunities totaling 80.6 gigawatts, an increase of approximately 7.8 gigawatts since the previous quarter. Our mid- to late-stage bookings opportunities decreased by approximately 0.8 gigawatts to 28.6 gigawatts, now includes 24.6 gigawatts in North America and 3.7 gigawatts in India. Within our mid- to late-stage pipeline, our 4.1 gigawatts of opportunities that are contracted subject to conditions precedent, including 1.2 gigawatts in India. And in the U.S., a 620-megawatt module supply agreement with a new customer who will be supplying power to our hyperscaler which Mark noted earlier. As a reminder, signed contracts in India will not be recognized as bookings until we've received full security against the offtake.

Note that we anticipate reducing our opportunities on a contract subject to conditions precedent India by 0.4 gigawatts as a result of an expected termination of a defaulted module supply agreement with an Indian affiliate of a European oil major who is in the process of selling this business.

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As stated on previous earnings calls, given our diminished available supply through 2027, the long-dated time frame into which we are now selling and the need to align customer project visibility with our balanced approach to ASPs, payment security and other key contractual terms and given the uncertainty related to the policy environment due to the upcoming U.S. election, we will continue to leverage our position of strength in our contracted backlog and be highly selective in our approach to new bookings this year. We intend to continue forward contracting with customers who prioritize long-term relationships and appropriately value our points of differentiation.

Slide 8 will cover our financial results for the second quarter. Net sales in the second quarter were $1 billion, an increase of $0.2 billion compared to the first quarter. Increase in net sales was driven by a 24% increase in the volume of megawatts sold and the aforementioned contract termination payment obligation of one of our European customers. Gross margin was 49% in the second quarter compared to 44% in the first quarter. This increase was primarily due to a higher mix of modules sold from our U.S. factories which led to $255 million in the Section 45X tax credits in the second quarter, the aforementioned contract termination payment obligation, reduction in warehousing and logistics costs and continued reductions in production costs.

SG&A, R&D and production start-up expenses totaled $126 million in the second quarter, an increase of approximately $22 million compared to the first quarter. This increase was primarily driven by higher start-up expenses for our Alabama factory, higher R&D expenses associated with the development of next-generation solar technologies and higher professional fees.

Our second quarter operating income was $373 million which included depreciation, amortization and accretion of $97 million, ramp costs of $6 million, production start-up expense of $27 million and share-based compensation expense of $8 million. Second quarter other income was $5 million. Tax expense for the second quarter was $28 million compared to $19 million in the first quarter. This increase was driven by higher pre-tax income during the period and a change in our position related to reinvesting the accumulated earnings of a foreign subsidiary which allows us to repatriate certain offshore funds to support our strategic investments in the U.S. and show that our worldwide cash is available in the locations in which it's needed. The combination of the aforementioned items led to second quarter earnings per diluted share of $3.25.

Next turn to Slide 9 to discuss select balance sheet items and summary cash flow information. Our cash, cash equivalents, restricted cash, restricted cash equivalents and marketable securities ended the quarter at $1.8 billion compared to $2 billion at the end of the prior quarter. This decrease was primarily attributable to capital expenditures associated with our new U.S. factories in Alabama and Louisiana, along with the repayment of working capital loans in India partially offset by operating cash flows from our modules business. Total debt at the end of the second quarter was $559 million, a decrease of $61 million from the first quarter driven by the repayment of certain working capital loans in India which helped support the ramp of our new plant in the region. Our net cash position decreased by approximately $0.2 billion to $1.2 billion as a result of the aforementioned factors. Cash flows from operations were $193 million in the second quarter and capital expenditures were $365 million during the period.

Continuing on Slide 10. Our full year 2024 guidance remains unchanged. Note following the aforementioned termination for convenience of 0.4 gigawatts in Q2, one of the limited number of contracts that have such a right, we expect volumes sold, revenue and net cash to be toward the bottom of our guidance range. From a second half earnings cadence perspective, we expect our net sales and cost of sales profile, excluding the benefit of Section 45X tax credits to be approximately 40% in the third quarter and 60% in the fourth quarter. We forecast Section 45X tax credits of approximately $240 million in the third quarter and $335 million in the fourth quarter with an operating expense profile roughly evenly spread across the remainder of the year, this results in a forecasted earnings per diluted share profile of approximately 40% in the third quarter and 60% in the fourth quarter.

Note, while it's a third quarter event, we, like many companies were impacted by the recent defective software update issued by CrowdStrike that resulted in IT outages around the world. First Solar's corporate and manufacturing operations were briefly impacted, including the temporary idling of our fleet which was gradually restored over a period of approximately 2 days. This incident did not impact our full year 2024 guidance.

I'll now hand the call back to Mark to continue the business update.

Mark Widmar

All right. Thank you, Alex. As reflected by remarks at the beginning of the call, we are pleased with our financial and operational execution for the second quarter. We have continued to deliver on our commitments and have largely advanced our planned initiatives throughout the year thus far, such as progressing our U.S. manufacturing capacity expansion on schedule, commissioning our research and development infrastructure build-out on plan and maintaining a disciplined approach to new bookings opportunities.

That said, we are also mindful of several externalities which may impact the industry as a whole, including First Solar. Among these externalities we are most frequently encountering are the uncertainties related to politics and policies, irrational global supply conditions and the evaluation of strategic directions and capital allocation by certain large multinational companies.

Firstly, with the November election fast approaching, the solar industry is again facing an uncertain policy environment. The impact of this uncertainty became more apparent as the second quarter progressed. We have observed increasing constraints on access to capital, both for early-stage solar technology companies seeking to finance the next stage of their growth as well as for the established companies looking to build domestic manufacturing capacity. Our financing parties wait to make investment decisions until they have a clear view of the policy picture.

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This uncertainty has also impacted developers evaluating risk and returns within project pro formas and which comes at a time when, as mentioned earlier, some oil and gas and power and utility developers are contemplating the pivot from renewables to prioritizing fossil projects. The potential for Republican control of the presidency in both Houses of Congress has given rise to concern over the prospect of a legislative reconciliation process or use of the Congressional Review Act adversely impacting the Inflation Reduction Act legislation or its related regulations.

A change in the executive administration alone, regardless of the results of the Senate and House elections, has raised similar concerns of the potential use of executive orders to block or delay implementation of IRA-related guidance and the administration of both published and unfinalized regulations. While we cannot predict the outcome of the November election or what a Republican suite would mean for renewable energy industry and trade policies, we can help inform policymakers across the political spectrum of the significant economic and strategic benefits of promoting and securing a robust domestic solar energy manufacturing base and how policies, such as 45X of the IRA, significantly contribute to the economic life of our nation's communities, particularly those located in traditionally red states.

According to an economic analysis commissioned by First Solar and conducted by the University of Louisiana, Lafayette, our investments are already delivering tangible value by creating jobs and raising wages for American workers. Our existing facilities, combined with our expansions in Ohio and new facilities in Alabama and Louisiana, are expected to see us support over 30,000 direct, indirect and induced American jobs by 2026 and $2.8 billion annually in labor income. Our growth trajectory and long-standing commitment to investing in local supply chains is estimated to support 7.3 jobs nationally for every First Solar job created and is expected to add over $10 billion annually to the country's economic output by 2026.

We are demonstrating that investing in American solar manufacturing, innovation and supply chains delivers enduring job creation and economic value, solidifying solar manufacturers' role in Americas, all of the above approach to energy security. We believe our model of high-value domestic manufacturing is the towering example of what are the art of the possible is when the nation follows through on bipartisan goals of countering China's ambition to dominate critical supply chains.

Our manufacturing and domestic sourcing is also an example of capturing and retaining maximum value in the U.S., leveraging it to spur cycles of innovation to advance American technological leadership and attract and retain an enduring workforce. This is, however, a relatively unique example. While intended to enable the growth of domestic renewable manufacturer and value chains, we believe Section 45X of the Inflation Reduction Act of 2022 can and must be strengthened by establishing guardrails and prevent companies controlled by, owned or subject to the jurisdiction of adversarial governments such as China from receiving U.S. taxpayer dollars. We believe that any legislation that establishes these guardrails will help reinforce the IRA's intent of encouraging true value in job creation and retention across the solar value chain. A message we believe resonates with policymakers across the political spectrum.

Despite the political uncertainties ahead, a look back on the quarter reflects several positive developments in the trade environment. Over the past quarter, we have seen the United States government continue to address systemic overcapacity in China by leveraging the tools and the trade policy toolbox. Recently, the Biden-Harris administration acted to close a loophole in trade law by removing the Section 201 bifacial module exemption which the Trump administration had also attempted to remove and announced plans to double the Section 301 tariffs on solar cells and modules imported from China, another trade measure initiated by the Trump administration.

In addition, the 2-year anti-circumvention solar bridge moratorium expired in the second quarter and the administration pledged to crack down on stockpiling through "vigorous enforcement" announcing that importers which brought product and tariff free during the moratorium will be required to certify as to module installation by the December 2024 deadline with detailed information about the imported modules being deployed or pay the required tariff.

In June, the U.S. International Trade Commission by unanimous and notably bipartisan decision, issued a preliminary determination finding a reasonable indication of material injury caused by the dumping of solar cells and modules by Cambodia, Malaysia, Thailand and Vietnam. Material injury caused by subsidies by Malaysia, Thailand and Vietnam and a threat finding caused by subsidies in Cambodia. The unanimous bipartisan vote supports the petition of the American Alliance for Solar Manufacturing Trade Committee which First Solar is a member and underscores the harm caused by the unfair trade practices of China solar companies and their affiliates in Southeast Asia.

The alliance is currently evaluating filing critical circumstances petitions in response to the surge of injurious solar imports from the subject countries in the wake of the Department of Commerce's initiation of the trade investigation. For example, recent data suggests import increases of more than 60% from Malaysia and Vietnam and approximately 19% from Thailand. Such petitions are filed with the United States Department of Commerce determines that critical circumstances exist, cash deposit requirements can be imposed retroactively on solar cells and panels entering the country up to 90 days prior to the date of the Commerce's preliminary determinations.

Critical circumstances can be alleged at any point until just before Commerce's final determination. Based on the Republican campaign platform which has expressively contemplated employing tariffs to increase trade imbalances, we believe it is reasonably foreseeable that if administration were to change could result in incremental tariffs on the Chinese crystalline silicon supply chain operating from Mainland and through its Southeast Asia and other satellite countries. While broadly beneficial to us given our significant and expanding U.S. manufacturing base, any new universal tariffs on imports could adversely impact the gross margin related to our Malaysia, Vietnam and India production sold into United States.

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Finally, it is also important to note that regardless of the outcome of the November election, utility scale demand for renewables is expected to continue to grow. The sources of this projected substantial demand are varied, including from data center, the reshoring of manufacturing, cryptocurrency mining, the heating and cooling, to name a few. Critically, such demand is generally not dependent on policy-enabled drivers. Solar continues to demonstrate that in many U.S. locations, it is the lowest cost source of energy and there are a few other generation sources that can be expanded at scale or notably deployed as quickly as solar, a critical attribute for end users who place a priority on time to power.

In addition, given the presence of long-term fixed price PPAs, relatively predictable degradation, few moving parts and an unlimited free fuel source in the form of sunlight, solar is by nature, is deflationary energy generation asset, further contributing to the nation's economic growth.

Moving on from political consideration. The second externality, a long common theme in the solar industry is irrational oversupply, driven almost exclusively by China's well-documented ambitions to dominate solar supply chains. The unsustainable market conditions resulting from this behavior continue to be an adverse macro condition confronting module manufacturers like First Solar that are committed to competing on a level playing field and on the basis of their merits and undertaking growth that is underpinned by demand. These market-distorting practices have resulted in a 2024 year-end projected U.S. oversupply position of approximately 40 gigawatts. Oversupply conditions in the EU continued unabated as policymakers struggled to provide a coherent policy response to ensure sustainable manufacturing conditions with the -- in the European block.

In India, a challenged ASP environment is a large part a consequence of Chinese cell dumping, that is artificially lower pricing and challenges the country's aspiration to end its reliance on an adversarial by developing a domestic manufacturing base that serves a domestic market. Despite several of our crystalline silicon competitors publicly reporting significant financial losses for the first half of the year as they work to shed excess inventory and rationalize capacity, the Chinese solar industry continues its race to the bottom through overbuilding capacity.

Ignoring clear indications that the market cannot sustain such levels of production, this results in continued dumping of products into key markets at depressed prices. Despite the recently published proposal by China's Ministry of Industry and Information Technology seeking to raise the minimum capital ratio for new PV capacity and impose intellectual property ownership criteria related to capacity expansion, there is skepticism that such measures will be effective in curtailing production expansions and reshoring supply and demand balance.

Particularly as a consequence, we see China capacity expansions -- excuse me, particularly as we see -- continuously see China capacity expansion plans announced. In a market challenged by irrational oversupply and in sharp contrast, the results recently announced by some of our Chinese competitors, we have continued to deliver strong performance as reflected by our year-to-date earnings, recent bookings and total backlog. And while the crystalline silicon industry faces potential obstacles to innovation due to weakening fundamentals and pending legal challenges to its freedom to operate, including as it relates to First Solar's recently announced TOPCon technology patents. During the quarter, we established a new record CadTel research cell, remain on track related to our CuRe launch and fleet replication schedule and commissioned our new R&D facility.

The third externality we have observed relates to certain multinational companies' strategic direction and capital allocation. As referenced on our prior earnings call and during this call, we're observing some multinational oil and gas and power and utility companies, particularly those based in Europe, considering pivots from renewable project development back to fossil projects in an effort to increase returns. For example, we've been made aware that a U.S. affiliate of a European-based multinational oil and gas customer is evaluating their strategic direction with regards to renewable project development. Notwithstanding, we believe the underlying fundamentals of solar remain robust.

As mentioned in our last earnings call, we are seeing the potential for a significant increase in demand as the decade advances, driven in part by data center load growth. Ten of our largest customers have ongoing and future projects that are serving the nation's largest hyperscalers, deploying our technology for the balance of the decade.

According to an analysis by the Boston Consulting Group, data center-driven energy demand is expected to increase by 15% to 20% annually through 2030. Total U.S. power consumption is expected to increase by 3% per year through the end of this decade, with data centers alone expected to contribute more than 60% of the total growth. We believe that this potential hyperscale related demand, coupled with their publicly stated commitments to address their energy needs through clean generation, along with our strong track record of partnering with developers to provide solutions for these off-takers, places First Solar in a strong position to have an important role in powering the industry of the future.

As demonstrated by our recently signed, 620-megawatt module supply agreement subject to additional conditions precedent with a new U.S. customer that will be supplying power to a hyperscaler. Underlying fundamentals related to fossil fuel retirements, the movement towards electrification, utility and corporate demand for clean energy, scrutiny of environmental impact and social consciousness of supply chain providers and load growth, especially related to AI-driven data center demand, aligned with First Solar's position as a leading provider of eco-efficient modules and its approach to responsible solar.

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We're also seeing increased demand driven by the modified domestic content bonus Safe Harbor guidance issued by the Department of Treasury and IRS in May of 2024. The updated guidance sets out a more practical points-based calculation rather than a cost-based calculation for a renewable energy project to qualify for the bonus, placing a high value on vertically integrated manufacturing that utilizes domestic procured components, a profile exemplified by First Solar's growing domestic manufacturing operations.

Given the high domestic content embedded in our U.S. produced Series 6 and Series 7 modules which critically feature a domestically manufactured cell and incorporate domestic components for either all or almost all of the points eligible components specified in the elective Safe Harbor in the May 2024 updated guidance, our customers' projects can satisfy key aspects of the domestic content bonus criteria just by procuring First Solar modules. On the new elective Safe Harbor, there are opportunities for First Solar to blend its deliveries to customers with modules produced across its global fleet, potentially increasing the optimization of all of our factories while enabling our customers to qualify more projects for the domestic content bonus.

In summary, while external factors such as the outcome and impact of the forthcoming election and the continued impact of the global Chinese-driven overcapacity on supply present challenges, First Solar continues to focus and deliver on our planned initiatives. Through continued execution, active policy engagement, utilizing our balanced approach to growth, profitability and liquidity and leveraging our points of differentiation, we believe we remain well-positioned to navigate these challenges.

To conclude, Alex will now summarize the key messages from today's call on Slide 11.

Alex Bradley

Demand continues to be robust, 3.6 gigawatts of net bookings year-to-date, including 0.9 gigawatts of net bookings since our last earnings call, leading to a resilient contracted backlog of 75.9 gigawatts. Our continued focus on manufacturing technology excellence resulted in a record quarterly production of 3.7 gigawatts. Alabama and Louisiana factory expansions remain on schedule. The expansion of our Ohio manufacturing footprint has been completed and commercial shipments began as scheduled at the end of the second quarter.

From a technology perspective, we've established a new world record CadTel research sale, commissioned our new R&D facility in Ohio. We expect our CuRe line launch in Q4 of this year, announced the ownership of certain issued and pending patents related to the manufacturing of TOPCon crystalline silicon cells. Financially, we earned $3.25 a diluted share and we ended the quarter with a gross cash balance of $1.8 billion or $1.2 billion net of debt. We're maintaining our full year 2024 guidance, including forecasted full year earnings per diluted share of $13 to $14.

And with that, we conclude our prepared remarks and open the call to questions. Operator?

Question-and-Answer Session

Operator

And your first question comes from the line of Philip Shen with ROTH Capital Partners.

Philip Shen

The slides say you guys booked 1.3 gigs in July. And then the press release says 900 megawatts were booked since the last call. The $0.316 per watt disclosed was on the 900 megawatts but that seems to include the cancellation of the EU customer. What was the ASP on the full 1.3 gigs or gigawatts gross bookings in July, assuming that's the correct number. So that's the first question. Second question is around the bookings outlook ahead. Can you provide some additional detail on that 4.1 gigawatts of opportunities confirmed but not yet booked on Slide 7. When could these translate to bookings? We're in this policy environment that's uncertain, when do you think bookings accelerate and reflect -- start to reflect this kind of higher tariff, higher price environment?

Mark Widmar

Phil, on the ASPs, yes, so we did have a cancellation during the quarter which we referenced which is the 0.4, so that is the delta. The ASPs that we reported net of the cancellation is in line with where the gross ASPs would be as well. The actual cancellation was slightly lower but don't take it as a material delta. The numbers are in line with the net numbers that have been reported from that standpoint. Bookings from a standpoint of momentum, look, there's -- what we've -- our strategy has been, let's be patient and let's make sure the market has an opportunity to continue to digest all the information that's coming about, right? And we believe there's still even more to come and we kind of alluded to a few.

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One is the potential announcement of critical circumstances. We think that there is a momentum potentially for addressing the foreign entity of concern and the potential use of taxpayer dollars to go to adversarial countries. We think there are other initiatives that could be focused on examining the India imports coming into the U.S. and the potential use of Chinese cells in the manufacture of those products and brought into the U.S. market. And we also believe that there's still, as previously indicated in the domestic content guidance that was communicated in May that the current administration is evaluating the potential use of integration, I should say, of a wafer to qualify for domestic content. So we're just going to try to be as a patient as possible, when you throw in the mix of recently announced TOPCon IP. We're going to be patient as possible to let all that information to be digested with the market to the extent we can see ASPs that are attracted to us in the windows that we're trying to book out into and I still want to continue to remind people that these are windows, their bookings are going out into '27 and '28.

When we look at the bookings last quarter and you include the tech adders which push us north of $0.33, I think we're moving in the right direction and where we feel comfortable where pricing will be. So I think there's momentum there. I think I want the market still to digest all of the uncertainty. And once that gets better understood into the marketplace, I think you'll see more momentum in our bookings as we close out the year. Having said that, there's still an election in front of us but I still think a lot of people are going to be very -- reluctant potentially is a good use to word -- a good word to use for booking into '27 and '28 with less certainty on policy environment. So that momentum may impact us as well. But I do think there's an opportunity here to see a little bit more momentum as a lot of this information is digested and we'll see how we progress through the balance of the year.

Operator

Your next question comes from the line of Jon Windham with UBS.

Jon Windham

I guess as you've moved forward on Alabama, the focus will turn to Louisiana. And just, I guess, a couple of questions on the same topic. Any key milestones that you would point us to over the next 6 to 9 months to keep track of that project? And then at what point do you think we'll get a little bit more specific visibility on when that ramps beyond just saying the second half of 2025. Thanks again and a great result.

Mark Widmar

Yes. So look, I think the first milestone which you expect to start seeing as we exit this year into next year, it would just be a completion of the construction of the building. And you can see that a lot of the exterior construction for the building has been completed but there's still quite a bit of work that needs to be done on the interior and then it will be tool move in. So our current plan will be Q1, beginning of Q2 will be the tool move in for Louisiana for that factory. Then there's the energization process. And then [indiscernible] is going to line up to an integrated run very similar to -- we just started our integrated run this year for Alabama, you roll the plot forward to July of next year, we should be looking towards an integrated run at that point in time, it would be early Q3.

So we're making real good progress, happy with what we're seeing right now. Look, hopefully, we have confidence in what we've been able to do. This is our last factory and a journey to get over north of 25 gigawatts of capacity. We started with -- not too long ago with 6 gigawatts. And so we've been able to, in a relatively short period of time to meaningfully increase our manufacturing capacity and the team has done an excellent job in delivering.

Operator

And your next question comes from the line of Andrew Percoco with Morgan Stanley.

Andrew Percoco

I do just want to kind of come back to the election point that you made earlier, Mark. I'm just trying to clarify, do you think this is going to slow momentum because developers are on pause? Or do you think this could actually accelerate momentum just given your domestic footprint just on the view that a potential Republican President would likely have a much more protectionist policy view. I'm just trying to get a better sense of whether this is a pre- or post-election bookings and pricing acceleration?

Mark Widmar

Yes. Look, I think it's -- the answer is both unfortunately. I think initially there will be -- there'll be some pause with trying to understand exactly the policy environment and what potential implications there will be if there is a new administration and Republican control. But I think as you see through that dust, it's going to be very clear that in my discussions in D.C., clearly, geopolitical tensions with China aren't getting any easier when you go to the Republican side of the conversation. There are going to be tariffs that are going to be imposed which are going to a better advantage First Solar and our domestic footprint for sure. And there's a real reluctancy of using U.S. taxpayer dollars to advantage Chinese owned and controlled company.

So all that, I think, plays to our strength. But at the same time, I think everyone's going to want to understand kind of the environment, so there could be an initial pause. And then I think once that happens, you could see further acceleration. And in some cases, you may even see a pull forward of projects from '26 into '25 if there's a view that there's a legislative process potentially that could change certain provisions within the IRA, there may be an acceleration of everybody trying to monetize as much as they can in '25 before budget reconciliation process could potentially impact the legislation and call that maybe late Q3 of '25 kind of view of the world.

So I think we're going to see a little bit of both, maybe some pause just to assess. But then I think what likely plays out with the Republican controlled D.C. would be a very favorable outcome for First Solar's domestic manufacturing.

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Alex Bradley

Andrew, Mark is talking about it from a customer perspective. The same is also true from us. We talked before about how there's potentially some customer timing question around when they would want to make bookings. The same is true for us as to when we want to take a booking and you see that in the very judicious approach we've been taking and what looks historically like relatively low bookings in this quarter, that's a deliberate outcome for us. And so as we think through the risk profile of taking bookings today, the risk profile around the election, most scenarios would tell us that it makes sense for us to wait, especially given that one of the things that First Solar prizes itself on is we honor our contracts. And so if we set a price today and things change around the election that could otherwise lead to different outcome, we will honor the contract that we signed in the same way we expect our customers to honor the contracts they have signed. So there's a lot of things here that will lead us to wait as well as the customer.

Operator

And your next question comes from the line of Mark Strouse with JPMorgan.

Mark Strouse

I wanted to follow up on Phil's question earlier. Just comparing and contrasting the ASPs of the bookings in July versus what you put up on the last earnings call, up a bit kind of despite all of the news that's come out intra quarter. You mentioned kind of customers are kind of digesting all of the news flow. Is there any other color to that you would call out as far as timing of those deliveries, 2027 versus 2030 that also might be a factor in that? And then just a quick follow-up. Do you have a customer in mind to backfill for the 400-megawatt cancellation? Should we just simply add that to our 2025 numbers? Is there any chance that that could potentially come back into 2024?

Mark Widmar

Yes. Look, on the last question, I guess, first, I'll hit on that is, look, there is a chance. We're actively engaged right now with negotiations on a portion of that volume. But at the same time, we're just trying to be balanced in our views. We only have 5 months left in the year. The timing of the requirement for those modules and what project, it has to be something that is not too far long in the design phase because if it's already been designed to a different product and then to switch the engineering drawings and everything else and potentially even the supply chain balance the system that they would -- they are currently procuring could have to be modified as well. So I think it's best just to assume that it does not happen this year. But clearly, we're going to want to sell through that volume as quickly as we can.

As it relates to the bookings, yes, there is -- to me, there's really 4 large bookings. There was -- in the current quarter, forget about the debooking. In the current quarter, there was 4 large ones. And I'm also including the one booking that subject to CP -- contracts subject to CP, right which is a 600-megawatt project. So you include that in there. That deal is completely -- is finalized all terms and conditions and ASPs and all that stuff is finalized. And it's subject to a developer getting actual finalizing control of a site on their end. And we hopefully will see that close out this upcoming quarter. So I look at it, there's 4 large bookings for the quarter or 3 bookings plus a contract which aggregates up to about 1.8 gigawatts when you look at it from that perspective. And most of that volume is kind of '26, '27 and '28. So it is out into a longer-dated window and is still maintaining good ASPs. And while we always want to make sure that we're highlighting the impact of those adders as we indicated, we're starting our CuRe lead line this quarter and we'll be replicating across the fleet. So by the time we actually deliver against for those projects, we'll be able to monetize the full value of those adders.

So I look at the kind of the ASP numbers that we should be most reflected upon is the ASP with the adder. And so good projects, a good window which we need to book with, good counterparties, happy to continue to see more and more First Solar modules being associated with data center and expansion of data centers. So overall, we're pretty pleased with that. And we'll continue to see customers and willingness to move forward and engage. I do think given the winners that we're booking out into, there will be some that are going to continue to sort of maybe evaluate and assess until there's better clarity exactly what where the policy environment will land in D.C. and no different than what we want to do the same thing as Alex indicated.

Operator

And your next question comes from the line of Brian Lee with Goldman Sachs.

Brian Lee

Sorry to beat a dead horse but on the bookings front, just had a pricing question, were all the bookings from U.S. fabs in the quarter? Or was there some from Asia in there as well? I'm just trying to, I guess, get a sense of like-for-like pricing given your comments from the last call that U.S. pricing had moved maybe $0.03 to $0.04 per watt higher in recent times owing to tariff uncertainty. Is that kind of still what you're seeing mid-30s level in the U.S. specifically?

And then second question I had was just big picture thoughts on new CapEx and timing of any kind of next manufacturing capacity expansion, whether new technology tandem or Series 7, what are kind of major bottlenecks decision criteria you're thinking about to potentially move forward on a decision there?

Mark Widmar

Yes. So the bookings, there was some India domestic volume that was booked within the quarter and we highlighted that and called that out of the average ASP. It wasn't a significant portion of the total volume but it was a piece of it. But there are shipments from India, in particular, that are being sold into the U.S. market that are included in that average ASP. I wouldn't say all that dissimilar from our normal mix of domestic versus international but there is some in India volume that will be sold into the U.S. market that's captured in the bookings for the quarter.

The -- one thing I want to make sure is that when we go back and talk about pricing environment, what I would say is what we saw going into last earnings call, we had an earnings call in Feb, pricing got really soft in the month of March, then we rolled through beginning of April and there was -- at that time, it was an indication of the AD and CVD action against Southeast Asia, the new trade initiative that happened in early April. And then we started to see prices firm up. And then we ended up closing out on a reasonable amount of volume in that earnings call that we announced in May.

But my comment that I even said last time was that some of that -- my point was the $0.03 to $0.04 was from also the weakness that we saw initially within the quarter that then firmed up. So I want to be clear, with adjusters we're at $0.33, $0.33 and change. I don't think we should be looking at that, that number is going to go up into above the mid-30s kind of range, right? So even -- to me, it's mid-30 as a cap and south of mid-30 in kind of where we ended up with the $0.336. I think that's kind of where we ought to be thinking about it. And it's going to ebb and flow any particular quarter, depending on what our mix is and what we're selling from domestic and international because domestic prices are higher than international. But I also want to make sure that we should not be thinking that we're going to at least in our mind, if we can sell through in a horizon that's that far out, under the current policy construct at those types of ASPs, we still find that to be extremely attractive.

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Now in a higher tariff environment which is why we're trying to be patient on our domestic product and what we're selling through at, then I think there's an increased opportunity for higher ASPs domestically. But that is all triggered by a potential change in administration and overall change to strategy around policy environment. So -- but anyway, that's how we should think about ASP. Around new CapEx, to me, it's all tethered back to the same policy conversation. Once we have a view and understanding what that policy environment is going to be like, then we can make a decision on how we want to proceed in that regard. And as I've indicated on prior calls, we're going to continue to do all the work we need to, to be ready. And once we're -- the understanding of the policy environment, we'll know which scenario we should go down.

Operator

And your next question comes from the line of Vikram Bagri with Citi.

Vikram Bagri

I apologize if I missed this. Mark, I wanted to understand your exposure to the uncertainties you highlighted, the capital allocation, maybe political and so forth and regulatory. Are you sort of like trying to indicate that the backlog is completely secure and these uncertainties only impact the forward-looking outlook? Or there is -- you're having discussions where there might be more calculations due to convenience. And then staying on that same topic, Mark, the Chevron Doctrine ruling has very widespread applications and a lot of the IRAs interpretation by government agencies, do you see any risks from challenges to those interpretations directly or indirectly to First Solar?

Mark Widmar

Yes. Look, I think what we tried to highlight in the call is that there is externalities right now that create some amount of uncertainty. And one is, obviously, the political environment, we spend a lot of time around that. The other is clearly the significant overcapacity that we continue to see unabated from China and we're just trying to continue to highlight that and also emphasize why there's -- it's so important for us to be very aggressive on a trade policy standpoint, whether here in the U.S. or in India or even actions and initiatives we're trying to do in the EU, right? So we think those are all important things that everyone needs to be mindful of.

The one -- as it relates to whether this calls into question our backlog, those 2 are not calling into question the risk of our backlog from a contractual standpoint, right? Now if for some reason, there's a new policy environment, the Republicans were to getting into control and they eliminated the tech-neutral ITC or minimized it, reduced it, that could have an impact on our viability of our customers' projects and their associated returns. I mean, clearly, that's going to have a ramification to First Solar because now project fundamentals have modified. There's no view of that per se happening but it's an indication of when we go through the political uncertainty or the election process that we're going to be going through and if there's a Republican control, there's a number of things that could be addressed as part of the IRA that may or may not have any potential implications on us. We're just trying to highlight that as such. So no impact on the backlog from that standpoint but for some dramatic pivot or change into the market.

The one we are trying to highlight is that we had -- look, this is not news. You can go and look at a lot of oil and gas majors, large oil and gas majors. And they are assessing viability of project returns in solar and deployment of capital and allocation of capital. We had a European power utility company that was on our books for over 1 gigawatt of volume. They end up taking 600 megawatts or so of that volume and then terminating about 400 megawatts of that volume because they have made a decision to exit the U.S. market. That happens. But as we said in the last call, the good thing about that is on the side of that equation is somebody acquiring their development portfolio happens to be a long-term First Solar customer who is 100% sole source to our technology. So it's a good thing long term. It creates near-term disruption. This customer already had the framework agreement with us. So near term, they don't need incremental modules to build out that development pipeline which they're acquiring. But longer term, that just further establishes us with a higher penetration of market share.

The -- we also highlighted in India, there was a large oil and gas major who, while it was not a booking, it was a contract that we have that they're now selling the business. And as a result of that, there's a termination associated with it. They've got a 30-day period in which to cure it. If they don't, then they're going to pay us a termination payment. So there's things that are happening that are around us that we're just trying to make sure people understand that as these large multinational companies either invest or further accelerate their investments or decide to decelerate, it could have an impact on us.

In the backdrop to all this other stuff happening, we have others like the Brookfields of the world who are acquiring developers. So they're on the other side of the equation. They're making acquisitions here in the U.S., they're making acquisitions in India and so on and even in Europe and we have relationship with them as well. So there's just this intermix of the stuff happening right now we thought it was important that people understood. It shouldn't be a surprise, especially as large oil and gas majors they've been highlighting this CEO changes, other things that have happened and the assessment of ultimate deployment of capital and where solar fits in that strategy.

So Chevron, the last one you highlighted. Look, I don't think -- at least the interpretation that I continue to get from my team is probably very little impact. A lot of the IRA and some of the guidance associated with the IRA where tax regs and tax rules generally not really in kind of the bull's eye of where you would focus on from the Chevron deference. And so I don't think there's any significant exposure. We know there are some concerns maybe around hydrogen and some of the other interpretations that were provided. But at least as it relates to domestic content or the manufacturing tax credit and those types of things, we don't see Chevron impacting that at this point in time.

Alex Bradley

Vikram, just on the backlog. So we've said before, we have fixed price agreements. And what we're saying here is those still stand. In the event of a systemic shock to the system, I think some of the risk ultimately could fall on us if there's significant defaults and customers are in trouble. But generally, I would say we look to the strength of the contracts in the event that there's a determination of the convenience option, customers choose to utilize that. And we've said before, that's on a very small part of our backlog, then we would collect the termination payment. In the event that customers default, we've shown and I think it's fair to say that we believe our contracts are 2-way agreements, customers have obligations as well with us and we will go after termination payments that are owed to us.

Operator

And that does conclude today's conference call. You may now disconnect.

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