

A123 3Q Loss Widens As Costs Triple

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WATERTOWN, Mass. (AP) — A123 Systems Inc., which makes lithium-ion batteries for cars, said Wednesday its third-quarter loss deepened as costs nearly tripled.

A123 posted a loss of \$63.7 million, or 51 cents per share, compared with a loss of \$43.7 million, or 42 cents per share, for the same quarter last year. Analysts polled by FactSet had expected a narrower loss of 38 cents per share.

Revenue more than doubled in the three months ended Sept. 30 to \$64.3 million from \$26.2 million, topping analyst estimates of \$63.8 million, as the company's battery shipments reached a record high. Product revenue tripled to \$59.6 million. But last week, the company had lowered its full-year revenue outlook for the year because a key customer, Fisker Automotive, cut its order for battery packs. It said it expected revenue of \$165 million to \$180 million, down from a previous range of \$210 million to \$225 million, for 2011. Analysts now expect 2011 revenue of \$190.9 million.

The company has "taken actions to address the near-term challenges associated with this reduction in volume," A123 CEO David Vieau Wednesday in a statement.

A123's costs are also rising, to \$83.9 million from \$29.3 million in the third quarter.

The Waltham, Mass., company said it's making progress in lowering its production costs and expects to post break-even quarterly margins sometime next year and break-even adjusted earnings before interest, taxes, depreciation and amortization in 2013.

Besides Fisker, A123 also has production contracts with Germany's BMW, and in October General Motors Co. said A123 will provide the batteries for its Spark EV mini-car, which is expected to go on sale in 2013.

Electric cars have not been big sellers in the U.S. because of the weak economy.

In late morning trading, A123 shares rose 3 cents to \$3.19, while broader markets were down sharply. The Dow Jones industrial average lost 1.8 percent.

A123 went public in September 2009 at \$13.50 per share. It hasn't posted a quarterly profit since the IPO.

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