LDK Solar Posts 1Q Loss As Solar Prices Drop

The Associated Press

NEW YORK (AP) — LDK Solar Co. on Tuesday posted a first-quarter loss of $185.2 million, reversing a year-ago profit, after booking charges related to a plunge in solar panel prices and new anti-dumping regulations in the U.S.

The Chinese solar equipment maker also cut its 2012 revenue forecast. U.S.-traded shares fell 5 percent as the market opened.

LDK said its loss amounted to $1.46 per share in the first three months of the year. That compares with a profit of $135.4 million, or 95 cents per share, in the same part of 2011.

Revenue plunged 73.9 percent to $200.1 million in the quarter, from $766.3 million last year.

The results fell short of Wall Street expectations. Analysts were expecting a loss of $1.14 per share on sales of $298.1 million, according to FactSet.

Like other solar companies, LDK has struggled mightily in recent years as solar panel prices dropped. Cheap solar may be a good thing for consumers, but it's been tough on manufacturers that sell them.

LDK, which makes a variety of solar products including wafers, cells and modules, said it needed to book a charge of $91.1 million to reflect "relatively high" production costs and the declining price of solar equipment in its inventory.

It booked another charge of $5.7 million related to new anti-dumping tariffs in the U.S. The Commerce Department announced the tariffs after deciding in May that Chinese companies were selling solar panels below what was considered a fair price, making it tough for American manufacturers to compete.

Chairman and CEO Xiaofeng Peng said the company continues to work on improving efficiency and cutting costs.

"While we expect to see continued challenging conditions in the solar industry in the near-term, we anticipate that some markets such as China will begin to see improved demand as the year progresses," Peng said in a statement.

LDK cut its 2012 revenue forecast to between $1.5 billion and $2 billion, compared with an April forecast of between $2 billion and $2.7 billion. In the second quarter, the company expects to generate between $220 million and $270 million in revenue in the second quarter, while shipping between 300-350 megawatts of solar wafers and between 140-180 megawatts of solar cells and modules.

Wall Street was expecting revenue of $370.4 million, with estimates ranging from $323.4 million and $453 million.

The company shipped 164.4 megawatts of solar wafers and 153.9 megawatts of solar cells and modules in the first three months of the year.

LDK shares tumbled by 10 cents, or 5 percent, to $1.93 in premarket trading.

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