

[« Back to Article View](#)[Databases selected:](#) National Newspaper Abstracts (3)**THE WALL STREET JOURNAL.****Gateway Reports Wider Loss For 3rd Quarter**

Gary McWilliams. **Wall Street Journal.** (Eastern edition). New York, N.Y.: Oct 24,

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Abstract (Article Summary)

Gateway has been struggling to reverse steep PC losses while expanding into consumer-electronics markets, such as digital cameras and television. The company has been trampled in the market-share fight between the industry's two behemoths, Dell Inc. and Hewlett-Packard Co.

Heading into what is traditionally the biggest home-PC sales season of the year, Gateway forecast a fourth-quarter loss, excluding restructuring expenses, of nine cents to 15 cents a share. The company didn't estimate restructuring expenses. First Call's consensus estimate calls for a loss of nine cents a share.

Full Text (415 words)

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Gateway Inc.'s third-quarter net loss widened substantially from a year ago, reflecting restructuring costs for shuttering much of its personal-computer assembly operations and for dismissing 1,800 employees.

The Poway, Calif., home-PC maker reported a loss of \$136.1 million, or 43 cents a share, including \$73 million, or 23 cents a share, for restructuring. That compared with a loss of \$46.9 million, or 15 cents a share, a year ago.

Wall Street analysts had projected a loss of 19 cents a share, excluding restructuring charges, according to Thomson First Call.

Revenue fell 21% to \$883 million from \$1.12 billion a year ago. PC sales tumbled 23% to 558,000 units from 729,000 units a year ago on home-PC sales declines.

Gateway has been struggling to reverse steep PC losses while expanding into consumer-electronics markets, such as digital cameras and television. The company has been trampled in the market-share fight between the industry's two behemoths, Dell Inc. and Hewlett-Packard Co.

During the quarter, Gateway closed a Hampton, Va., assembly plant and made large cuts at its North Sioux City and Sioux Falls, S.D., PC assembly and refurbishing operations. It also spent \$15 million to remodel 185 stores, revamping the stores to better display its new products.

While home-PC sales continued to drop, consumer-electronics and non-PC revenue rose 43% to \$251 million from \$173 million a year ago, accounting for 28% of sales. Gross profit margin, a measure of manufacturing efficiency, was 10% of sales, compared with 15% a year ago.

Heading into what is traditionally the biggest home-PC sales season of the year, Gateway forecast a fourth-quarter loss, excluding restructuring expenses, of nine cents to 15 cents a share. The company didn't estimate restructuring expenses. First Call's consensus estimate calls for a loss of nine cents a share.

In the fourth quarter of last year, Gateway reported a loss of 22 cents a share on sales of \$1.06 billion.

Revenue is projected at \$925 million to \$975 million, said Roderick M. Sherwood III, the company's chief financial officer. He projected consumer-electronics revenue in the quarter would double from the third quarter on higher sales of newly released flat-panel televisions and digital cameras. The company released 58 new consumer products last quarter, he said.

Profits were below expectations because of rising prices for memory chips and flat-panel monitors, he said. "That will abate" in the fourth quarter, he said.

At 4 p.m. in New York Stock Exchange composite trading, Gateway was down 5 cents to \$6.10.

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