

Kia Profits Quadruple In Early 2010

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SEOUL, South Korea (AP) — Kia Motors said net profit quadrupled in the first quarter on stronger sales and equity gains from affiliated companies.

Kia, South Korea's second-largest automaker, earned 398.6 billion won (\$358 million) in the three months ended March 31, it said in a regulatory filing Friday. The company reported net profit of 97.4 billion won the same period last year.

The maker of the Forte small sedan and Sorento compact crossover SUV said sales during the quarter rose 39 percent to 4.86 trillion won from 3.5 trillion won a year earlier.

Kia, which exports 65 percent of its domestic production, is an affiliate of Hyundai Motor Co. Together they form the world's fifth-largest automotive group.

Global sales volume soared 69 percent to 474,625 vehicles, compared with 281,000 last year.

"First-quarter results improved thanks to an increase in sales volume and the effect from new models," Kia finance chief Lee Jae-rok said in a press release.

China sales soared 152 percent, the company said.

Looking ahead, Lee said exchange rate uncertainty was a concern.

The South Korean won has been trading at 19-month highs against the dollar and according to Kia's reckoning the greenback declined 18 percent in the first quarter from the year before.

A stronger won can reduce profits South Korean companies earn overseas when they are repatriated back home and can also make their products more expensive in foreign markets.

Kia said its bottom line was also bolstered by a decline in net interest expense due to a decrease in debt and financing costs as well as a narrower foreign exchange loss.

The company also recorded gains in equity earnings due to profit increases at manufacturing subsidiaries in China and Slovakia and auto parts maker Hyundai Mobis Co. and steelmaker Hyundai Steel Co. Kia has stakes in both companies, according to spokesman Michael Choo.

Both Kia and Hyundai Motor have expanded aggressively overseas. Kia has plants in China and Slovakia and began production in the United States last year in West

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Hyundai has factories in China, India, Turkey, the U.S. and the Czech Republic. Hyundai's U.S. plant is in Montgomery, Ala.

Shares in Kia Motors, which released results during morning trading, closed unchanged at 26,400 won. The stock price tripled in value in 2009.

On Thursday, Hyundai Motor said net profit hit a record high in the first quarter amid a jump in sales and strong performance in China and India. South Korea's biggest automaker earned 1.13 trillion won, a fivefold increase from the same period last year.

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