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GM will issue 30-cent quarterly dividend, names Stevens CFO

BY MELISSA BURDEN (excerpt)

General Motors Co. said Tuesday that its board of directors will issue a 30 cent quarterly dividend per share of common stock beginning in March.

The dividend is the first to shareholders since GM emerged as a new company after its 2009 bankruptcy. GM last paid a dividend in June 2008 at 25 cents a share.

“Today’s General Motors is designing high-quality, world-class vehicles for our customers and delivering consistently solid financial results,” GM Chairman and CEO Dan Akerson said in a statement. “The board understands that our investors should share in this success and is pleased to announce a quarterly dividend for our common stockholders.”

GM said the dividend will be payable on March 28 to shareholders who own stock as of March 18.

The company also later Tuesday said Chuck Stevens, GM’s chief financial officer for North America since January 2010, will take over as GM’s CFO Wednesday. ...

...GM was barred from paying a dividend during the nearly five years it was under government ownership. It suspended paying a dividend amid extreme financial pressures.

“Our fortress balance sheet, substantial liquidity, consistent earnings and strong cash flow provide the foundation for an ongoing payout,” Ammann said in a statement. “This return to shareholders is consistent with our capital priorities and is an important signal of confidence in our plans for a continuing profitable future.”

The company has issued 15 consecutive quarters of profitability through the third quarter 2013. At the end of September, GM had total liquidity of \$37.3 billion and \$8.4 billion in debt. ...

...The move came as Akerson is retiring from the company as chairman and CEO. He retires effective Wednesday and Barra, currently GM’s global product chief, takes over as CEO.

Akerson said in October that the company’s board wants to return money to shareholders. Many analysts expected GM to reinstate the dividend and also say a share buyback may be on the horizon.

Reissuing a dividend is another important moment for GM in its turnaround and is a significant payment to investors, said David Kudla, CEO and Chief Investment Strategist for Mainstay Capital Management in Grand Blanc.

“This is another milestone in their restructuring, in the resurgence of the company,” he said. “It’s a result of improved profits, positive cash flows after a positive restructuring through bankruptcy.” ...

...Investors cheered the dividend move, bidding up GM stock by nearly 3 percent in after hours trading. GM stock closed at \$40.02 a share Tuesday, up 44 cents.