

GM suspends dividend to save cash

April 27 2020



General Motors announced that it will suspend its dividend and halt share repurchases as it conserves cash amid a broad economic slowdown expected to weigh on auto purchases

General Motors announced Monday that it will suspend its dividend and halt share repurchases as it conserves cash amid a broad economic slowdown expected to weigh on auto purchases.

GM said it had also extended a \$3.6 billion bank credit facility through April 2022 to build more liquidity capacity.

"We continue to enhance our liquidity to help navigate the uncertainties in the [global market](#) created by this pandemic," said GM Chief Financial Officer Dhivya Suryadevara.

"Fortifying our cash position and strengthening our balance sheet will position the company to create value for all our shareholders through this cycle."

The biggest US car manufacturer still has set no timeframe for resuming auto production after announcing on March 18 it was suspending North American operations to combat the spread of the coronavirus.

The company has refashioned an Indiana plant to build critical care ventilators and manufactured face shields and other [personal protective equipment](#) for medical workers.

Wall Street analysts expect the company to announce a steep drop in profits in the first quarter when it reports early next month.

GM is also projected to report a big loss in the second quarter as much weaker consumer confidence dents car sales.

The company's move comes on the heels of Ford's announcement last month that it also would suspend its dividend.

Shares of GM fell 1.1 percent to \$21.71 in morning trading.

© 2020 AFP

Citation: GM suspends dividend to save cash (2020, April 27) retrieved 25 April 2024 from

<https://techxplore.com/news/2020-04-gm-dividend-cash.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.