

PC maker Dell to pay dividends

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Dell CEO Michael Dell, pictured in 2010. Struggling computer maker Dell announced Tuesday it will use some of its cash stockpile to pay shareholder dividends as it pursues a shift to services.

Struggling computer maker Dell announced Tuesday it will use some of its cash stockpile to pay shareholder dividends as it pursues a shift to services.

Chairman and chief executive [Michael Dell](#) told [CNBC](#) television that in view of the PC maker's cash position and a shift to a more diversified business model, "we feel confident this is a great time to return this capital to shareholders now in perpetuity."

The company will pay 32 cents per share annually, amounting to an annual expense of \$560 million, from a cash stockpile of \$17.2 billion.

Jon Ogg of 24/7 Wall Street said the move was long overdue and follows similar moves by tech firms like Apple and Hewlett-Packard.

"[Dell](#) has been part of our technology dividend sinners for quite some time," Ogg said. "It is now finally changing its policies and will start to unlock that shareholder value by paying a dividend to its common shareholders."

Dell shares rose 0.93 percent to \$11.97 and added another 2.7 percent in after-hours trade. But the shares are down from over \$30 in 2007.

The company said in a statement it was taking steps to boost shareholder value through [stock buybacks](#) and the new dividend, and would be expanding its services to be more diversified.

"Dell is an end-to-end solutions provider today as we continue to build out our data center, software and services capabilities," Michael Dell said.

"We have changed the conversation we're having with our customers. We are a solutions company first, vertically focused, and creating more value for customers with innovative offerings that provide competitive advantage."

Dell chief financial officer Brian Gladden said, "The payment of a quarterly cash dividend to Dell's shareholders adds another element to our disciplined capital allocation strategy."

Dell, once the biggest maker of PCs, has been hurt by a shift to [tablet computers](#).

The company, which has slipped to third place in the global PC market, said last month its profit in the first fiscal quarter fell to \$635 million.

Last year, Dell said it would halt sales of its Android tablet computer in the US market, after failing to gain traction against rivals such as Amazon's Kindle Fire and Apple's iPad.

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