

News Release

UK dividends fell 0.4% in 2024 as big cuts in the mining sector masked a better picture elsewhere

- UK dividends rose to £92.1bn in 2024; up 2.3% on a headline basis; boosted by £5.6bn of one-off special payments
- However, the underlying total (which excludes one-offs) fell 0.4% to £86.5bn
- Mining companies reduced their 2024 payouts by £4.5bn to £7.0bn (40%)
- 77% of companies raised dividends or held them steady year on year in 2024, and the typical (median) per-share growth rate at company level was 4.5%
- Q4 dividends fell 0.5% on a headline basis, but underlying payouts inched 0.1% higher
- 2025 report forecast: a handful of notable cuts will hold back growth in 2025
- 2025 report forecast: headline growth of 0.7% to £92.7bn: an underlying increase of 1.0%

London, 28 January 2024 – UK companies paid their shareholders £92.1bn in 2024 — 2.3% more on a headline basis than in 2023 according to the latest Dividend Monitor report from global financial services company Computershare.

The headline growth rate was supported by higher special dividends, but the more important underlying total, which excludes these one-offs, fell 0.4% on a constant-currency basis to £86.5bn.

2024 was affected by a £4.5bn decline in payouts from mining companies, which was the largest dividend paying sector between 2021 and 2023, according to the report.

The headline growth rate in 2024 (excluding this highly cyclical sector) was 8.4% over the year with underlying growth a more encouraging 4.0%.

This underlying rate is more in line with the 4.5% median per-share dividend growth across the UK market, which represents the typical rate of increase at each company.

Mark Cleland, CEO Issuer Services United Kingdom, Channel Islands, Ireland and Africa at Computershare, said: "It is worth highlighting that dividend growth was better outside the highly cyclical mining sector.

"In addition, share buybacks are having an impact, diverting an estimated £42-45bn of cash in 2024 to shareholders that might previously have been paid mostly in dividends.

"Even so, the report's predicted 4-4.5% typical company dividend growth for 2025 is modest in the context of UK inflation at 3.5% and will be impacted again by some notable cuts in the year ahead."

The only other sector outside mining to see a significant reduction was housebuilding, which was particularly affected by cuts from Persimmon and Bellway, which have suffered from the slow housing market.

Banks, insurance companies and food retailers were among the sectors to make the strongest positive contributions: overall 17 out of 21 sectors and 77% of companies saw dividends rise or hold steady year on year.

In the fourth quarter headline dividends fell 0.5%: better than the 1.7% headline decline implied by the Dividend Monitor's forecast owing to a weakening pound as well as pockets of stronger-than-expected growth — including, for example, building materials and industrial goods.

Q4 underlying growth was 0.1% on a constant-currency basis, according to the report.

2025 outlook

The report expects outlook for 2025 dividends to be relatively muted. In particular, it expects:

- Median dividend growth per share of 4-4.5% to continue, but that the market total will probably not reflect this given the announcement of some large cuts, for example, by the soon to be merged Vodafone/Three.
- Exchange rates are currently on track to boost headline dividend growth in 2025 following the sharp weakening of sterling recently. However, should one-off special dividends return to more average levels in 2025, they will reduce the headline growth rate.
- Payouts in 2025 to reach £92.7bn at the headline level — up just 0.7% year on year — with the underlying total (which excludes special dividends) set to rise to £88.2bn: up 1.0% on constant-currency basis.

Cleland added: “The report indicates that sharply rising borrowing costs will affect government finances, economic growth, business investment, profit margins and consumer spending.

“These higher market interest rates will likely have an impact on the ability of companies to generate cash for shareholders.”

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Notes

1. For high resolution images of spokespeople, visit <http://cpu.vg/spokespeople>.
2. The Dividend Monitor calculates underlying dividend growth by deducting one-off special dividends from the headline figure and adjusting for movements in exchange rates.
3. Headline dividends are total dividends paid, converted to sterling, including one-off special dividends.
4. The Dividend Monitor is a publication produced by Computershare Investor Services PLC in association with 5i Research UK. This publication is intended for general information purposes only. It is under no circumstances intended to be used or considered as financial or investment advice, a recommendation, or an offer to sell, or a solicitation of any offer to buy any securities or other form of financial asset or to be relied on by the reader in any way.
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