

News Release

UK headline dividends increased 4.6% during Q1 2023 but growth likely to slow during rest of year, says Dividend Monitor

Bristol, UK, 11 May 2023 – UK dividends rose by 4.6% on a headline basis to £15.2bn and ahead of forecasts during Q1 2023, according to Dividend Monitor, which is presented by global financial services company Computershare. The underlying rate of increase, which adjusts for one-off special dividends and exchange rates, was 5.6% in Q1.

The quarterly report reveals that oil companies made the largest contribution to Q1 2023 dividend growth: payments rose by a sixth (17%) year-on-year on an underlying basis to £2.8bn with the headline total boosted by the effects of exchange rates.

The report states that housebuilding, the consumer goods and services sector and banks also delivered significant contribution growth during the period.

Most companies in the 'defensive' sectors, which include basic consumer goods, tobacco, telecoms and utilities, delivered flat payouts or single digit increases during Q1 2023.

The report added that full-year headline dividend payouts are anticipated to fall as a result of likely lower one-off special dividends – which in Q1 2023 fell by three quarters year-on-year to £223m, well below the £500m forecast – and the impact of likely negative exchange rates during the second half of the year.

The data show headline dividends falling 2.8% to £91.3bn for 2023. Nevertheless, after adjusting for one-off special dividends and exchange rates, the underlying growth rate is on track for 2.0% this year.

Mark Cleland, CEO Issuer Services United Kingdom, Channel Islands, Ireland and Africa at Computershare, said: "Data show that the UK economy has proved itself more resilient than some feared thanks to markets judging that interest rates may peak at a lower level than originally deemed necessary in order to control inflation.

"However, despite the growth contributed this year by banks, oil companies, utilities and food retailers, slowing GDP and higher financing costs mean that earnings for many UK companies are under pressure.

"Some companies have started to make dividend cuts, with the biggest impact expected to come from the mining sector – which favours special dividends and which has made very high payments during the past two years – as it adjusts to lower, post-pandemic commodity prices."

The report said it expects banks, which were minor contributors during Q1 2023 for seasonal reasons, to provide the main engine of UK dividend growth for the second year running, supplemented by oil companies.

All banks that paid dividends during Q1 2023 made a significant increase year-on-year, it noted.

In the utilities sector, most companies delivered characteristically low single-digit increases in their dividends, however SSE, which controls a large share of the UK's gas storage and delivers power to homes and businesses, saw a 14% increase.

Every sector saw payouts rise or hold steady on an underlying basis, but some individual companies cancelled their dividends, notably Royal Mail and Ukrainian miner Ferrexpo.

The report added that:

- UK listed companies are forecast to yield 3.7% over the next twelve months:
 - Of those, the UK's top 100 companies are forecast to yield 3.8% (unchanged), with mid-caps forecast to yield 3.2% (up from 3.1%).
 - Mid-cap companies saw faster growth than the top 100 for the eighth consecutive quarter: +18.1% on an underlying basis. The top 100 companies saw 4.4% underlying growth.
- Regular dividends were £14.9bn, up by an underlying 5.6% year-on-year after adjusting for special dividends and exchange rates, it added.

ENDS

For any media enquiries

Sarah Chidgey 00 +44 (0) 7855517094

media@computershare.com

Notes

1: For high resolution images of spokespeople, visit <http://cpu.vg/spokespeople>.

2: Underlying dividends are headline dividends adjusted by excluding one-off special payments and the effect of exchange rates.

3: Headline dividends are total dividends paid, converted to sterling, including one-off special dividends.

#

About Computershare Limited (CPU)

Computershare (ASX: CPU) is a global market leader in transfer agency and share registration, employee equity plans, mortgage servicing, proxy solicitation and stakeholder communications. We also specialise in corporate trust, bankruptcy, class action and a range of other diversified financial and governance services.

Founded in 1978, Computershare is renowned for its expertise in high integrity data management, high volume transaction processing and reconciliations, payments and stakeholder engagement. Many of the world's leading organisations use us to streamline and maximise the value of relationships with their investors, employees, creditors and customers.

Computershare is represented in all major financial markets and has over 14,000 employees worldwide.

For more information, visit www.computershare.com