



Q2 2025

UK Dividend Monitor



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One of our key roles is to ensure dividends declared by the listed companies reach their shareholders.

The Computershare UK Dividend Monitor shines a light on that vital return to investors. It is the most comprehensive and widely followed research on dividends in the UK and helps issuers, investors and the media understand the big trends. We are pleased to bring you the Q2 2025 edition.

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At a glance

Overview

- UK dividends fell 1.4% to £35.1bn: lower one-offs and a stronger pound hit the headline total
- Underlying growth was strong, however: regular dividends rose to £33.1bn, up 6.8% on a constant currency basis
- Median dividend growth was more modest at 4.1%, with 22% of companies reducing payouts
- One-off special dividends halved year-on-year to £2.0bn and are likely to fall in H2 too
- The strong pound against the dollar erased £934m from Q2 headline payouts

Sectors and companies

- Rolls-Royce paid its first dividend since 2019: this payment accounted for almost one quarter of Q2 growth
- Banking payouts jumped 8.1% and made up just over a third of the Q2 increase
- Strong premium growth meant large dividend increases from insurers too, pushing payouts up 15.0% and providing one fifth of Q2 growth
- Mining payouts fell 9.2%, shaving 1.2pp off the Q2 growth rate

Top 100 v mid 250

- Top 100 growth was 5.9% vs 6.7% for mid-caps

Yield

- UK share prices at record levels pushed prospective equity yield down to 3.4%
- Bond yields remain elevated at 4.5%, but cash interest rates are falling

Viewpoint and outlook

- Headline 2025 forecast trimmed – mainly owing to lower projected one-offs and a stronger pound
- 2025 forecast: headline dividends cut by £1.8bn to £88.3bn, down 1.4% year-on-year
- 2025 forecast: strong first half pushes projected 2025 underlying growth to 2.8% (from 2.1%) on a constant-currency basis, bringing regular dividends of £85.1bn



Overview

UK companies distributed dividends of £35.1bn in the second quarter: down 1.4% year-on-year on a headline basis. This was a better outcome than our forecast for a 2.6% headline decline and was explained by solid fundamentals rather than one-offs or helpful exchange rates. At the underlying level, things therefore also looked encouraging. After stripping out lower one-off special dividends, regular dividends of £33.1bn were 6.8% higher on a constant-currency basis, beating our forecast by £230m.

The most important contributor to growth was Rolls-Royce, which paid its first dividend since the pandemic. The company's turnaround is delivering widening margins across civil aerospace, defence and power systems, meaning surging cash flow and the elimination of its debts. Its £508m payout was larger than its pre-pandemic levels and accounted for just under a quarter of UK underlying dividend growth in the second quarter. Booming defence procurement is favouring BAE systems too, allowing it to push dividends higher. Many of the UK's banks and insurers also made a significant contribution to growth.

Mining dividends overall were down sharply, but there were some exceptions. For example, in the precious metals segment, where prices have soared, Fresnillo, whose balance sheet is overburdened with cash, sharply increased its regular payout and paid a special dividend too.

Special dividends came in at £2.0bn: just under half the level from Q2 2024 and exactly in line with our estimate.

Despite the strong underlying growth rate in Q2, median (or typical) growth in company payouts was 4.1%: just ahead of inflation but still relatively modest. Equally, a relatively large 22% of companies cut their dividends year-on-year.

The first half of the year has beaten our forecast, but the slowdown we have warned about for the second half is likely to be stronger than we projected in our last edition. Slightly slower dividend growth; more unfavourable exchange rate effects; an ongoing drag from share buybacks; and a projected dearth of one-off special dividends will all conspire to push payouts a touch lower year-on-year in H2 based on current trends.

We have therefore cut our headline forecast for 2025 by £1.8bn leaving headline dividends down 1.4% year-on-year at £88.3bn (previously forecast at £90.1bn).

However, if we strip out exchange rates and one-off special payments, the strong first half is enough to compensate for softness in H2 and means we can upgrade our underlying forecast for the year. We now expect underlying growth of 2.8% (previously 1.8%), delivering regular dividends of £85.1bn.

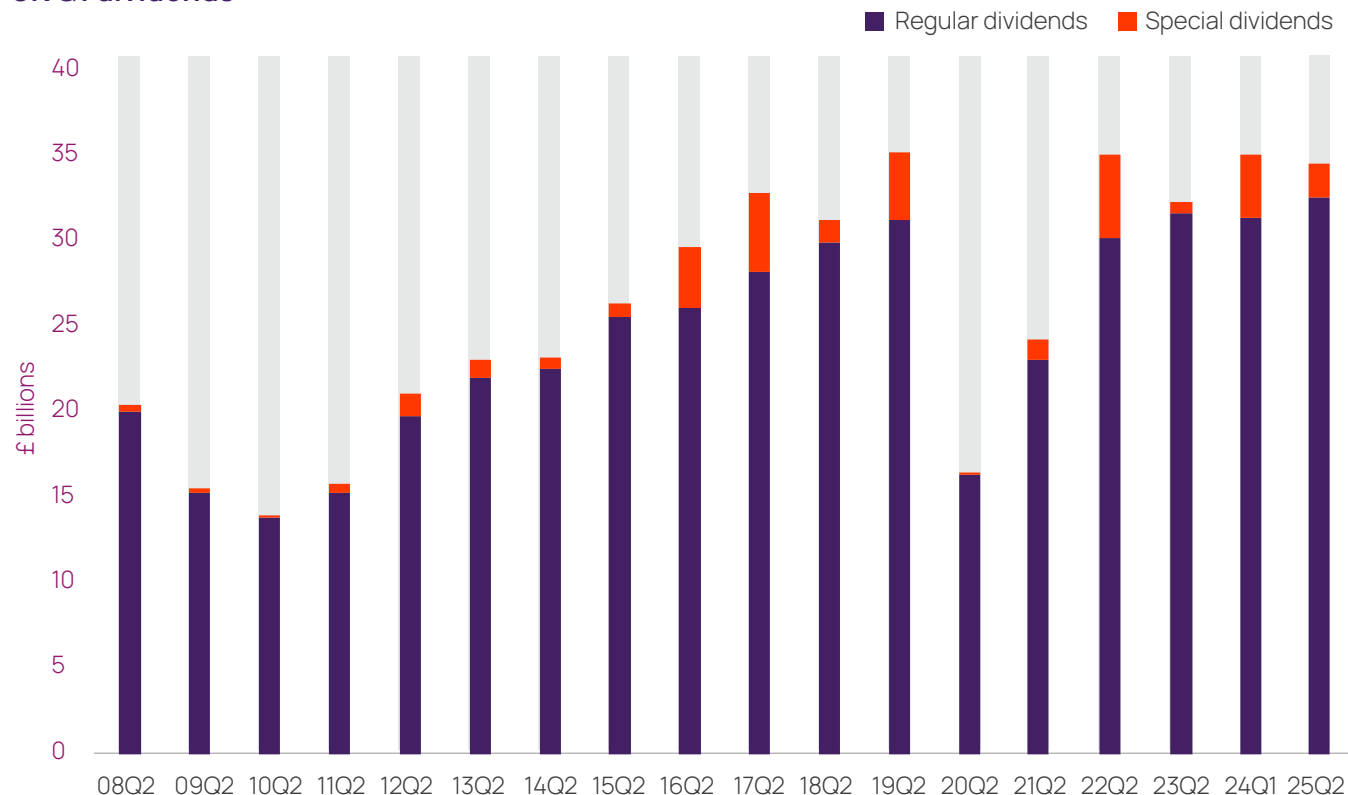
£35.1bn Q2
dividends – up

6.8%

on an underlying basis

Headline total down 1.4% –
better than expected

UK Q1 dividends



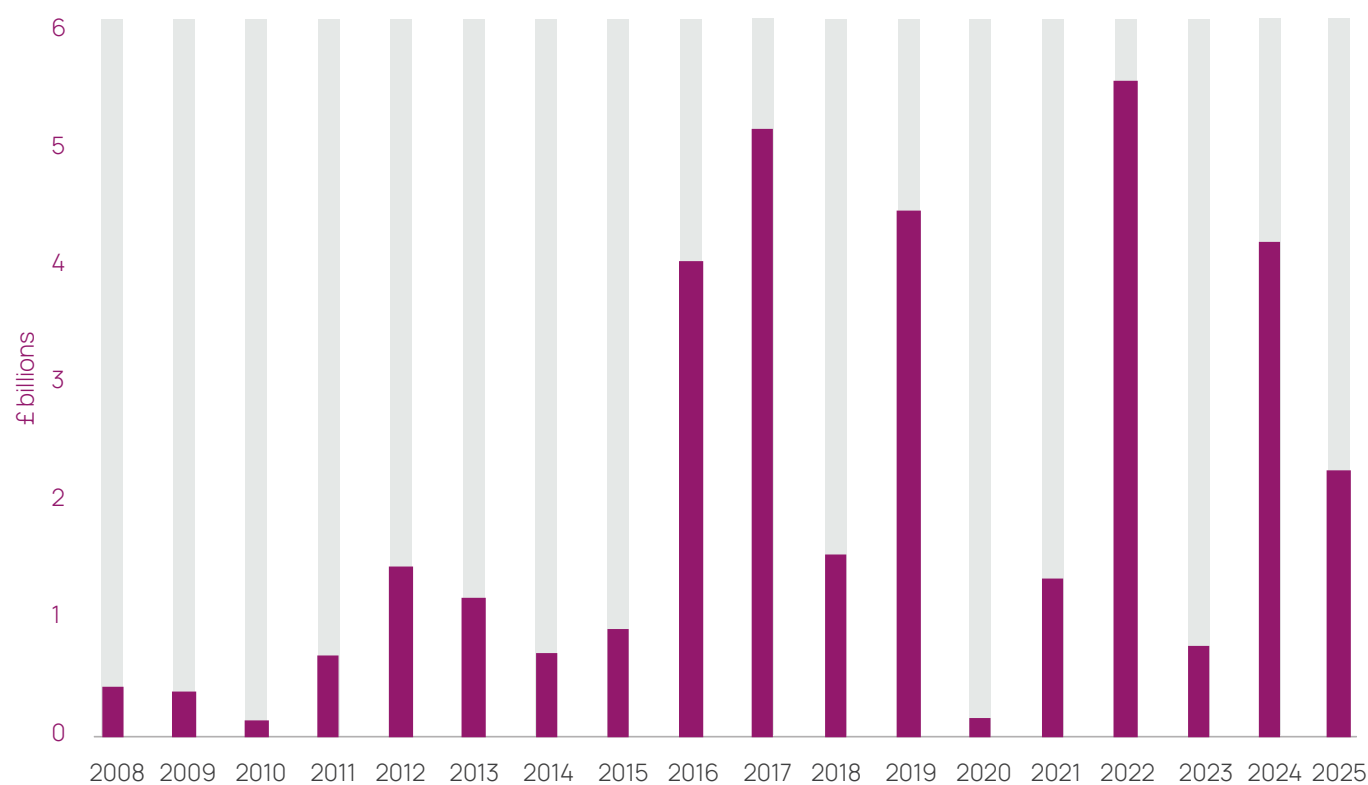
Dividends paid £bn

£bn	2016		2017		2018		2019	
Q1	£13.8	8.4%	£14.8	7.5%	£16.0	7.8%	£16.8	4.8%
Q2	£30.2	12.7%	£33.3	10.4%	£31.8	-4.6%	£35.8	12.5%
Q3	£25.3	10.1%	£30.1	18.9%	£31.1	3.2%	£33.4	7.5%
Q4	£15.6	5.5%	£15.5	-0.9%	£16.6	7.2%	£17.4	5.0%
Full year	£84.9	9.8%	£93.8	10.4%	£95.5	1.8%	£103.4	8.2%

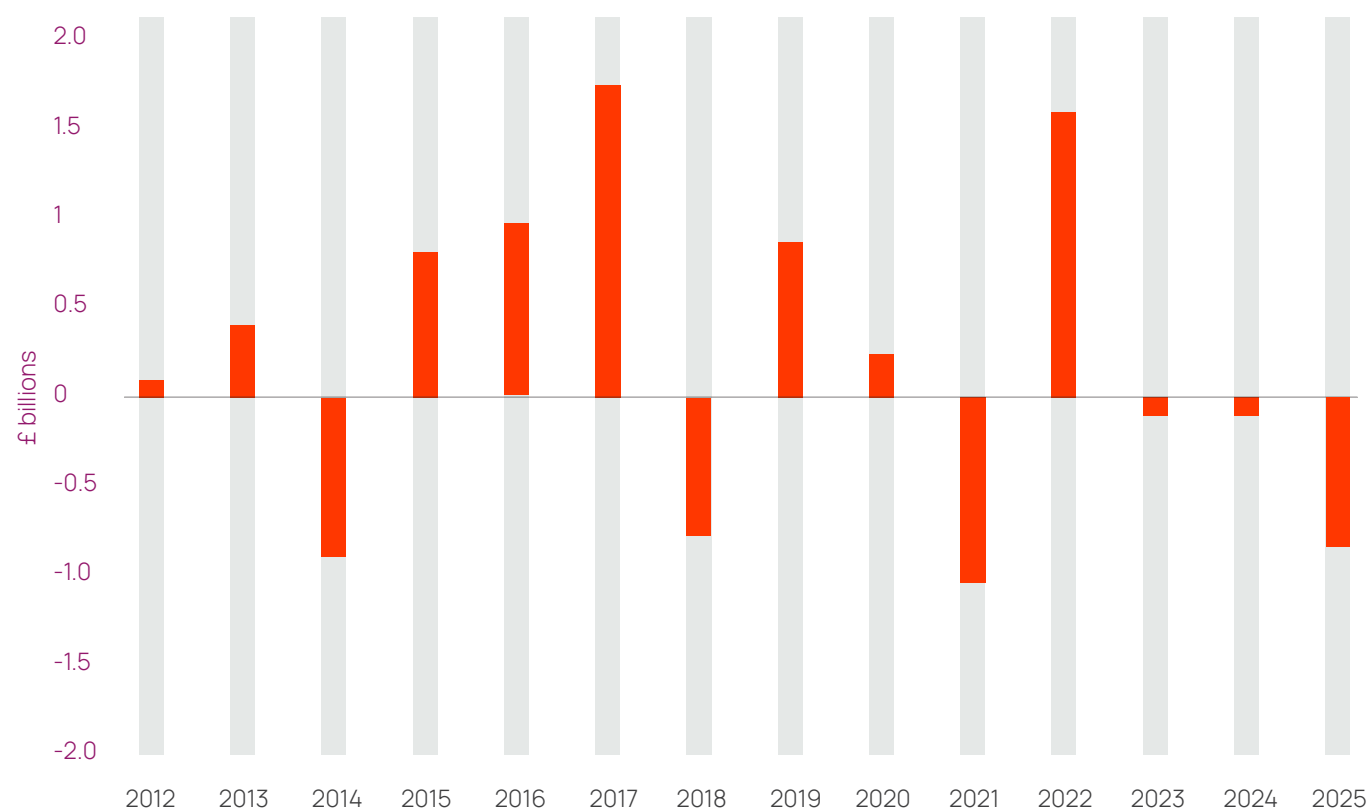
£bn	2020		2021		2022		2023	
Q1	£16.1	-3.9%	£16.9	5.1%	£13.6	-19.6%	£14.0	2.6%
Q2	£16.7	-53.3%	£24.6	47.4%	£35.7	44.9%	£32.8	-8.0%
Q3	£16.7	-50.1%	£30.5	82.9%	£29.8	-2.2%	£27.5	-7.7%
Q4	£10.2	-41.7%	£12.0	17.8%	£13.0	8.3%	£14.4	10.9%
Full year	£59.6	-42.3%	£84.0	40.8%	£92.1	9.6%	£88.7	-3.7%

£bn	2024		2025e	
Q1	£14.7	5.1%	£14.1	-4.3%
Q2	£35.6	8.5%	£35.1	-1.4%
Q3	£25.0	-9.1%	£24.8	-0.6%
Q4	£14.3	-0.6%	£14.3	0.0%
Full year	£89.6	1.0%	£88.3	-1.4%

Special dividends Q2



Q2 exchange rate boost / penalty



Special dividends and FX

Special dividends are usually paid when a company has surplus cash to distribute but does not want to convey any expectation that this will continue indefinitely. Company best practice is typically to limit their use to one-off gains, such as asset disposals, but they often make sense when a period of unexpectedly strong trading has left the balance sheet overburdened with cash and a reset is needed to restore capital efficiency.

Following these examples, in the second quarter, the gaming company Playtech disposed of its Italian business and handed back £1.5bn to its shareholders. Fresnillo, the precious metal miner, typically aims to distribute 33-50% of its profits to shareholders but, by the end of 2024, it had so much cash on its balance sheet from the gold and silver boom that the board approved a special dividend.

The total special dividends paid in the second quarter was £2.0bn – exactly in line with our estimate. This was down 46% year-on-year and knocked five percentage points off

the headline growth rate. We had already pencilled in sharply lower one-offs for the second half of 2025 based on company news flows to date, there are likely to be even fewer special dividends than we had estimated. As a result, we have trimmed another £1.3bn off the H2 projection. Lower one-offs are the main reason UK headline payouts will fall this year.

The stronger pound is the second reason headline payouts are under pressure this year: the sterling value of payments declared in dollars has been translated at less favourable exchange rates. The dollar's fall continued in the second quarter and reduced the headline total by £934m. This reduction was £260m more than would have been the case if the pound had held its early April level throughout Q2.

If the current exchange rate persists (\$1.37), the FX loss for the full year will balloon to £1.7bn (up from the previous £900m), knocking 1.9 percentage points off the headline growth rate in UK dividends this year.

Sectors and companies

Aerospace and defence contractors Rolls-Royce and BAE Systems made the biggest contribution to Q2 dividend growth, but the whole sector is benefitting from higher defence procurement spending, which seems likely to rise significantly further as increasing numbers of European countries publicly signal their readiness to increase defence spending.

Smaller players Babcock and Chemring are also seeing strong sales and profit growth and are announcing higher dividends too. There was solid growth across the rest of the industrial goods & support sector, which in total saw payouts 38% higher year on year on an underlying basis.

The banks are the largest-paying Q2 sector, accounting for almost one third of total Q2 dividends. With banking payouts up 8.1% on an underlying basis, they continue to deliver growth ahead of the wider market. Insurance companies paid out 15.0% more, accounting for one fifth of Q2's underlying dividend growth, as higher premiums are translating into stronger profits. Admiral, whose motor insurance business has returned to health after a difficult couple of years, led this sector. It also paid a special dividend.

The largest negative impact on dividends during Q2 came from the mining sector, where payouts fell 9.2%. Rio Tinto cut its dividend in early 2025 as a direct response to weaker profits driven by falling iron ore prices and rising production costs. It was joined by reductions from Anglo American and Glencore. Fresnillo's sharp increase was a stand-out exception but was too small to make a major difference. The sector reduced the Q2 underlying growth rate by 1.2 percentage points.

Defence and aerospace dividends contributed a quarter of Q2 growth

Five out of 21 sectors saw lower payouts year-on-year on an underlying basis.

Banking payouts jumped

8.1%

in Q2

Lower mining dividends hit Q2 growth by 1.2pp

Dividends by industry £m – Q2

	2019	change YOY	2020	change YOY	2021	change YOY	2022	change YOY	2023	change YOY	2024	change YOY	2025	change YOY
Resources & commodities	£6,506	38%	£3,194	-51%	£5,935	86%	£8,802	48%	£5,957	-32%	£4,000	-33%	£3,673	-8%
Consumer basics	£4,268	-6%	£4,451	4%	£4,329	-3%	£4,975	15%	£4,607	-7%	£4,749	3%	£4,961	4%
Consumer discretionary	£2,031	-19%	£128	-94%	£669	421%	£1,557	133%	£1,582	2%	£1,385	-12%	£2,867	107%
Banks & financials	£12,549	12%	£3,663	-71%	£7,706	110%	£13,466	75%	£13,283	-1%	£17,651	33%	£15,471	-12%
Healthcare & pharmaceuticals	£1,436	-1%	£1,454	1%	£1,550	7%	£1,471	-5%	£1,101	-25%	£1,371	25%	£1,404	2%
Industrials	£2,503	0%	£185	-93%	£1,719	830%	£1,925	12%	£2,277	18%	£1,923	-16%	£2,645	38%
Oil, gas & energy	£4,937	3%	£2,730	-45%	£1,760	-36%	£2,483	41%	£3,013	21%	£2,913	-3%	£2,856	-2%
Information technology	£839	-3%	£735	-12%	£780	6%	£831	6%	£887	7%	£1,389	57%	£985	-29%
Telecoms	£57	0%	£17	-71%	£50	203%	£20	-59%	£25	23%	£0	-100%	£12	
Domestic utilities	£636	5%	£138	-78%	£110	-20%	£126	15%	£85	-32%	£236	177%	£242	2%
Total	£35,762	3%	£16,694	-53%	£24,609	47%	£35,657	45%	£32,818	-8%	£35,618	9%	£35,116	-1%

Dividends by sector £m – Q2

Sector £m	2024	2025	Headline change year on year	Underlying change year on year
Mining	£3,892	£3,560	-8.5%	-9.2%
Industrial chemicals	£108	£113	4.8%	5.5%
Basic consumer goods	£1,746	£1,808	3.6%	3.1%
Food retail	£668	£683	2.2%	8.9%
Food, drink & tobacco producers	£2,335	£2,469	5.7%	7.9%
Airlines, leisure & travel	£243	£1,732	614.1%	6.0%
General retail	£489	£442	-9.5%	-11.1%
Housebuilding, consumer goods & services	£319	£309	-3.0%	-3.0%
Media	£295	£345	17.0%	-1.5%
Motor manufacturing & parts	£39	£38	-3.3%	-3.3%
Banks	£12,738	£9,987	-21.6%	8.1%
General financials	£1,639	£1,765	7.7%	8.0%
General & life insurance	£2,451	£2,828	15.4%	14.9%
Property	£823	£892	8.4%	7.6%
Healthcare & pharmaceuticals	£1,371	£1,404	2.4%	3.7%
Building materials & construction	£178	£165	-7.2%	-7.2%
Industrial goods & support	£1,745	£2,480	42.2%	38.0%
Oil, gas & energy	£2,913	£2,856	-2.0%	6.6%
Information technology	£1,389	£985	-29.1%	4.7%
Telecoms	£0	£12		
Domestic utilities	£236	£242	2.2%	2.2%
Total	£35,618	£35,116	-1.4%	6.8%

Top companies

Top payers – Q2

Rank	2020	2021	2022	2023	2024	2025
1	Rio Tinto plc	Rio Tinto plc	Rio Tinto plc	HSBC Holdings plc	HSBC Holdings plc	HSBC Holdings plc
2	BP plc	HSBC Holdings plc	Aviva Plc	Rio Tinto plc	Rio Tinto plc	Rio Tinto plc
3	British American Tobacco Plc	British American Tobacco Plc	HSBC Holdings plc	Glencore plc	Shell Plc	Shell Plc
4	Glaxosmithkline plc	Glaxosmithkline plc	Anglo American plc	Shell Plc	British American Tobacco Plc	Playtech Plc
5	Royal Dutch Shell Plc	Unilever plc	Shell Plc	British American Tobacco Plc	Lloyds Banking Group plc	British American Tobacco Plc
Subtotal £bn	£7.3	£9.2	£13.8	£12.7	£16.1	£12.8
% of total dividends	43%	37%	39%	39%	45%	36%
6	Unilever plc	Royal Dutch Shell Plc	Glencore plc	Lloyds Banking Group plc	NatWest Group Plc	Lloyds Banking Group plc
7	Legal & General Group plc	BP plc	British American Tobacco Plc	NatWest Group Plc	BP plc	NatWest Group Plc
8	Reckitt Benckiser Group Plc	Legal & General Group plc	Antofagasta plc	Unilever plc	Unilever plc	Unilever plc
9	Diageo plc	Reckitt Benckiser Group Plc	Lloyds Banking Group plc	BP plc	Legal & General Group plc	BP plc
10	RELX Plc	Anglo American plc	Unilever plc	Legal & General Group plc	Reckitt Benckiser Group Plc	Legal & General Group plc
11	Prudential plc	Diageo plc	BP plc	Anglo American plc	Barclays plc	Reckitt Benckiser Group Plc
12	Anglo American plc	RELX Plc	NatWest Group Plc	Reckitt Benckiser Group Plc	RELX Plc	RELX Plc
13	M&G Plc	Glencore plc	Legal & General Group plc	RELX Plc	Diageo plc	Barclays plc
14	Standard Life Aberdeen Plc	Aviva Plc	Reckitt Benckiser Group Plc	Diageo plc	GSK Plc	Diageo plc
15	CRH Plc	BAE Systems plc	RELX Plc	CRH Plc	Glencore plc	GSK Plc
Subtotal £bn	£5.8	£6.8	£9.3	£8.4	£8.2	£9.2
Grand total £bn	£13.1	£15.9	£23.1	£21.0	£24.2	£21.9
% of total dividends	78%	65%	65%	64%	68%	62%



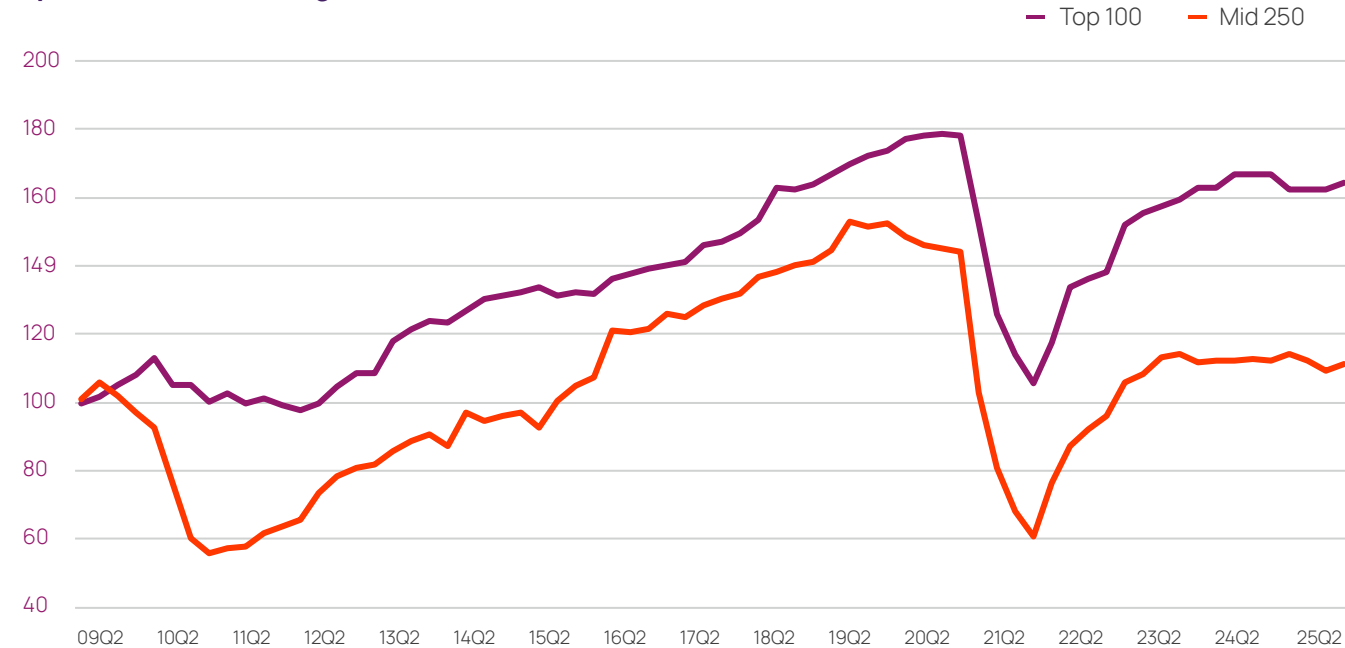
Top 5	£12.8bn	36.3%
Next 10	£9.2bn	26.1%
The rest	£13.2bn	37.6%

Top 100 v mid 250

The mid-250 and top 100 saw very different headline changes, owing mainly to the near elimination of special dividends among the top 100 against record one-offs in the mid-250 (thanks to Playtech). The underlying growth rates were very similar, however. The top 100 saw 5.9% underlying growth against 6.7% for the mid-caps.

Top 100 growth was 5.9% v 6.7% for mid-caps

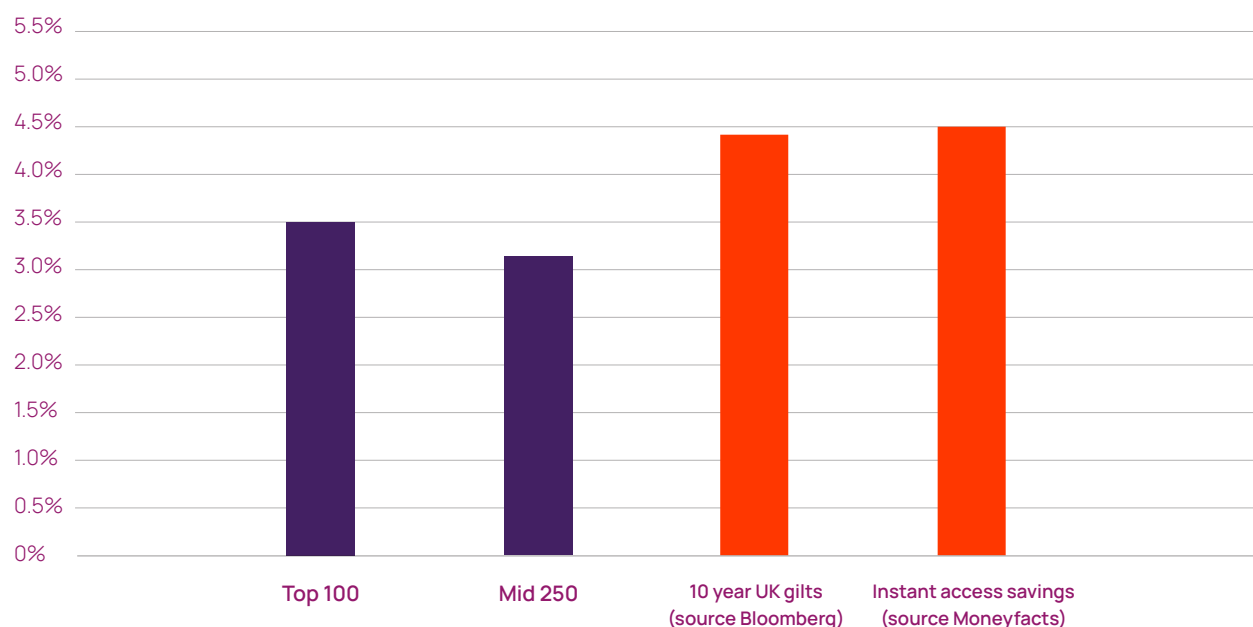
Top 100 v mid 250 – regular dividends, indexed



Top 100	85%
Mid 250	12%
The rest	3%

Yield

UK income



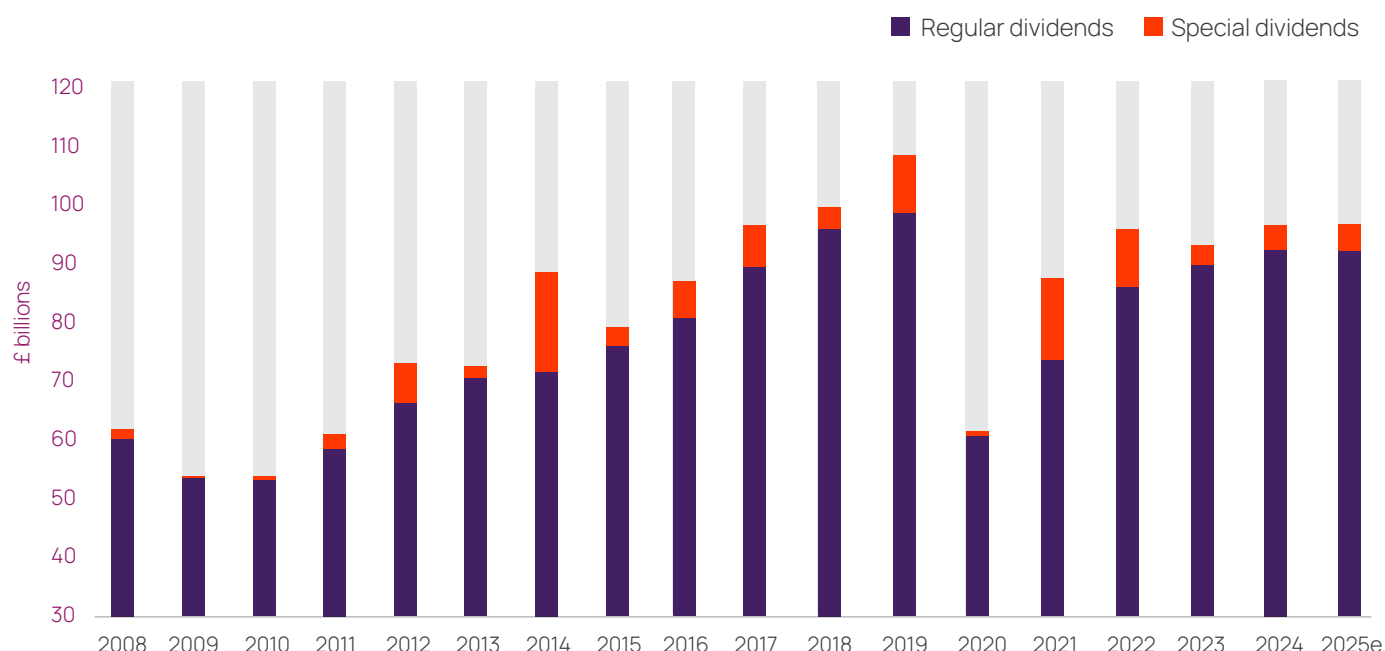
The UK stock market reached a new record high at the end of the June: up by one sixth since the low point in early April when a series of US tariff policies were announced. With little change to our forecast for regular dividends (we do not include one-off special payments in our yield calculations), these higher capital values for UK companies have pushed the projected 12-month yield lower: down from 3.7% three months ago to 3.4% today. The top 100 is set to yield 3.5% (down from 3.7%) and the mid-250 3.1% (down from 3.6%). Yield compression driven by higher share prices rather than dividend cuts is not a cause for concern.

The bond markets remain fretful about the sustainability of UK public finances, with the 10-year yield hovering at 4.5%: roughly where it was three months ago. Interest-rate cuts mean that best buy cash savings rates are down from 5.0% three months ago to 4.5% today.

Strong share price growth pushed equity yield down to 3.4%

Viewpoint and outlook

UK dividends - annual



Stock markets in many parts of the world, including in the UK, are back to near record highs as the very high tariff rates announced by the US in April have not been implemented.

Based on current evidence, US tariffs seem certain to stay higher than before, however. If they stay at these more modest levels, they are less likely to tip the world into a serious economic slowdown.

The weakness of the US dollar reflects the market's assessment of US policy announcements as capital has left the US and rotated into markets around the world.

Data show that the greenback has consequently experienced the worst start to a year since 1973, with the widely followed US Dollar Index (DXY) falling nine per cent in the first six months of 2025.

Against the pound, the dollar is down a similar amount, with consequences for the sterling translated value of the two fifths of UK dividends declared in US dollars.

In our last edition we forecast a strong second quarter in underlying terms, and the outcome was even better than we expected. We also pointed to the likelihood of a weaker second half. We are now more negative about both underlying and headline growth during the third quarter. Vodafone's

cut was already in our figures and will knock 2.3 percentage points off the Q3 growth rate, but we have now pencilled in a bigger decline in mining payouts and allowed for a greater drag from share buybacks. Slower dividend growth, unfavourable exchange rate effects and a projected dearth of one-off special dividends to levels well below average will combine to push headline payouts lower year-on-year in Q3 or at best be flat. On current trends, the strong pound against the dollar is likely to hit Q4 harder too.

For the full year, we have therefore cut our headline forecast by £1.8bn, though this is mainly owing to lower special dividends (estimate reduced by £1.3bn) as well as a bigger hit from the strong pound. This means we now forecast £88.3bn: down 1.4% year-on-year on a headline basis. But the good first half of the year means we can nevertheless upgrade our underlying growth forecast to 2.8% on a constant-currency basis (from 2.1%), delivering projected regular dividends of £85.1bn.

Strong Q2 means upgrade to underlying forecast for 2025 – now 2.8%

Methodology

The Dividend Monitor analysed data on all the individual dividends payments made by UK companies listed on the main market of the London Stock Exchange, including those incorporated in the Channel Islands and other offshore British territories. Listed investment funds are excluded. All raw dividend data is supplied by Exchange Data International. Computershare supplemented raw data with reference to company announcements and financial statements. Dividends are calculated and included in the Dividend Monitor model based on the date they are paid, not declared, as this provides certainty that the cash actually moved from company to shareholder. Where a company produces its financial statements in a currency other than sterling, Computershare tracked the exchange rate impact on each dividend paid as part of the underlying growth calculation.

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