

Q2 2024

# UK Dividend Monitor



Foreword, by Mark Cleland,  
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& CEO of Issuer Services UCIA

**The UK economy has begun to pick up. Wage growth is significantly higher than inflation at present which might present a headache for policymakers but does mean purchasing power is increasing after the painful squeeze in the last couple of years.**

Higher profits mean most sectors are paying more in dividends and spending a lot of cash on share buybacks, but fortunes diverge widely between companies and sectors, and international factors are at play and all this impacts the dividend picture too.

At Computershare, we look after the registers of 900 companies in the UK and through timely and accurate shareholder register management, we provide the insight, comfort and assurance for companies and investors that records are up to date, accessible and secure. One of our key roles is to ensure dividends declared by the listed companies reach their shareholders. Our services are underpinned by smart technology and expert people.

The Computershare UK Dividend Monitor is the most comprehensive and widely followed research on dividends in the UK and we are proud to bring you the Q2 2024 edition.

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# AT A GLANCE

## Overview

- UK dividends rose 11.2% on a headline basis in Q2 to a record £36.7bn – ahead of forecast owing to larger one-off payments
- Underlying growth was just 1.0% thanks to a big cut in mining payouts
- Excluding the weak mining sector, underlying growth was a brisk 8.6%

## Sectors & Companies

- Growth was broad based – 16 out of 21 sectors saw higher payouts and the median dividend increase at company level was 5.4% year-on-year
- Banks made the strongest contribution to growth and are on track for record payouts in 2024
- Healthcare payouts jumped 25%, boosted by Hialeon
- Housebuilders were a notable weak point – dividends fell 37%

## Top 100 v Mid 250

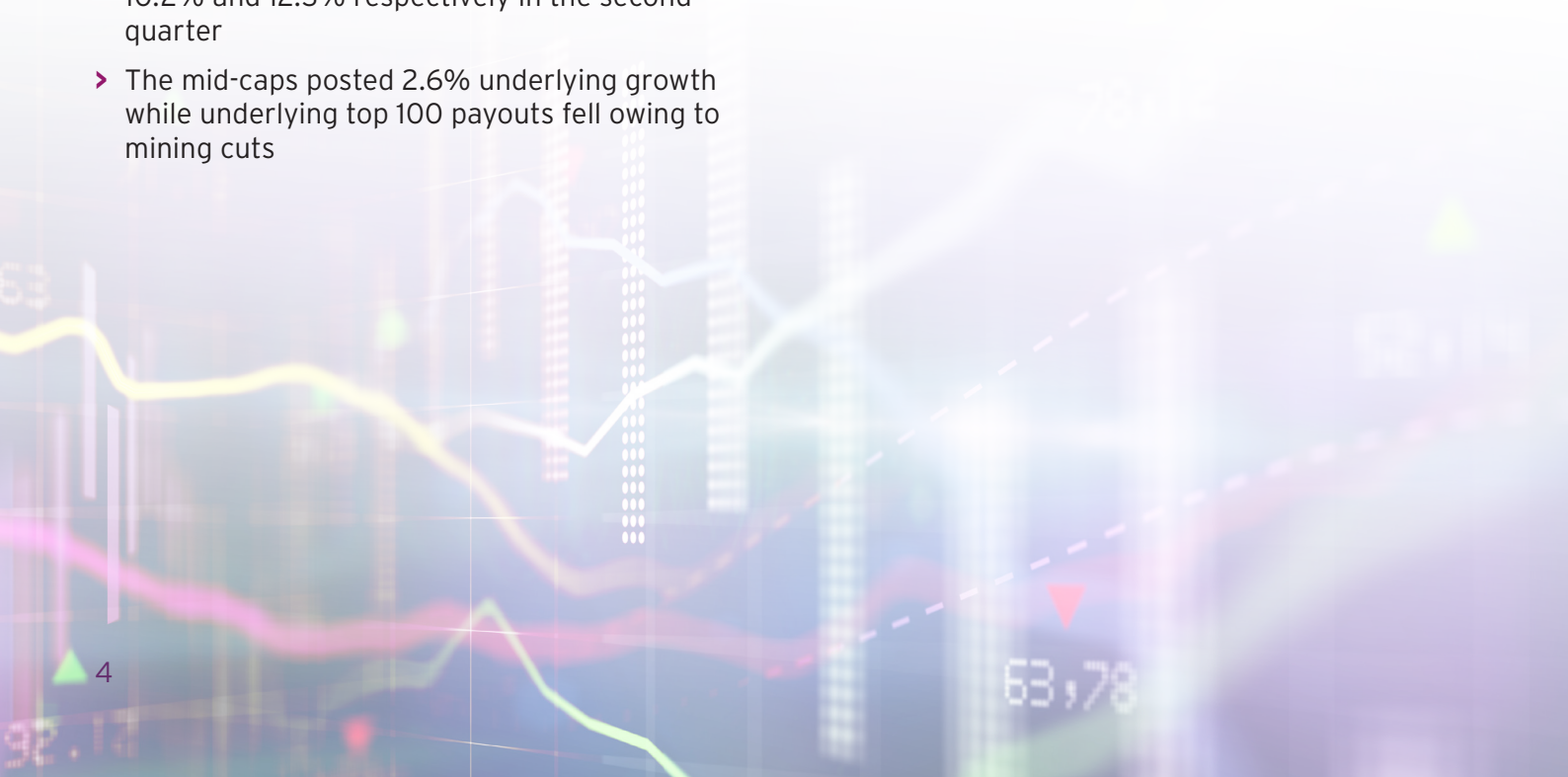
- Large special dividends meant the top 100 and the mid 250 saw strong headline growth of 10.2% and 12.3% respectively in the second quarter
- The mid-caps posted 2.6% underlying growth while underlying top 100 payouts fell owing to mining cuts

## Yield

- Over the next twelve months, UK equities are set to yield 4.0%, unchanged for two quarters
- Higher bond yields opened up a gap between fixed income and equities in Q2

## Outlook

- Dividend growth is stronger and more broadly based than the figures suggest
- The variability of mining sector dividends frequently obscures wider trends
- Headline 2024 forecast cut to £93.9bn (from £94.5bn), up 3.8% (from 4.5%)
- Underlying growth expected to be 0.1%, down from previous forecast of 1.5%



# OVERVIEW

UK dividends beat our forecast in the second quarter, rising 11.2% to a record £36.7bn, thanks to a jump in one-off special dividends. Regular dividends of £32.5bn, which exclude one-off special payments, were 1.0% higher year-on-year on a constant-currency basis, exactly in line with our expectations, and also reached a new record.

This slow underlying growth rate was primarily caused by a second consecutive year of cuts from mining companies, totalling £2.0bn in Q2 and taking the sector's payouts down by a third year-on-year. These large cuts focused in one sector masked strength elsewhere. Indeed, it required the combined growth contribution from some of the biggest sectors, including banks, healthcare and oil companies just to offset the drag caused by lower mining payouts. The effect is significant - excluding the volatile mining sector, the underlying increase was 8.6% in the second quarter, with 16 out of our 21 sectors seeing higher payouts. At the company level, the median or typical growth rate in the per share dividend declared was 5.4%.

Banks made by far the largest positive impact to the Q2 total as high interest rates continue to support profit margins. Excluding one-off special dividends, they distributed £1.1bn more compared to the second quarter last year and are on track to make record payouts this year.

The healthcare sector made the second largest contribution to growth, driven primarily by a strong profit performance at Haleon and GSK, while high oil prices continued to support modestly rising dividends from the oil majors. Insurance, property, industrials, and food retail were all among the diverse mix of sectors showing good growth. The weakest sector was housebuilding, which is exposed to the tough housing market.

Headline growth jumped 11.2% as several companies distributed business disposal proceeds via large one-off special dividends.

For the rest of the year, customarily volatile mining payouts are now likely to be even lower following a steeper-than-expected cut announced by Glencore for Q3, while buyback programmes across a variety of sectors are exerting a noticeable drag on dividends. Importantly however, the Q2 figures show that most sectors are delivering growth and we expect that to continue in the second half of the year.

Our new forecast suggests just 0.1% underlying growth this year (down from 1.5% three months ago), meaning regular dividends of £88.2bn (reduced from £89.5bn). If mining companies were excluded however, we would be expecting double-digit underlying growth this year. Our headline growth forecast is reduced to £93.9bn (down from £94.5bn), up 3.8% year-on-year (and reduced from our earlier 4.5% forecast).

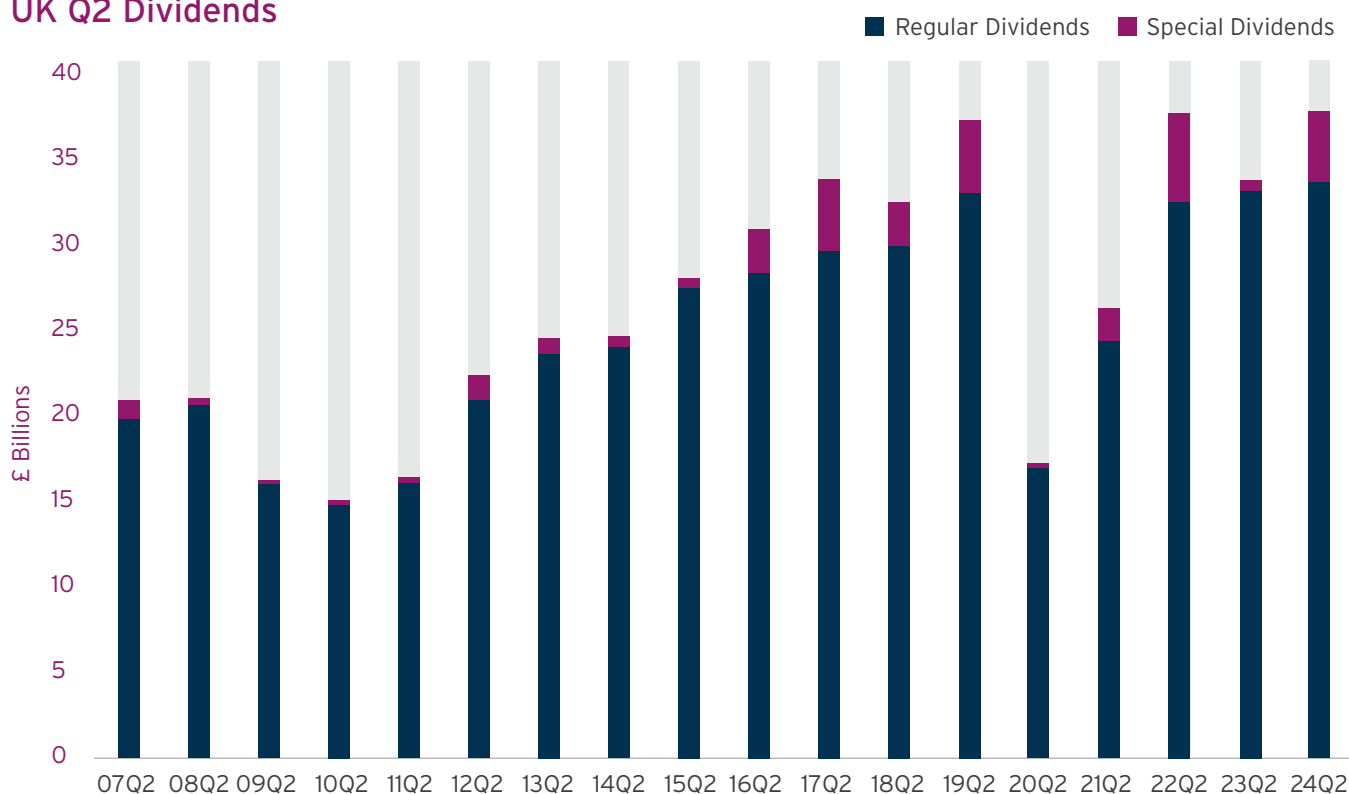
Record £36.7bn dividends in Q2, though underlying growth was just

1.0%

2024 forecast: underlying growth reduced to 0.1% from 1.5% owing to a weaker mining sector.



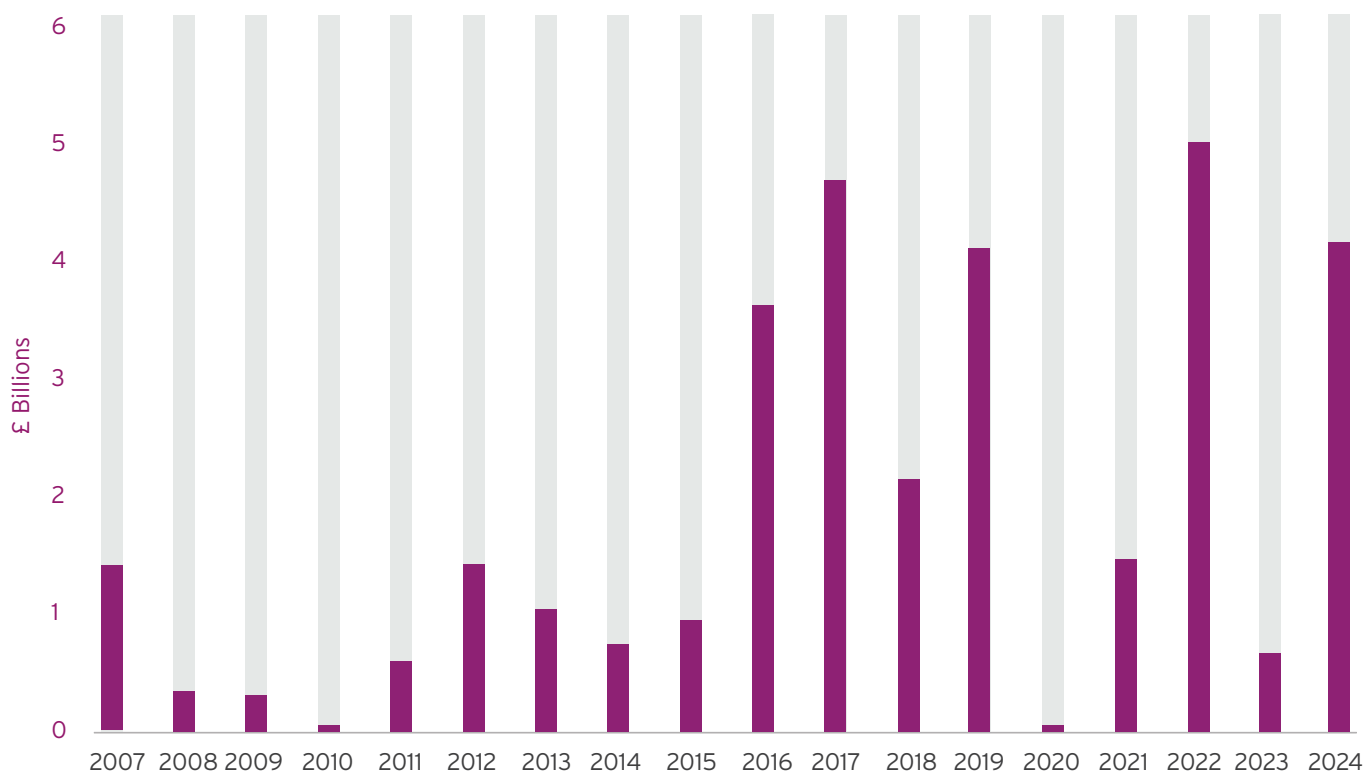
## UK Q2 Dividends



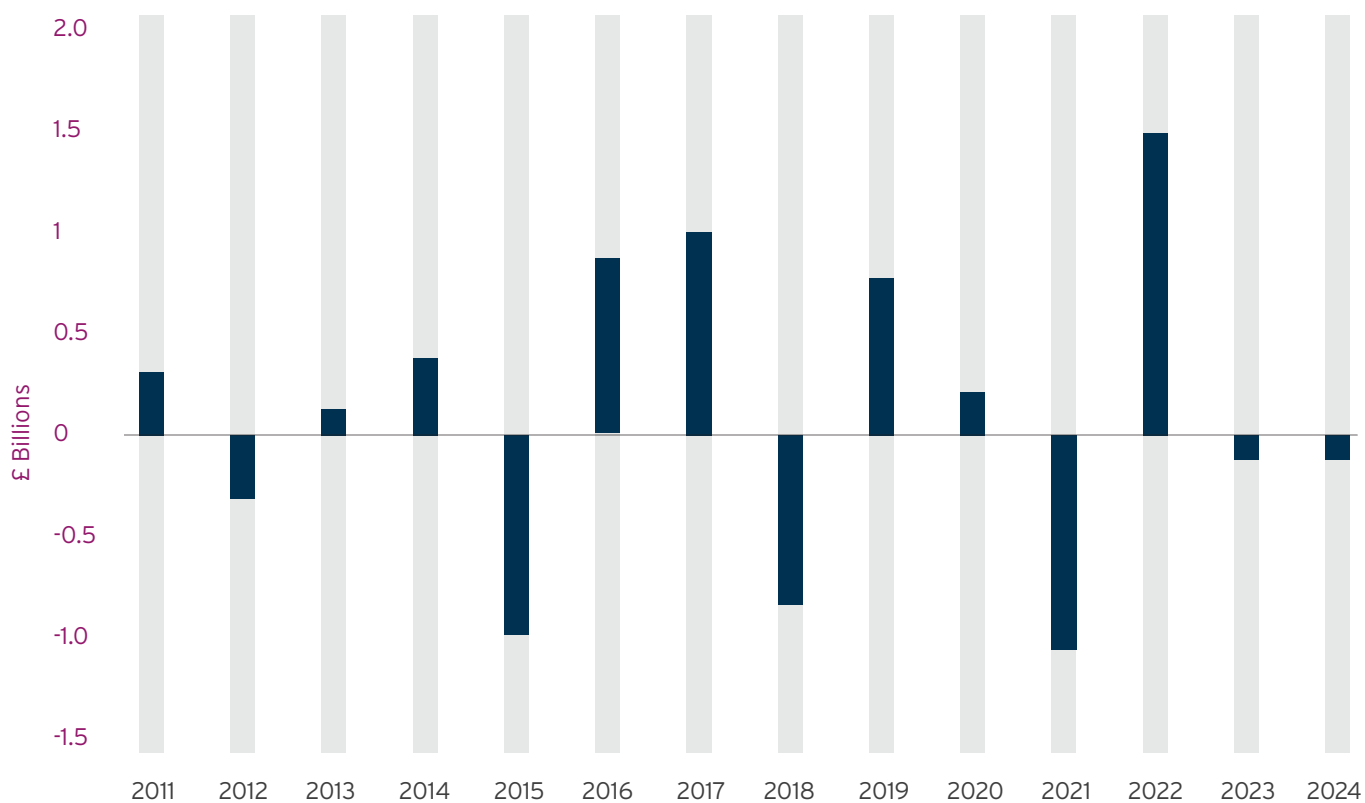
## Dividends Paid £bn

£bn	2014			2015			2016			2017		
Q1	£27.4	123.4%		£12.7	-53.5%		£13.8	8.7%		£14.9	7.6%	
Q2	£23.9	0.2%		£27.1	13.5%		£30.2	11.4%		£33.7	11.5%	
Q3	£22.0	1.7%		£23.1	5.3%		£25.4	10.1%		£30.2	18.8%	
Q4	£13.8	-0.5%		£14.9	8.1%		£15.6	4.7%		£15.8	0.9%	
Full Year	£87.0	21.6%		£77.8	-10.5%		£85.1	9.3%		£94.5	11.1%	
£bn	2018			2019			2020			2021		
Q1	£16.1	7.8%		£16.8	4.8%		£16.2	-3.9%		£17.0	5.3%	
Q2	£33.0	-2.0%		£36.3	10.1%		£17.1	-52.8%		£25.6	49.4%	
Q3	£31.2	3.4%		£33.6	7.4%		£16.8	-50.0%		£30.5	81.8%	
Q4	£17.0	7.7%		£17.8	5.1%		£10.7	-39.9%		£12.7	18.2%	
Full Year	£97.2	2.9%		£104.5	7.5%		£60.8	-41.8%		£85.8	41.1%	
£bn	2022			2023			2024e					
Q1	£13.8	-18.6%		£14.8	7.1%		£15.6	4.9%				
Q2	£36.6	43.0%		£33.0	-9.8%		£36.7	11.2%				
Q3	£30.0	-1.7%		£27.6	-7.9%		£26.0	-5.7%				
Q4	£13.5	6.7%		£15.1	11.9%		£15.7	3.7%				
Full Year	£93.9	9.5%		£90.5	-3.7%		£93.9	3.8%				

## Special Dividends Q2



## Q2 Exchange Rate Boost / Penalty



## Special dividends and FX

One-off special dividends totalled £4.1bn in Q2, more than in the previous six quarters combined. HSBC's £3.1bn was the fourth largest special dividend paid by any UK company in at least the last seventeen years on the Dividend Monitor's record. It distributed the sale proceeds of its Canadian business and accounted for almost three quarters of the Q2 one-offs. Disposals by two other companies also made a large contribution. Ascential, a software business, paid out £450m following the sale of two subsidiaries while Pinewood Technologies, a motoring software company (formerly Pendragon, a motor dealership), handed back £358m - the sale proceeds of its dealership business. Admiral and Dunelm made up the largest portion of the remainder.

**HSBC paid the fourth largest special dividend on UK record in Q2.**

The impact of exchange rates was very muted in the second quarter, as the pound traded in the same range as during the corresponding quarter of 2023. This meant that exchange-rate movements held back sterling dividend growth by just 0.2 percentage points year-on-year and follows three quarters where the pound's strength against the US dollar had exerted a marked drag on the sterling value of UK payouts as dollar payments from companies such as Shell and Rio Tinto were translated at less favourable exchange rates. At current exchange rates, the effect is likely to remain similarly muted in the second half too.

**Exchange rate effects were far more muted than in recent quarters.**



# SECTORS & COMPANIES

The gravitational pull of mining companies on UK dividends is hard to escape. This one sector has made up only £1 in every £11 of UK dividends since 2015 - a period covering two financial-market commodity cycles - but has caused roughly one third of the variability in all UK dividends - even including the unprecedented disruption caused by the pandemic. 2024 is no different. For the full year, mining dividends are likely to be more than £4bn lower than 2023, offsetting all the underlying growth contributed by the wider market. In the second quarter, the biggest negative impact came from Glencore whose total payout was £1.5bn lower year-on-year. Its Q3 cut will be even larger. Only Rio Tinto and one or two small players raised dividends year-on-year in Q2.

Banking dividends continued to grow strongly, up 14% year-on-year on an underlying basis<sup>1</sup>. HSBC and NatWest contributed the biggest share of this increase, but every large bank raised its payout. Including its special dividend, HSBC paid £9.3bn, one quarter of the Q2 UK market total. Close Brothers stood out among the banks. It has cancelled its 2024 dividends as it seeks to bolster its balance sheet due to a regulatory review of its historic car finance loans.

The healthcare sector saw Q2 dividends jump 25%. Haleon accounted for three fifths of the increase as significant price increases across its consumer brands coupled with modest volume growth meant profits jumped by almost a tenth. As well as a big increase in its dividend, Haleon has now joined the growing legion of companies buying back its shares. GSK made up most of the rest of the sector's Q2 dividend growth.

In the insurance sector Direct Line restored its payout after the 2023 cancellation and there were healthy increases from other major insurers such as L&G and Aviva. Meanwhile, improving rents for commercial property companies helped push payouts up by almost a fifth - the sector's dividends are coming close to reaching their 2017 high after a difficult few years. Elsewhere, food retailers delivered 12% growth, thanks mainly to a large increase from Tesco.

Amid a generally encouraging picture, there were some weak points, notably in the housebuilding sector, where dividends fell 37% year-on-year. Around half of this decline merely reflects a decision by Vistry to scrap dividends in favour of share buybacks, but there were also some steep cuts reflecting a tough housing market, the largest from Barratt Developments. A fall in the airline, leisure and travel sector is mainly due to National Express owner Mobico cancelling its payout, citing significant cost pressures; most companies in the sector posted increases.

Overall, 16 out of our 21 sectors saw higher dividends year-on-year on an underlying basis.

Healthcare  
payouts jumped

**25%**

YOY in Q2

<sup>1</sup> Constant-currency, excluding one-off special dividends

## Dividends By Industry £m – Q2

	2017	change yoy	2018	change yoy	2019	change yoy	2020	change yoy	2021	change yoy	2022	change yoy	2023	change yoy	2024	change yoy
Resources & Commodities	£2,453	-78%	£4,185	71%	£6,506	55%	£3,194	-51%	£5,935	86%	£8,802	48%	£5,957	-32%	£4,004	-33%
Consumer Basics	£4,741	13%	£3,957	-17%	£4,268	8%	£4,451	4%	£4,329	-3%	£4,975	15%	£4,607	-7%	£4,749	3%
Consumer Discretionary	£3,063	-8%	£2,656	-13%	£2,564	-3%	£748	-71%	£1,287	72%	£2,187	70%	£2,240	2%	£2,446	9%
Banks & Financials	£10,422	-1%	£11,239	8%	£12,564	12%	£3,663	-71%	£7,706	110%	£13,736	78%	£13,315	-3%	£17,686	33%
Healthcare & Pharmaceuticals	£1,528	10%	£1,608	5%	£1,436	-11%	£1,454	1%	£1,550	7%	£1,471	-5%	£1,101	-25%	£1,371	25%
Industrials	£2,626	-6%	£3,827	46%	£3,057	-20%	£617	80%	£2,733	343%	£2,677	-2%	£2,486	-7%	£2,793	12%
Oil, Gas & Energy	£4,790	21%	£4,614	-4%	£4,937	7%	£2,730	-45%	£1,760	-36%	£2,483	41%	£3,013	21%	£2,913	-3%
Information Technology	£213	15%	£235	10%	£259	10%	£116	-55%	£135	17%	£147	9%	£148	1%	£605	310%
Telecoms	£129	16%	£77	-40%	£57	-26%	£17	-71%	£50	203%	£20	-59%	£25	23%	£0	-100%
Domestic Utilities	£3,686	2%	£565	-85%	£636	13%	£138	-78%	£110	-20%	£126	15%	£85	-32%	£95	11%
<b>Total</b>	<b>£33,651</b>	<b>8%</b>	<b>£32,963</b>	<b>-2%</b>	<b>£36,283</b>	<b>10%</b>	<b>£17,127</b>	<b>-53%</b>	<b>£25,595</b>	<b>49%</b>	<b>£36,624</b>	<b>43%</b>	<b>£32,979</b>	<b>-10%</b>	<b>£36,663</b>	<b>11%</b>

Median dividend growth across UK plc was 5.4% YOY in Q2.

## Dividends By Sector £m – Q2

Sector £m	2023	2024	Headline change year on year	Underlying change year on year
Mining	£5,860	£3,896	-33.5%	-33.2%
Industrial Chemicals	£97	£108	11.5%	11.7%
Basic Consumer Goods	£1,756	£1,746	-0.6%	0.0%
Food Retail	£560	£668	19.3%	12.0%
Food, Drink & Tobacco Producers	£2,291	£2,335	1.9%	1.9%
Airlines, Leisure & Travel	£252	£243	-3.9%	-3.6%
General Retail	£397	£747	88.2%	0.6%
Housebuilding, Consumer Goods & Services	£510	£319	-37.4%	-37.1%
Media	£1,074	£1,079	0.4%	5.0%
Motor Manufacturing & Parts	£7	£58	738.4%	738.4%
Banks	£8,474	£12,738	50.3%	13.9%
General Financials	£1,818	£1,639	-9.9%	-7.2%
General & Life Insurance	£2,305	£2,486	7.9%	7.7%
Property	£718	£823	14.6%	17.5%
Healthcare & Pharmaceuticals	£1,101	£1,371	24.5%	25.0%
Building Materials & Construction	£223	£555	149.1%	150.6%
Industrial Goods & Support	£2,263	£2,238	-1.1%	3.1%
Oil, Gas & Energy	£3,013	£2,913	-3.3%	8.3%
Information Technology	£148	£605	310.0%	4.3%
Telecoms	£25	£0	-100.0%	-100.0%
Domestic Utilities	£85	£95	11.1%	11.1%
<b>Total</b>	<b>£32,979</b>	<b>£36,663</b>	<b>11.2%</b>	<b>1.0%</b>

Excluding mining, underlying dividend growth was 8.6% in Q2.

# TOP COMPANIES

## Top Payers – Q2

Rank	2019	2020	2021	2022	2023	2024
1	Rio Tinto Plc	Rio Tinto Plc	Rio Tinto Plc	Rio Tinto Plc	HSBC Holdings Plc	HSBC Holdings Plc
2	HSBC Holdings Plc	BP Plc	HSBC Holdings Plc	Aviva Plc	Rio Tinto Plc	Rio Tinto Plc
3	Royal Dutch Shell Plc	British American Tobacco Plc	British American Tobacco Plc	HSBC Holdings Plc	Glencore Plc	Shell Plc
4	BP Plc	Glaxosmithkline Plc	Glaxosmithkline Plc	Anglo American Plc	Shell Plc	British American Tobacco Plc
5	Micro Focus International Plc	Royal Dutch Shell Plc	Unilever Plc	Shell Plc	British American Tobacco Plc	Lloyds Banking Group Plc
<b>Subtotal £bn</b>	<b>£13.5</b>	<b>£7.3</b>	<b>£9.2</b>	<b>£13.8</b>	<b>£12.7</b>	<b>£16.1</b>
<b>% of total dividends</b>	<b>37%</b>	<b>42%</b>	<b>36%</b>	<b>38%</b>	<b>38%</b>	<b>44%</b>
6	Lloyds Banking Group Plc	Unilever Plc	Royal Dutch Shell Plc	Glencore Plc	Lloyds Banking Group Plc	NatWest Group Plc
7	Royal Bank of Scotland Group Plc	Legal & General Group Plc	BP Plc	British American Tobacco Plc	NatWest Group Plc	BP Plc
8	British American Tobacco Plc	Reckitt Benckiser Group Plc	Legal & General Group Plc	Antofagasta Plc	Unilever Plc	Unilever Plc
9	Glaxosmithkline Plc	Diego Plc	Reckitt Benckiser Group Plc	Lloyds Banking Group Plc	BP Plc	Legal & General Group Plc
10	Glencore Plc	RELX Plc	Anglo American Plc	Unilever Plc	Legal & General Group Plc	Reckitt Benckiser Group Plc
11	Unilever Plc	Prudential Plc	DiageoPlc	BP Plc	Anglo American Plc	Barclays Plc
12	Prudential Plc	Anglo American Plc	RELX Plc	NatWest Group Plc	Reckitt Benckiser Group Plc	RELX Plc
13	Aviva Plc	M&G Plc	Glencore Plc	Legal & General Group Plc	RELX Plc	Diageo Plc
14	Reckitt Benckiser Group Plc	Standard Life Aberdeen Plc	Aviva Plc	Reckitt Benckiser Group Plc	Diageo Plc	GSK Plc
15	Legal & General Group Plc	CRH Plc	BAE Systems Plc	RELX Plc	CRH Plc	Glencore Plc
<b>Subtotal £bn</b>	<b>£10.2</b>	<b>£5.8</b>	<b>£6.8</b>	<b>£9.3</b>	<b>£8.4</b>	<b>£8.2</b>
<b>Top 15 Grand Total £bn</b>	<b>£23.7</b>	<b>£13.1</b>	<b>£15.9</b>	<b>£23.1</b>	<b>£21.0</b>	<b>£24.2</b>
<b>% of total dividends</b>	<b>65%</b>	<b>76%</b>	<b>62%</b>	<b>63%</b>	<b>64%</b>	<b>66%</b>



Top 5	<b>£16.1bn</b>	<b>43.8%</b>
Next 10	<b>£8.2bn</b>	<b>22.3%</b>
The rest	<b>£12.4bn</b>	<b>33.9%</b>



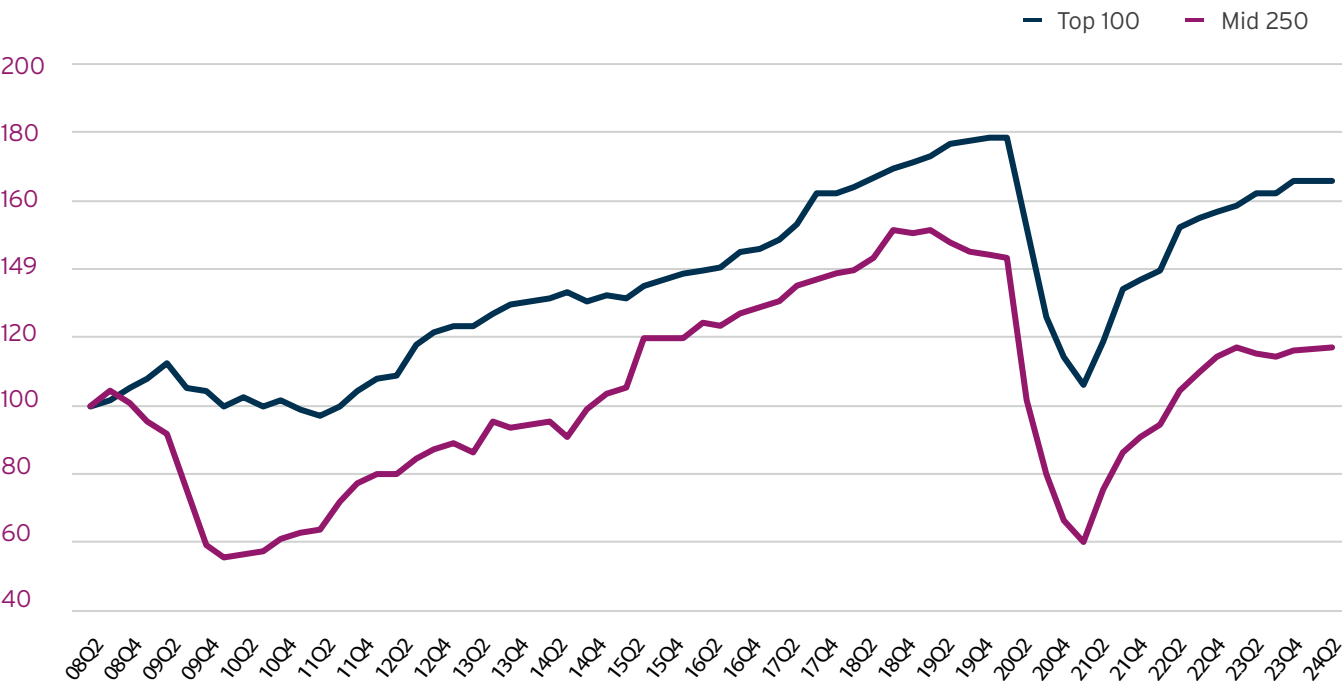
# TOP 100 v MID 250

Large special dividends meant the top 100 and the mid 250 saw strong headline growth of 10.2% and 12.3% respectively in the second quarter. The underlying total for the top 100 fell 0.3% on a constant-currency basis, mainly owing to the steep cuts in the mining sector - without these, payouts would have been 8.0% higher thanks to the encouraging growth seen across the variety of sectors we have described earlier. The mid-caps

posted 2.6% underlying growth (2.9% excluding mining). 82% of both the top 100 and the mid-caps either raised their dividend or held it steady.

82% of top 100 and mid 250 companies increased payouts or held them steady in Q2.

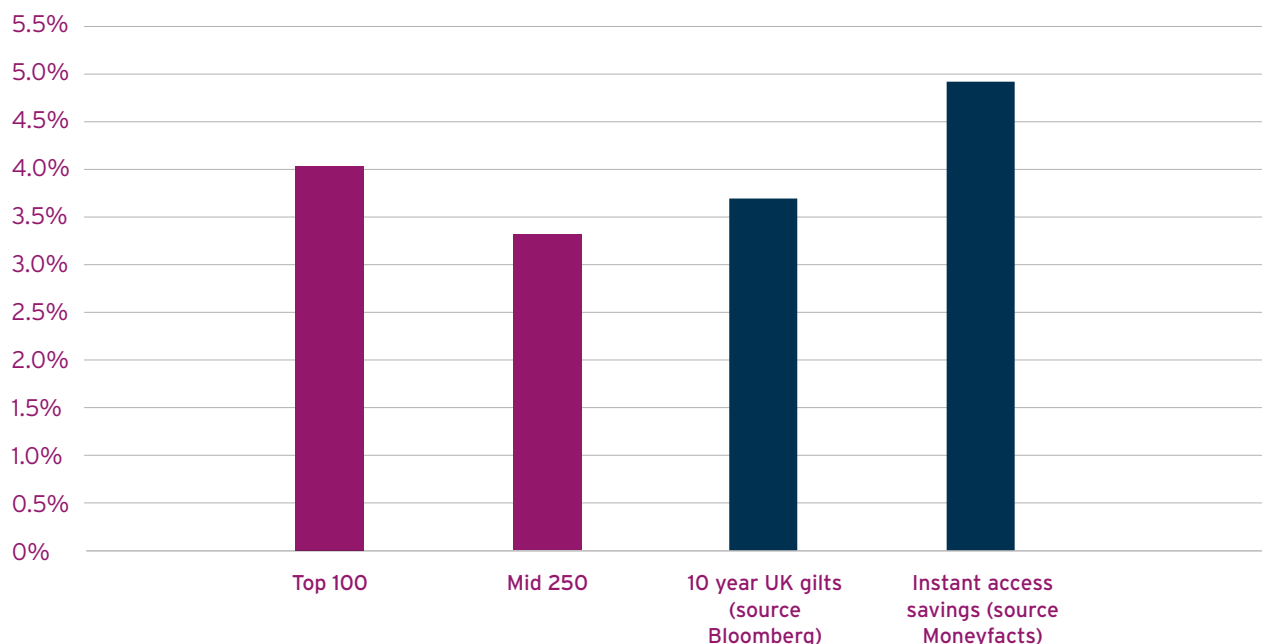
Top 100 v Mid 250 – Regular Dividends, Indexed



Top 100	88%
Mid 250	8%
The rest	4%

# YIELD

## UK Income



Over the next twelve months, UK equities are set to yield 4.0% based on our forecast for regular dividends – we exclude volatile one-offs. This is unchanged from our last two editions this year and reflects slightly higher share prices and an extra quarter of growth in 2025. We expect 4.0% (unchanged) for the largest companies, while the mid-caps are set to deliver 3.6% (up from 3.4%).

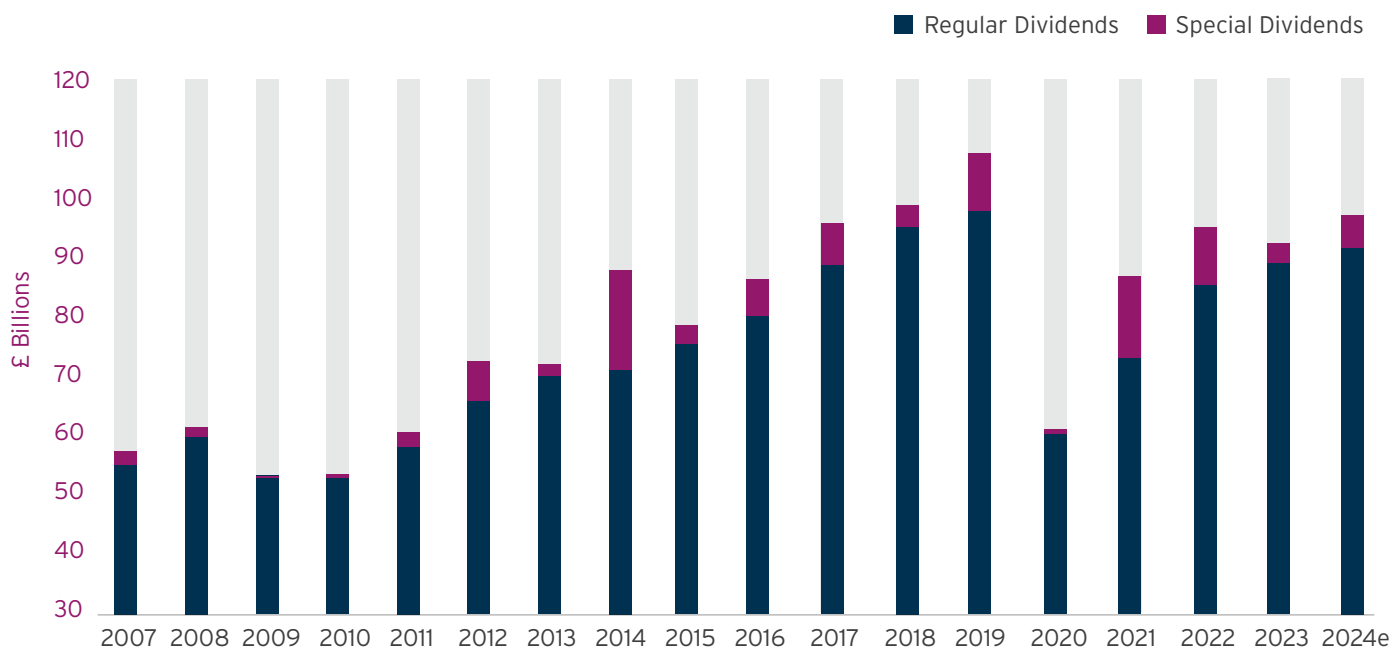
The bond markets have remained volatile as investors attempt to judge the timing and extent of rate cuts expected in the months ahead. Heightened geopolitical risks and large fiscal deficits around the world are also impacting on investor sentiment. The yield on the benchmark 10-year UK gilt was 4.28% at the beginning of July, up from 4.1% in early April, indicating greater nervousness. Bonds have therefore opened up a larger yield gap with equities.

Meanwhile, cash savings have started to offer less competitive rates as banks anticipate the Bank of England's next move. The best buy tables show instant access accounts now offering 4.9%. This is still superior to equities and bonds but comes without the potential for capital gains, and in the case of equities the prospect of long-term income growth too.

**Prospective UK equity yield unchanged at 4.0% over next 12 months.**

# VIEWPOINT AND OUTLOOK

## UK Dividends - Annual



For the rest of the year, mining payouts are now likely to fall further following a steep cut announced by Glencore for Q3, while buyback programmes in a variety of sectors are impacting the number of shares in issue at pace and so are acting as a more significant drag on total dividends paid. The mining picture is always a volatile one, reflecting the cyclical nature of the industry, while the share-count effect is a sign that companies have a lot of spare cash to return to shareholders. These two factors reduce our forecast for the year for the second quarter running, but neither should be a major cause for concern. The Q2 figures show that most sectors are delivering growth and we expect that to continue in the second half of the year.

The banks will provide the UK's biggest engine of dividend growth this year. Even with very large share buyback programmes absorbing a lot of cash that in the past would have been distributed as dividends, they are set to make record distributions, potentially as high as £15bn,

**Forecast 2024: Headline dividends downgraded to £93.9bn on weaker mining sector, +3.8% year-on-year.**

excluding one-offs. The oil sector will be the second-largest payer in 2024 - however, the combination of large share buyback programmes and lower oil prices mean dividend growth has slowed markedly after a strong couple of years. As such a large sector its slower growth exerts a noticeable brake on the total paid across the market.

The mining impact is the largest - if mining companies were excluded we would be expecting double-digit underlying growth this year thanks to the strong performance from the large banking sector and steady growth across the board - evidenced by the encouraging median growth rate in Q2 of 5.4%.

Our new forecast suggests just 0.1% underlying growth this year (down from 1.5% three months ago), meaning regular dividends of £88.2bn (reduced from £89.5bn). Our headline growth forecast is reduced to 3.8% (from 4.5%), with total payouts including special dividends of £93.9bn (down from £94.5bn).

**Forecast 2024: Underlying growth expected at just 0.1%, cut from 1.5%.**

## 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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