

Dividend Forecasting Bi-weekly Brief

30th January 2023

APAC what to watch

TOPIX 500: Near wipe out anticipated for Japanese electricity retailer dividends

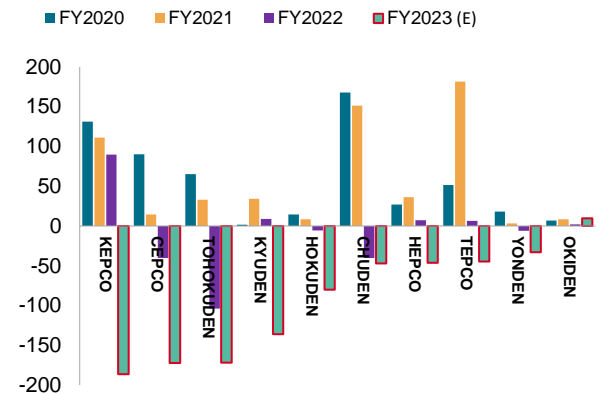
Just last week, **Hokkaido Electric Power Co (HEPCO)** has announced dividend suspension for the upcoming FY2023 (ending March 31st 2023) final dividend. Of Japan's 10 major electricity retailers, HEPCO was one of the four firms that have yet to guide zero dividend by putting the status as "to-be-announced." Now, the count remains three (**KYUDEN, YONDEN, KEPCO**) but **S&P Global MI deems that there is a high chance of these firms following suit by announcing suspension in the upcoming Q3 results release scheduled on 31st Jan.** The surge in thermal coal, LNG, fossil fuel and wholesale electricity prices in Japan this fiscal year had detrimental impact on bottom line of most of the electricity retailers such that nine out of the ten expect negative FY2023 operating income (right chart). **Chubu Electric Power (CHUDEN)** is the only standing company to guide payout for FY2023 final dividend that is not zero, as the firm just announced today (30th Jan) to hold the guidance at flat JPY25.

CSI 300: Generous payout target released on top of accelerating growth for infrastructure company

Sichuan Road & Bridge Group is a China-based transportation infrastructure company whose revenue and net profit kept steady growth in the past five years, with accelerating growth rate primarily driven by solid contribution from its engineering construction segment. According to the earnings consensus data, net profit for FY2022 is expected to climb by over 25%. On Jan 18th, the company issued its profit distribution plan for FY2022-2024 in which it indicated a target of not less than 50% of distributable annual profit to be distributed to shareholders. Given this high payout target, **S&P Global MI has raised forecast for FY2022 final dividend to CNY 0.75, compared to CYN 0.47 declared in prior year.**

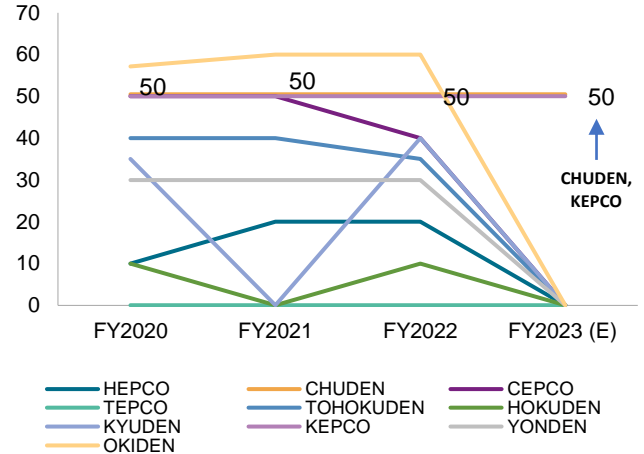
HSI: Glory days fading with FY2023 final dividend cut expected for Chinese glass giant Xinyi Glass Holdings registered a dividend record high for FY2021, mainly attributable to the significant increase in ASP and sales volume for float glass as well as notable increase in profit contribution from **Xinyi Solar**. However, a double-digit earnings decline is expected for FY2022 mainly due to its hard-hit property-related exposures in Mainland China last year, although still higher than that level of FY2020 and before. **S&P Global MI forecast its upcoming final dividend as HKD 0.28 with a low confidence, representing a full-year nearly 50% y/y cut** based on the sustained payout ratio of around 49%.

JAPAN Major 10 Electricity Retailers EBIT Trend, FY2020-FY2023 (E) (JPY, billions)



Source: S&P Capital IQ
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JAPAN Major 10 Electricity Retailers DPS Trend, FY2020-FY2023 (E) (JPY)



Source: S&P Global Market Intelligence
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APAC special reports



7 Key Forecasts for Global Dividend Payments

Despite a volatile end to the year, global dividend payments grew an impressive 12% in 2022. Powerhouse industries like banking and energy supported a surge in aggregate payments that nearly eclipsed the pre-pandemic level paid out in 2019. Now, amidst a challenging macroeconomic environment and rising geopolitical risk, we expect global dividend growth to remain challenged and for aggregate payments to remain flat in 2023.

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