S&P Global
Market Intelligence

Dividend Forecasting

Annual report

Jan. 17, 2024

Seven key dividend forecasts for 2024

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About us

S&P Global Market Intelligence Dividend Forecasting (S&P Global MI DF) serves top-tier financial institutions with their investment decision-making and risk management through provision of timely data, insights and commentary on dividend forecasts. Powered by a global team of 40 dividend analysts closely maintaining precise forecasts on the size and timing of payments based on bottom-up fundamental research as well as a proprietary advanced analytics model, our dataset incorporates the latest company news and market developments. We pride ourselves in an unmatched coverage that spans over 28,000+ stocks across the globe and our analysts are always available to engage in discussion and address users' queries.

To learn more or to request a demo, contact dividendsupport@spglobal.com or visit https://www.spglobal.com/marketintelligence/en/mi/products/dividend-forecasting.html

Seven key dividend forecasts for 2024*

S&P Global Market Intelligence Dividend Forecasting projects 2024 global aggregate dividend (i.e., dividends with payment dates falling in calendar year 2024) to stay largely flat at US$2.2 trillion, up only 0.7% year over year. Regular dividends will maintain 4% growth, while special/variable dividends will be halved.

1. US

The largest annual add-on will come from the US for the third consecutive year. The optimism in the world's largest dividend-paying market stands out, widening the gap from the rest. About US$28 billion more will be paid in 2024 with all 20 sectors expected to grow regular base dividends on the average of 6%. The growth is driven, in part, by the companies that reinstated dividends in 2023 after the pandemic-induced cuts, with a few more expected to do so in 2024.

2. Europe

While the absence of special dividends from the German automobile industry will downplay the aggregate dividend growth to 0.9%, we project regular dividends to register growth of 4% (or 5.6% measured in euro) in 2024. A clear contrast in growth trajectories is anticipated. Italy and Spain, where the largest contributing sector is banks, are projected to register 19% and 10% regular dividend increases, respectively. On the other hand, Germany's regular dividend will be lackluster given its large exposure to industrials and the limited lift from banks. Consumer products and aerospace and defense will support France to maintain 10% year-over-year regular payout growth for consecutive years. In the UK, the upward momentum from banks will be offset by financial services payout, bringing the average regular dividend growth to 5%.

3. Developed Asia-Pacific

The developed markets in Asia-Pacific are set to register average aggregate growth of 2% in 2024. Hong Kong SAR will see a strengthening momentum, especially in retail and travel and leisure with the travel resumption and improving economic outlook. Japanese and South Korean automobile players are set to boost payouts thanks to robust electric vehicle (EV) sales. On the other hand, softening bank payout in Singapore and a highly expected cut from Australian mining players will leave the dividend scene of both markets quiet.

4. Developing Asia-Pacific

The aggregate dividend from developing Asia-Pacific will reduce by 4% in 2024. The outlook for the major developing markets is relatively downbeat compared with the rest of the world. Dividend growth will soften in mainland China and India to flat or contraction from the robust double digits recorded in recent years. Taiwan's dividend will shrink by more than 20% for the second consecutive year due to sluggish exports. Support from the domestic economy is the key factor shaping the outlook for three Southeast Asian markets — industrials for domestic investment, banks, telecom and consumer goods will increase payouts, whereas basic resources will show a sharp fall. 2024 payouts will rise 15% in Thailand, increase 5% in Malaysia and drop 7% in Indonesia.

5. Banks

Banks will continue to be the anchor of the global dividend, accounting for 16% of the aggregate payout. We project the total payout to amount to US$345 billion, up 8% year over year. Almost all markets will see bank dividends growing in the prolonged high-interest environment. European banks are noteworthy — Italian banks are set to distribute one of the largest increases even after the windfall tax in the summer of 2023. Similarly, Spanish banks are forecast to pay 22% more dividends in 2024. Bank dividends in Hong Kong will rise more than that of mainland China against the backdrop of the inverse interest rate trends between mainland China and Hong Kong. The uncertainty on the timing of interest rate cuts is a shared downside factor for all banks, except mainland China.

6. Oil and gas

Our forecast for oil and gas has been revised down since the update in October 2023**. The latest projection shows that the payout from global oil and gas players will shrink by 3.4% in 2024. Companies are anticipated to continue to prioritize a combination of regular dividends and buybacks as their primary shareholder return options. Regular dividends are expected to inch up by 3%, while special dividends and conditional returns will be halved since the peak payout of US$48.8 billion in 2022. Out of more than 200 oil and gas companies under our coverage, we expect about 140 names to see an increase in forward dividend per share (DPS).

7. Industrial goods and services

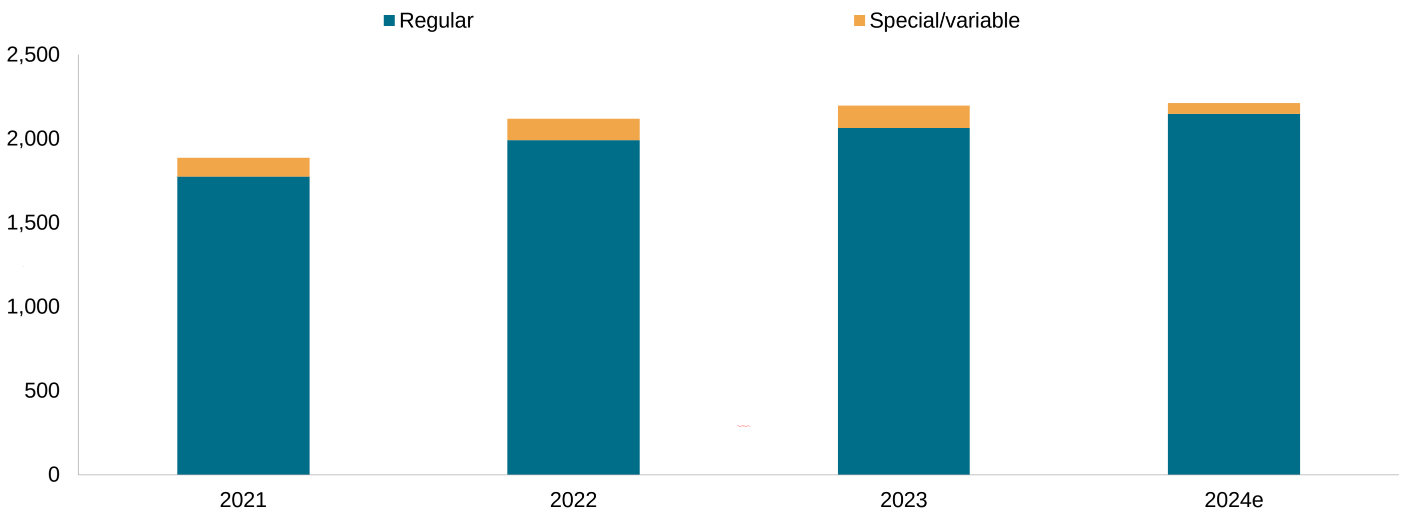
The aggregate dividend from industrial goods and services will decline the most, by US$27.4 billion or down 12% year over year, reflecting the depressed sector sentiment globally. Heavy cuts in regular dividends are coming from the shipping players in Germany, Denmark, Taiwan, Japan and Hong Kong as freight prices soften from the COVID-19 peak.

* All data updated as of Jan. 7, 2024. “Aggregate dividends” refer to regular plus special/variable payout unless specified. All growth figures are computed based on dividends measured in US dollar to reflect the foreign exchange impact unless specified. Please refer to the respective market highlights for the year-over-year change free from the foreign exchange impact (i.e., measured in local currencies).

** See Market Intelligence’s *Global Oil & Gas winners through the lens of dividends* (Nov. 8, 2023): https://cdn.ihsmarkit.com/www/pdf/1123/Global-oil-gas-report-final-for-media.pdf

Charts

2024 global dividends to remain largely flat
in US$B



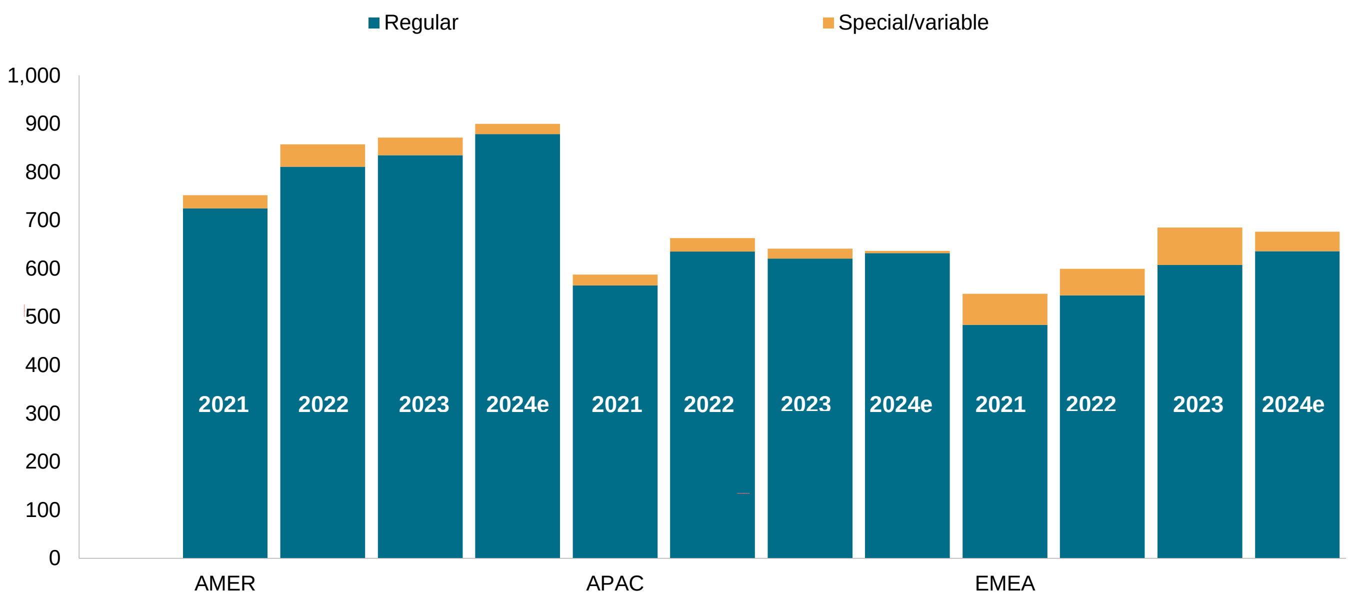
Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

YOY change

Dividend type	2022	2023	2024e
Regular	12.2%	3.6%	4.1%
Special/variable	14.4%	3.9%	-50.6%
Total	12.4%	3.7%	0.7%

Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

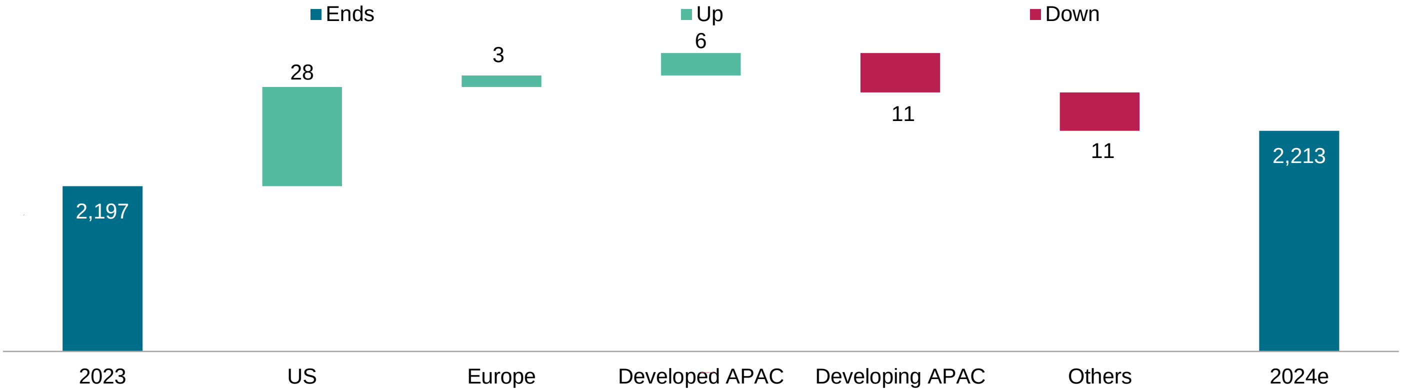
Regular dividends to grow, special/variable dividends to contract across all regions
in US$B



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

US dividend growth outshines the rest

in US$B

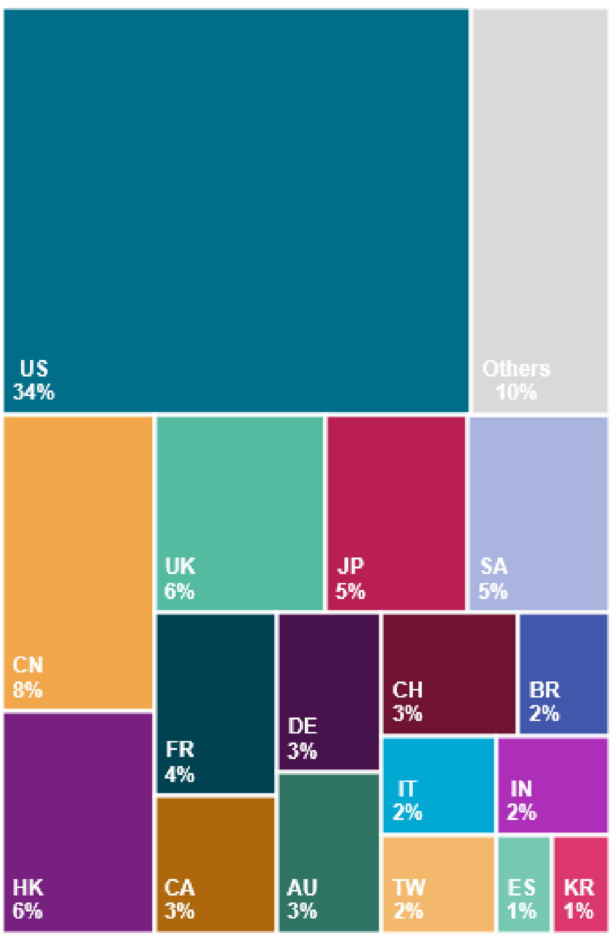


Data compiled Jan. 7, 2024.

"Europe" includes France, Italy, Spain, Germany and the UK. "Developed APAC" includes Australia, Japan, Hong Kong SAR, Singapore and South Korea. "Developing APAC" includes Taiwan, India, mainland China, Indonesia, Malaysia and Thailand. The figures are computed based on the aggregate dividends (regular +

Source: S&P Global Market Intelligence.

2024e payout contribution by market



Data compiled Jan. 7, 2024.

Source: S&P Global Market Intelligence.

2024e annual payout growth by market

YOY change computed based on US$*

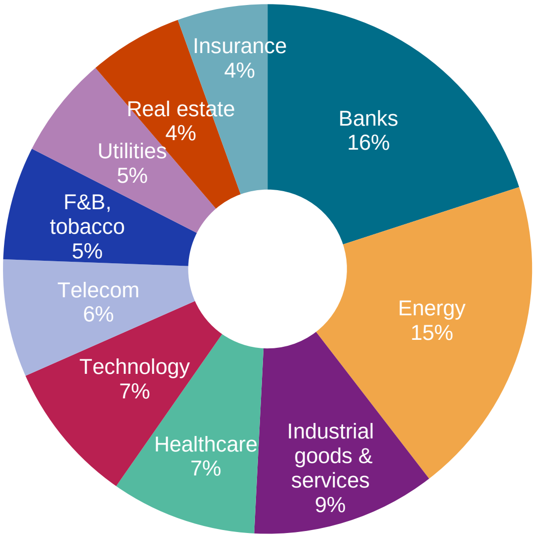
Market	Aggregate (regular + special/variable)	Regular only
Italy	19%	19%
Thailand	15%	17%
Greece	14%	22%
Belgium	12%	12%
Spain	11%	10%
United Arab Emirates	10%	10%
Portugal	9%	14%
France	9%	11%
South Korea	7%	7%
Canada	7%	8%
Sweden	7%	13%
Switzerland	7%	10%
Netherlands	5%	15%
Malaysia	5%	7%
United Kingdom	4%	5%
United States	4%	6%
Hong Kong SAR	4%	9%
Mexico	3%	8%
South Africa	1.5%	1.5%
Mainland China	0.1%	2.3%
Japan	0.1%	0.1%
Singapore	-0.1%	10.5%
Australia	-0.5%	0.3%
Saudi Arabia	-2%	8%
India	-4%	6%
Indonesia	-7%	-10%
Brazil	-8%	-8%
Germany	-21%	-14%
Chile	-21%	-22%
Qatar	-22%	-22%
Taiwan	-23%	-22%
Norway	-23%	-7%
Israel	-24%	-24%
Denmark	-43%	-17%
Argentina	-46%	-46%
Global total	**0.7%**	**4%**

Data compiled Jan. 7, 2024.

* Please refer to the respective market highlights for growth measured in local currencies where applicable.

Source: S&P Global Market Intelligence.

Global payout breakdown by sector



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

2024e annual payout growth by sector

YOY change computed based on US$*

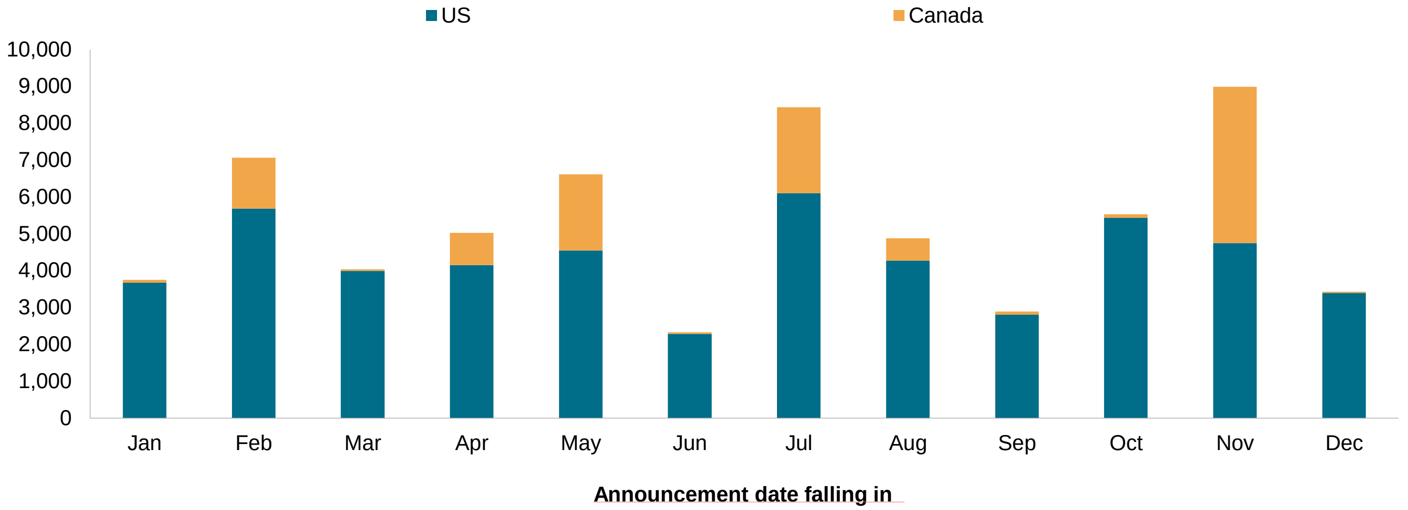
Sector	Aggregate (regular + special/variable)	Regular only
Banks	8%	8%
Energy	-4%	3%
Industrial goods & services	-12%	-9%
Healthcare	6%	6%
Technology	1%	3%
Telecommunications	8%	8%
Food, beverage & tobacco	2%	7%
Utilities	5%	4%
Real estate	5%	9%
Insurance	5%	7%
Financial services	0.5%	-1%
Basic resources	-10%	-8%
Automobiles & parts	-13%	9%
Consumer products & services	2%	6%
Retail	13%	15%
Personal care, drug & grocery stores	-1%	7%
Chemicals	-8%	-4%
Construction & materials	8%	10%
Travel & leisure	21%	22%
Media	8%	20%
Global total	**0.7%**	**4%**

Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

North America

Spread of dividend amount risk

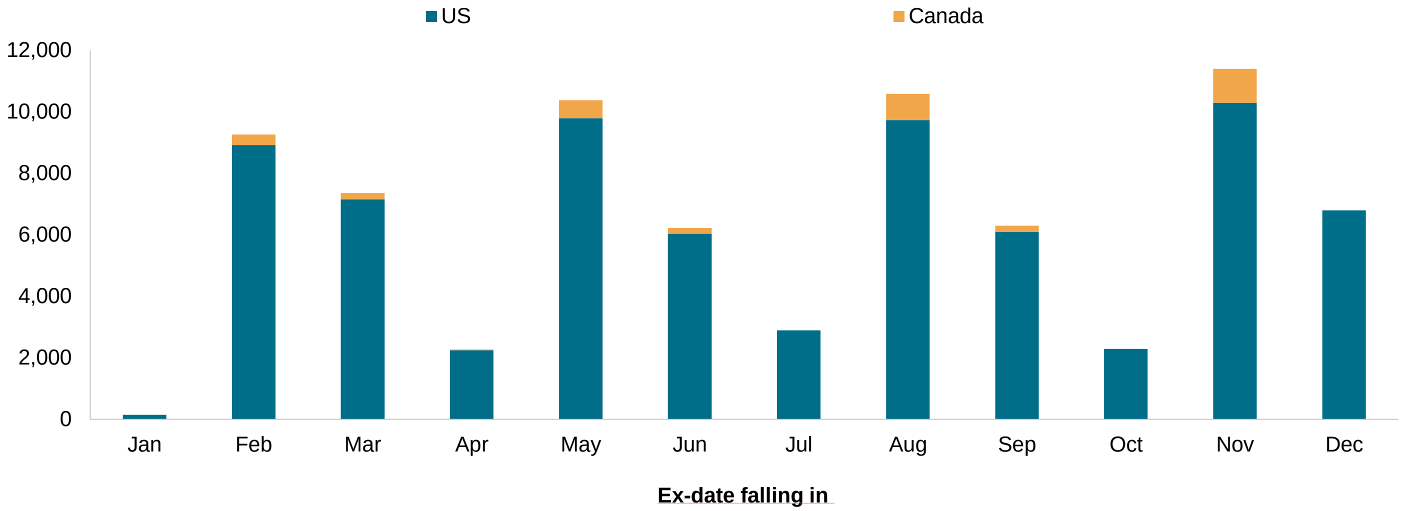
2024 aggregate payout with low amount confidence in US$M



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Spread of dividend ex-date risk

2024 aggregate payout with low ex-date confidence in US$M



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

United States | North America

Dividend growth across all sectors

Key trends in 2024

- All 20 sectors in the US market are forecast to grow regular base dividend payouts with an average year-over-year increase of 6%.
- The growth is driven, in part, by the companies that reinstated dividends in 2023 after the pandemic-induced cuts, with a few more expected to do so in 2024.
- The settlement cycle change will not impact the ex-date forecasts. The confidence levels of “high” and “medium” account for 70% of expected announcements.

Dividend drivers

Cautious optimism for the economic recovery and soft-landing anticipations lay the foundation for the US market to enter 2024. As the inflation rate slowed by the end of 2023 with a forecast of 2.4% in 2024, the potential for interest rate cuts in 2024 seems more plausible. Our dividend forecast for 2024 is in line with increased optimism over the US economic recovery as all 20 sectors are expected to grow base dividend payouts.

The top three powerhouse sectors that contribute one-third of aggregated dividends — healthcare, technology and industrial goods — collectively add up to a 2% increase to the US market dividends; each sector will grow by mid-single digits. The healthcare sector has demonstrated resilience throughout market cycles and is poised for a more robust rebound in 2024, buoyed by lower interest rates and heightened M&A activity. Although the technology and industrial sectors face challenges from the supply chain and weaker consumer spending, tailwinds such as anticipated interest rate cuts, the CHIPS Act and infrastructure megaprojects contribute to the sectors’ growth.

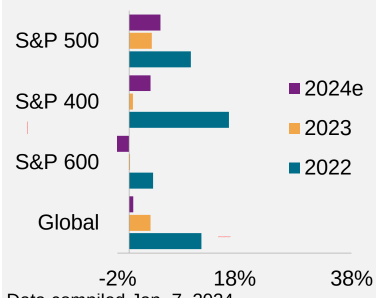
The three largest forecast growing sectors — media; travel and leisure; and personal care, drug and grocery stores — are expected to have more than 10% growth. Collectively, these sectors constitute about 6% of aggregated dividends, adding less than 1% to projected growth. Media is set to grow largely due to The Walt Disney Co.’s dividend reinstatement. Additionally, the sector should benefit from political advertising campaigns. The travel and leisure sector is thriving due to a robust labor market and increased demand for airlines and hospitality. Higher revenues have enabled companies in the sector to resume dividends in 2023; we expect the dividend resumption to continue. Most of the retailers maintain a strong financial position supporting the growth agenda. Retailers continued to grow their dividends despite multiple challenges, as they were able to generate substantial free cash flow (FCF).

While regular base dividends in the energy sector will grow by 6%, as we expect more than 65 companies to increase payouts, variable dividends pull the year-over-year change below 2%. Eventually, variable dividends will be affected by energy prices and fluctuations in stock prices, prompting leadership to prioritize share repurchases over variable dividends.

Ex-date outlook

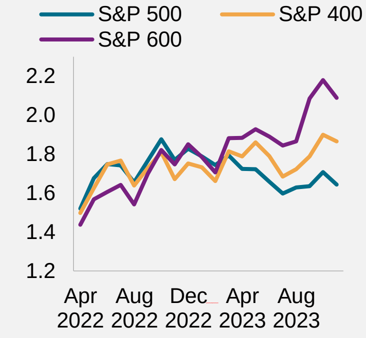
The Securities and Exchange Commission has shortened the settlement cycle for securities transactions from T+2 to T+1, effective May 28, 2024. No significant distortions in date patterns are expected as of now.

Aggregate dividend growth trend



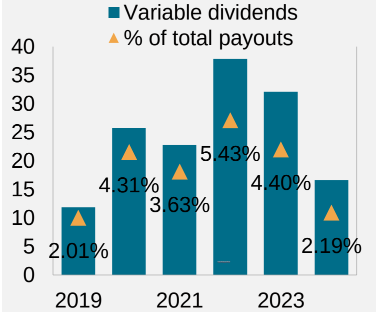
Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Forward dividend yield (%)



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Variable dividends trend (in US$B)



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Gopendra Yadav
PCD&G

Akshit Gupta
Healthcare, insurance

Franco Fermo
Industrials

Juan Pablo Albornoz
Technology & media

Canada | North America

Banks and energy continue to dominate the dividend scene

Key trends in 2024

- The Canadian market is forecast to grow its regular base dividend payouts with an average year-over-year increase of 6%.
- More than 50% of total Canadian aggregated dividends are paid out by two sectors: banks and energy, which are forecast to add above 3% growth to the market.
- Similar to the US market, projections indicate growth in aggregated dividend payouts across all sectors.

Dividend drivers

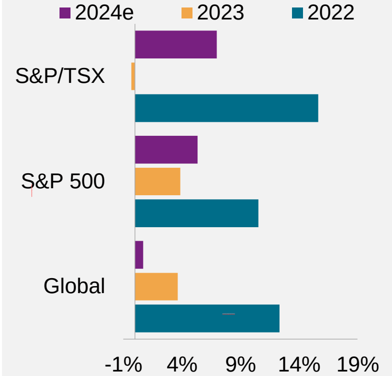
Similar to the US market, experts forecast that the Bank of Canada would likely lower interest rates in 2024. The economic slowdown after the interest rate increases since 2022 reduces inflationary pressures on prices for goods and services on the one hand; on the other hand, the growing unemployment rate might put pressure on various industries. Aggregated dividend expansion is driven by the two dominant sectors, several companies in utilities and basic resources and a few companies in the rest of the sectors.

Banks, the primary dividend-paying sector, contribute 30% to total aggregated dividends, with a 1.5% boost to the total average growth year over year. The sector anticipates a solid 5% increase in payouts compared with 2023. Canadian banks are well positioned for sustained capital distributions despite a drop in inflation to 3.1%. The steady 5% interest rate over the last three meetings has maintained banks' net interest income, observed across the entire sector. Deposits increased for most banks last year despite rate hikes. Capital adequacy is a robust 13.3% on average, ensuring a sufficient safety net. However, the unemployment rate surpassing the pre-pandemic level of 5.8% in November 2023 can increase the loan defaults further. In 2023, banks faced a 28% rise in nonperforming assets (NPAs) since 2022. As a result, banks are proactively increasing provisions for loan losses to build a safety net against potential NPAs impacting personal loans and cash flow in 2024.

Energy accounts for 25% of the overall dividend payouts, adding 2% growth to the aggregated dividends. Overall, the sector is forecast to grow by 8% year over year. Unlike the US market, where numerous energy companies adopted a variable dividend policy, few have done so in Canada. Accounting for variable dividends growth can drop below 6% compared with 2023. Experts estimate increasing production of natural gas liquids (NGLs) along with oil and gas production growth. Given the weaker energy demand outlook for 2024 amid subdued economic activities, companies opt for a more cautious capital allocation, potentially implementing fewer M&A deals and buybacks while maintaining base dividends. We project that most dividend-paying energy companies will grow their payouts in 2024.

The remaining sectors add another 50% of the aggregated dividends, each accounting for less than 10%. Retail promises an attractive 10% growth. Basic resources and utilities are distinguished by a larger number of dividend-paying companies, with 4% and 7% growth, respectively. Automobile and parts, chemicals and travel and leisure are represented by single dividend-paying companies.

Aggregate dividend growth trend



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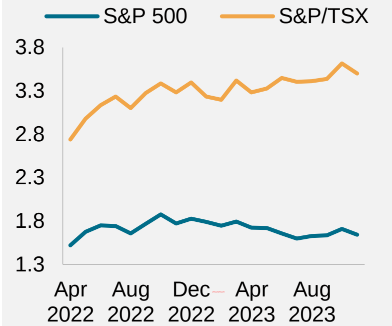
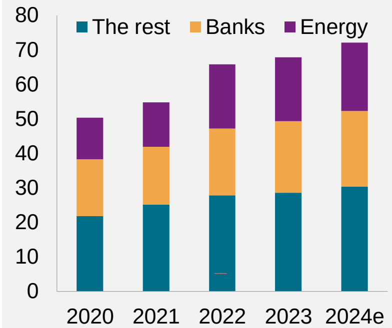
Source: S&P Global Market Intelligence.

Forward dividend yield (%)



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Aggregate dividend by sector (in US$B)



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Vedant Bagri
Banks & finance

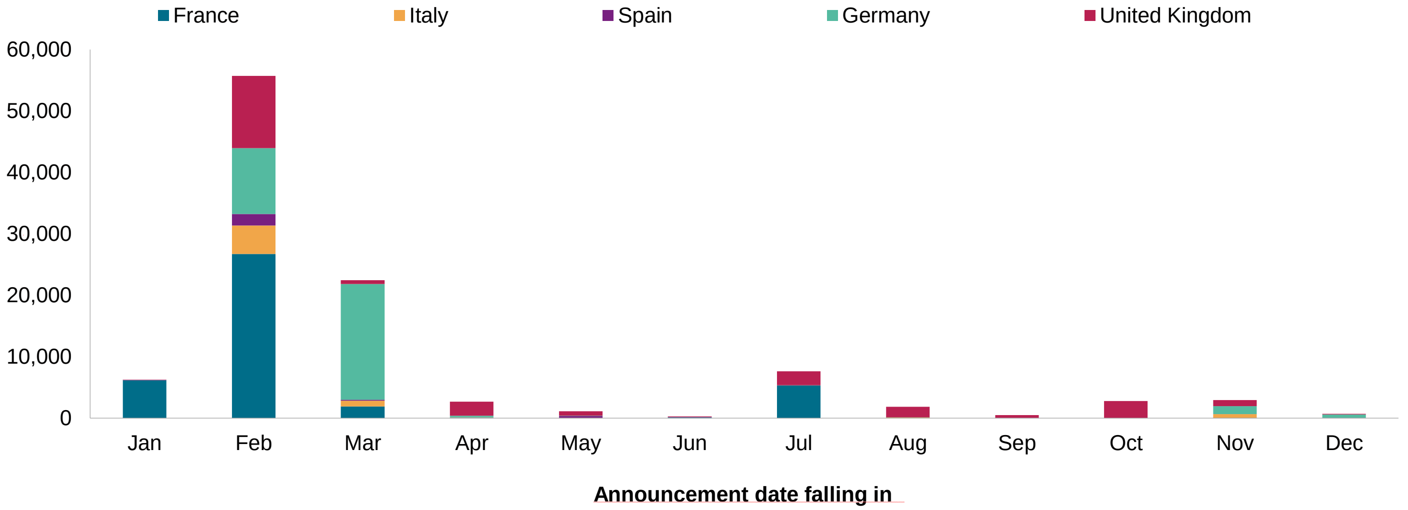
Vika Tambaeva
Energy

Kelvin Menezes
Utilities

Europe

Spread of dividend amount risk

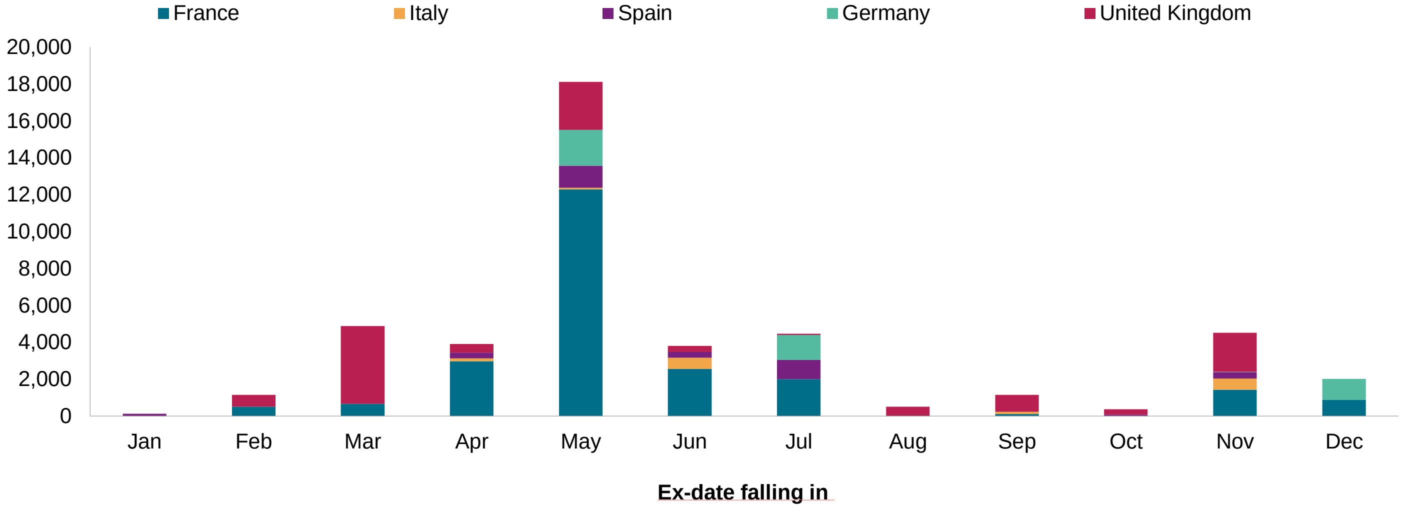
2024 aggregate payout with low amount confidence in US$M



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Spread of dividend ex-date risk

2024 payout with low ex-date confidence in US$M



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

France | Europe

Dividend growth remains steady in 2024

Key trends in 2024

- In 2024, aggregate dividends to be paid out by French companies are projected to grow 9.1% year over year (excluding special payments). This follows 10.1% year-over-year growth in 2023.
- Dividends from the consumer products and services sector, the largest dividend contributor, are forecast to increase 10.6% in 2024.
- Banking, another key sector, is expected to decrease payments by 7.4% as profits are weighed down by retail performance.

Market overview

We expect the aggregate dividends to be paid out by French companies to grow 9.1% year over year in 2024, reaching €84 billion. Payments from the top three sectors will vary: although we expect consumer products and industrials to continue their strong growth, banks are set to see an aggregate drop in 2024.

Dividend drivers

The consumer sector's dividend payments, driven by giants **LVMH Moët Hennessy Louis Vuitton SE** (LVMH) and **L'Oréal SA**, are forecast to rise 10% year over year. Although the industry's profits saw continued strength throughout 2023, the post-pandemic rebound is expected to wane, leading to a slowdown in dividend growth.

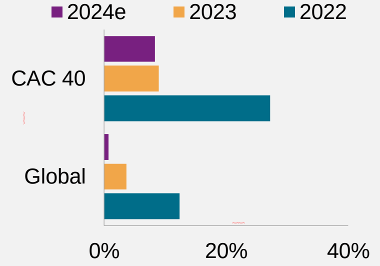
Following a 30% surge in 2023, the industrials sector payout is forecast to rise by a further 18% year over year in 2024. This increase is driven notably by aerospace and defense companies such as **Airbus SE**, **Safran SA** and **Thales Group**. Airbus resumed its dividend in 2022 amid recovering air traffic, and Safran has stated its aim to return to its historical payout ratio of 40%.

After a 47% rise in 2022 as restrictions lightened, banks' payouts slowed to 3% year-over-year growth in 2023. In 2024, we expect to see a reversal, with notable drops for **Société Générale SA** and **Crédit Agricole Group**. Unlike their European counterparts, many French banks have not seen rising interest rates translate into strong profits.

Stocks to look out for

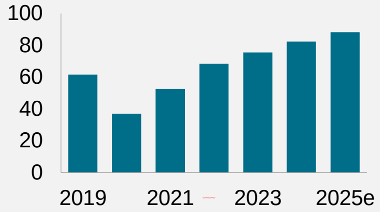
- **Société Générale** and **Crédit Agricole** are set to lower their dividend payments in 2024. **Société Générale's** new management is likely to increase its capital allocation toward buybacks following the lackluster performance of its stock price.
- After two years of higher dividends driven by strong profits in fiscal year 2022 and fiscal year 2023, **Engie SA** is expected to reduce its dividend from fiscal year 2024, in line with earnings per share (EPS) projections.
- **Sanofi SA** is planning a spinoff of its consumer healthcare division, scheduled to occur at the earliest in the fourth quarter of 2024. The full impact on its dividend policy is yet to be clarified.

Aggregate dividend growth trend



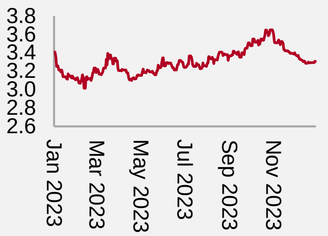
Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Aggregate dividend payments (€B)



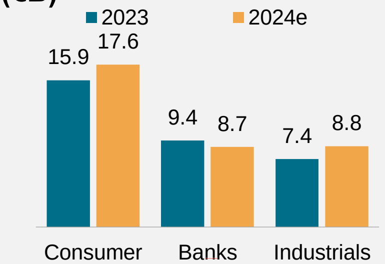
Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

SBF 120 forward dividend yield (%)



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Top three paying sectors (€B)



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Herne Martin
France, Belgium, Netherlands

Italy | Europe

Growth in the largest sectors helps to boost aggregate payments

Key trends in 2024

- Aggregate dividend payments are expected to grow by 19% to €36.3 billion, lifted by the banking and automobile sectors.
- The largest contributors are carrying the growth in Italy, while mid-caps and smaller companies see relative stagnation.

Market overview

Italian dividends are forecast to grow 19% in 2024 to reach €36.3 billion. After stagnation in 2021 and 2022, 2023 and 2024 are forecast to bring high levels of growth to aggregate payments, supported by increases in the key contributing sectors such as banking, automobile and financial services.

Sector highlights

The banking sector is the largest contributor to aggregate dividends in Italy, contributing 28% of the country's estimated €36.3 billion in dividends in 2024. It is also forecast to see one of the largest increases in aggregate dividend payments in 2024, rising 38% against the estimate for 2023, to €10.2 billion, fueled by rising interest rates and supported by increased fees.

Italian banks have benefited from rising interest rates in the eurozone as set by the European Central Bank (ECB). This has allowed Italian banks to substantially increase their shareholder distribution policies with record buybacks and dividend increases announced by the major contributors. 2024's expected increase in dividend payments comes off the back of the already-high growth forecast for 2023. Despite the anticipated headwind facing the industry following the windfall tax in the summer of 2023, revenues and profits from the banks have exceeded expectations and look set to rise again in 2024 before leveling off in 2025 as interest rates level off and likely fall.

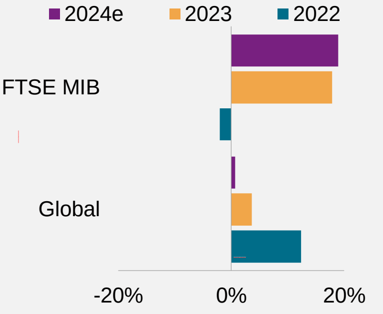
The automobile sector is also forecast to see high levels of growth and become the third-largest contributor to aggregate dividends by 2024. After a steep rise in 2023, aggregate dividends in 2024 are forecast to reach €5.6 billion, up 16% year over year. Cushioned by high margins and sustained demand worldwide, the inflationary pressures and labor strikes in 2023 had a weaker impact on production than first thought.

Companies to watch out for

UniCredit SpA has seen record revenues and profits thanks to large increases in the bank's net interest income. For fiscal year 2023, we forecast an annual dividend of €1.6 per share, a 62% increase year over year. Furthermore, from fiscal year 2024 onward, the bank indicated that it may review its payment schedule to consider moving to a semiannual or quarterly timetable, in line with its peers, such as **Intesa Sanpaolo SpA**.

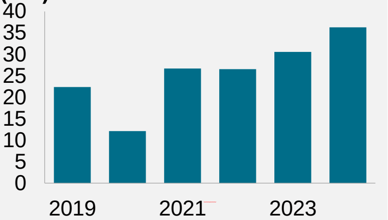
Ferrari NV joined the EURO STOXX 50 index in 2023 as its market capitalization surged. The company has also recently increased its payout ratio to 35% from 30% of adjusted net income, leading to a greater aggregate payout in 2023 and 2024 and an upside risk should demand be sustained despite inflationary pressures possibly increasing costs or weighing on demand.

Aggregate dividend growth trend



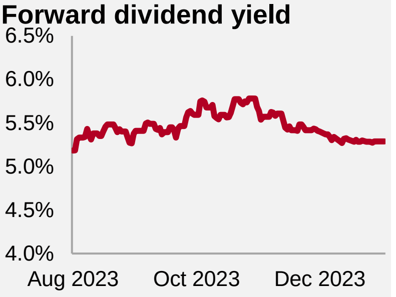
Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Aggregate dividend payments (€B)



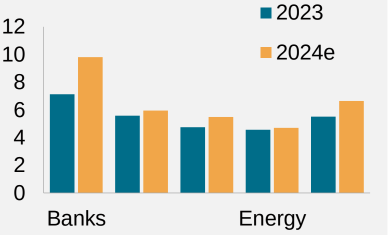
Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Forward dividend yield



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Major sectors' aggregate growth (€B)



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Arun Jain
Italy, Spain, Greece, Portugal

Spain | Europe

Solid growth in aggregate dividend performance supported by post-pandemic initiations

Key trends in 2024

- Aggregate Spanish dividends are forecast to grow by 9.3% in 2024, driven by the banking sector and a range of companies that support the country's tourism sector.
- Initiations following suspensions during the pandemic are expected to boost aggregate dividend payments in 2024.

Market overview

Spanish dividends are expected to grow by 9.3% in 2024 to €28.8 billion after high levels of growth are forecast in 2023. The country's dividends are finally expected to exceed the aggregate paid in 2019, before the pandemic. The recovery is attributable to the country's historically high-paying sectors, including banking, utilities and retail. The retail sector is the third-largest contributor, supported only by **Inditex SA**, the IBEX 35's largest single dividend payer.

Sector highlights

The banking sector is the primary growth driver for dividends in Spain while simultaneously being the largest sector, contributing an estimated 32% to the aggregate dividends produced by companies in the country in 2024. As inflationary pressures in the eurozone subside into 2024, the tailwinds are likely to reduce, slowing aggregate dividend growth in 2025.

For 2024, aggregate dividends from the banking sector are forecast to reach €9.2 billion, a 22% rise on the estimated remuneration from 2023 of €7.6 billion, led by the two leading contributors **Banco Santander SA** and **BBVA SA**.

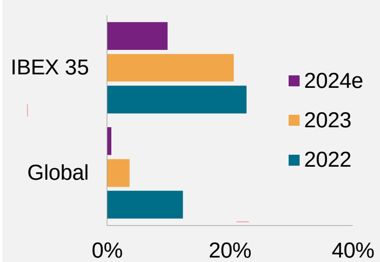
There are potential downside risks for the sector in 2024. First, should the ECB cut its headline rates faster than anticipated, this will dampen banks' profits. Additionally, there is the unresolved expiry date of the country's windfall tax. Spain is one of the largest European countries to impose a windfall tax on the banking sector, due to expire in 2024. However, one of the conditions of the coalition government that was recently formed was the likely extension of the windfall tax legislation. This could negatively impact the banks' performance and reduce profits and dividends.

The second-largest contributor, the utilities sector, is forecast to reduce its aggregate payment in 2024 — falling from €7.5 billion estimated in 2023 to €6.9 billion forecast in 2024, a reduction of 8%. The fall can be attributed to the diverging strategies of companies, with those that have a more variable approach increasing their dividends as they benefited from the macroeconomic trend of higher energy prices and are now rebasing their payments as the trend dissipates and Europe more widely recovers from the effects of elevated energy costs.

Companies to look out for

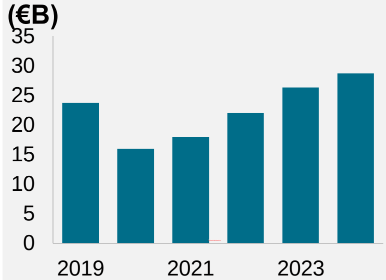
As the tourism industry recovers following the pandemic, companies supporting the industry have returned to profitability and paying dividends. Two such companies are **Amadeus IT SA** and **Aena SA**. Both firms paid dividends in 2023 and are expected to significantly increase their aggregate remuneration levels and exceed their pre-pandemic quantities in 2024.

Aggregate dividend growth trend



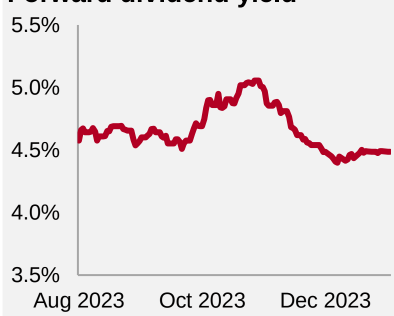
Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Aggregate dividend payments (€B)



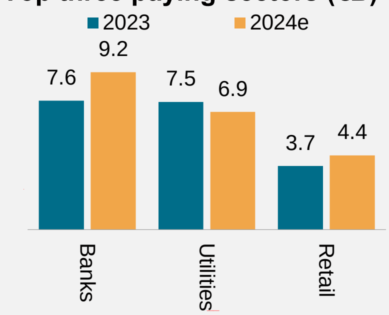
Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Forward dividend yield



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Top three paying sectors (€B)



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Arun Jain
Italy, Spain, Greece, Portugal

Germany | Europe

Flattish year for German dividends, excluding outliers Hapag-Lloyd and Volkswagen’s special dividends

Key trends in 2024

- Aggregate dividends (including special dividends) to be paid out by German companies in 2024 are expected to decline by 23% year over year, against growth of 29% year over year seen in 2023.
- Banks offer healthy growth in 2024, while automotive stagnates. Real estate is likely to post yet another year of weak performance. Healthcare is negatively impacted due to Bayer AG’s likely cut and Fresenius SE’s suspension.

Market overview

The aggregate dividend from Germany is expected to decrease by 23% year over year to €62 billion in 2024. The key reasons for this decline are the absence of a special dividend of about €8 billion (due to the spinoff of Porsche AG) from **Volkswagen AG** and the reduction in dividend payment from **Hapag-Lloyd AG** by about €9.6 billion as both freight volumes and prices have taken a hit. Furthermore, **Fresenius** announced its dividend suspension for 2024 in advance as the company accepted government aid to offset high energy costs. Excluding Hapag-Llyod and Volkswagen’s special dividends, German dividends are still anticipated to decrease by 1.5% year over year in 2024.

On the upside, a likely special dividend payment by Deutsche Bank AG’s subsidiary **DWS Group** and **Porsche’s** payment at its target payout ratio after a maiden dividend paid from reserves support the aggregate number.

Sector trends

Dividends from banking majors **Deutsche Bank** and **Commerzbank AG** are expected to be strong in 2024, led by high interest rates. The insurance sector’s earnings momentum has held strong post-IFRS 17 implementation. Furthermore, improved property and casualty insurance pricing and strong capitalization create an upside risk for dividends from key payers **Munich Re Group** and **Allianz SE**.

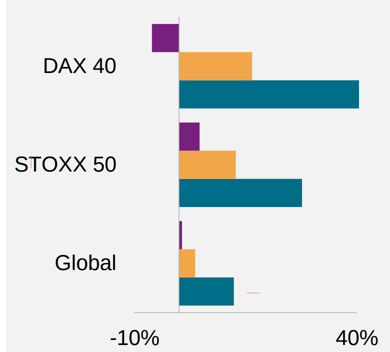
Real estate continues to be one of the weakest sectors in Germany with **Vonovia SE** expected to pay dividends at half of its targeted payout range. Others such **TAG Immobilien AG**, **Grand City Properties SA** and **Aroundtown SA** are likely to suspend payments.

Among other sectors, automotive dividends are expected to come in largely flat (adjusting for one-off gains of BMW Group and special dividends for Volkswagen in 2023) as the sector concludes a year of muted volumes and pricing.

Stocks to look out for

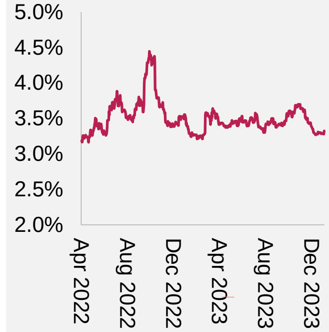
- **DWS’** likely sizable special dividend of €5.0 per share (~2.5x ordinary)
- **Bayer’s** potential 21% cut in dividends amid business challenges
- On the autos side, **Traton SE** and **Continental AG’s** decent upside potential
- **Wacker Chemie AG’s** likely staggering dividend cut of about 74%
- **Adidas AG’s** anticipated suspension amid losses on both reported and adjusted levels

Aggregate dividend growth trend



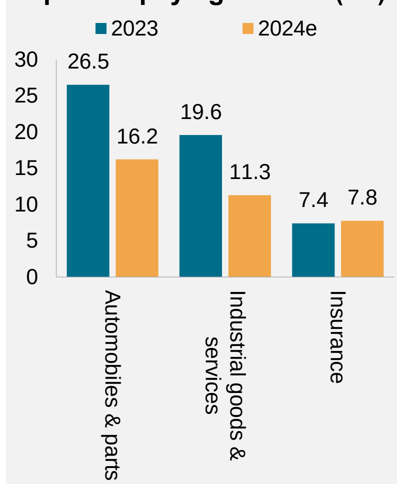
Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

DAX 40 forward dividend yield



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Top three paying sectors (€B)



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Nikita Chhabra
Germany all sectors

United Kingdom | Europe

Strong dividend momentum driven by banks and energy

Key trends in 2024

- The 100 blue chip companies in the UK (tracked by the FTSE 100 index) are forecast to pay aggregate dividends totaling £87 billion in 2024, up 6% from 2023. Ordinary dividends are forecast to ultimately surpass the pre-pandemic level, nudging up to £83 billion in 2024, up 2% from 2023.
- Top UK banks are on track to deliver average dividend growth of 10%. Shell PLC and BP PLC are predicted to altogether pay dividends of £17.5 billion, still 30% lower than their payments in 2019, indicating massive upside risks.

Market overview

With the monthly consumer price index rate ended at 3.9% in November 2023, UK stock indices have edged higher and kicked off 2024 in the green. Despite market bets on potential interest rate cuts, the higher-than-target inflation has been embedded in the UK economy and will likely prolong a cost crisis in 2024 for homebuilders and consumer staples. From the dividend perspective, to combat inflation, investors can consider utilities and cyclical sectors such as banks, energy and materials. We foresee banks to replace energy in topping the dividend contributor list, driven by lucrative net interest margin and healthy capital ratios. The top dividend payers in 2024 are maintained to be HSBC Holdings PLC (£9.7 billion), Shell (£7.1 billion), British American Tobacco PLC (£5.4 billion), BP (£4.4 billion) and Rio Tinto Ltd. (£4.2 billion).

Dividends and share buybacks

Banks: Interest rate hikes have sent capital returns to a new high; as banks tend to target a stable payout ratio for dividends, in the past booming year, share buybacks have become a flexible way to return surplus capital.

Energy: Shell and BP are allocating a high portion of cash flow from operations (CFFO) to buybacks; their dividends as a percentage of CFFO are lagging other oil majors by 5%-10%. The resulting lower share count in addition to strong cash generation supports upside potential for dividends at a per share level (DPS).

Volatile sectors

Materials: The market EPS consensus for fiscal year 2024 declined by 11% on average during the second half of 2023, more than our forecasts for DPS (-3%), suggesting downside risks. Anglo American PLC's EPS has been revised downward by 7%-9% after the mining giant announced plans to cut production in early December 2023. Glencore PLC's aggregate dividends will slump by over 50% compared with a record year 2023. Rio Tinto is forecast to see a slight profit rally.

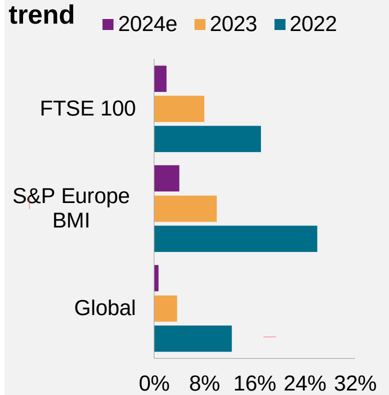
Household durables: The entrenched high mortgage rates have taken a toll on housebuilding activities, bringing pressures to homebuilders' profits. Barratt Developments PLC is predicted to cut dividends by 55% year over year. Berkeley Group has communicated to pay £70 million in 2024, down 50% from 2023.

Stocks to look out for

- **HSBC:** A 50% payout ratio is confirmed for 2023 and 2024.
- **BP and Shell:** Dividend growth for fiscal year 2024 will keep beating the 4% policy target.
- **SSE PLC:** Rebased fiscal year 2024 DPS to 60 pence (-38% year over year) to free up cash for organic growth.

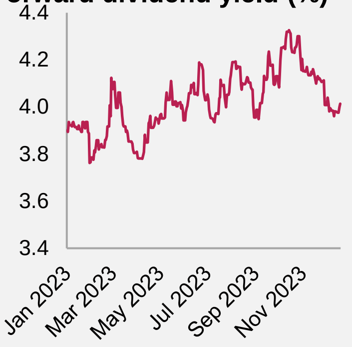
International Consolidated Airlines Group SA: No dividend is expected for fiscal year 2024.

Aggregate dividend growth trend



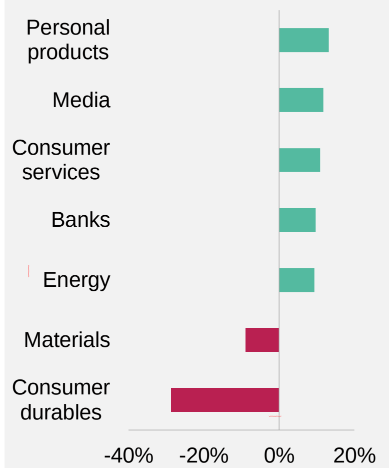
Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Forward dividend yield (%)



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

FTSE 100 sector change



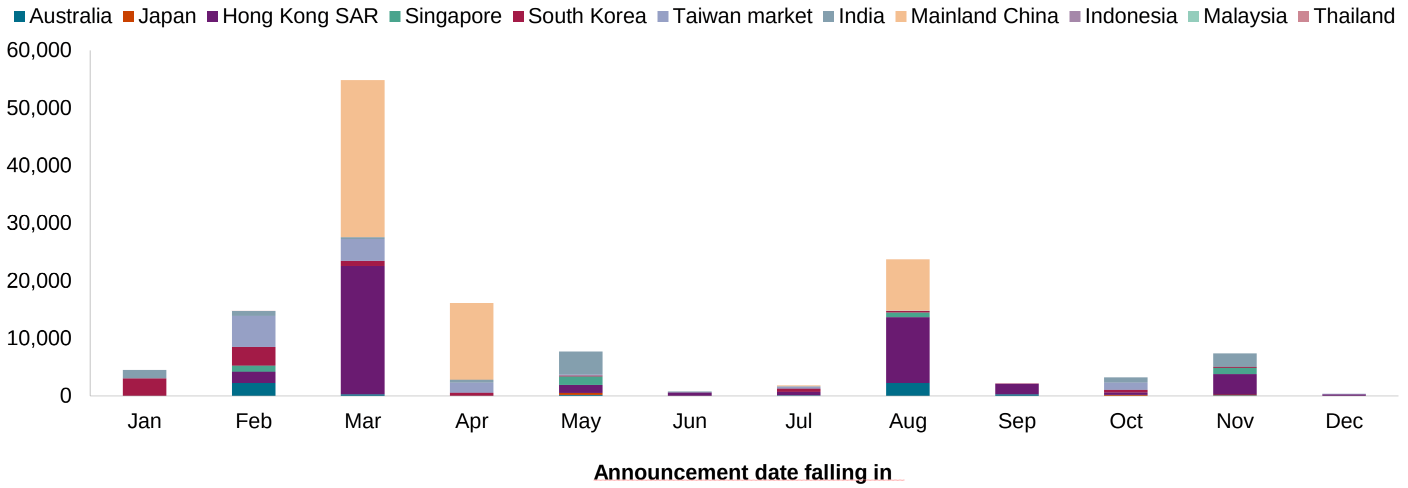
Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Pattie Zhang
UK all sectors

Asia-Pacific

Spread of dividend amount risk

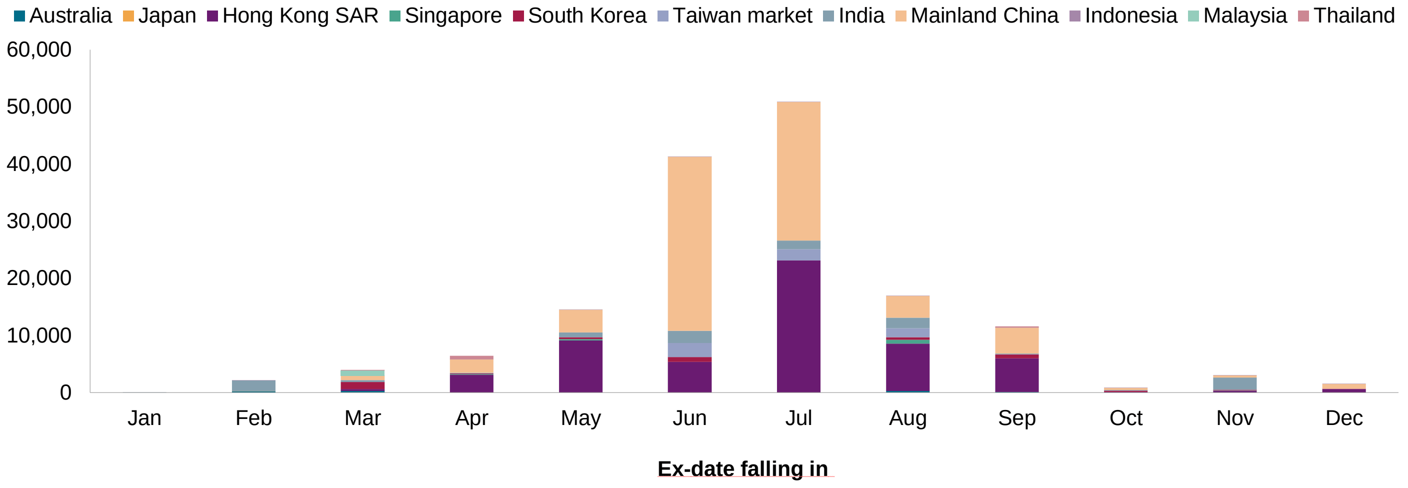
2024 aggregate payout with low amount confidence in US$M



Data compiled Jan. 7, 2024.
We do not have stocks with low amount forecast confidence for Indonesia and Malaysia.
Source: S&P Global Market Intelligence.

Spread of dividend ex-date risk

2024 payout with low ex-date confidence in US$M



Data compiled Jan. 7, 2024.
No ex-date risk for Japanese stocks as ex-dates are fixed in Japan. We do not have stocks with low ex-date forecast confidence for Indonesia.
Source: S&P Global Market Intelligence.

Australia | Developed Asia-Pacific

Dividend growth running out of steam in 2024

Key trends in 2024

- Owing to the persistently high inflation and interest rate, ASX 200 companies are expected to continue to face challenges to grow dividends in 2024. Aggregate dividends to be paid out from the index are expected to grow merely 0.3%.
- Dividends from the banking sector, the largest dividend contributor, are expected to stay flat in 2024 due to the pressure on margins.
- Basic resources and energy, among the top three contributing sectors, are both expected to show lackluster payouts caused by uncertainty on Chinese iron demand and declining energy commodity prices.

Macroeconomic view

High inflation and tight monetary policy setting are expected to significantly drag down Australia's economic growth in 2023. Our in-house prediction shows real GDP growth for 2023 to be 1.3%, followed by a marginally higher figure of 1.5% for 2024. Additionally, the disposable income of consumers is eroded by inflationary pressures, higher mortgage payment and higher household debt level, constraining the overall economic activities. Against this backdrop, the economic fallouts have trickled down to the companies in Australia, which is reflected in their capability to pay dividends. We expect the aggregate dividends to be paid out from ASX 200 constituents to grow merely 0.3% in 2024. The top three paying sectors are facing great challenges to grow dividends in 2024 — payouts from the banking sector are expected to stay flat, and dividends from basic resources and energy are expected to contract.

Dividend drivers

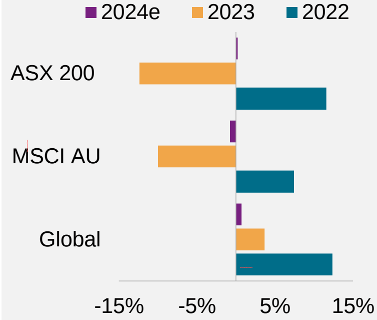
Banks have been riding on the rate-hike cycle over the past two years, with profits and dividends reaching the record level in 2023. Moving forward to 2024, we expect limited room for the banks to grow dividends further owing to the potential peak of the interest rate as well as the heightened competition in the mortgage market, squeezing the banks' profit margins. We expect the payouts from the "Big 4" (Commonwealth Bank of Australia, Westpac Banking Corp., Australia & New Zealand Banking Group Ltd. and National Australia Bank Ltd.) to stay largely flat in 2024.

We anticipate steady dividends from the top three Australian iron ore miners in 2024. The series of economic boost policies released by the Chinese government is expected to revive iron ore demand and strengthen the price. In contrast, we see an over 30% decline from aggregate dividend of the energy sector primarily due to easing LNG and coal prices from the 2022–23 peak. A chance upside is limited — the Australian government estimates LNG export revenue to contract from A$91 billion in 2022–23 to A$60 billion in 2024–25.

Stocks to look out for

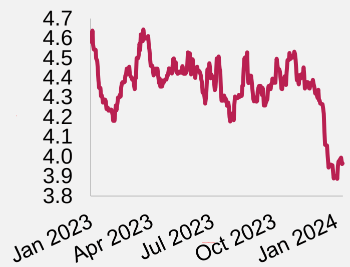
- **Woodside Energy Group Ltd.** and **Whitehaven Coal Ltd.** are expected to at least halve the annual payouts.
- We see a chance of **Boral Ltd.**, **The Star Entertainment Group** and **Webjet Ltd.** resuming dividend distributions.

Aggregate dividend growth trend



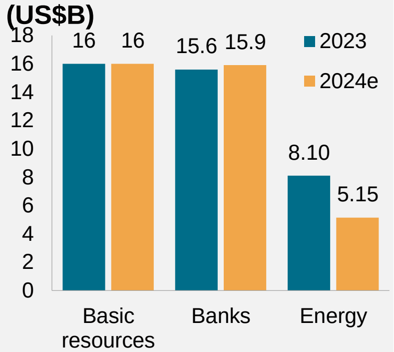
Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

ASX 200 forward dividend yield (%)



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Top three paying sectors (US$B)



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Ralph Chen
Financials, retail

Stella Lim
Basic resources, energy, healthcare

Japan | Developed Asia-Pacific

An eventful year, dull dividend growth

Key trends in 2024

- Aggregate dividend payment is expected to inch up by 2.8% in 2024 with predominant growth from the automobile sector.
- The stock market rally in 2023 has emboldened the exchange to introduce measures that will positively impact dividend payouts in 2024.

Market overview

The year 2023 was a smooth sail for Japan with 1.8% real GDP growth expected, which is double from 2022's 0.9%. The weak Japanese yen hitting its 33-year low at ¥150/US dollar had favorable effects for its exporters, and aggregated net income generated by TOPIX 500 firms is estimated to rise 13% year over year for 2023, leading to dividend payment growth of 2.8% in 2024, as estimated by our team.

Tokyo Stock Exchange on price-to-book ratio (PBR)

In line with the reviving investor interest in Japan, the Tokyo Stock Exchange has requested its listed companies with subpar valuation to meet the benchmark PBR of 1.0x. More attractive dividends can be an effective means to improve the PBR. About 20% of Nikkei 225 companies with sub-1.0x PBR have announced higher dividend payout ratio targets.

Dividend yield is depressed by stock market rally

2023's phenomenal stock market rally, of which Nikkei 225 and TOPIX 500 index prices had risen by almost 30%, has conversely pressed down the yields of Japanese dividends. For the Nikkei 225 index, 2024 yield has declined from 3.1% to 2.6% throughout 2023.

Sector highlights

Banks: Major banks have benefited from the overseas operations with the earnings amplified by the yen devaluation. Returns surged in yen terms, and we anticipate seamless translation of the heightened earnings into enhanced dividend payments in 2024, by ¥107 billion (+7% year over year).

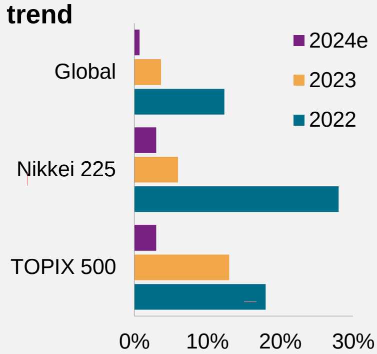
Automobile: Recovery in the production level and the robust demand pent-up over the past years have boosted the earnings of Japanese automakers in 2023. Together with the parts manufacturers, the payment from the industry is expected to grow by ¥417 billion (+21% year over year) in 2024.

Industrial transportation: The decline in freight rates, following the peak of 2022 marked by supply chain disruption, will lead to a steep slide in the dividends paid by the "Big 3" shipping firms in 2024. We forecast Japan's Big 3 — Kawasaki Kisen Kaisha Ltd. ("K" Line), Nippon Yusen Kabushiki Kaisha (NYK Line) and Mitsui O.S.K. Lines Ltd. — to together cut back a significant ¥204 billion (-41% year over year).

Stocks to look out for

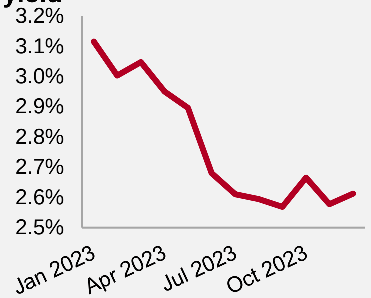
- **Trend Micro Inc.:** The firm has recently announced a ¥100 billion dividend goal for fiscal year 2023 (prior year: ¥21 billion) as part of a cash optimization scheme.
- **Toyota Motor Corp.:** We forecast Japan's top dividend payer to hike fiscal year 2023 DPS by 25% to ¥75, riding on the robust earnings increase.

Aggregate dividend growth trend



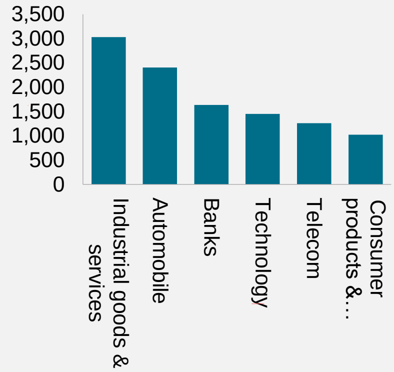
Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Nikkei 225 forward dividend yield



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

TOPIX 500 2024e payment by sector (¥B)



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Pedro Choi
Industrials

Tusharika Aggarwal
Financials

Tanisha Bhardwaj, CFA
Consumer goods

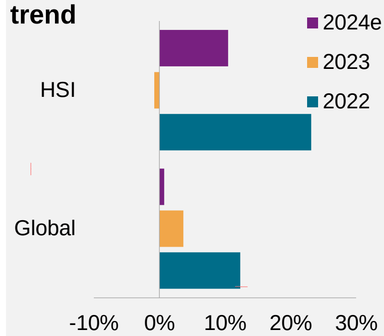
Hong Kong SAR | Developed Asia-Pacific

Retail and travel and leisure sectors to outshine traditional payers

Key trends in 2024

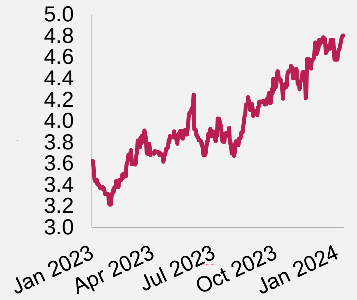
- On an aggregate level, dividends from the Hong Kong market are expected to reach US$131.4 billion in 2024, growing by 3.5% year over year. The strengthening momentum is clearer when measured by fiscal year, with an increase of 0.9% in fiscal year 2022–23 versus a rise of 12% in fiscal year 2023–24.
- With the travel resumption, we expect more rapid growth of aggregate dividend in the retail and travel and leisure sectors, compared with traditional top-paying sectors such as banks and real estate, which are projected to record single-digit increases. Both industrials and energy are projected to face double-digit cuts in dividends owing to the coal price decline and muted shipping business performance.

Aggregate dividend growth trend



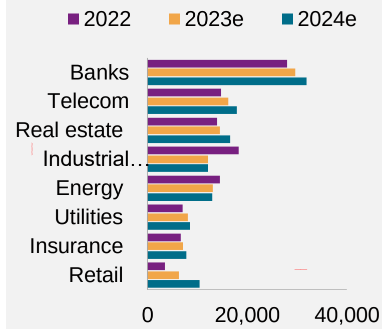
Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

HSI forward dividend yield (%)



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Hong Kong SAR's aggregate dividend top sector trend (US$M)



Data compiled Dec. 13, 2023.
Source: S&P Global Market Intelligence.

Dividend drivers

Amid the slow recovery of the global economy, we expect the aggregate dividend of the Hong Kong market to reach US$130.58 billion in fiscal year 2023, representing a slight increase of 1.13% compared with fiscal year 2022. Banks, telecom, real estate and energy will remain the top payers for the market. Noticeably, due to the inverse interest rate trends between mainland China and Hong Kong, we project a slower dividend growth rate for mainland Chinese banks and more aggressive dividend payments for Hong Kong local banks such as Hang Seng Bank Ltd. We also expect dividends from most of the leading property players to remain resilient in 2024 despite the earnings volatility. We highlight the potential risk of dividend cuts for Sun Hung Kai Properties Ltd., Longfor Properties Co. Ltd. and Wharf Real Estate Investment Co. Ltd. based on the muted earnings announced by the companies thus far.

Different from previous years, we anticipate greater dividend growth for the retail and travel and leisure sectors to ride on the earnings boost. Alibaba Group Holding Ltd. made its first dividend announcement in mid-November 2023, along with the stable 9% year-over-year climb for third-quarter fiscal year 2023 results. We continue to expect rising dividend from Alibaba. Galaxy Entertainment Group and Sands China Ltd. reported more than 10 times' surges for the latest EBITDA results. We project both companies' dividends to reach the pre-pandemic level in 2024, riding on the recovery of the tourism industry.

Ex-date outlook

The ex-date pattern for the Hong Kong market has been relatively stable over the years, with the majority of ex-dates falling in June and July.

Stocks to look out for

- **China Petroleum & Chemical Corp.:** Historically, the company has no consistent payout ratio, and the payout ratio has ranged from 65% to 80% in the recent three years. Given single-digit earnings growth expected for 2024, we anticipate the company to pay a final dividend of 0.245 yuan per share with a low confidence rank.
- **JD.com Inc.:** JD.com further initiated a regular cash dividend and pushed its dividend policy a step further in 2023 as management guided to adopt an annual dividend policy. We take the special dividend as one-off due to the company's policy shift. For 2024, we expect the company to continue to pay a regular cash dividend of US$1.92 per share with a low confidence rank.

Maojun Ye, CFA
Consumer products

Ralph, Chen
Healthcare, basic resources

Ruiying, Zhao
Energy, technology

Ruoxi Sophy, Zhao
Banks, real estate

Singapore | Developed Asia-Pacific

Banking dividend growth to slow down in 2024

Key trends in 2024

- While the capital positions of the Singaporean banks remain strong, the growth in dividend is expected to slow down in 2024, primarily due to the peak of margins and the slowdown in loan growth.
- S-REITs are expected to remain resilient despite the hiccups from higher interest rate and operating expenses; we expect the sector to grow by 2.5%.
- Demand in Singapore's tourism industry remains strong, contributing to robust payouts from players such as Singapore Airlines Ltd. and Genting Singapore Ltd. in 2024.

Dividend drivers

Singapore's dividend scene is expected to continue to be dominated by the banking and real estate sectors, which account for around 44% and 20% of the total payouts, respectively, from the FTSE STI companies in 2024.

Singapore's banking trio has been riding on the tightening cycle over the past two years, with profit expected to reach a new record level for the current financial year (fiscal year 2023). With the signals from the Federal Reserve (Fed) that the interest rate would not go any higher, we expect the dividend growth of the banks in Singapore to slow down in 2024, primarily owing to the pause in the fast expansion in net interest rate margins. Additionally, the elevated interest rate is likely to suppress demand for loans, rendering lower growth in revenues. Management of the banks are already guiding low single-digit loan growth for the current financial year. On the bright side, the improvements in the non-interest incomes, which consist of wealth management fees, credit card fees and trading income, are expected to be the growth engine in the short term, offsetting the much-lower growth in interest income.

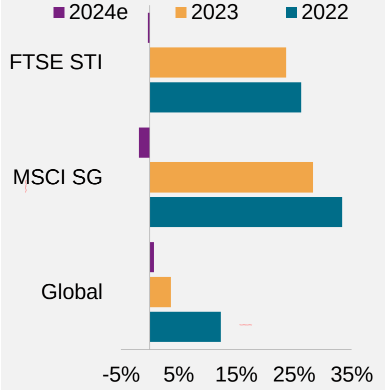
We expect the performances of S-REITs to be resilient in the new year. Although many of them are facing higher finance and operating costs, which eroded the distributable income, the outlook remains positive, with healthy rental reversion rates and a diversified portfolio. In general, we expect the aggregate distribution from the real estate investment trusts (REITs) in FTSE STI to continue to grow at a low rate of 2.5% in 2024. This is in line with our observation that distributable incomes of all the REITs within the index are expected to grow in 2024.

For the tourism industry, although it remains to be seen if the visitor numbers to the country will recover to pre-pandemic levels by 2024, the high percentage of passenger traffic level close to 90% will continue to benefit players such as Singapore Airlines and Genting Singapore, both of which have already recovered the dividends to pre-pandemic levels. Meanwhile, the recent development of a visa-free agreement with mainland China, the largest source of tourists for Singapore, is expected to provide more upside potential for the industry.

Stocks to look out for

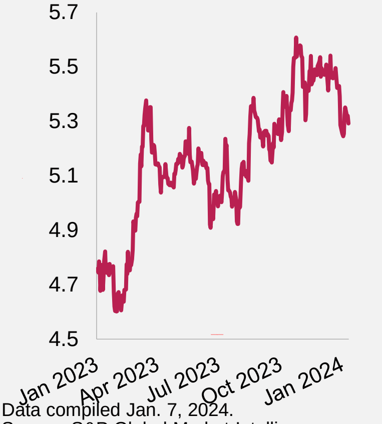
- Mapletree Pan Asia Commercial Trust is expected to generate the highest one-year forward yield of around 6.86%.

Aggregate dividend growth trend



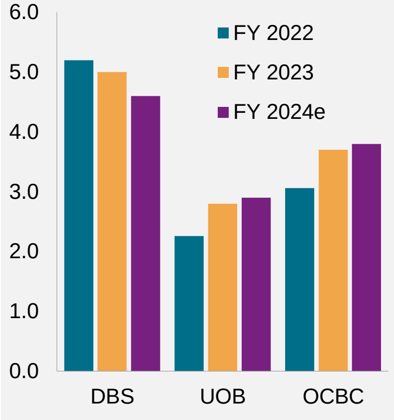
Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

STI forward dividend yield (%)



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Singaporean major banks' forecast (S$B)



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Ralph Chen
Singapore all sectors

South Korea | Developed Asia-Pacific

Reform creates a major ex-date risk

Key trends in 2024

- Aggregated dividend payouts from KOSPI 200 companies are expected to grow by 9% (measured in won) to 38.6 trillion won, lifted by an automobile payout surge and a likely revision of Samsung Electronics Co. Ltd.'s dividend policy.
- A major ex-date rule reform creates risk — we forecast 47 ex-dates to move, translating to 43% of KOSPI 200's aggregated fiscal year 2023 final payouts.

Market overview

With real GDP growth expected to slow down for the second consecutive year to 1.4%, 2023 was a challenging year for South Korea. Weak external demand and a memory chip downcycle were blamed for a 12% year-over-year decline in export value for the export-oriented economy, and aggregated net income of KOSPI 200 firms is estimated to fall by 29% year over year. On the other hand, aggregated dividend payouts of KOSPI 200 are expected to rebound by 9% to 38.6 trillion won in 2024, mainly as automakers boost the payout underpinned by strong earnings.

Final dividend ex-dates no longer fixed

A reform was introduced in 2023 to the long-standing dividend rule in the market. Starting from fiscal year 2023, companies are no longer required to fix their "'final dividend" ex-date to be the second last business day of the reporting period but have the option to shift it to a date which the board determines, guided by the financial authority to be around 10 working days post-annual general meeting (hence falling between late March and mid-April). The main advantage of this change is that the dividend amount will be announced prior to the ex-date.

This has created high uncertainty as to which dividends' ex-dates will be moving. As of date, 60 (excluding Industrial Bank of Korea) out of 215 ISINs under KOSPI 200 and MSCI Korea indices have amended their articles of incorporation relating to the ex-date, hence meeting the prerequisite for the ex-date change. Among these ISINs, we estimate 47 ex-dates to move to 2024, which translates to 10.8 trillion won or 43% of the total value of fiscal year 2023 final dividends we are forecasting.

Sector highlights

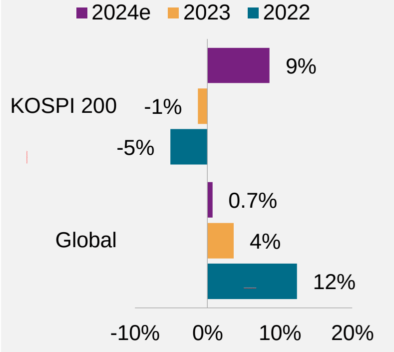
Automobile: Pent-up demand and backlog orders have boosted the sector's net income by an estimated 61% year over year in 2023 — dividend payout will be lifted proportionately by 56% year over year in 2024, being the top growth driver for the year.

Semiconductor: Although the hope for earnings rebound is still valid, we highlight that this will only be reflected in calendar year 2025 due to the nature of split ratio patterns.

Stocks to look out for

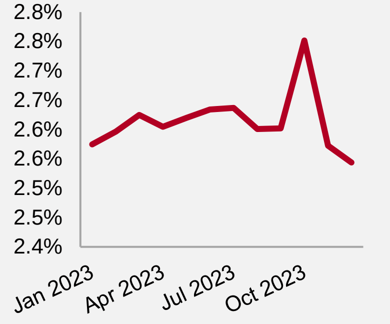
- **Hyundai Motor Co.:** Riding on the strong earnings growth, we forecast the second-largest payer in KOSPI to raise 2024 payout by 57% year over year. The company has also enhanced its dividend visibility by changing the target to a 25% payout ratio (previously 30%-50% of FCF) and also implementing a quarterly payment scheme.
- **Samsung Electronics:** The company's three-year shareholder return policy will expire in fiscal year 2023. We expect basic quarterly dividends to be at least 428 won per share for fiscal years 2024–26.

Aggregate dividend growth trend



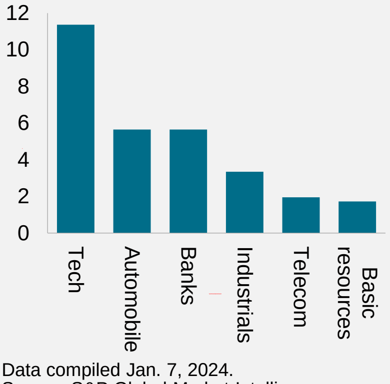
Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

KOSPI 200 forward dividend yield



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

KOSPI 200 2024e payment by sector (trillion won)



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Stella Lim
Financials, technology, telecommunications

Pedro Choi
Industrials, consumer goods

Taiwan market | Developing Asia-Pacific

A sharp decline in dividends expected for 2024 amid sluggish exports and weak demand

Key trends in 2024

- Aggregate dividends of the MSCI Taiwan index are expected to reach US$37.7 billion in 2024, representing a double-digit drop of 23.1% year over year. The sharp decline is nearly 17 times more than that of the MSCI Asia ex Japan index.
- Industrial goods and services, chemicals and basic resources are expected to contribute to the sluggish performances; the top dividend-distributing sectors remain to be technology, banks and telecom.

Dividend drivers

Based on data from the Development Council, Taiwan's economic growth is projected to be below 2% in 2023, with an anticipated rebound to at least 3% in 2024. 2023's deceleration is primarily attributed to the contraction of the end-user market, hurt by rising interest rates and a decline in Taiwan's exports. We forecast a similar impact on dividends to be paid in 2024 in the key sectors below.

Technology: Most Taiwanese semiconductor firms are expected to see dividend drops in 2024, mostly due to a high base previously and very limited substantial demand recovery in the second half of 2023 under weaker-than-expected consumer sentiment — namely MediaTek Inc. (-28.7% year over year), ASE Technology Holding Co. (-46.6% year over year) and United Microelectronics Corp. (-13.9% year over year).

Financial services: The financial holding companies will keep a close watch on how newly proposed regulations will hit their ability to p ay dividends to shareholders, evidenced by current estimates pointing toward lower payouts in 2024 — namely Cathay Financial Holding Co. Ltd. (-27.8% year over year) and Fubon Financial Holding Co. Ltd. (-33.3% year over year).

Industrial goods and services: Shipping companies' payouts are expected to experience sharp declines due to hazy Taiwanese exports, led by Evergreen Marine Corp. (-95.0% year over year). Two major companies, Yang Ming Marine Transport Corp. and Wan Hai Lines Ltd., are forecast to suspend dividends in 2024.

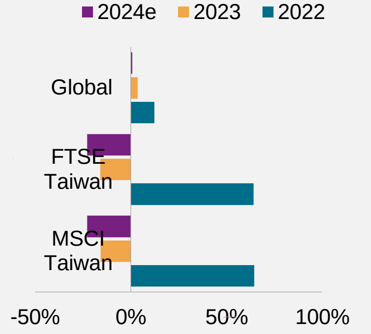
Ex-date outlook

The Taiwan market has exhibited volatile and ambiguous ex-date patterns in recent years. Following the pandemic, the peak ex-date has shifted back to July, and we anticipate that nearly a quarter of the companies within the MSCI Taiwan will go ex in July 2024. Companies employing board approval policies exhibit higher volatility in their ex-date patterns compared with those with AGM approval policies.

Stocks to look out for

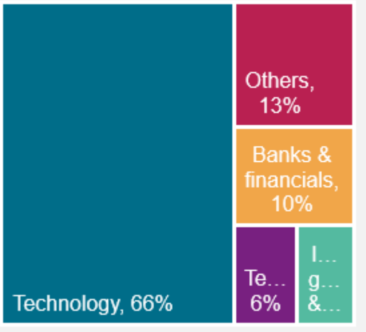
- **Hotai Motor Co. Ltd.:** The company's first-half fiscal year 2023 result reported an EPS of NT$33.13 per share compared with -NT$18.62 per share during the same period in fiscal year 2022. We expect the final dividend to reach the pre-pandemic level to NT$20 per share (10x that of fiscal year 2022), riding on the solid performance.
- **China Airlines Ltd.:** The company reported a 15.52% year-over-year increase in operating revenue mainly from the surge in the airline business amid the resumption of the tourism industry. We continue to expect rising dividend for the company with around 45% payout ratio.

Aggregate dividend growth trend



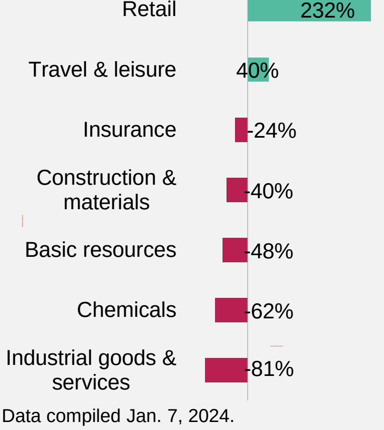
Data compiled Dec. 7, 2023.
Source: S&P Global Market Intelligence.

MSCI Taiwan 2024e payment by sector



Data compiled Dec. 7, 2023.
Source: S&P Global Market Intelligence.

MSCI Taiwan sector change



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Ruiying Zhao
Technology, industrial goods & services

Ruoxi Zhao
Banks, financials, retail

India | Developing Asia-Pacific

Marginal dip in dividends expected in 2024

Key trends in 2024

- India, with projected 6.5% GDP growth for 2024 and 2025, maintains economic stability post-repo rate hike and fosters growth through the “Aatm Nirbhar Bharat” initiatives, offering opportunities for business expansion. However, a minor 3% year-over-year decline in aggregate dividends for 2024 is anticipated.
- Dividends from the real estate sector are expected to experience fast growth, while the basic resources sector is expected to lag behind with a sharp decline.
- Macrotech Developers Ltd. and DLF Ltd. are expected to announce substantial dividend increases, while Vedanta Ltd. is likely to reduce dividends.

Macroeconomic view

India has emerged as the world’s fastest-growing economy, with the Reserve Bank of India projecting robust 6.5% GDP growth for fiscal years 2024 and 2025. Following the February 2023 repo rate hike, rates have remained stable, fostering economic equilibrium. The government's commitment to Aatm Nirbhar Bharat promotes domestic manufacturing, promising increased employment, improved living standards and heightened consumer spending. This growth trajectory offers a golden opportunity for companies to flourish, enhancing economic prosperity and solidifying India’s global standing. The nation’s focused pursuit of self-reliance and economic resilience positions it as an inviting prospect in the ever-evolving global landscape. Despite this positive outlook, there is a slight anticipated 3% year-over-year decline in aggregate dividends for 2024.

Dividend drivers

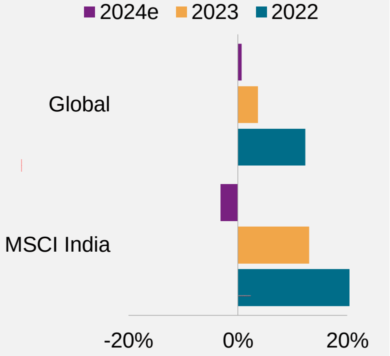
With the interest rate stabilizing since February 2023, a further decrease in 2024 is expected to benefit the **real estate** sector. Cheaper loans may spur property purchases, bolstering revenues of companies like DLF and Macrotech Developers. This shift is expected to elevate dividends significantly, driven by increased consumer affordability and higher company revenues.

Conversely, the **basic resources** sector is expected to experience a decline in dividend payouts in 2024. This projection stems largely from the elevated dividend distributions witnessed in 2023. Notably, Vedanta Ltd. played a significant role in this scenario, as it disbursed substantial dividends during the previous fiscal year. The driving force behind this generous payout was the debt obligations of its parent company, Vedanta Resources Ltd. Looking ahead, there is an anticipation of a normalization in dividend payouts for Vedanta Ltd. in 2024. As the impact of the debt-related obligations subsides, there is a sudden and expected decrease in the dividend forecast for the upcoming period.

Stocks to look out for

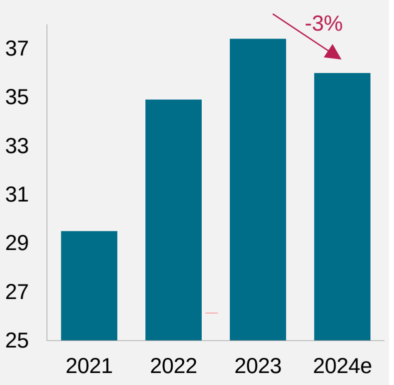
- **Macrotech Developers** and **DLF** are anticipated to grow dividends by 200% year over year and 25% year over year, respectively, in 2024.
- **Vedanta Ltd.** is expected to decrease dividends by 39% year over year.

Aggregate dividend growth trend



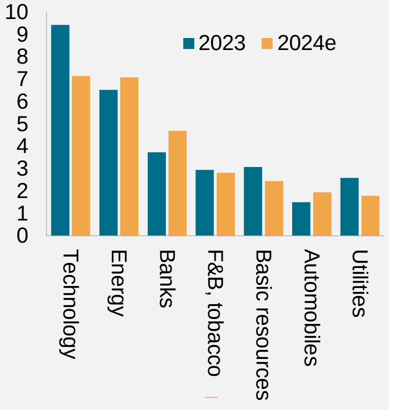
Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

MSCI India aggregate dividend (US$B)



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

MSCI India change in dividend by sector (US$B)



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Tusharika Aggarwal
India all sectors

Mainland China | Developing Asia-Pacific

More semiannual dividend payouts to emerge

Key trends in 2024

- CSI 300 aggregate cash dividends are expected to reach US$167.5 billion in 2024, representing a growth rate of 0.3% year over year. The travel and leisure sector is expected to lead the growth with over 20% growth, whereas top dividend-distributing sectors such as banks, energy and food, beverage and tobacco are expected to stay flat.
- With the China Securities Regulatory Commission's (CSRC) plan to roll out amended cash dividend distribution guideline, which was announced in October 2023, we are expecting an increased number of companies to change dividend payout frequency from once per year to twice per year in 2024.
- We expect dividend indexed investment to enter a rapid growth stage in mainland China in the new year in terms of scale, driven by more stabilized, expectable investment return gained from dividend payout.

Main dividend contributors

To achieve the 5% year-over-year GDP growth target, the Chinese government has introduced a series of plans to support the real estate sector, which accounts for a quarter of mainland China's GDP. One of the major measures is to encourage Chinese banks to lower the loan prime rate to stimulate the weak housing demand. The outcome of the policy has been reflected in the major banks' financial results in 2023. However, we believe the single-digit decline in operating income would have limited impact on the major banks' final dividend level, considering the stable dividend payout trend maintained for a long history. Thanks to the traveling reopening policy implemented by the Chinese government, travel and leisure companies enjoyed a favorable environment to recover their business in the past one year. The significant dividend growth in the travel and leisure sector is expected to be mainly driven by earnings recovery in China Tourism Group Co. Ltd. and the three major Chinese airlines.

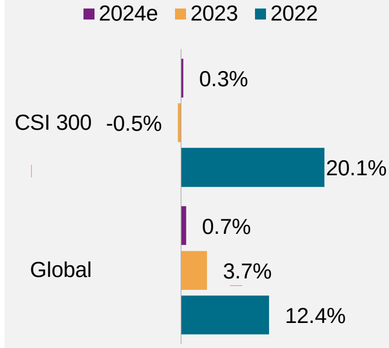
Ex-date outlook

In addition to the common annual final dividends declared by companies in mainland China, a small number of companies have started to pay interim or quarterly dividends in recent years. The majority of those dividends are considered as one-off payments. Consequently, we have seen a slightly growing number of ex-dates appearing in between September and December, outside of the regular final dividend ex-date window ranging primarily from April to August. We expect interim and quarterly dividend ex-dates to take up about 10% of the total count of the dividend ex-dates in the whole year of 2024 based on current estimate. The majority of the ex-dates are expected to come from annual payments and to fall in June.

Stocks to look out for

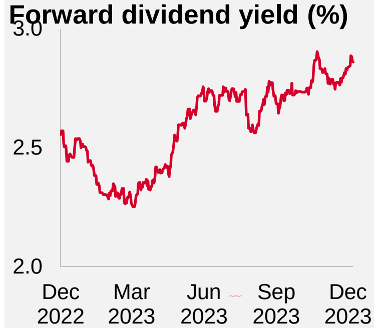
- **China Merchants Bank Co. Ltd.:** The largest dividend index point contributor in the CSI 300 index and MSCI China index is expected to register slower dividend growth.
- **Kweichow Moutai Co. Ltd.:** The distillery is the second-largest contributor which has a long history of paying stable regular dividends with a 50% payout ratio. There is another large special dividend to watch out for in the second half of 2024, as it paid sizable special dividends in December 2022 and 2023.

Aggregate dividend growth trend



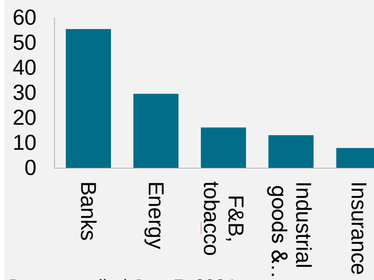
Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Forward dividend yield (%)



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

2024e top distributing sectors (CSI 300, US$B)



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Maojun Ye, CFA
Consumer products & services

Sophy Ruoxi, Zhao
Banks, food, beverage & tobacco

Ruiying, Zhao
Energy, industrial goods & services

Ralph Qihang, Chen
Construction & materials, travel & leisure

Indonesia | Developing Asia-Pacific

2024 dividend landscape steered by banks, telecom and basic resources

Key trends in 2024

- In 2024, the primary sectors driving dividend contributions are banking (57%), automotive (15%) and telecom (14%), collectively constituting 86% of the total aggregate dividends.
- The substantial payout add-on by telecom and banks will be eroded by basic resources' dividend as PT United Tractors Tbk, a coal exporter, is expected to normalize its payout as the thermal coal prices fell. This will bring the annual aggregate dividend of Indonesia to a year-over-year contraction.

Macroeconomic outlook

The economic outlook for Indonesia in 2024 foresees a growth rate of 5.0%. Despite potential challenges impacting export growth in 2023, the economy is positioned to benefit from robust domestic demand, primarily fueled by private consumption.

Dividend drivers

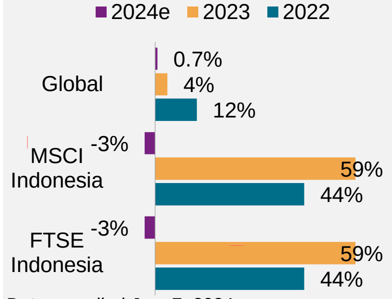
The **banking** sector maintains its status as the primary contributor to dividends in 2024. Leading the dividend payouts in this sector are PT Bank Rakyat Indonesia Tbk (Bank Rakyat) and PT Bank Mandiri Tbk (Bank Mandiri). Indonesian banks are reaping the benefits of robust loan growth, surpassing the fiscal year 2023 target and remaining in line with 2023 guidance. For Bank Rakyat, efficient cost management is evident, with a modest 5.3% year-over-year increase in Bank Only Opex, maintaining a cost-to-income ratio below guidance at 37.63%. Despite rising interest rates, strong net interest margin (NIM) is maintained through strategic loan portfolio rebalancing and growth in consumer loans.

In the **auto** sector, PT Astra International Tbk will maintain a new high-level annual payment of 650 rupiah per share in calendar year 2024 (versus 132 rupiah per share in 2021), supported by the growing middle class.

In the **telecom** sector, PT Telekomunikasi Indonesia Tbk (Telkom) takes the lead with the most significant year-over-year dividend change. Telkom's financial performance in the first nine months of 2023 was shaped by various factors. The company achieved positive year-over-year growth of 2.2%, culminating in a revenue of 111.2 trillion rupiah. Notably, this growth was propelled by the robust performance of the data, internet and IT services segment, which increased by 4.8% year over year to reach 63.4 trillion rupiah.

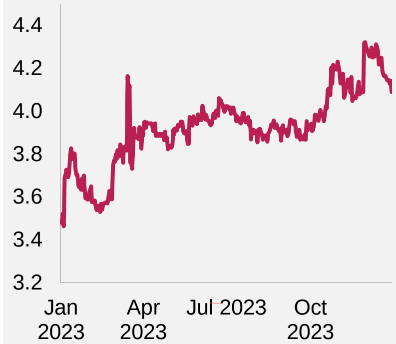
On the flip side, the **basic resources** sector is poised for a projected dip of more than 70% on a year-over-year basis in 2024, driven by a significant year-over-year decline in dividends for United Tractors. In February 2023, United Tractors increased its fiscal year 2022 final dividend by over 500% year over year amid strong profitability supported by unprecedentedly high coal prices and solid operational performance. However, we now forecast the final dividend to return to the pre-peak level as we consider the higher dividend payment to be a one-off event. As of the third quarter of fiscal year 2023, the company's net profit decreased by 3% due to higher finance costs and foreign exchange losses. Heavy equipment sales under the construction machinery segment recorded a 4% decrease, in contrast to the third quarter of fiscal year 2022 when the company's net profit increased by 103%. During that period, heavy equipment sales under the construction machinery segment witnessed a 107% increase, rising to 4,534 units from 2,194 units.

Aggregate dividend growth trend



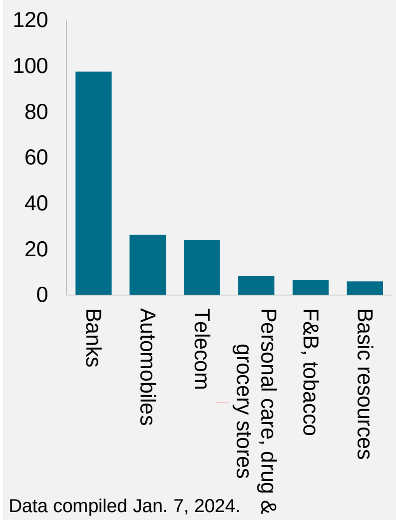
Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Forward dividend yield (%)



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

2024e payment by sector (million rupiah)



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Tanisha Bhardwaj, CFA
Indonesia all sectors

Malaysia | Developing Asia-Pacific

2024 thrives with dividends in banking, telecom and food sectors

Key trends in 2024

- Payout from Malaysia will show a rebound to 5% year over year (measured in US dollar) after consecutive years of contraction, reflecting its economic resilience.
- The top contributors to dividends in 2024 are expected to be the banks, telecom and food, beverage and tobacco sectors, collectively contributing 19.95 billion ringgit, 4.74 billion ringgit and 4.65 billion ringgit, respectively.
- The banking system maintained a robust excess capital buffer at 132.6 billion ringgit. It exhibited a resilient liquidity position, evident in a liquidity coverage ratio of 150.8%, along with a steady aggregate loan-to-fund ratio standing at 82.2% as of October 2023.

Dividend drivers

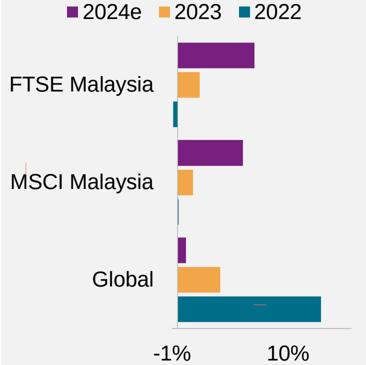
The economic outlook for Malaysia remains optimistic despite global economic challenges. The domestic economy is poised for growth, driven by factors such as robust domestic demand, improving labor market conditions, tourism activities and ongoing investment projects. Downside risks are primarily associated with the global economic environment and potential volatility in financial markets. However, Malaysia's banking system is resilient, supported by ample liquidity and healthy capital buffers.

Malayan Banking Bhd. (Maybank) and CIMB Group Holdings Bhd. are leading the **banking** dividends for 2024 with year-over-year projected increases of 14% and 23%, respectively. CIMB Group and Maybank reported robust financial performance for the nine-month period ending September 2023. CIMB Group recorded a 13.5% year-over-year increase in profit before tax (PBT) to 7.21 billion ringgit, with net profit soaring by 28.0% to 5.27 billion ringgit.

In the **telecom** sector, CelcomDigi Bhd. is set to lead in the coming year, surpassing Axiata Group Bhd. for the top position. CelcomDigi exhibited improved performance in the third quarter of 2023, reaching 20.6 million subscribers. Service revenue rose 0.2%, driven by the solutioning and wholesale business. Efficient cost measures led to a 6.3% reduction in total costs. The company's enhanced EBITDA at 1,567 million ringgit, coupled with higher share profits, contributed to elevated PBT and profit after tax (PAT) at 572 million ringgit and 459 million ringgit, respectively.

Sime Darby Plantation Bhd. and Kuala Lumpur Kepong Bhd. dominate the **food, beverage and tobacco** sector with aggregate dividends for fiscal year 2024 at 1.5 billion ringgit and 1.08 billion ringgit, respectively. The sector's strong performance is influenced by volatile commodity prices due to geopolitical concerns and global uncertainties. While seasonal demand growth is expected, high inventory levels may limit short-term uptake. Sime Darby remains optimistic about achieving higher fresh fruit bunch (FFB) production and exploring growth opportunities, and it anticipates satisfactory performance going forward.

Aggregate dividend growth trend

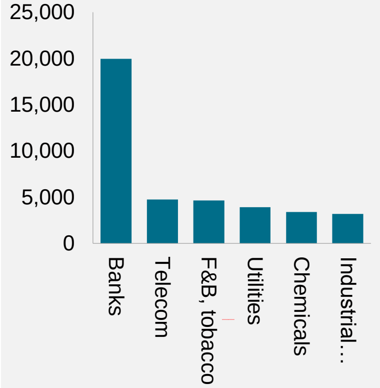


Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

FTSE Malaysia forward dividend yield (%)

Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

2024e payment by sector (million ringgit)



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Tanisha Bhardwaj, CFA
Malaysia all sectors

Thailand | Developing Asia-Pacific

Energy sector to dominate dividend contribution in 2024

Key trends in 2024

- Thailand's economy is making strides in its recovery, propelled by strong domestic demand fueled by private consumption and investment.
- The industrials, chemicals and construction sectors are expected to witness the most substantial double-digit year-over-year changes in aggregate dividends for 2024. This projection is supported by the suspension of dividends in 2023, a response to reduced demand and the adverse effects of the pandemic on companies involved in airport services.
- The energy, banks and telecom sectors maintain their leading positions as major contributors to dividends, with combined dividend figures for 2024 amounting to 108.14 billion baht, 72.7 billion baht and 41.4 billion baht, respectively.

Dividend drivers

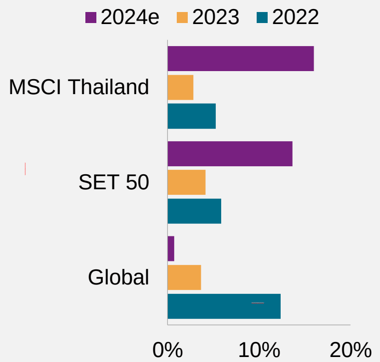
Thailand's economy is poised to gain from the ongoing rebound in international tourist arrivals in the coming year. This, combined with projected fiscal stimulus, has the potential to bolster economic growth in 2024, especially in the latter half of the year. The existing inflation rate is significantly lower than that of many comparable countries. The positive business climate sets the stage for domestic companies to experience a growth trajectory, contributing to enhanced sustainability in dividends.

The prospective trajectory of the Thai **energy** sector in 2024 appears to be shaped by a combination of domestic and global dynamics. While the sector stands to gain from heightened economic activities propelled by private consumption, burgeoning tourism and governmental stimulus, it could encounter hurdles stemming from worldwide uncertainties and weather-related conditions. PTT PCL and PTT Exploration and Production PCL maintain their positions as primary dividend contributors within this sector, bolstered by a positive earnings momentum. This momentum is fueled by robust performance in the refining business and favorable contributions from the petrochemical business, alongside the expanding gas business.

Stocks to look out for

- **Berli Jucker PCL:** We are projecting a 69% year-over-year uptick in dividends for 2024, driven by expected double-digit earnings growth, attributed to the rise in revenue within the packaging supply chain. The growth is also attributed to rising sales from healthcare and technical and modern retail supply chains, indicating strength in these segments.
- **True Corp PCL:** Following an amalgamation in March 2023, the company decided to suspend its dividend for the aforesaid year. However, we project a resumption of dividends and forecast a final dividend of 0.07 baht per share to be paid in 2024. The decision to maintain the dividend at a flat rate is based on the absence of any historical precedent.
- **Airports of Thailand PCL:** Dividends were suspended due to the pandemic from 2021 to November 2023 when a final dividend of 0.36 baht per share was declared. We project sticky dividends ahead.

Aggregate dividend growth trend

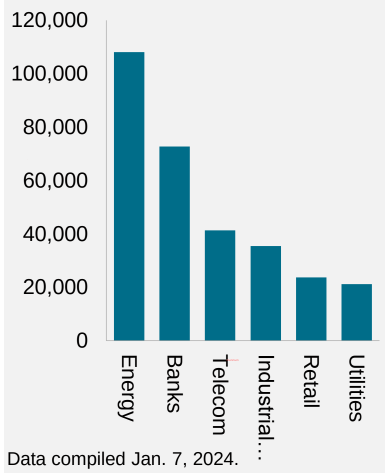


Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

SET 50 forward dividend yield (%)

Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

2024e payment by sector (million baht)



Data compiled Jan. 7, 2024.
Source: S&P Global Market Intelligence.

Tanisha Bhardwaj, CFA
Thailand all sectors

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