

Dividend Forecasting Bi-weekly Brief

May 17th 2023

APAC what to watch

CSI300: Optimistic dividend outlook for leading wine participants amid ZJLD'S IPO

Despite the slumping share price of **ZJLD Group** upon its April IPO, the booming wine sector in China still attracts investor attention. Share price of **Kweichow Moutai**, the leading winery, jumped ten times over the past decade. The dividend performance also outshines other sectors with the average payout ratio hovering above 50%. In FY2022, despite the severe impact of the pandemic, top wineries such as Kweichow Moutai, **Luzhou Laojiao**, **Fen**, **Wuliangye** and **Yang** all achieved solid double-digit growth in net profit, driven by surging sales volume. With the gradual recovery of consumption in mainland for FY2023, earnings of these firms are expected to sustain (right chart). **S&P Global MI DF holds a positive view toward the wine sector for CSI 300 and expect a 15% to 20% y/y growth of dividend payments** with medium confidence level.

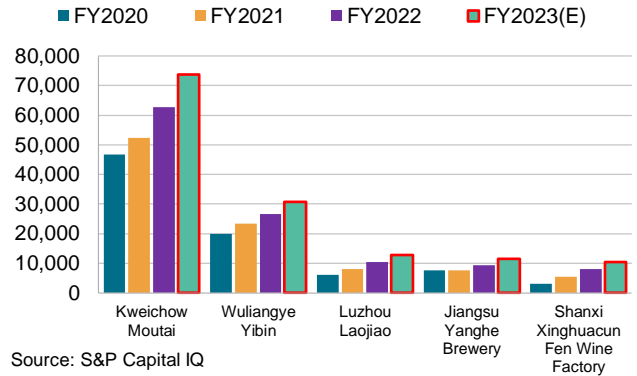
KOSPI 200: Automobile leader Hyundai to adopt quarterly dividend scheme

Hyundai Motor Company (HMC), Korea's 2nd largest dividend payer, announced on 25th April revamps to its dividend policy ([click](#)): 1) introduction of quarterly dividend scheme commencing 2QFY2023, 2) changing dividend target to '>25% payout ratio' from what was '30-50% of FCF.' Given the lack of guidance from HMC, **S&P Global MI DF assumes continuation of fixing non-final DPS at KRW 1,000 and forecast HMC's FY2023 Q2-3-4 DPS at KRW 1,000 – 1,000 – 8,000 respectively** (=KRW 10,000 annual, 25% payout ratio). This is a significant 43% y/y increase and corresponds to the record-high earnings HMC is expected log for FY2023, attributable to successful sales mix improvement towards SUV/Genesis models leading to higher ASP (+18% y/y in 1QFY2023). Given HMC's leadership in the automobile industry as well as in Hyundai Motor Group that comprises 7 other constituents in KOSPI 200, we may witness more companies following suit by adopting quarterly dividend scheme in future.

MSCI SG: Flat Q2 dividend expected for DBS despite the earning surge

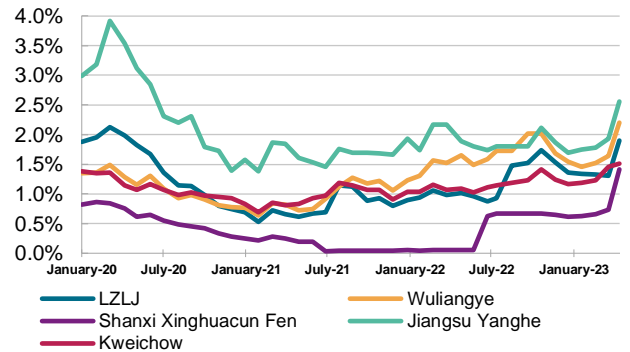
Profit level for **DBS** reached to a record level in 1QFY2023, with sustained high net interest margin. Net profit for the quarter increased by 18.6% to 2.57 billion from one year ago. Notably, deposits rose 1% or SGD 5 billion, benefiting from flight-to-safety inflows. However, the management mentioned that interest rate has peaked and margin is likely to decline gradually. Against the backdrop, **S&P Global MI DF expect DBS to maintain the quarterly DPS at SGD 0.42** (next dividend to be announced in August). In general, street analysts are projecting the earnings to increase by around 20% in FY2023.

CSI 300 Top Five Wineries Net Income Trend, FY2020-FY2023 (E) (CNY, millions)



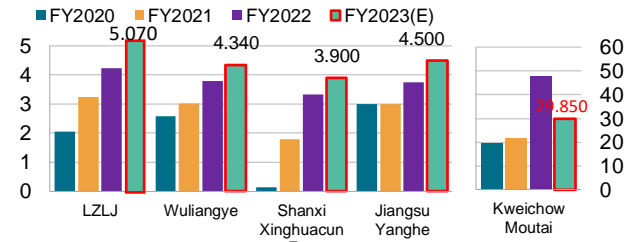
Source: S&P Capital IQ
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CSI 300 Top Five Wineries Dividend Yield Trend FY2020-2023



Source: S&P Capital IQ
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CSI 300 Top Five Wineries DPS Trend FY2020-FY2023(E) (CNY)



Source: S&P Global Market Intelligence
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