

Dividend Forecasting Bi-weekly Brief

16 August 2022

APAC what to watch

Japan: Softbank Group to pay steady dividend amid JPY3.2tn Q1 net loss

Softbank Group suffered its largest-ever loss in Q1 at JPY3.2tn after its investment binge turned sour. The company said that the current stock market decline and yen depreciation, which particularly hurt unprofitable tech companies, had wiped more than \$50 billion in gains from its high. On the other hand, **Softbank had guided its FY22 annual DPS at JPY44 per share which is flat from prior year, regardless of the losses incurred.** The guidance came at 12th May when valuation of its major investees like Coupang Inc. had already plunged and hefty losses was foreseeable. As may be deduced from its previous pattern of paying out sticky dividends while recording variable earnings, **the group is likely to uphold its policy of paying out steady dividends to its shareholders this financial year.** Sustainment of dividend seems all the more likely as Softbank procures cash through divesting its stake in Alibaba at USD34bn and also in Uber earlier during Q1 at an undisclosed proceeds amount.

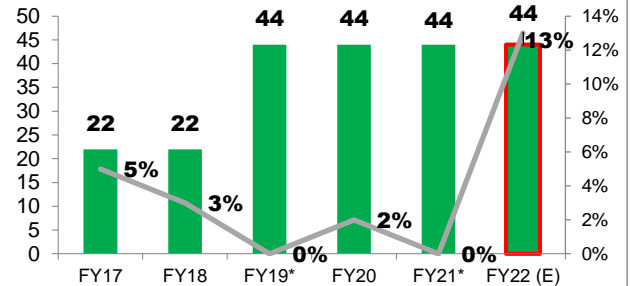
Korea: Auto dividends to rise as Hyundai-Kia twins announce record-high Q2 earnings

We revised upward our dividend forecast of **Hyundai Motor and Kia Corp by +17% and +6% respectively** from previous expectations as the automakers recently reported record-high unaudited Q2 financial results. Hyundai posted H1 FY2022 operating profits of KRW4.91tn (+39% YoY) while Kia's stood at KRW3.84tn (+50% YoY). Two main drivers behind the growth are improvement in sales mix by focusing the restrained production capacity on high-value SUVs and premium sedans as well as favorable effects of weakening KRW against USD.

Mainland China: Overseas aircon demand to sustain home appliance dividends

Chinese home appliance companies are facing industry headwinds attributable to local market saturation. However, heightened demand for air conditioner with the impact of extreme weather condition this year especially in the European market is offering large Chinese home appliance companies such as **Midea, Gree Electric Appliances, Haier Smart Home** opportunities for further growth potential and margin improvement. Currently large home appliance companies in headline indices are still paying generous dividends.

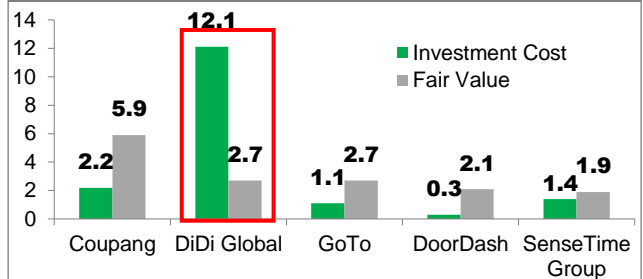
Softbank Group DPS and Payout Ratio Trend



Note: Softbank Group incurred net losses for FY2019 and FY2021
Source: IHS Markit

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Softbank Vision Fund 1
Top 5 Investments Held at Q1 End (Billions of USD)



Source: Softbank Group

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APAC special reports



ICICI Bank: Strong upside potential for future dividend

ICICI Bank, leading player in the Indian banking sector, is expected to continue increasing dividends as its earnings are poised to grow.

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Baoshan Iron & Steel: payouts to falter amid higher costs

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