



Dividend Forecasting Bi-weekly Brief

13th September 2022

APAC what to watch

KOSPI: Mixed outlook in gaming dividends

Gaming stocks, once the triumph driver of Korea equity market, felt the plunge deeper than any other industry as the market suffers from macro-economy headwinds. While KOSPI 200 plunged by 25% in past 12 months, the share price of **Netmarble** and **Krafton** are halved; **NC Soft**, **Kaokao Games** and **PearlAbyss** saw 30-40% fall (table at the right). The competition for talent retention and marketing expense hike while game user traffic going through normalization upon eased COVID rules are pressuring the profitability. Yet this could be a time for those with strong fundamentals to shine. **We expect NC Soft to keep up the progressive dividend this year** on the back of 16% earnings growth, marking a sharp contrast with **Netmarble which we cautiously forecast dividend suspension** as both earnings and FCF turn to negative.

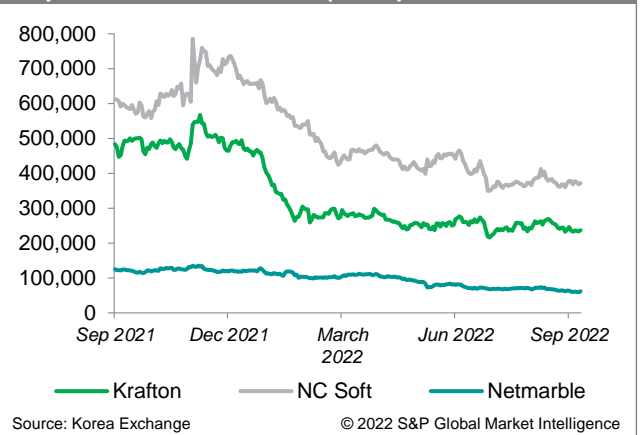
MSCI Taiwan: Stable dividend payout expected despite activist unrest

Foreign direct investment to the Taiwan market rose 275% to a 15-year high of \$8bn in the 1H22, owing to its technological prowess. Most recently, Catcher Technology was challenged by a HK-based investment firm to improve its governance and return more of its \$4.2bn cash pool to shareholders, to which the management defended that the cash position is mainly preserved for investment opportunities. The company had maintained a stable dividend payout despite volatile earnings with an average ratio of 55% in the past five years, which is above market average. **We forecast flat dividend of TWD 10 for Catcher Technology's FY22 final cash dividend.**

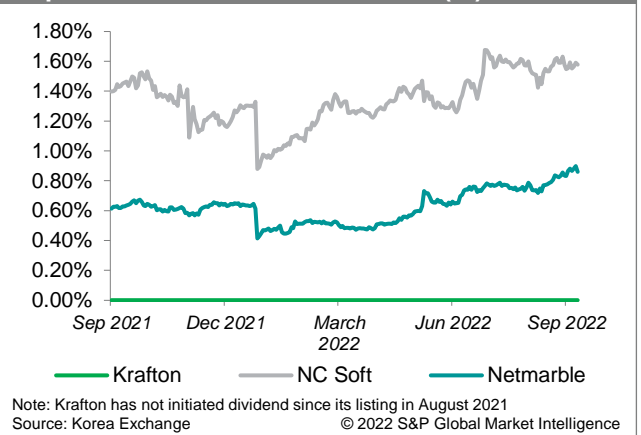
CSI 300: Progressive final dividend payments on the way for Big Four banks

Interim report season has just passed in mainland China with good news from the Big Four banks. Industrial and Commercial Bank of China led the race with 4.1% YoY increase in operating income which amounted to CNY444bn. On the other hand, Agricultural Bank of China disclosed the greatest exposure on loans in real estate sector that totaled up to CNY 843bn, equivalent to 8.2% of its loan portfolio. **We continue to project stable and rising dividend payments for ICBC, China Construction Bank, Agriculture bank of China and Bank of China with estimated dividend payments of CNY 0.31, CNY 0.38, CNY 0.217 and CNY 0.24 respectively** based on their stable performance with projected 30% payout ratio for the rest of the year.

Top 3 Game Stock Price (KRW)



Top 3 Game Stock Dividend Yield (%)



APAC special reports



Nintendo: Dividends projected for a slowdown

Nintendo's FY23 dividends are anticipated to falter in the face of sales decline caused by production disruption.

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Amorepacific: COVID is just yet to end

Beauty conglomerate's dividend continue to stay restrained with sluggish recovery as China's zero Covid policy goes on.

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Asia Pacific: +656 805 7030

Email: dividendsupport@ihsmarkit.com