

Scrip dividends in 2023

Scrip dividend payments continue to decelerate

Herne Martin, Research Analyst, herne.martin@spglobal.com

Introduction

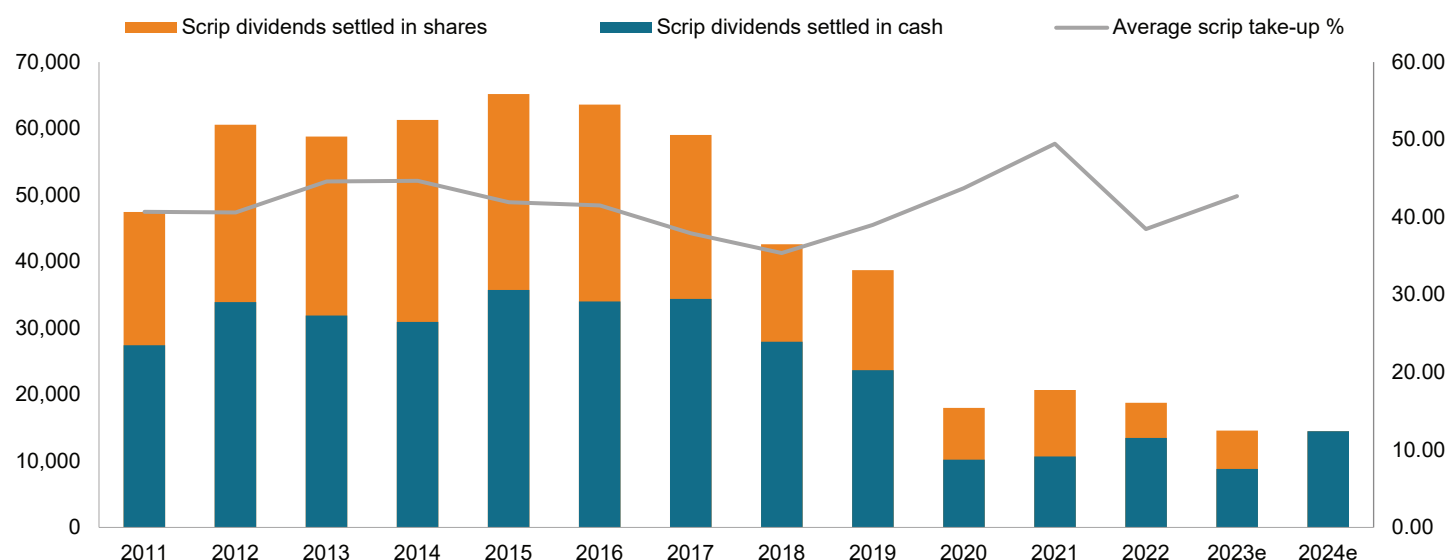
- Aggregate scrip dividend payouts for the STOXX Europe Total Market (BKXP) are set to reach €14.5 billion in 2024, down 0.5% year over year.
- This follows a 22% drop in 2023 and a 9% decrease in 2022.
- S&P Global Market Intelligence forecasts that 36 European companies will offer scrip dividends payable in 2024.
- Spain, France and the United Kingdom remain the top countries for scrip dividends, representing 80% of aggregate scrip payments in 2023. The top sectors are utilities, real estate and healthcare.
- The top 10 companies are expected to represent 70% of aggregate scrip dividends in 2023, with the largest aggregate payments distributed by Iberdrola SA, National Grid PLC and EssilorLuxottica SA.

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The downtrend continues

European aggregate scrip dividends (€M)



Data compiled Oct. 13, 2023.
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Aggregate scrip dividends in Europe are forecast to be €14.5 billion in 2024, down 0.5% year over year. This marks a 30% drop compared with the 2021 level and a 58% decrease compared with the 2017 level. There are several potential reasons behind scrip dividends' diminishing popularity in recent years.

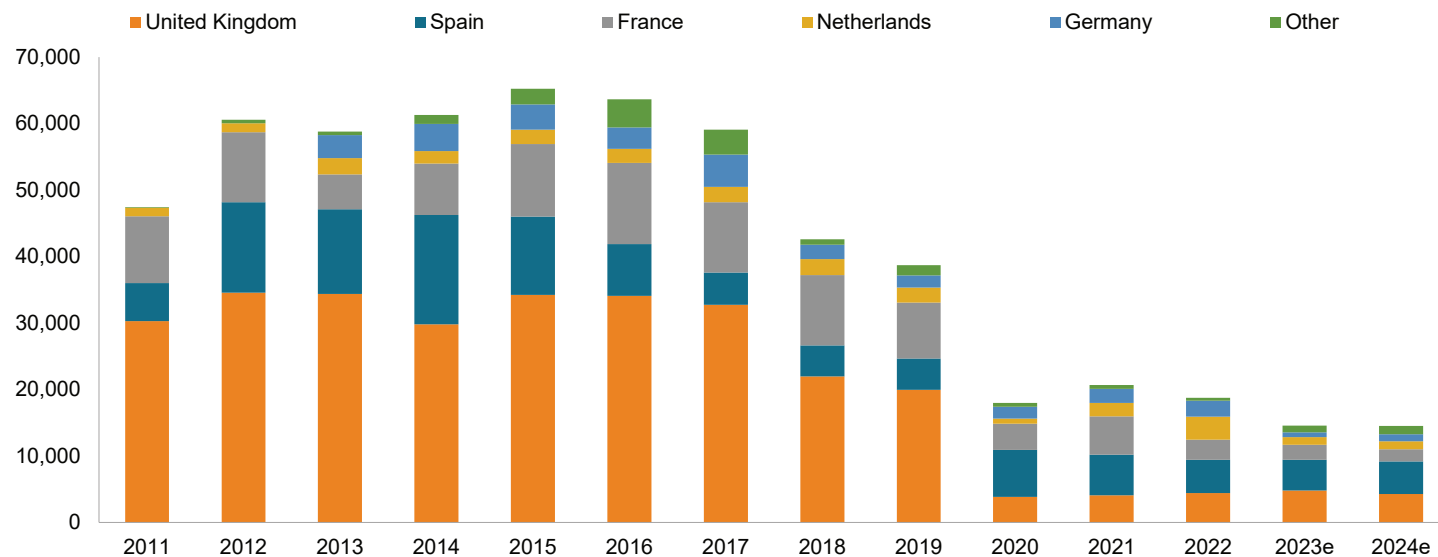
During the COVID-19 pandemic, it was unclear how the volatility would affect businesses. This pushed some companies to opt for scrip dividends and preserve cash. Gradually, as market conditions improved and companies strengthened their balance sheets, cash distributions became more viable. For example, due to the market uncertainty, Telefónica SA reinstated scrip dividends for 2020 and 2021 before returning to cash-only distributions. Some companies also suspended payments altogether or amended their dividend policies to a more sustainable distribution, reducing the need for scrip dividends.

Paying cash dividends also allows businesses to avoid diluting the shareholder base, particularly as the region has seen an increasing number of share buybacks. This has reduced the incentive to issue further shares through scrip dividends and offers more flexibility when returning cash to shareholders. For example, Shell PLC abolished its scrip dividend in 2018 to allow for a more efficient buyback program and offset the scrip's dilutive effect.

The removal of fiscal incentives has precipitated the downfall of scrips. In Spain, Telefónica and CaixaBank SA, followed by BBVA SA and Banco Santander SA (Santander), suspended their scrip policies after investors' tax advantages were scrapped in 2017.

The UK, Spain and France dominate

Aggregate scrip dividends by country (€M)



Data compiled Oct. 13, 2023.
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In 2023, the top three countries are set to represent 80% of aggregate scrip dividend payments.

The UK and Spain have led the way over the past few years, largely driven by utilities companies Iberdrola and National Grid.

Since 2016, the prominence of scrip dividends has been marked by several key events. In 2016, Santander slashed its dividend and reduced the frequency of scrip options. It then cut the scrip option altogether in 2018–19. Telefónica and CaixaBank removed their scrip options in 2017 following the regulatory changes in Spain.

The UK was marked by Shell and BP PLC's decisions to stop offering scrip options in 2018 and 2020, respectively. Major European banks, including Barclays PLC and HSBC Group in the UK, scrapped their dividends in 2020 owing to regulatory pressures. Although they resumed payments in 2021, they are yet to reinstate a scrip option.

After the pandemic-induced dip, French scrip dividends were boosted in 2021 after Crédit Agricole SA and EssilorLuxottica implemented scrip options. However, they subsequently contracted in 2022 as several key companies, including Crédit Agricole and Publicis Groupe SA, reverted to paying cash-only dividends.

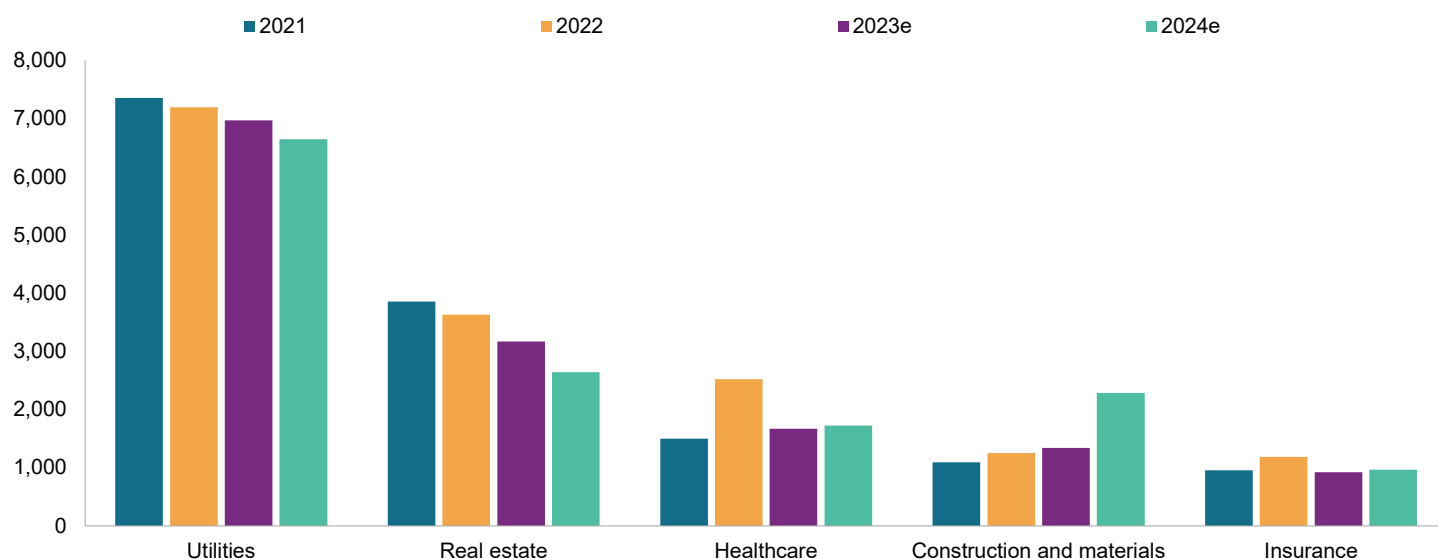
Average take-up and number of companies offering scrip dividends by country

Country	2022 average take-up rate	Number of firms that offered scrip dividends in 2022	2023 average take-up rate	Number of firms that offered scrip dividends in 2023	Number of firms expected to offer scrip dividends in 2024e
United Kingdom	10%	13	11%	11	8
Spain	64%	9	79%	8	8
France	68%	9	53%	9	8
Netherlands	38%	8	29%	5	6
Germany	43%	7	25%	2	5

Data compiled Oct. 13, 2023.
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Utilities still lead the way

Aggregate scrip dividends by sector (€M)



Data compiled Oct. 13, 2023.
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Driven by Iberdrola and National Grid's growing dividends, the utilities sector has consistently led the way in scrip dividends since the pandemic. However, it has particularly been affected by Électricité de France SA's (EDF) lower payment in 2022 and subsequent nationalization in 2023. The drop in 2024 can be attributed to SSE PLC's rebased dividend as the company steps up investment in net-zero assets.

The real estate sector has gradually decreased, as fewer firms offer scrip options and key companies, such as Vonovia SE, cut their dividends to focus on deleveraging amid higher borrowing costs.

Healthcare scrip dividends jumped in 2022 notably owing to EssilorLuxottica's higher payment and Fresenius SE's first scrip offering. Fresenius stated that the aim was to strengthen the liquidity of the company for the purpose of further growth financing. EssilorLuxottica has offered scrip dividends since fiscal year 2020.

The leap in 2024 payments for the construction sector is linked to Strabag SE's conditional dividend following the disposal of its Russian operations. From 2021 to 2023 to date, the industry saw a steady rise in scrip dividends, driven by companies including ACS Actividades de Construcción y Servicios SA (ACS) and Ferrovial SA.

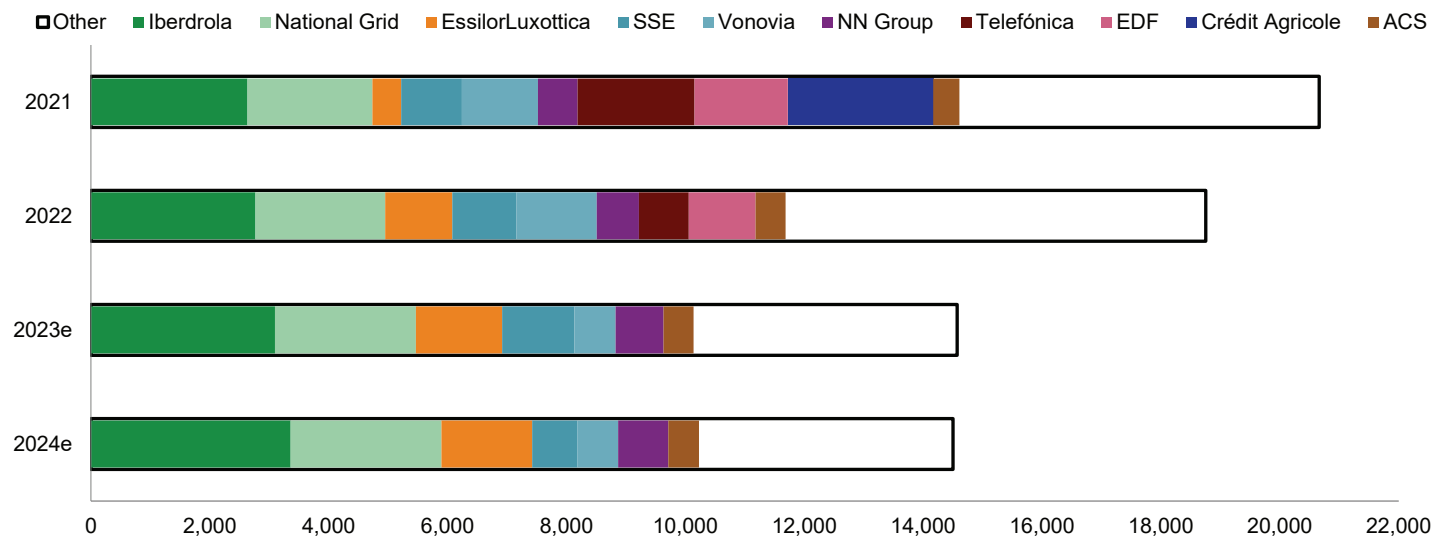
Average take-up and number of companies offering scrip dividends by sector

Sector	2022 average take-up rate	Number of firms that offered scrip dividends in 2022	2023 average take-up rate	Number of firms that offered scrip dividends in 2023	Number of firms expected to offer scrip dividends in 2024
Utilities	68%	6	64%	5	3
Real estate	28%	20	25%	19	17
Healthcare	51%	7	64%	5	5
Construction and materials	60%	4	75%	4	6
Insurance	52%	3	47%	2	2

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Top 10 scrip dividend payers

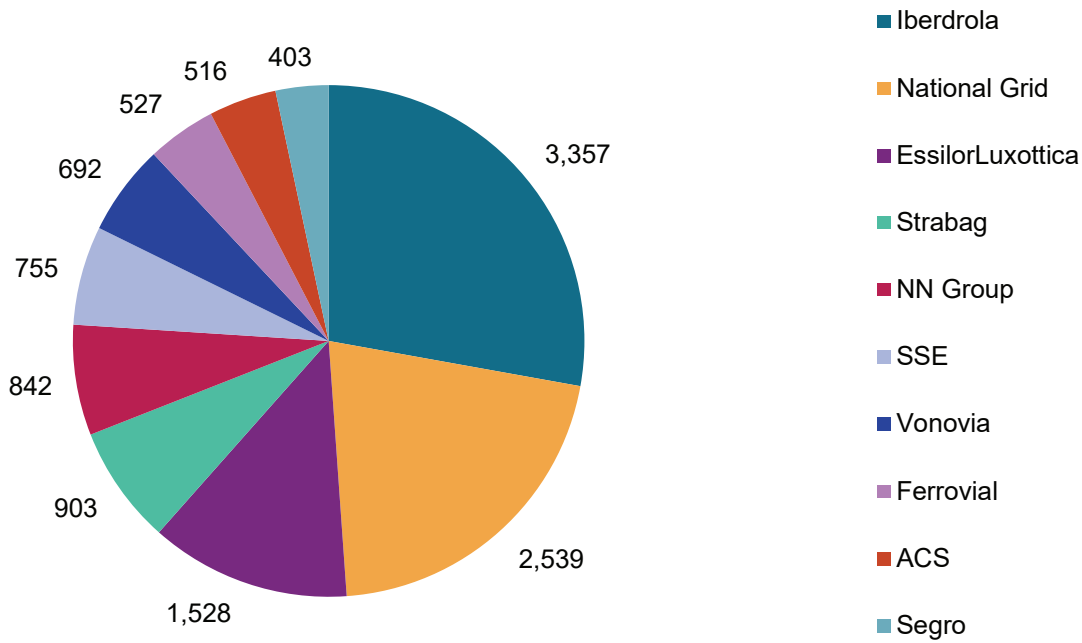
Top 10 scrip dividends, 2021–24e (€M)



Data compiled Oct. 13, 2023.
Source: S&P Global Market Intelligence.
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The top 10 companies are expected to represent 70% of aggregate scrip dividends in 2023, with the largest aggregate payments distributed by Iberdrola, National Grid and EssilorLuxottica. Notable cuts include Crédit Agricole in 2022 and EDF and Telefónica in 2023.

Top 10 aggregate scrip dividends, 2024e (€M)



Data compiled Oct. 13, 2023.
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Appendix

Aggregate scrip dividends (€M)

Company	2021	2022	2023	2024
ACS Actividades de Construcción y Servicios SA	444	504	506	516
Aedifica SA	0	0	145	0
Aegon NV	256	366	0	0
Almirall SA	39	39	39	39
Alstom SA	96	96	96	96
Altarea SCA	94	0	101	101
Arcadis NV	54	0	0	0
Argan	48	60	69	73
Aroundtown Property Holdings PLC	334	214	0	120
Assura PLC	100	105	110	115
Carmila SAS	142	0	0	0
Clariane SE	32	37	27	27
Cofinimmo SA	197	204	211	211
Convatec Group	107	110	114	117
Corporación Financiera Alba SA	0	59	115	116
Covivio SA	0	0	375	0
Cranswick PLC	44	47	13	0
Crédit Agricole SA	2,441	0	0	0
CTP NV	0	179	215	251
Derwent London PLC	0	0	71	0
Branicks Group AG	42	45	45	25
EDP Renováveis SA	0	0	271	0
Électricité de France SA	1,570	1,121	0	0
Elis Ord	0	86	96	0
Encavis AG	32	34	0	0
EssilorLuxottica SA	485	1,128	1,452	1,528
Eurocommercial Properties NV	25	79	53	34
Eutelsat SA	0	442	0	0
Faes Farma SA	52	54	37	12
Ferrovial SA	357	493	519	527
Fnac Darty SA	0	0	39	0
Fomento de Construcciones y Contratas SA	175	183	228	232
Fresenius SE	0	372	0	0
Fugro NV	0	0	0	22
GIMV NV	70	0	0	0
Grand City Properties SA	121	122	0	65

Aggregate scrip dividends (€M)

Company	2021	2022	2023	2024
Hamborner Reit AG	27	0	0	0
Hamburger Hafen und Logistik AG	23	0	0	0
Hammerson PLC	23	23	0	0
Hiscox Ltd.	37	112	117	125
Iberdrola SA	2,633	2,770	3,095	3,357
ICADE EMGP	121	0	0	0
Intervest Offices & Warehouses NV	47	47	47	47
IP Group PLC	18	15	0	0
Koninklijke Philips NV	782	782	0	0
LEG Immobilien SE	280	302	0	163
LondonMetric Property PLC	110	117	121	124
Mercialys SA	40	0	0	0
Montea NV	52	56	60	62
National Grid PLC	2,103	2,181	2,372	2,539
Neoen SA	0	14	19	0
NN Group NV	663	707	804	842
NSI NV	44	44	23	38
OCI NV	0	1,055	0	0
PostNL NV	188	227	40	20
Primary Health Properties PLC	96	76	0	0
Publicis Groupe SA	501	0	0	0
Rémy Cointreau SA	0	51	0	0
Repsol SA	368	0	0	0
Retail Estates NV	0	66	70	0
Rubis SCA	186	0	0	0
Sacyr SA	62	74	88	87
Segro PLC	322	356	383	403
Shaftesbury Capital PLC	11	0	0	0
SSE PLC	1,019	1,078	1,216	755
Strabag SE	0	0	0	903
TBC Bank Group	0	47	104	0
Telefónica SA	1,970	843	0	0
Unite Group PLC	97	134	169	119
Vonovia SE	1,282	1,352	692	692
Warehouses De Pauw SCA	166	0	207	0
Wereldhave Belgium NV	36	0	0	0
Xior Student Housing NV	0	51	0	0
Total	20,663	18,756	14,575	14,503

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Average acceptance rate, 2021–23e

Company	Average take-up, 2021–23e	Number of occurrences
Fomento de Construcciones y Contratas SA	98%	1
Électricité de France SA	94%	3
EDP Renováveis SA	92%	1
Altarea SCA	92%	1
Sacyr SA	92%	3
Faes Farma SA	90%	2
Corporación Financiera Alba SA	89%	1
ICADE EMGP	85%	1
Crédit Agricole SA	85%	1
Neoen SA	80%	1
Covivio SA	79%	2
Ferrovial SA	79%	5
Repsol SA	77%	1
Almirall SA	73%	3
Iberdrola SA	72%	4
Telefónica SA	70%	3
Grand City Properties SA	70%	2
EssilorLuxottica SA	69%	2
Rubis SCA	54%	1
Publicis Groupe SA	54%	1
Montea NV	54%	2
Elis Ord	47%	2
Vonovia SE	47%	3
NN Group NV	46%	5
Xior Student Housing NV	45%	1
Fnac Darty SA	44%	1
Mercialys SA	43%	1
National Grid PLC	42%	1
Fresenius SE	40%	1
Cofinimmo SA	39%	3
Intervest Offices & Warehouses NV	38%	3
Koninklijke Philips NV	38%	1
Encavis AG	36%	2
LEG Immobilien SE	35%	2
Retail Estates NV	35%	1
Carmila SAS	34%	4
Aroundtown Property Holdings PLC	32%	2
Segro PLC	32%	4

Average acceptance rate, 2021–23e

Company	Average take-up, 2021–23e	Number of occurrences
Branicks Group AG	31%	3
Clariane SE	30%	2
NSI NV	28%	4
PostNL NV	26%	2
CTP NV	25%	4
Hamborner Reit AG	25%	1
Aedifica SA	21%	1
Eurocommercial Properties NV	20%	1
Unite Group PLC	13%	5
SSE PLC	12%	2
Primary Health Properties PLC	9%	1
LondonMetric Property PLC	8%	11
Assura PLC	6%	11
IP Group PLC	4%	4

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CONTACTS

Americas: +1 800 447 2273

Japan: +81 3 6262 1887

Asia-Pacific: +60 4 291 3600

Europe, Middle East, Africa: +44 (0) 134 432 8300

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