



Dividend Forecasting Bi-weekly Brief

8th November 2022

APAC what to watch

Taiwan: Modest dividend cut expected for major financial holding groups along with the soft half year performances in FY22

The bank focused conglomerate **Mega Financial Holdings** announced it would participate in its subsidiary insurance company Chung Kuo's capital increase of TWD 2 billion later 2022 to boost its capitalization. Chung Kuo incurred a net loss of TWD 3 billion during 1H FY22, with the losses likely to deepen for the full year given the current strict pandemic policies. Similar subdued half year results were reported from other major financial holding companies in Taiwan such as **Fubon Financial Holdings** and **CTBC Financial Holdings**. Both reported net profit decline of 21.3% y-o-y and 27.4% y-o-y respectively. We project modest dividend cut of around 5%-11% for the major three financial holding companies mentioned above in Taiwan market.

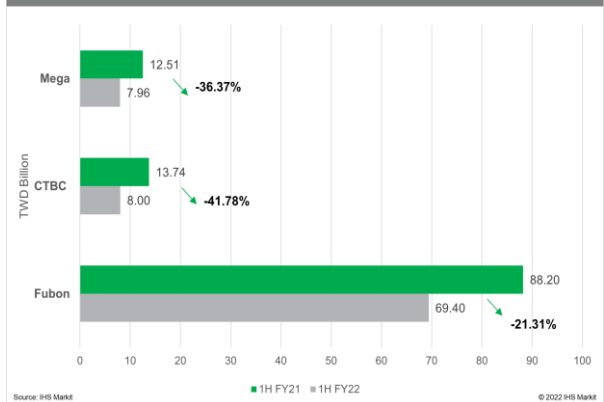
South Korea: Capex plan to alter chip giants' dividend trajectory

Against the backdrop of slowing semiconductor demand, two semiconductor giants in South Korea have announced contrasting decisions on their capex plan. Both companies' dividend policies are to pay regular quarterly dividends and add on "special portion" to Q4/final payout depending on the pool of FCF. In line with the global peers, **SK Hynix** will halve FY23 capex while **Samsung Electronics** will maintain the same level. We see this to translate into a room for KRW 207 per share and KRW 400 per share of special portion for Samsung and SK Hynix's FY23 final dividends respectively. As for the upcoming FY22 final dividend (ex-date Dec 29, 2022), Samsung has hardly any room left to pay beyond the regular dividend (KRW 361 per share) while SK Hynix could add on KRW 150 per share on top the regular portion (KRW 300 per share).

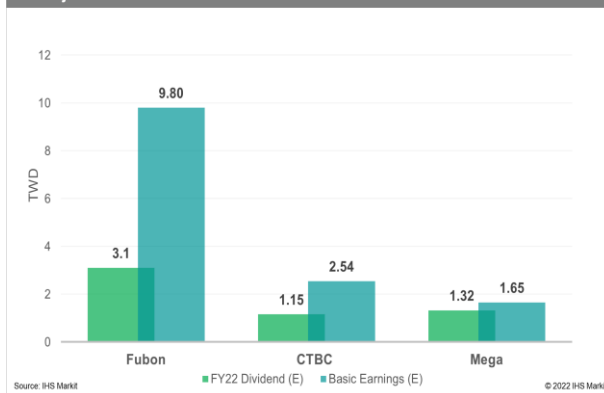
Japan: Final dividend projections remain divided for major travel and leisure companies

Dividend perception remains divided after the half year earnings released for March ending firms in Japanese travel and leisure industry. Despite reporting an increase in operational revenues supported by robust demand and the removal of travel restrictions, companies involved in travel and tourism like **Ana Holdings** and **Japan Airlines** continue to suspend dividends as a safeguard. Contrarily, **Keio Corp.** and **Kyushu Railway** have continued to pay their shareholders sticky dividends, defying the trends of their peers. Companies engaged in recreational activities such as **Resorttrust** and **Sankyo** have guided increased dividend payments as membership sales and hotel operations remained strong with the former reporting record high net sales of 40.2bn yen as of 1Q CY'22.

Major TW FHC Q2 FY22 Net Profit Figures



TW Major FHC Dividend and EPS Outlook



APAC special reports



Quarter Ahead Dividend Preview(Q4 2022)

We highlight the latest market news in different APAC regions that could potentially or have already affected our dividend forecasts for the upcoming quarter.

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Japan dividends: seeking refuge in stability and predictability

Nikkei 225's dividend guidance is not to be fully relied upon as only 37% of their actual final dividend payment met the guidance passed as of the end of the first quarter in FY21.

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Please contact our Dividend Forecasting team if you require any further information.

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