

# UK Dividend Monitor

**LINK**Group  


Issue 43 | Q3 2020





The Link Group UK Dividend Monitor is the UK's longest standing, most comprehensive and most reliable tracker of the income paid by UK companies to their shareholders, with a wide following across the financial services industry, among investors, and with policymakers.

2020 has seen unprecedented disruption to dividend payments, with the vast majority of UK companies cancelling, cutting, or suspending payouts to shareholders. Against this chaotic backdrop, the Dividend Monitor has continued to track company behaviour, making forecasts in a best- to worst-case range for the year rather than attempting a fruitless point estimate. With each successive quarter of dividend news, we have narrowed our range and are now confident 2020 will produce dividends almost exactly in the middle of our original range, estimated during the chaotic first few days of lockdown.

In this latest edition we show there are some signs of light appearing, although we caution that it will be a long haul back to full strength for UK dividends.

## Contents

- 03** Executive Summary
- 04** Overview
- 07** Steep cuts in Q3, but also signs of hope for income investors
- 12** Top 100 v the rest
- 13** Yield
- 15** Outlook

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# Executive Summary

## Overview

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- UK dividends fell 49.1% in Q3 on a headline basis, dropping to £18.0bn, the lowest Q3 total since 2010
- Underlying dividends (which exclude special payments) fell 45.1% to £17.7bn, exactly half way between our best- and worst-case scenario for the quarter
- The decline, though very steep, was less severe than in Q2 and reflects greater clarity for companies over the impact of the crisis on their operations
- Two thirds of companies cut or cancelled their payouts, less than the three quarters that did so in Q2

## Steep cuts in Q3, but also signs of hope for income investors

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- Cuts totalled £14.5bn in Q3 - banks accounted for almost two fifths, oil companies another fifth, and mining one eighth
- In percentage terms the sectors worst hit were airlines, travel and leisure, general retail, media, housebuilders and discretionary consumer goods and services
- Defensive food retail and basic consumer goods increased payouts
- Some companies began to catch up on missed payouts (eg BAE), others restarted (eg Direct Line) and others signalled restarts in Q4
- One-off specials fell 90% to £299m

## Top 100 v the rest

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- Top 100 payouts fell less than small- and mid-caps, following the Q2 pattern
- Top 100 dropped 42.9% (excluding specials), while mid-caps fell 60.4% and small caps saw dividends fall by 69.5%
- Over three fifths of mid-caps cut or cancelled payouts (compared to four fifths in Q2)
- More than half of the top 100 cut or cancelled (compared to three fifths in Q2)

## Yield

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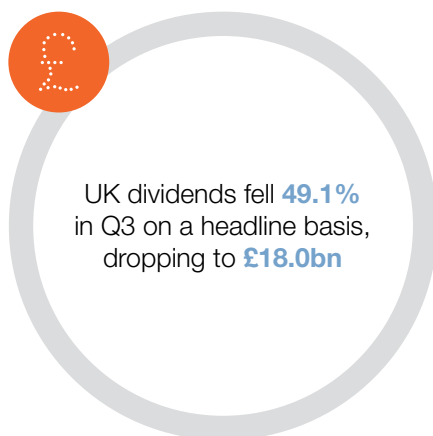
- UK plc set to yield 3.6% over the next twelve months on a best-case basis
- Worst-case scenario sees a yield of 3.3%
- Compared to the long-run average this suggests UK shares are fairly valued at present

## Outlook

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- The worst is over. Some companies are restarting payouts and there are few further cuts
- Much greater visibility means we have upgraded our worst-case scenario, almost eliminating the gap between it and our best case
- We expect UK dividends (excluding specials) to fall to £60.4bn on a best-case basis and £59.9bn on a worst-case basis, a decline of 38.7% and 39.2% respectively
- The likely outturn for 2020 is exactly mid-way in our original April range
- On a headline basis, which includes special dividends, the 2020 decline is set to be between 44.6% and 45.2%, finally totalling £61.2bn or £60.6bn respectively
- After Q1 2021, we will have passed the trough for the UK's Covid-19 dividends
- We pencil in a best-case increase of 15% for 2021 to £69.6bn (excluding specials); our worst case delivers a 6% increase to a total of £63.5bn

# Overview



The UK's dividend picture brightened a little in the third quarter, though only in the context of the record falls in payouts that 2020 is delivering for shareholders. Q3 dividends slumped by 49.1% on a headline basis to £18.0bn, the lowest Q3 total since 2010 when the UK was suffering the aftermath of the Global Financial Crisis (GFC). Though by any normal standards a fall of this magnitude is terrible for investors, it is significantly better than the 57.2% drop in the second quarter. One-off special dividends dried up almost entirely in Q2 (down 98% year-on-year) and fell 90% in Q3, so they dragged the headline total down.

On an underlying basis, which excludes special dividends, payouts fell by 45.1% to £17.7bn, compared to a 50.2% decline in the second quarter.

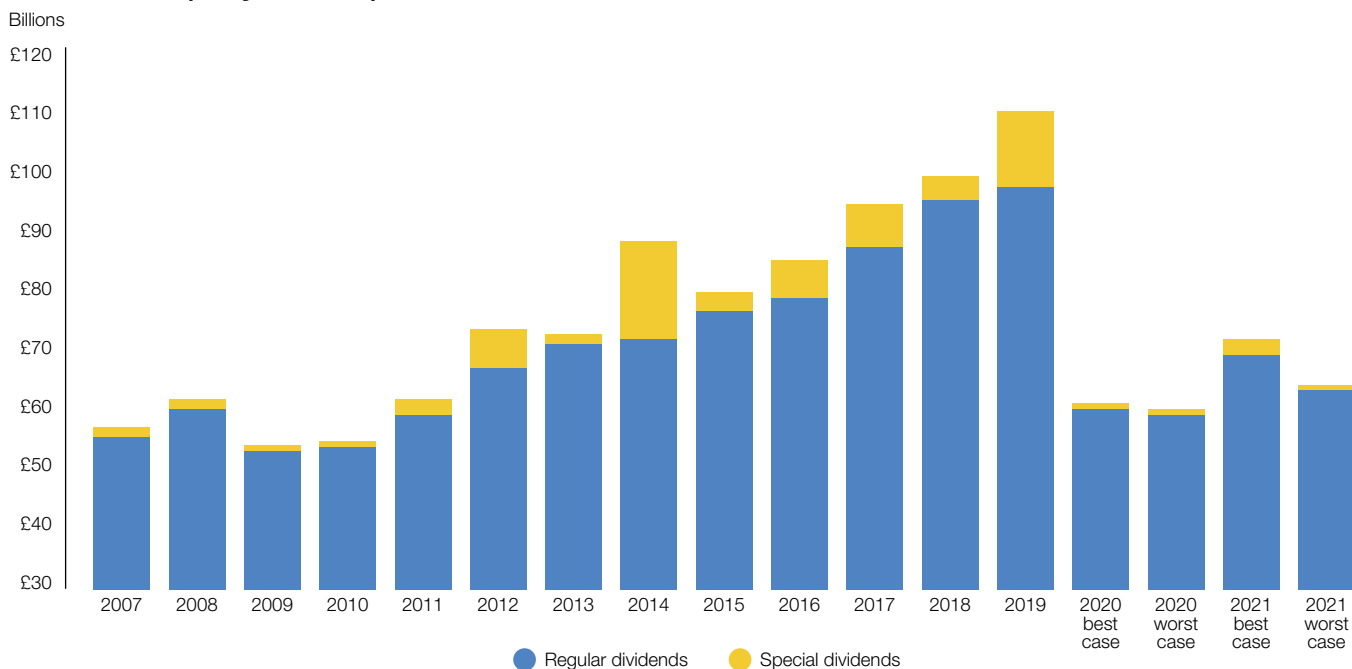
We expected Q3 payouts to decline less than those in the second quarter as companies became better able to assess the impact of the pandemic and the associated restrictions on their operations. We began to see some dividends restarting as a result. The final underlying result for the quarter was exactly halfway between the best- and worst-case pictures we painted for Q3 back in July.

Overall, just under half of companies cancelled their dividends altogether in Q3, while a further fifth cut them. This means that almost two thirds of companies cut or cancelled their payouts. This was roughly in line with our expectations. Almost one fifth in Q3 increased them, however, while the rest either held them steady or were reinstating payouts from earlier in the year. In the second quarter, a staggering three quarters of companies cut or cancelled payouts.

The good news is that the worst is now behind us. Now that we have real visibility on what companies are doing, we have improved our worst-case scenario for 2020, so that the gap between our best and worst case has almost disappeared. For 2021 we expect payouts to begin to bounce back, though a full recovery to pre-Covid-19 levels will take some years. With such great uncertainty about the course of the pandemic and the performance of the economy here and around the world, the 2021 range from our best- to worst-case scenarios remains wide for the time being.

## Overview (continued)

### UK dividends (full-year basis)



Underlying dividends (which exclude special payments) fell 45.1% to £17.7bn, exactly half way between our best- and worst-case scenario for the quarter

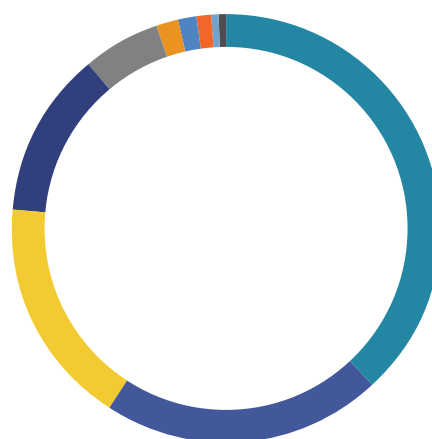
## Overview (continued)

Dividends Paid £bn	Q1	Q2	Q3	Q4	Full Year
2007	£9.6	£20.5	£15.6	£12.0	£57.6
2008	£11.4	£20.6	£17.1	£12.8	£62.0
yoy	19.8%	0.9%	9.5%	7.2%	7.7%
2009	£12.7	£15.7	£15.7	£10.1	£54.1
yoy	10.7%	-24.0%	-8.2%	-21.6%	-12.7%
2010	£13.7	£14.4	£16.9	£9.4	£54.6
yoy	8.4%	-8.0%	8.3%	-6.3%	0.9%
2011	£14.2	£16.4	£19.5	£11.7	£61.8
yoy	3.6%	13.4%	15.2%	24.4%	13.4%
2012	£17.2	£21.6	£21.7	£13.4	£73.9
yoy	20.9%	32.0%	11.1%	14.1%	19.5%
2013	£12.8	£23.7	£23.0	£13.9	£73.4
yoy	-25.4%	9.6%	6.0%	3.7%	-0.7%
2014	£27.9	£23.7	£23.4	£13.9	£88.9
yoy	117.7%	0.2%	1.7%	-0.3%	21.1%
2015	£13.4	£27.0	£24.7	£15.0	£80.1
yoy	-51.9%	13.8%	5.7%	8.1%	-9.9%
2016	£14.3	£29.5	£26.7	£15.3	£85.8
yoy	6.3%	9.1%	8.1%	2.2%	7.1%
2017	£15.5	£33.4	£31.2	£15.0	£95.1
yoy	8.8%	13.4%	16.8%	-2.4%	10.9%
2018	£17.0	£32.7	£33.2	£17.0	£99.8
yoy	9.4%	-2.2%	6.2%	13.4%	4.9%
2019	£19.7	£37.6	£35.3	£17.9	£110.5
yoy	15.6%	15.2%	6.6%	5.4%	10.7%
2020 best case	£17.5	£16.1	£18.0	£9.6	£61.2
yoy	-11.0%	-57.2%	-49.1%	-46.3%	-44.6%
2020 worst case	£17.5	£16.1	£18.0	£9.0	£60.6
yoy	-11.0%	-57.2%	-49.1%	-49.5%	-45.1%

# Steep cuts in Q3, but also signs of hope for income investors

The first quarter in 2020 was normal, but from early April onwards hundreds of UK companies suspended dividends altogether, with dozens more cutting them. In those first few days, amid all this confusion, our April edition of the Dividend Monitor forecast that payouts would fall at least 27% but by as much as 51% this year on an underlying basis, even allowing for an unscathed first quarter. Our July edition narrowed this to -39% to -43%. The biggest single factor that added clarity between April and July was the rebasing of dividends in the huge oil sector. Over the last three months it has become much clearer how every other sector is faring too.

Where the cuts fell hardest in Q3



Domestic Utilities	0.4%	Telecoms	6.0%
Healthcare & Pharm	0.6%	Resources & Commodities	12.5%
Consumer Basics	1.0%	Consumer Discretionary	17.2%
Information Technology	1.4%	Oil, Gas & Energy	21.0%
Industrials	1.7%	Banks & Financials	38.2%

## Dividends – by sector

Sector	£m	19Q3	20Q3	Headline change year-on-year	Underlying change year-on-year
Mining		£5,685.8	£3,189.9	-44%	-37%
Industrial Chemicals		£165.4	£61.3	-63%	-63%
Basic Consumer Goods		£949.3	£951.2	0%	0%
Food Retail		£576.2	£636.6	10%	10%
Food, Drink & Tobacco Producers		£1,729.7	£1,524.5	-12%	-12%
Airlines, Travel & Leisure		£909.2	£25.7	-97%	-96%
General Retail		£625.2	£25.0	-96%	-96%
Housebuilding, Consumer Goods & Services		£1,297.0	£331.7	-74%	-65%
Media		£907.5	£307.8	-66%	-66%
Motor Manufacturing & Parts		£14.4	£0.0	-100%	-100%
Banks		£6,246.2	£0.0	-100%	-100%
General Financials		£1,043.2	£999.2	-4%	-4%
General & Life Insurance		£1,493.5	£997.1	-33%	-34%
Property		£591.1	£384.1	-35%	-34%
Healthcare & Pharmaceuticals		£1,994.3	£1,900.7	-5%	-5%
Building Materials & Construction		£233.8	£124.6	-47%	-42%
Industrial Goods & Support		£1,397.3	£1,231.4	-12%	-11%
Oil, Gas & Energy		£4,820.8	£1,776.8	-63%	-63%
Information Technology		£294.9	£93.2	-68%	-71%
Telecoms		£2,114.4	£1,239.4	-41%	-41%
Domestic Utilities		£2,242.7	£2,190.0	-2%	-2%
<b>Total</b>		<b>£35,332.1</b>	<b>£17,990.3</b>	<b>-49%</b>	<b>-45%</b>

# Steep cuts in Q3, but also signs of hope for income investors (continued)

## Dividends – by industry

Industry	Resources & Commodities	Consumer Basics	Consumer Discretionary	Banks & Financials	Healthcare & Pharmaceuticals	Industrials	Oil, Gas & Energy	Information Technology	Telecoms	Domestic Utilities	Total
<b>12Q3</b>	£2,810	£3,733	£1,553	£2,352	£1,572	£909	£3,020	£77	£3,807	£1,857	<b>£21,689</b>
yoy	38%	6%	9%	10%	1%	45%	10%	-29%	1%	17%	<b>11%</b>
<b>13Q3</b>	£2,569	£4,019	£1,606	£2,703	£1,643	£1,092	£3,293	£248	£4,019	£1,802	<b>£22,995</b>
yoy	-9%	8%	3%	15%	5%	20%	9%	224%	6%	-3%	<b>6%</b>
<b>14Q3</b>	£2,738	£4,056	£2,627	£2,924	£1,629	£1,312	£3,349	£84	£2,738	£1,922	<b>£23,380</b>
yoy	7%	1%	64%	8%	-1%	20%	2%	-66%	-32%	7%	<b>2%</b>
<b>15Q3</b>	£2,974	£3,171	£2,583	£4,249	£1,667	£1,433	£3,614	£95	£2,934	£1,998	<b>£24,718</b>
yoy	9%	-22%	-2%	45%	2%	9%	8%	14%	7%	4%	<b>6%</b>
<b>16Q3</b>	£1,088	£3,650	£3,054	£6,089	£1,906	£1,248	£4,357	£94	£3,165	£2,078	<b>£26,730</b>
yoy	-63%	15%	18%	43%	14%	-13%	21%	-2%	8%	4%	<b>8%</b>
<b>17Q3</b>	£3,496	£2,971	£4,074	£6,730	£1,911	£1,701	£4,534	£208	£3,525	£2,059	<b>£31,210</b>
yoy	221%	-19%	33%	11%	0%	36%	4%	121%	11%	-1%	<b>17%</b>
<b>18Q3</b>	£4,877	£2,930	£3,388	£7,694	£1,894	£1,666	£4,688	£319	£3,539	£2,159	<b>£33,154</b>
yoy	39%	-1%	-17%	14%	-1%	-2%	3%	53%	0%	5%	<b>6%</b>
<b>19Q3</b>	£5,851	£3,255	£3,753	£9,374	£1,994	£1,631	£4,821	£295	£2,114	£2,243	<b>£35,332</b>
yoy	20%	11%	11%	22%	5%	-2%	3%	-8%	-40%	4%	<b>7%</b>
<b>20Q3</b>	£3,251	£3,112	£690	£2,380	£1,901	£1,356	£1,777	£93	£1,239	£2,190	<b>£17,990</b>
yoy	-44%	-4%	-82%	-75%	-5%	-17%	-63%	-68%	-41%	-2%	<b>-49%</b>



## Steep cuts in Q3, but also signs of hope for income investors (continued)

Of the £14.5bn of cuts in the third quarter, banks accounted for almost two fifths, as they remain barred from paying dividends by the Bank of England until at least the new year. The oil sector contributed another fifth to the cuts, but its effect will be longer lasting. The oil sector rebasing is a permanent change that has knocked £11.2bn off UK payouts per annum, equivalent to £1 in every £9 formerly distributed by UK plc. The loss of this income is a blow to investors, but it leaves the UK's oil giants, Shell and BP, far better able to sustain their dividends in the future as they confront the world's changing energy priorities. Despite these reductions, both companies will remain in the UK's top seven payers this year and next and in truth the change will create a better balance of income that is less dependent on petrochemicals.

Lower dividends from mining companies knocked £1.7bn off the Q2 underlying total, making up about £1 in every £8 of the Q3 cuts. The cancellation of Glencore's payout made the biggest impact, with cuts from BHP and Anglo American making up most of the rest. However, precious metal miners, such as Polymetal and Centamin, were able to increase payouts sharply as the price of gold has soared this year.

Telecoms payouts were severely impacted by the cancellation of BT's dividend, while the airline, travel and leisure sector, retail, media, and housebuilding and consumer goods and services sectors each made up £1 in £25 of the cuts. This last group of sectors has borne the brunt of the lockdown measures and the impact on their businesses has been existential in some cases. Dividends from the airlines, travel and leisure sector, and general retail were down 96% year-on-year in Q3, while those from the media and housebuilding and consumer goods and services sectors were down by two thirds.

Only two sectors, the classically defensive food retailers and the basic consumer goods, delivered year-on-year increases, though only just. Sainsbury's has suspended dividends during the crisis, but Tesco hiked its payout sharply to its highest level since 2014, before the company was forced to halt payments while it restructured and dealt with accounting irregularities. In the basic consumer goods sector, Unilever made a small increase while Reckitt Benckiser held firm.

A really positive sign came from BAE Systems and engineering concern IMI, becoming the first companies to catch up on all dividends missed year-to-date. Berkeley Group, which had rescinded a big special payout earlier in the year paid a very large interim, five times bigger than 2019, to make up some of the lost ground. We also had an upside surprise from Aviva, whose cut was smaller than we had anticipated it would be, while Direct Line restarted its payouts, along with packaging firm Smurfit Kappa, Domino's Pizza and a handful of smaller companies.

In addition to the reductions in underlying dividends, one-off specials were also sharply lower, falling by £2.8bn or 90% to £299m. Even so, this was a little better than we expected.

**Concentration of UK Dividends - Q3 2020**



● Top 5	<b>32.6%</b>
● Next 10	<b>35.6%</b>
● The rest	<b>31.8%</b>

# Steep cuts in Q3, but also signs of hope for income investors (continued)

## Q3 Dividends – top companies

Rank	12Q3	13Q3	14Q3	15Q3	16Q3
1	Vodafone Group plc	Vodafone Group plc	Vodafone Group plc	Vodafone Group plc	Royal Dutch Shell Plc
2	Royal Dutch Shell Plc	Royal Dutch Shell Plc	Royal Dutch Shell Plc	Royal Dutch Shell Plc	Vodafone Group plc
3	HSBC Holdings plc	HSBC Holdings plc	HSBC Holdings plc	HSBC Holdings plc	HSBC Holdings plc
4	BP plc	BP plc	BP plc	BP plc	BP plc
5	National Grid Plc	National Grid Plc	National Grid Plc	National Grid Plc	Sabmiller plc
<b>Subtotal £bn</b>	<b>£7.8</b>	<b>£8.5</b>	<b>£7.1</b>	<b>£7.5</b>	<b>£9.0</b>
<b>% of total dividends</b>	<b>36%</b>	<b>37%</b>	<b>30%</b>	<b>30%</b>	<b>34%</b>
6	Glaxosmithkline plc	Glaxosmithkline plc	Glaxosmithkline plc	Rio Tinto plc	National Grid Plc
7	British American Tobacco	British American Tobacco	British American Tobacco	Glaxosmithkline plc	British American Tobacco
8	Tesco plc	Tesco plc	Tesco plc	British American Tobacco	BT Group
9	BHP Billiton plc	Sabmiller plc	Rio Tinto plc	Sabmiller plc	Glaxosmithkline plc
10	Astrazeneca plc	BHP Billiton plc	BHP Billiton plc	BHP Billiton plc	Astrazeneca plc
11	Sabmiller plc	Rio Tinto plc	Sabmiller plc	Astrazeneca plc	SSE Plc.
12	Rio Tinto plc	Astrazeneca plc	Astrazeneca plc	BT Group	Lloyds Banking Group plc
13	SSE Plc.	SSE Plc.	BT Group	SSE Plc.	Rio Tinto plc
14	BT Group	BT Group	SSE Plc.	Lloyds Banking Group plc	Reckitt Benckiser Group Plc
15	Reckitt Benckiser Group Plc	Glencore Xstrata plc	Intercontinental Hotels Group	Glencore plc	WPP Plc.
<b>Subtotal £bn</b>	<b>£6.7</b>	<b>£7.2</b>	<b>£7.4</b>	<b>£7.6</b>	<b>£7.2</b>
<b>Top 15 Grand Total £bn</b>	<b>£14.6</b>	<b>£15.7</b>	<b>£14.4</b>	<b>£15.1</b>	<b>£16.2</b>
<b>% of total dividends</b>	<b>67%</b>	<b>68%</b>	<b>62%</b>	<b>61%</b>	<b>61%</b>

## Steep cuts in Q3, but also signs of hope for income investors (continued)

Rank	17Q3	18Q3	19Q3	20Q3
1	HSBC Holdings plc	HSBC Holdings plc	HSBC Holdings plc	Rio Tinto plc
2	Royal Dutch Shell Plc	Royal Dutch Shell Plc	Royal Dutch Shell Plc	British American Tobacco Plc
3	Vodafone Group plc	Vodafone Group plc	BP plc	National Grid Plc
4	BP plc	BP plc	Rio Tinto plc	Vodafone Group plc
5	British American Tobacco	Rio Tinto plc	British American Tobacco Plc	Glaxosmithkline plc
<b>Subtotal £bn</b>	<b>£11.3</b>	<b>£11.1</b>	<b>£10.7</b>	<b>£5.9</b>
<b>% of total dividends</b>	<b>36%</b>	<b>34%</b>	<b>30%</b>	<b>33%</b>
6	Compass Group Plc	British American Tobacco Plc	Glencore plc	Royal Dutch Shell Plc
7	Rio Tinto plc	Glencore plc	National Grid Plc	Astrazeneca plc
8	BT Group	BT Group	BT Group	BP plc
9	National Grid Plc	BHP Billiton plc	Vodafone Group plc	Tesco plc
10	Glaxosmithkline plc	National Grid Plc	Glaxosmithkline plc	BHP Group Plc
11	Astrazeneca plc	Glaxosmithkline plc	Astrazeneca plc	SSE Plc.
12	Lloyds Banking Group plc	Astrazeneca plc	BHP Group Plc	Reckitt Benckiser Group Plc
13	BHP Billiton plc	Lloyds Banking Group plc	Lloyds Banking Group plc	Persimmon plc
14	SSE Plc.	SSE Plc.	Anglo American plc	WPP Plc.
15	Anglo American plc	Anglo American plc	SSE Plc.	BAE Systems plc
<b>Subtotal £bn</b>	<b>£8.7</b>	<b>£9.1</b>	<b>£9.2</b>	<b>£6.4</b>
<b>Top 15 Grand Total £bn</b>	<b>£20.0</b>	<b>£20.2</b>	<b>£19.9</b>	<b>£12.3</b>
<b>% of total dividends</b>	<b>64%</b>	<b>61%</b>	<b>56%</b>	<b>68%</b>

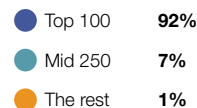
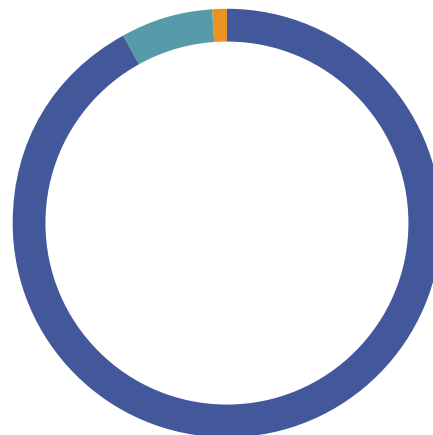
# Top 100 v the rest

As in the second quarter, top 100 payouts fell by less than their small- and mid-cap counterparts in the third quarter. This is despite the severe impact from the banks and the oil sector in particular and reflects the counterbalancing positive effect of big defensive companies in the healthcare and consumer basics sectors, as well as greater financial vulnerability and exposure to the hard-hit domestic economy outside the super-league. Excluding special dividends, payouts from the top 100 fell by 42.9%, from mid-caps by 60.4%, and from smaller companies by 69.5%.

A little over three fifths of mid-caps cut or cancelled their dividends in Q3 (compared to four fifths in the second quarter). Just over half the top 100 did the same, compared to three fifths in Q2.

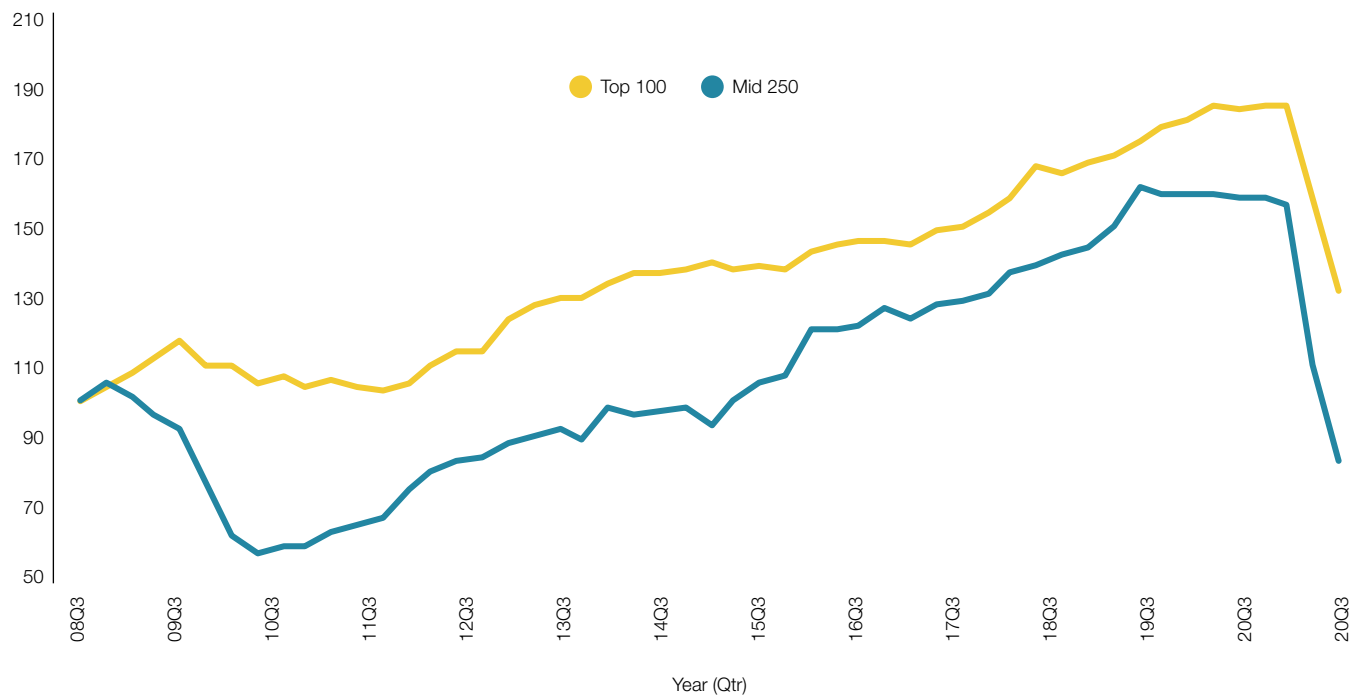
Special dividends were nine tenths lower across the board.

**Concentration of UK Dividends - Q3 2020**



## Top 100 v Mid 250 - underlying dividends, indexed

Percentage



# Yield

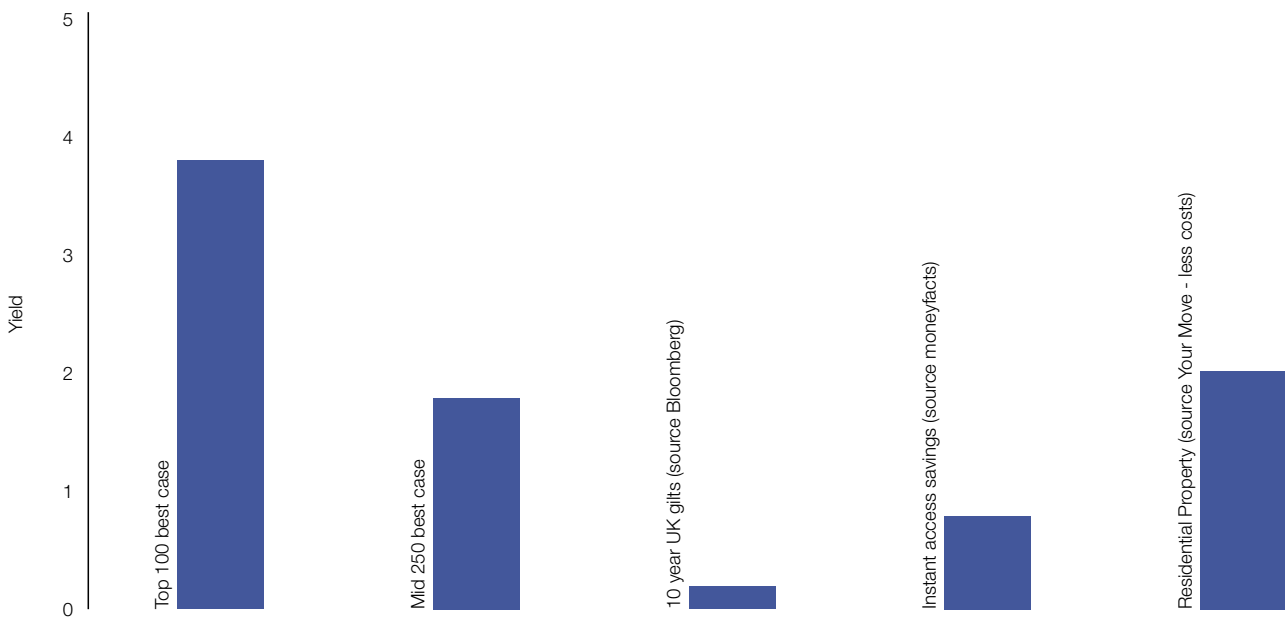
We often highlight how helpful yield can be as a guide to share valuations. Of course, only looking at a single year's figures is imperfect because one of the most compelling drivers of share prices is the prospect of growing dividends over time, so it's important to consider a company's future prospects as well as the current picture. Even so, a glance at the recent and anticipated short-term yield is a helpful yardstick.

Back in March and April, even factoring in the huge falls we expected in dividends, we reported how the yield suggested that share prices were very undervalued. By July the market had recovered and we felt that equities were more or less fairly valued in the UK.

At the end of Q3, as we pass the half-way mark in the worst year on record for UK dividends and begin to look towards the recovery, our forecast for payouts suggests that UK shares will yield 3.6% in a best-case scenario and 3.3% in a worst over the next twelve months. The top 100 should achieve 3.6% to 3.8% while the mid-caps may only manage 1.5% to 1.8% on a worst-to best-case basis respectively. This remains in line with the long-run average and suggests UK equities are approximately fairly valued.

## UK income

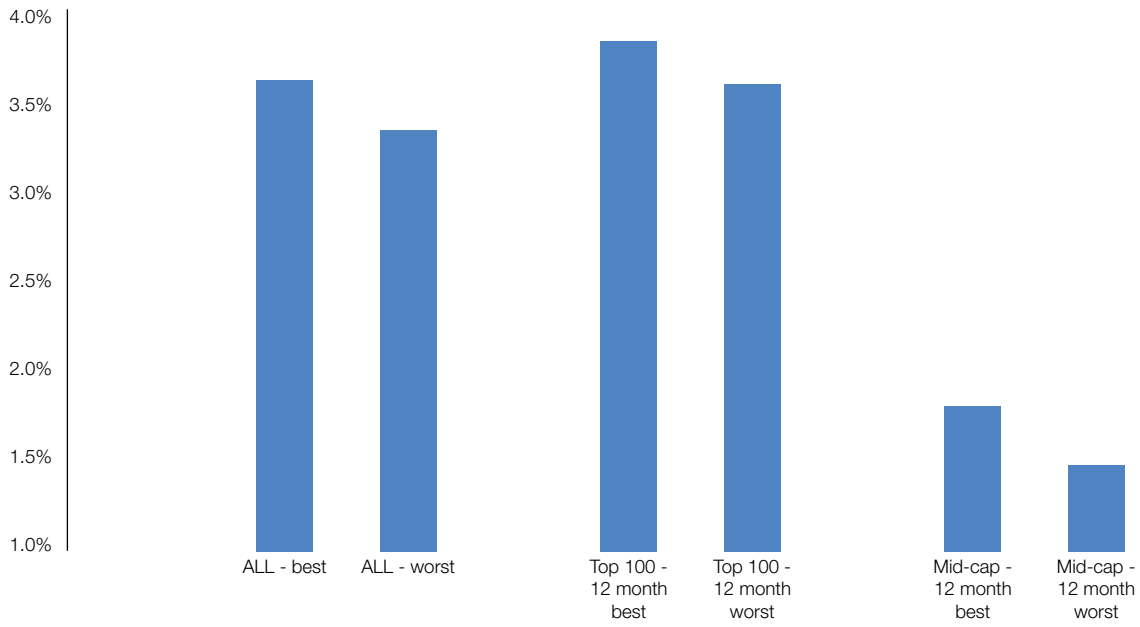
Percentage



# Yield (continued)

## Yield - Next 12 months

Percentage



# Outlook

The good news is that the worst is now behind us and the fourth quarter should look a little better than the third. This is partly because those companies that want to cut have already done so, limiting the downside to our figures. But it also reflects the likely restarting of dividends by companies like Bunzl and Land Securities; those like Ferguson, Softcat, and Bodycote which intend to catch up on payments missed earlier this year too; and positive signs from firms as diverse as Diageo, Hargreaves Lansdown, and Biffa, all of which we had marked as vulnerable to Q4 cuts.

Now that we have real visibility on what companies are doing, we have improved our most pessimistic scenario for 2020. Indeed, the gap between our best and worst case has now almost disappeared. We expect UK dividends (excluding specials) to fall to £60.4bn on a best-case basis and £59.9bn on a worst-case, a decline of 38.7% and 39.2% respectively. This puts the likely outturn for 2020 exactly mid-way in our original April range, estimated at the moment of greatest uncertainty for UK companies.

On a headline basis, which includes special dividends, the 2020 decline is set to be between 44.6% and 45.2%, yielding £61.2bn or £60.6bn respectively.

Looking ahead there is huge uncertainty. With the pandemic showing no sign of abating and no vaccine candidates likely to be distributed for at least several months yet, governments are trying to walk the tightrope of using prolonged restrictions to limit healthcare caseloads without destroying even more of the economy and creating even more unintended consequences for health in other ways.

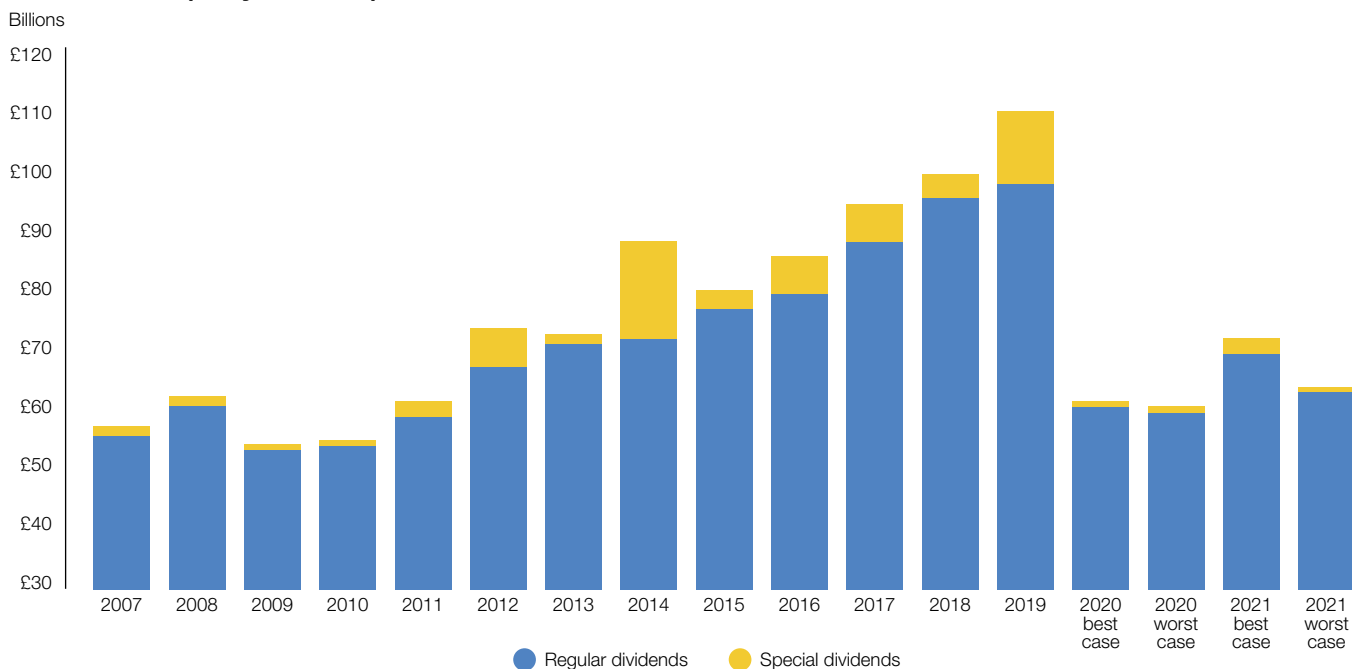
We therefore expect the same dividend trends to persist into the first quarter of 2021, with sharp year-on-year declines. (Remember Q1 2021 faces a tough comparison against a normal Q1 2020). We reach the peak-to-trough decline on the anniversary of the first lockdown at the end of Q1. Thereafter, the comparisons will start to look more favourable and we expect to see the start of a bounce back. Oil dividends will not increase significantly (if at all), so the big question will be whether the Bank of England permits the banks to begin distributing again. Beyond the obvious economic impacts on their trading, the extent to which companies in other sectors have taken government support will influence their freedom to pay shareholders too.

At this early stage we pencil in a best-case increase of 15% for 2021 to £69.6bn (excluding special dividends), back to levels last seen in 2013. Our worst case delivers a 6% increase to a total of £63.5bn, last seen in 2012.

The mix among the top payers has also changed. British American Tobacco (BAT) will complete its slow but steady climb to become the UK's top dividend payer in 2020, supplanting the UK oil majors and HSBC (which is currently banned from dividend paying by the Bank of England). Depending on the prospects for the banks in 2021, however, HSBC may return and knock BAT off the top spot.

## Outlook (continued)

### UK dividends (full-year basis)



We pencil in a best-case increase of 15% for 2021 to £69.6bn (excluding special dividends), back to levels last seen in 2013. Our worst case delivers a 6% increase to a total of £63.5bn, last seen in 2012.



## Statistical Methodology

Link Group analyses all the dividends paid out on the ordinary shares of companies listed on the UK Main Market. The research excludes investment companies such as listed investment trusts, whose dividends rely on income from equities and bonds. The Dividend Monitor takes no account of taxation on dividends, which varies according to investor circumstances. The raw dividend data was provided by Exchange Data International, and additional information is sourced directly from companies mentioned in the report.

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