# UK company dividends decline in early 2025 amid major payout cuts



UK company dividends experienced a decline at the beginning of 2025, driven primarily by a reduction in one-off payouts and significant dividend cuts from a small number of firms, according to the latest dividend monitor report from Computershare. Despite this downturn, analysts remain cautiously optimistic about the outlook for investor payouts from London-listed companies in the coming months, even as equity market volatility continues.

In the first quarter of 2025, UK firms distributed £14 billion in dividends to shareholders, marking a 4.6 per cent decrease compared with the previous year. The report highlighted that special dividend payments were particularly affected, more than halving to £417 million. Computershare noted this drop was "less severe" than initially anticipated but still detracted 3.3 percentage points from the overall dividend growth rate.

A significant factor in the decline was dividend reductions by three major companies: Vodafone, Burberry, and Bellway, which collectively accounted for a five percentage point reduction in total dividends paid. Vodafone notably halved its dividend to fund investments in new mobile networks, causing dividends from the telecoms sector to plummet by 43 per cent to £717 million. Burberry has suspended dividend payments since July of last year amid a slowdown in demand for luxury goods, while Bellway cut its dividends in response to challenging conditions in the housing market.

Mark Cleland of Computershare commented on the broader implications: "Dividends are typically less likely than company profits to experience short-term fluctuations either during economic turbulence or in boom times, as most companies seek to deliver steady income growth over time for their investors. Nevertheless, any cooling driven by the current upheaval in financial markets and the real global economy is likely to affect profits, and this will subsequently knock on to dividend payouts."

Among the top dividend payers, AstraZeneca maintained its position as the highest payer, having recently increased its dividend by 6.6 per cent following robust profits and revenues, buoyed by strong demand for its cancer and respiratory drugs. Energy giants Shell and BP ranked second and fourth, respectively, while British American Tobacco and Unilever, the owner of Hellman's Mayonnaise, were third and fifth.

The pharmaceutical sector was the largest contributor to dividends overall, closely followed by industrial companies. Ashtead Group stood out for delivering a significant payment ahead of its planned primary stock market listing shift to the United States.

Looking ahead, Computershare expressed a more positive outlook for the second quarter, particularly for banks and food retailers, prompting the firm to revise its forecast for annual underlying dividend growth upwards from 1 per cent to 1.8 per cent on a constant currency basis, equating to regular dividends of £85.2 billion. Cleland further noted, "We are unlikely to see much effect on regular dividends in the next couple of quarters, but discretionary special dividends particularly have proven more vulnerable to economic difficulty historically."

In addition to dividend payments, companies returned £63.2 billion to shareholders through share buybacks in the first quarter of 2025, according to Computershare.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.ii.co.uk/analysis-commentary/why-uk-dividends-have-slumped-so-far-2025-ii535129> - This article corroborates the decline in UK dividend payments in the first quarter of 2025, highlighting reductions from specific companies like Vodafone, Burberry, and Bellway. It also mentions the role of lower special dividends and share buybacks in the decline.
2. <https://ifamagazine.com/uk-company-dividends-fell-4-6-in-q1-2025-but-shareholder-payout-growth-remains-encouraging-in-key-sectors/> - This article supports the overall decline in UK dividends by 4.6% in Q1 2025, emphasizing that despite this decline, growth remains positive in certain sectors like the pharmaceutical industry.
3. <https://www.investmentweek.co.uk/news/4412789/uk-dividends-fall-q1-amid-cuts-lower-payments> - It confirms the drop in UK company dividends to £14 billion in the first quarter of 2025 and highlights both the cuts from major companies and the decline in special dividends as key factors.
4. <https://portfolio-adviser.com/uk-dividends-beat-expectations-despite-dip-in-q1/> - This article provides insight into the Q1 decline in UK dividends, attributing it to lower special dividends, while noting that the decline was less severe than anticipated.
5. <https://ukinvestormagazine.co.uk/uk-company-dividends-fall-in-q1-amid-lower-special-dividends/> - It discusses the £14 billion dividend payout in Q1 2025, a 4.6% decrease, and emphasizes how the reduction of special dividends significantly impacted the overall decline. It also mentions the resilience of regular dividends despite economic challenges.
6. <https://www.noahwire.com> - This source was mentioned in the context of the article but does not provide specific information on UK dividend trends in 2025. It is referenced as a source in the original text.
7. <https://www.dailymail.co.uk/money/markets/article-14654919/Brighter-outlook-UK-dividends-despite-sharp-fall-one-payouts.html?ns_mchannel=rss&ns_campaign=1490&ito=1490> - Please view link - unable to able to access data