

\$21.7b dividend windfall to hit bank accounts this week

Tom Richardson *Journalist*



Sep 25, 2023 – 11.02am

Investors will pocket \$21.7 billion in dividend payments this week as many of Australia's largest companies hand back robust profits, even as some of the country's resource and energy giants cut back on returns.

On Wednesday, West Australian lithium miner Pilbara Minerals will pay shareholders a maiden final dividend of 14¢ per share worth a total of \$420 million for the six months to June 30. Its profits, spurred on by booming demand for lithium, mean Pilbara's cash handout tops the \$401 million in dividends paid by supermarket giant Coles over the same period.



Pilbara Minerals' Pilgangoora project in Port Hedland, Western Australia. The lithium boom will help the miner return more cash to investors than Coles for the six months to June 30. **Bloomberg**

Coles' 30¢ per share dividend is flat on the prior year six-month period as rising costs, including staff wages, offset higher sales as food prices climbed.

[\[https://www.afr.com/companies/retail/coles-says-food-price-inflation-is-easing-20230821-p5dyb3\]](https://www.afr.com/companies/retail/coles-says-food-price-inflation-is-easing-20230821-p5dyb3)

On Thursday, BHP will pay \$1.25 per share to investors, worth \$6.34 billion, while Fortescue Metals will pay \$1 per share to investors, worth \$3.01 billion.

"When resources prices are strong these miners just throw off capital like no one else," said Dean Fergie, a portfolio manager at Cyan Asset Management. "The traditional businesses like Coles and infrastructure plays have a stable dividend stream and there's not much volatility. But on the other hand you wouldn't want to annualise Pilbara Minerals' dividend going forward, as the miners are cyclical."

BHP's dividend for the six months to June 30 is down 51 per cent on the prior corresponding six-month period, with Fortescue's dividend off 17.4 per cent. The declines coincided with a slower-than-expected recovery in China after Beijing rolled back its restrictive COVID-19 health policies in January.

Over the second half of this year, iron ore and base metal prices have rebounded to \$US120.95 a tonne, with economic stimulus in China creating robust demand for steel as the country increases industrial construction to offset weak residential property markets. [\[https://www.afr.com/markets/commodities/what-slowdown-why-china-s-demand-for-iron-ore-remains-huge-20230920-p5e659\]](https://www.afr.com/markets/commodities/what-slowdown-why-china-s-demand-for-iron-ore-remains-huge-20230920-p5e659)

On Thursday, liquefied natural gas and oil producers Santos and Woodside Energy will pay dividends worth \$440 million and \$2.37 billion, respectively. Both payouts are significantly down on the prior comparable period as energy prices fell over the six months to June 30, but investors expect big windfalls ahead as oil has surged since July 1.

Dividend favourites

Among the banks, Commonwealth Bank will pay shareholders \$4 billion on Thursday based on its final dividend of \$2.40 per share, including full franking credits. The final payout is up 14.2 per cent, or 30¢, on the \$2.10 per share paid this time last year as the lender posted a record full-year cash profit of \$10.2 billion – up 6 per cent on its previous record in 2017.

Cash returns this week				
Company	Cash payout (\$b)	Payment date	Dividend value 2H FY23(\$)	Dividend value 2H FY22 (\$)
BHP	6.34	Sep 28	1.25	2.55
CBA	4.02	Sep 28	2.40	2.10
Fortescue	3.08	Sep 28	1.00	1.21
Woodside	2.37	Sep 28	1.25	2.15
Telstra	0.98	Sep 28	0.09	0.09
Woolworths	0.70	Sep 27	0.08	0.53
Santos	0.44	Sep 28	0.14	0.22
Pilbara Minerals	0.42	Sep 27	0.14	0.00
Coles	0.40	Sep 27	0.30	0.30
Origin	0.34	Sep 29	0.20	0.17

Source: Cut Through Venture

On Friday, Bendigo & Adelaide Bank will pay a 32¢ per share dividend worth \$181.7 million to shareholders. The payout is up 5.5¢, or 20.7 per cent, on the 26.5¢ it paid investors for the prior corresponding period to June 30.

Cyan's Mr Fergie said he doesn't expect as much of the total cash returns to be reinvested into the sharemarket as happened in the last three years, because investors could earn up to 5 per cent on cash deposits.

"People are getting a reasonable return relative to last year just sticking money in the bank for six months now," he said. "There's lots of volatility in the market at the moment, and I don't think there's any consensus what direction the market's heading."

Telstra, another business prized by retail and institutional investors for its defensive profits and dividend stream, will pay a final 9¢ per share dividend, worth \$982 million. The dividend is up 5.9 per cent on the 8.5¢ per share paid this time last year. In August, the mobile and internet giant posted a 13 per cent jump in annual profit to \$2.05 billion, but disappointed some shareholders who wanted it to sell its infrastructure business for around \$15 billion and return the capital.

[<https://www.afr.com/companies/telecommunications/telstra-posts-2b-profit-shelves-option-for-infrastructure-sale-20230815-p5dwpj>]

Woolworths will return \$706 million to investors based on final dividend of 58¢ per share, which is up 9.4 per cent on the prior comparable period.

Other companies paying dividends this week include IAG, Mineral Resources, Iluka Resources, Ampol, Pro Medicus, AMP and Perpetual.

Tom Richardson writes and comments on markets including equities, debt, crypto, software, banking, payments, and regulation. He worked in asset management at Bank of New York Mellon and is a member of the CFA Society of the UK as a holder of the Investment Management Certificate (IMC). *Connect with Tom on [Twitter](#). Email Tom at tom.richardson@afj.com*