

# Dividend Dashboard

September 2025



## FTSE 100 dividend forecasts remain muted even as index climbs

AJ Bell's latest Dividend Dashboard report shows:

- Analysts now expect £79.4 billion in dividends from the FTSE 100 in 2025, down from £80.4 billion three months ago, and barely a 1% increase on 2024
- This puts the FTSE 100 on a forward dividend yield of 3.3% for 2025 after the index's solid gains in the year to date
- FTSE 100 firms have already unveiled plans for £50.9 billion in share buybacks to leave 2024's all-time high of £58.5 billion within reach
- The buybacks total across 2022-25 is now set to reach £220 billion, equivalent to 70% of dividend payments and more than 9% of the FTSE 100's current £2.4 trillion market capitalisation
- The total cash return represented by buybacks, special dividends and ordinary dividends from the FTSE 100 is expected by analysts to reach £130.4 billion in 2025, or 5.5% of the index's market cap

### Dividend Dashboard explained

Each quarter, AJ Bell takes the forecasts for the FTSE 100 companies from all the leading City analysts and aggregates them to provide the dividend outlook for each company and the entire index. The data relates to the outlook for 2025 and 2026. Data correct as of 5 September 2025.

## AJ Bell's Investment Director Russ Mould comments:

The FTSE 100 continues to outpace America's Dow Jones Industrials, NASDAQ and S&P 500 indices in 2025, as it stands near all-time highs of its own, despite nagging worries over the UK's economic and political outlook, the possible impact of American tariffs upon global growth and ongoing military conflict in both Eastern Europe and the Middle East.

The prospect of lower interest rates from the Bank of England, should the rate of inflation start to recede again, is one possible argument in favour of UK equities. Investors may also be seeking to diversify away from the all-conquering US market, where an increased reliance upon a handful of AI-related stocks, an apparently capricious White House and historically lofty valuations are all potential concerns. Dollar weakness may also be focusing the minds of those with portfolios that have substantial US exposure.

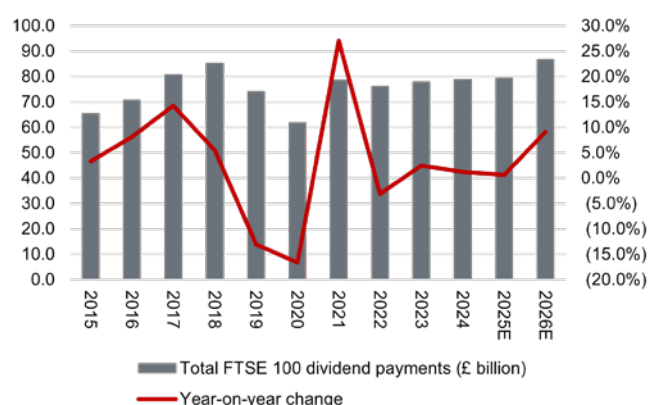
The UK stock market has long been less highly valued than its American counterpart, for a multiplicity of reasons, but the gap is still high by historic standards. The USA trades on 25 times forward earnings for 2025, according to research from S&P, while aggregate consensus analysts' forecasts for the FTSE 100's constituents put the British benchmark on 15.4 times.

However, that multiple is not far off long-term averages for the FTSE 100, thanks to its march to new all-time peaks, and that capital gain, combined with further modest downgrades to dividend payment estimates, means the forward yield is also less attractive than before, at some 3.3% for 2025.

That said, share buybacks continue to supplement that figure quite handily.

FTSE 100 constituents have already declared buybacks worth £50.9 billion for this year, to leave them in with a shot of surpassing the all-time high of £58.3 billion set in 2024.

Adding together the forecast dividend total of £79.4 billion to the planned buybacks, and a special dividend from Admiral, gives a total cash return of £130.4 billion, some 5.5% of the FTSE 100's total £2.4 trillion stock market valuation. That cash yield beats inflation, the 10-year gilt yield and the Bank of England base rate which, on balance, still seems set to go lower before it goes higher once more.



Source: Company accounts, Marketscreener, consensus analysts' forecasts. Ordinary dividends only.

Merger and acquisition activity also continues to top up the pot for investors, to perhaps emphasise the UK's credentials as a source of value once more, at least in relative terms. A predator is yet to circle a FTSE 100 member in 2025, but buyers of UK assets have tabled bids worth a total of £25 billion already this year, after £49 billion-worth of successful approaches in 2024. Takeover deals can therefore also add to the total return from the UK equity market overall.

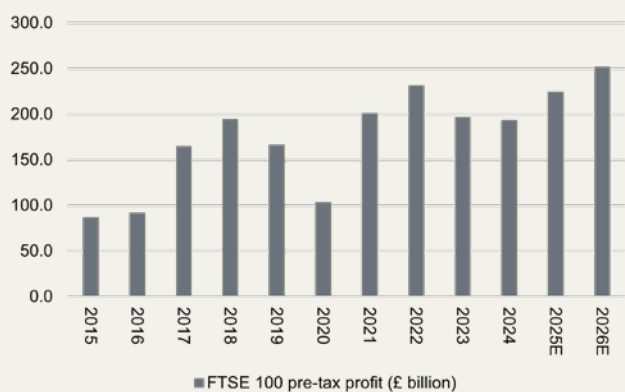
This matters, if you believe the old adage that bull markets only end when the money runs out, because investors are currently receiving more in cash than they are being asked to pay out, given the relatively paucity of new floats and the limited number of big cash raisings. Data from the London Stock Exchange group states that companies have tapped investors for just £4.7 billion to date in 2025, via either primary or secondary offerings across the Main Market and AIM.

## Profit forecasts start to sag

It is quite usual for analysts to start a year in an optimistic fashion and then trim back their forecasts as news flow. So far, 2025 fits that pattern pretty much perfectly and investors may now have to wait until 2026 for the FTSE 100's total profits to exceed the £231 billion record high recorded back in 2022.

In the last three months, consensus analysts' forecasts for the FTSE 100's total pre-tax income have dribbled down to £224 billion, some 3% lower than three months ago. Aggregate estimates for 2025 have dropped by 13% from where they were a year ago.

Forecasts for 2026 have moved modestly lower, as well, since June. Analysts still expect total pre-tax profits to grow this year and next, although much of the increase in 2025 may come from the absence of the one-off charges and write-downs which marred last year's stated profits at Glencore, BP and BAT.



Source: Company accounts, Marketscreener, consensus analysts' forecasts.

Financials, oils and miners are expected to generate 53% of total FTSE 100 earnings in 2025 and to contribute 47% of total ordinary dividend payments. This perhaps reaffirms the UK's status as a play on cyclical growth, and on a global scale, rather than a domestic one.

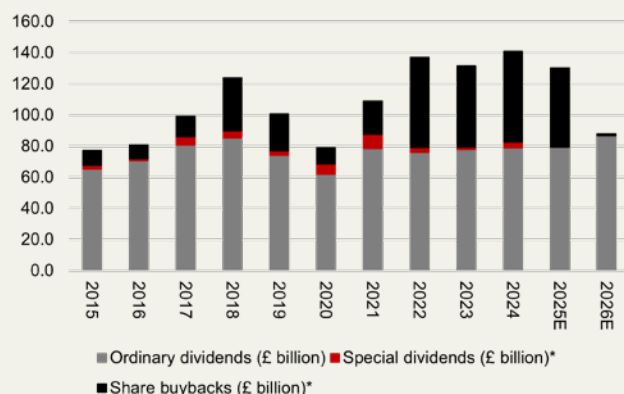
Should inflation – and nominal GDP – ever run hot, the UK may offer a more propitious mix of sector earnings than tech-heavy America, oddly enough, as investors would be able to access plentiful cyclical, and cheap, growth and thus perhaps feel less obliged to pay top dollar (in every sense) for secular growth. Such a prospect may still seem unlikely for now, but the Trump agenda does seem to be geared toward boosting American growth, by means of reducing personal taxation, interest rates, energy costs, the relative value of the dollar and regulation, and where the US goes the world tends to follow.

The UK could thus prove to be a useful hedge if inflation refuses to retreat to the central bank's stipulated 2% target (or indeed if policymakers start to play fast and loose by moving the goalposts), and it also comes with some defensive ballast, too. Analysts believe healthcare, consumer staples, utilities and telecoms will generate 29% of the FTSE 100 earnings in each of 2025 and 2026, and just over one third of dividends on each occasion.

Such a relatively dependable contribution could be valuable if GDP growth proves hard to come by, but for the moment company boardrooms seem confident in the outlook, judging by how 52 members of the UK's elite stock market index are running share buybacks this year (even if that represents a minor retreat from the total of 54 in 2024).

The value of the buybacks announced in 2024 finally settled at £58.3 billion, a fraction above 2022's all-time high of £58.2 billion. Another £50.9 billion of buybacks are already planned for 2025, and there may be more to come when third-quarter results are released in September.

Such largesse may help to explain why aggregate dividend payments are struggling to get back to the 2018 peak. Total buybacks across the FTSE 100 are set to reach £219.5 billion across 2022–2025, even assuming no further announcements this year, and that is 70% of the expected total ordinary dividend payout of £312.4 million.



Source: Company accounts, Marketscreener, consensus analysts' forecasts. Ordinary dividends only. \*Announced in aggregate as of 5 September.

## Dividend growth still very concentrated

For income-seekers, the FTSE 100's yield may be a key part of the UK stock market's appeal, but investors must be aware of how the forward yield is shrinking as the index makes gains and dividend payments gently decline. There also remains a fair degree of concentration risk within the UK's headline index. Just 10 companies are forecast to pay out 53% of the forecast total for 2025, at £42.2 billion, while the top 20 are expected to chip in £55.6 billion, or 70% of the estimated total.

The top 10 list includes two companies from each of the Oil, Pharmaceutical, Bank and Consumer Staples sectors, as well as one apiece from Mining and Utilities.

Investors also need to bear in the mind the role of the pound, whose strength against the euro and particularly the dollar this year reduces the value in sterling terms of the dividends declared in those currencies by no fewer than 30 current members of the FTSE 100, including the index's latest new entrant, Metlen Energy & Metals.

It will also be interesting to see if November's Budget plans any further raid on the banks given their currently generous dividend and buyback plans.

2025 E

### Ten biggest forecast dividend increases

£ million

### Ten biggest forecast dividend decreases

£ million

NatWest Group	665	Diageo	(51)
Unilever	259	Glencore	(59)
Rolls Royce	222	BP	(61)
Fresnillo	193	AstraZeneca	(71)
National Grid	183	Berkeley	(108)
Lloyds	174	WPP	(165)
Aviva	168	HSBC	(376)
Admiral Group	140	Anglo American	(382)
3i	92	Shell	(474)
BAE Systems	81	Rio Tinto	(794)

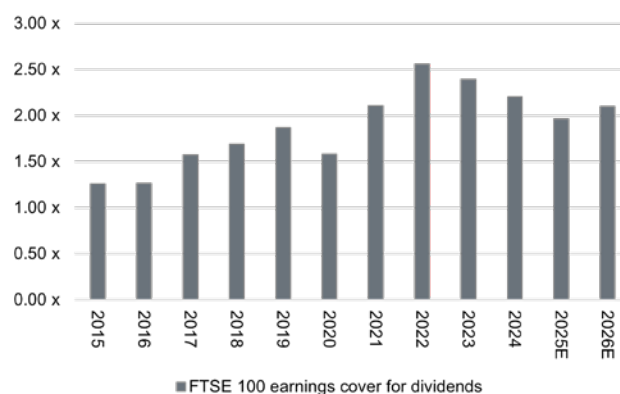
Source: Company accounts, Marketscreener, consensus analysts' forecasts. Ordinary dividends only.

## Dividend cover drops below two for first time since pandemic

Those investors who are of a nervous disposition may look at the gradual decline in dividend cover across the FTSE 100. It reached a highly reassuring 2.55 times in 2022 but has since declined as companies have, in aggregate, increased dividend payments at a faster rate than their profits.

For 2025, cover is – just – dipping below the 2.00 times mark, a figure traditionally seen as one that offers comfort and protection in the event of any unforeseen economic setback. At 1.96 times it still sits way higher than the lows of 2015-16 which did lead to a rash of dividend cuts, thanks to a mid-cycle growth bump, but the slide in earnings cover should be monitored. Thirteen FTSE 100 members cut their dividend in 2015 and a dozen more did so in 2016, figures only exceeded in the past two decades in 2009, at the end of the post-global financial crisis recession and the Covid-hit years of 2019 and 2020.

Analysts seem confident enough in the outlook for 2025 as they expect just Rio Tinto and Anglo American to join WPP in cutting their dividend this year, and Anglo's reduction is as much to do with changes in its corporate structure as anything else. This compares to a dozen reductions in 2024.



Source: Company accounts, Marketscreener, consensus analysts' forecasts.

# Many dividend yields compare well to gilts

Had it not been demoted from the index as part of September's reshuffle, the housebuilder Taylor Wimpey would have been the highest-yielding stock in the FTSE 100. In its newfound absence, the life insurers Legal & General and Phoenix top the list, closely followed by asset management giant M&G (itself a spin-out from another life insurer, Prudential), and then two real estate investment trusts, in the shape of Land Securities and LondonMetric Property. WPP still features in the list of the 10-highest forecast dividend yields for 2025, despite the cut, but that owes much to a punishing decline in its share price which stretches back to 2017's all-time high.

There have been 140 dividend cuts across the current crop of FTSE 100 members in the past decade and even if 73 of those came in the Covid-blighted years of 2019 and 2020 there were still a dozen in 2024.

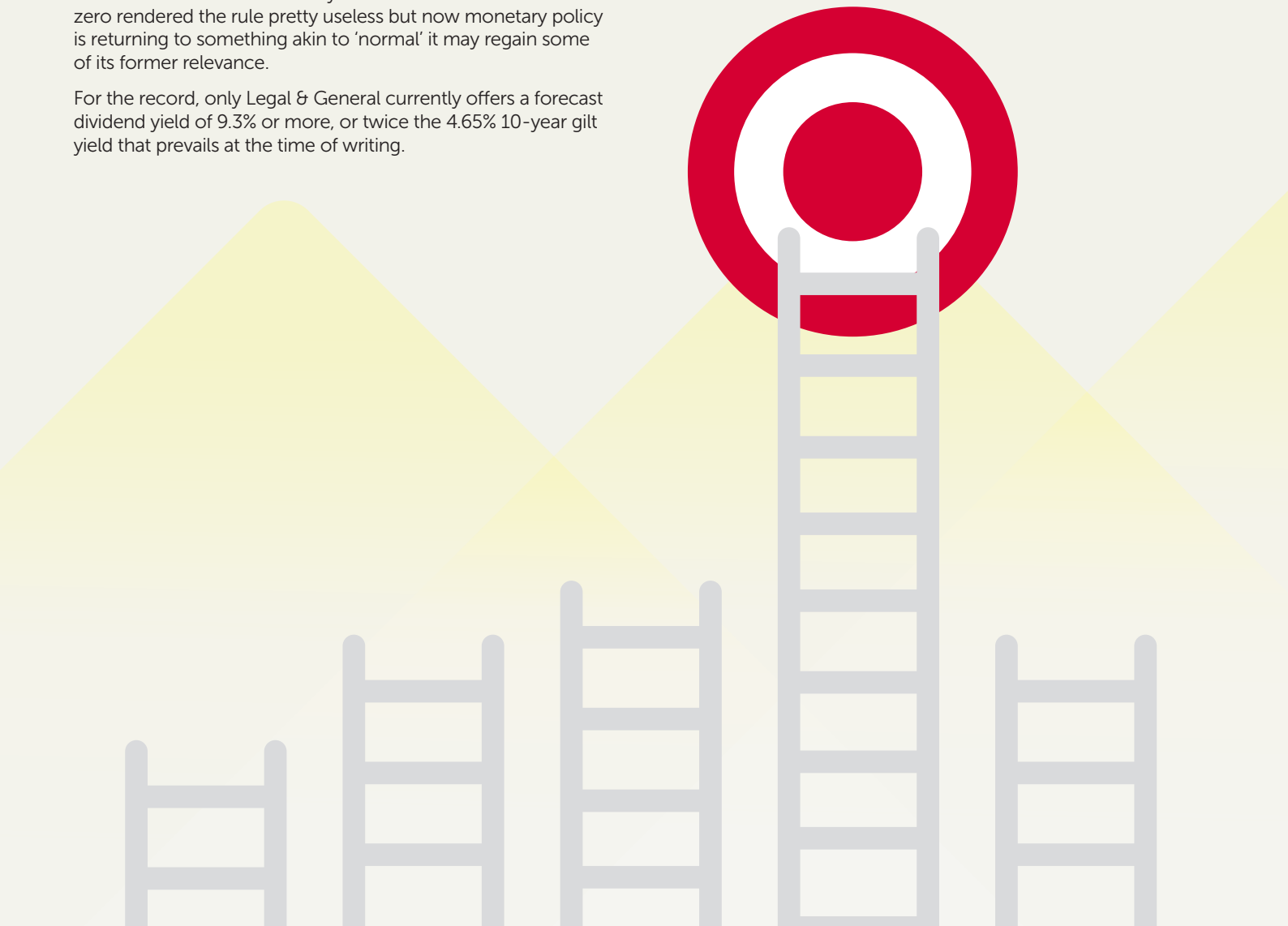
As such nothing can be taken for granted and investors need to look at the balance sheet and cash flow – and not just the profit and loss account and earnings cover – when assessing how safe a dividend may be.

A further rule of thumb states that any dividend yield which exceeds the risk-free rate by a factor of two may turn out to be too good to be true. The 10-year gilt yield is a good proxy for the risk-free rate. A dozen years of interest rates at near zero rendered the rule pretty useless but now monetary policy is returning to something akin to 'normal' it may regain some of its former relevance.

For the record, only Legal & General currently offers a forecast dividend yield of 9.3% or more, or twice the 4.65% 10-year gilt yield that prevails at the time of writing.

2025 E				
Company	Dividend yield (%)	Dividend cover (x)	Pay-out ratio (%)	Cut in last decade?
Legal and General	9.3%	0.84 x	119%	No
Phoenix Group	8.4%	0.26 x	386%	2016, 2018
M & G	7.9%	1.21 x	82%	No
Land Securities	7.7%	2.03 x	49%	2019
LondonMetric Property	7.0%	1.70 x	59%	2015
WPP	6.2%	1.67 x	60%	2019, 2025
Aviva	6.0%	1.33 x	75%	2019
Schroders	5.9%	1.13x	88%	No
British American Tobacco	5.9%	1.36 x	74%	No
Mondi	5.9%	1.26 x	79%	2019
AVERAGE	7.0%	1.28 x	107%	

Source: Company accounts, Marketscreener, consensus analysts' forecasts, LSEG Refinitiv data. Ordinary dividends only.



**Notes to editors:**  
The value of your investments can go down as well as up and you may get back less than you originally invested. We don't offer advice, so it's important you understand the risks. If you're unsure please consult a suitably qualified financial adviser. Past performance is not a guide to future performance and some investments need to be held for the long term.