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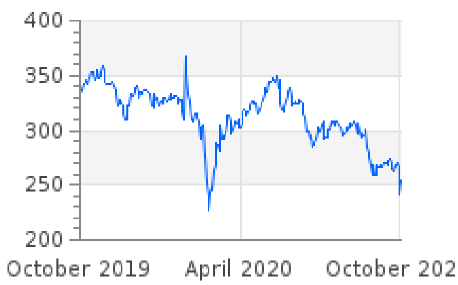
Income in the time of corona: hunting for dividends among the wreckage

Price: 254.2

Market Cap: £1.36 billion

1 Year Share Price Graph



Share Information

Code:		MONY
Listing:		LSE
52 week	**High**	**Low**
	368.845	**210**
Sector:		**Retail**
Website:		**corporate.moneysupermarket.com**

Company Synopsis:

Moneysupermarket. com offers a free online service to consumers enabling them to search for and compare a wide range of products across Money, Insurance, Travel and Home Services, and assists them in finding the product most suited to their requirements. Moneysupermarket.

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Such has been the gush of companies announcing that they are dumping their dividend in the past few weeks, those companies still paying out are a happy few that many investors will cherish.

So far, out of the FTSE 350 and AIM 100 indices, roughly 120 companies or around 78% have nixed or shelves their dividends since early March because of coronavirus.

There are another 100 or so companies that previously announced payouts but not yet said yay or nay, presumably most will be adding to the bonfire of the dividends.

As a dividend-focused note from Barclays observed: "Our analysts see dividend risk for banks, energy, travel & leisure, A&D and real estate.

"We advise focusing on dividend quality rather than yield and refresh our sustainable yield basket."

Hunting legwork

To make it easier to find the remaining companies still yielding income, several analysts have been doing legwork for investors.

Only around 40 companies committed to paying returns to shareholders this year, analysts at broker Peel Hunt observed.

Most robust have been, perhaps not surprisingly given their defensiveness and some of the size of the participants, insurance, healthcare and oil & gas sectors.

Plus there have also several names in technology, support services and real estate, with Thursday seeing Moneysupermarket (LON:MONY) and Segro (LON:SGRO) both bucking the trend and said they would pay a dividend.

In recent weeks, Peel Hunt has counted confirmed payers in healthcare such as GlaxoSmithKline (LON:GSK), Smith & Nephew (LON:SN.), Clinigen (LON:CLIN) and Dechra Pharmaceuticals (LON:DPH), CareTech (LON:CTH) and Advanced Medical Solutions (LON:AMS).

In oil & gas, BP (LON:BP.), Diversified Gas and Oil (LON:DGO), Jadestone Energy (LON:JDE) and Shell (LON:RDSA, LON:RDSB).

In insurance the confirmed names are Beazley (LON:BEZ) and Direct Line (LON:DLG).

Among the builders and suppliers, Berkeley Group (LON:BKG) and Ferguson (LON:FERG) have both confirmed at least one payment is coming; among miners BHP (LON:BHP).

In real estate: Assura (LON:AGR), LondonMetric Property (LON:LMP), Primary Health Properties (LON:PHP), Regional REIT (LON:RGL), Safestore (LON:SAFE), Warehouse REIT (LON:WHR). Outside the FTSE 350 property names have also includes Supermarket Income REIT (LON:SUPR).

In support services, the confirmed payers are Equiniti (LON:EQN), Hays (LON:HAYS), Intertek (LON:ITRK), PageGroup (LON:PAGE), Ricardo (LON:RCDO), Sanne (LON:SNNS), Serco (LON:SRP) and Smart Metering Systems (LON:SMS).

The technology sector's income rocks are Computacenter (LON:CCC), Craneware (LON:CRW), Emis (LON:EMIS) and Gamma Communications (LON:GAMA).

More cuts to come?

Inevitably there will be further cancellations, says Peel Hunt, with a total on the watchlist worth around £13.6bn of income.

Looking back to 2008-09, Barclays noted that S&P 500 dividends fell by 34% vs. 43% for EPS, and 60% of companies cut dividends.

"This time, the sudden halt to activity could also force companies to preserve capital and cash flow, but balance sheets are generally healthier," the Barclays analysts say.

"However, many face pressure to prioritise social responsibility over shareholder pay-out, given the massive state support provided. Special dividends and buybacks look the most at risk, but cuts to ordinary dividends are likely too.

"That said, we believe the dividend hit this year, while severe, will be a one-off if the coronavirus shutdown does not hurt the economy in the long run."

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