

The State of the Deal and Deloitte Queensland Index

Q3 2024 – Quarterly Insight

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Foreword

The Australian economy has shown signs of recovery and growth in Q3 2024 with GDP forecast to grow to 1.7% by December 2024, despite ongoing challenges such as inflation, geopolitical events, and the increased cost of living. Year-on-year CPI to September 2024 came in at 2.8%, significantly down from 3.8% in the June quarter and the lowest annual inflation rate since the March 2021 quarter, driven by a fall in prices for electricity and automotive fuel.

The cash rate remained steady from Jun-24 to Sep-24 at 4.35%. The unemployment rate increased from 4.0% to 4.1% however was still well below the pre-COVID rate of 5.6% in March 2020. This aligned with RBA's forecasts, demonstrating that monetary policy appears to be having the intended impact on the Australian economy.

Local to Queensland, the economy is expected to remain resilient in 2024-25, supported by rising household consumption, growth of 0.1% in the June quarter, and international exports. With Queensland's population expected to grow by 1.8% over 2024-25, housing affordability is a key concern, with house prices in Brisbane increasing faster than household income. However, household spending in Queensland

is expected to gradually improve through the rest of 2024 and into 2025, with growth of 1.9% forecast for the 2024-25 financial year, driven by an improvement in real wages, as well as substantial government support for households as part of the Queensland state election campaign. The 2024-25 State Budget handed down support measures in addition to the Federal Budget, including 50 cent fares across public transport, discounts on vehicle registration, additional electricity bill support and extended eligibility for the first home concession.

Against this economic backdrop, the Deloitte Queensland Index returned to growth with an increase of 4.6% in Q3 2024 compared to a 6.5% increase in the S&P/ASX All Ordinaries. Total market capitalisation of Queensland-based ASX listed companies increased to \$123.9b at 30 Sep 2024 from \$118.9b at 30 June 2024. In the 12 months leading up to June 2024, the Deloitte Queensland Index increased by 10.9% whereas the S&P/ASX All Ordinaries Index grew by 17.8% over the same period.

Increase in market capitalisation was mainly observed in companies within the Technology, Media and Telecom sector which experienced a 15.5% increase

from \$18.7b at Jun-24 to \$21.6b at Sep-24 and the Consumer sector which increased by 3.6% to \$34.6b over the last quarter. Primary contributors to the TMT increase were NEXTDC limited which completed a share issue of 32.1m new shares, raising \$550m and Technology One's share price increasing following its announcement of being on schedule to deliver \$1b ARR by 2030. The top performers based on both dollar and percentage increases in market capitalisation can be found on page 7.

Out of the 154 companies that made up the Deloitte Queensland Index at 30 September 2024, 77 increased in market capitalisation during Q3 2024, 65 reported decreases and six remained unchanged. Seven companies were removed from the index, either from delisting or address changes out of QLD and six new companies were added during the period of which 1 was a new listing, Far Northern Resources Limited (FNR) with a market capitalisation of \$10.0m.

Executive Summary

The Deloitte Queensland Index increased by 4.6% in Q3 2024 compared to the ASX All Ordinaries which increased by 6.5% since Jun-24.

Deloitte Queensland Index return in Q3 2024

4.6%

(2.4)% in Q2 2024
10.9% in LTM Sep-24

S&P/ASX All Ordinaries return in Q3 2024

6.5%

(1.7)% in Q2 2024
17.8% in LTM Sep-24

Market capitalisation at Sep-24

\$123.9b

\$118.9b at Jun-24

Companies in the Deloitte QLD Index

154 at 30 September 2024

155 at 30 June 2024

During Q3 2024:

77 companies increased market capitalisation (50.0%)

65 companies decreased market capitalisation (42.2%)

6 no movement (3.9%)

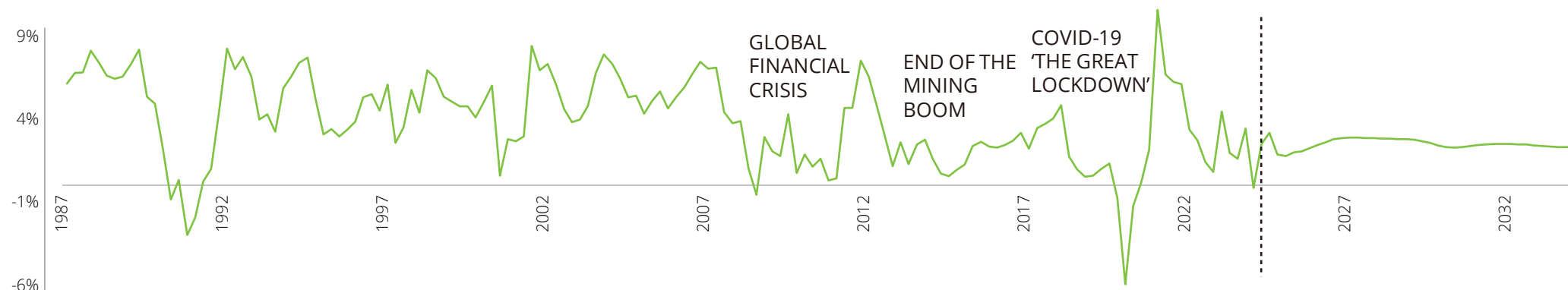
7 companies removed (including 3 changes to registered office and 4 delistings) (4.5%)

6 new companies in the QLD index (including 5 changes to registered office) (3.9%)

Queensland Economic Update

Queensland's economy is expected to remain resilient in 2024-25, supported by rising household consumption and international exports

Queensland real gross state product (change on year earlier)



Source: Deloitte Access Economics, September Quarter 2024.

Household consumption growth in Queensland slowed in the June quarter of 2024, rising 0.1%, to be in line with the national average for the full financial year. Queensland households have maintained relatively robust spending on some discretionary items such as household furnishings and recreation. However, spending in other discretionary categories including hotels and dining out pulled back in the June quarter following substantial growth over the previous year. Household spending in Queensland is expected to gradually improve through the rest of 2024 and into 2025, with growth of 1.9% forecast for the 2024-25 financial year. Growth is being driven by an improvement in real wages, as well as substantial government support for households as part of the Queensland state election campaign that has now concluded. Queensland's population growth has been bolstered by a substantial net inflow of interstate migrants, with more than 30,000 new residents arriving in the year to 31 March 2024.

While net overseas migration is likely to slow in line with trends at the national level, continued net interstate migration is expected to support further population growth over the next twelve months. Deloitte Access Economics expects Queensland's population to grow by 1.8% during 2024-25. Strong population growth has been a boon to the Queensland economy, but it has also exacerbated an existing imbalance in the housing market. That said, approvals for new housing construction rose in 2023-24, while commencements have lifted in recent months. As dwelling approvals continue to translate into additional commencements, Deloitte Access Economics anticipates an increase in dwelling investment activity in Queensland of 1.4% in 2024-25.

Business investment softened in the June quarter of 2024 after expanding earlier in the year, while investment in new engineering construction contracted. As business conditions improve and

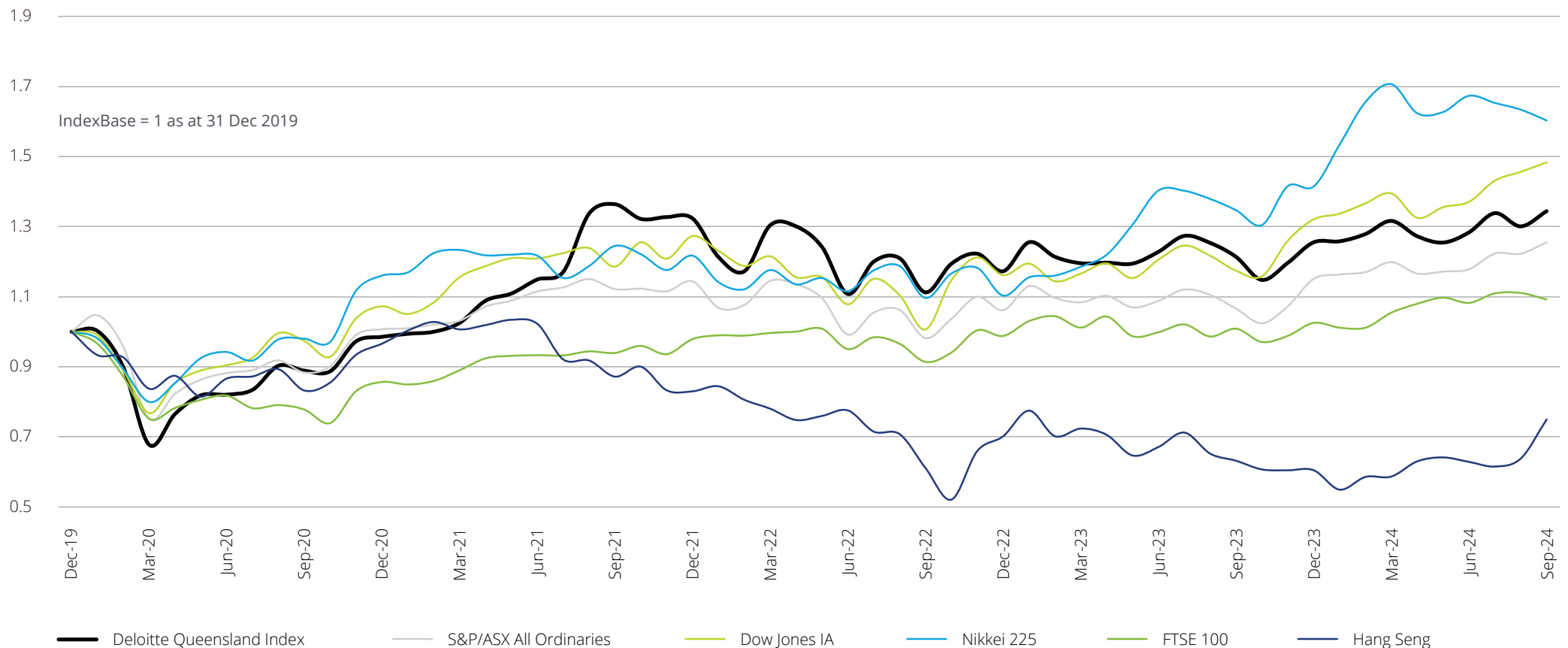
interest rates begin to decline in the second half of the financial year, Deloitte Access Economics anticipates machinery and equipment investment to tick up, growing by 2.9% in 2024-25. Queensland's international exports increased in 2023-24, driven by strong demand for coal and LNG during unseasonably warm summer months across the Northern Hemisphere.

Growth in exports was supported also by record exports of agricultural products through 2023-24, including an increase in meat export volumes of almost 20%. While metallurgical coal demand is expected to soften as a result of weaker steel production in China, demand for thermal coal remains elevated, and remains the major source of power generation in India and Southeast Asia. Coal production is anticipated to increase throughout the financial year, with commodity exports projected to grow by 4.4% in 2024-25, driving a 5.7% increase in total export volumes and a GSP expansion of 2.3%.

The Deloitte Queensland Index Q3 2024

The Deloitte Queensland Index experienced an increase of 4.6% in Q3 2024 compared to the S&P/ASX All Ordinaries and Dow Jones Industrial Average which returned 6.5% and 8.2% respectively. The Hang Seng and FTSE 100 also experienced increases of 19.3% and 0.9% respectively whilst the Nikkei 225 delivered a negative return of 4.2%.

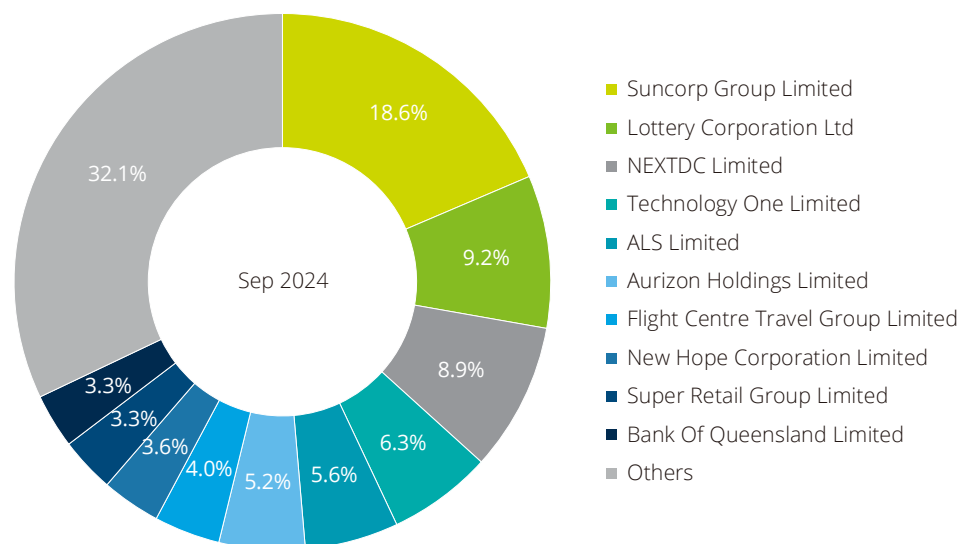
Deloitte Queensland Index versus Major International Indices



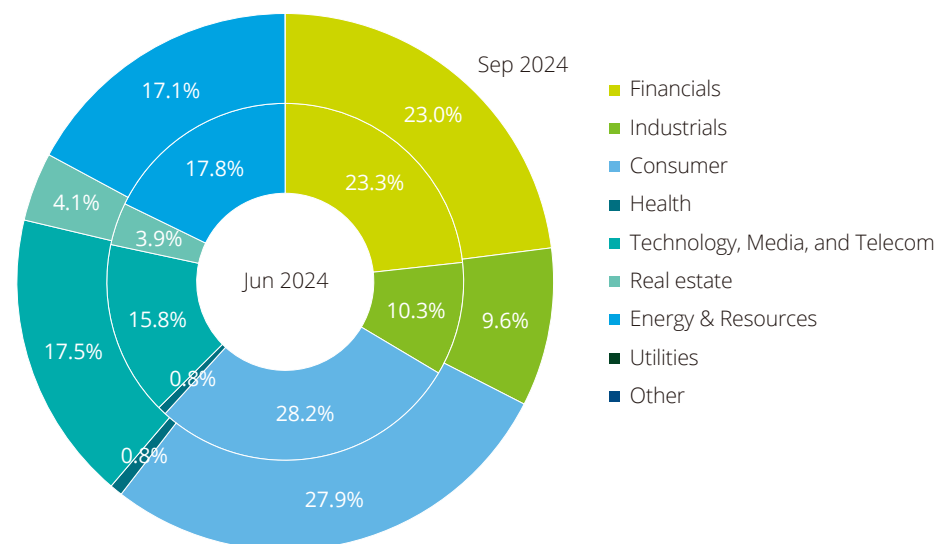
The Deloitte Queensland Index Q3 2024

The composition of the Index at Sep-24 continues to show reasonable sector diversification, with slight contractions in Consumer, Industrials, Financials and Energy & Resources offset by growth in capitalisation of Technology, Media and Telecom and Real Estate.

Deloitte Queensland Index - Largest Companies %



Deloitte Queensland Index Sector Composition %



- Compared to Jun-24, the composition of the Index as at Sep-24 has shifted towards Technology, Media and Telecom due to increases in market capitalisation of Technology One Limited and NEXTDC with Industrials contracting slightly from declines in PWR and Aurizon following announcement of full-year results being lower than market expectations.
- The Top 10 Companies in the Deloitte Queensland Index saw an 8.4% increase in total market capitalisation since Q2 2024.
- Market capitalisation of Queensland listed companies ranked 11-100 experienced a 2.3% decrease from \$40.0b at Jun-24 to \$39.1b at Sep-24.

Top Performers

Queensland Index: top performers in Q3 2024

Company Change \$m Rank Sep 24 Rank Jun 24

Top 5 Increases in Top 100 Companies by \$ Movement in Market Capitalisation

| | | | |
|------------------------------------|-------|---|----|
| NEXTDC Limited | 1,996 | 3 | 3 |
| Technology One Limited | 1,718 | 4 | 6 |
| Super Retail Group Limited | 953 | 9 | 13 |
| Suncorp Group Limited | 865 | 1 | 1 |
| Flight Centre Travel Group Limited | 491 | 7 | 7 |

Top 5 movers in Top 100 Companies by % Movement in Market Capitalisation

| | | | |
|---------------------------------|--------|----|-----|
| Felix Gold Ltd | 180.4% | 96 | 129 |
| LTR Pharma Limited | 135.5% | 38 | 62 |
| Santana Minerals Limited | 121.5% | 32 | 43 |
| Australian Pacific Coal Limited | 117.9% | 68 | 90 |
| Far East Gold Ord Shs | 82.6% | 85 | 103 |

Movements in the Index were largely driven by:

NEXTDC Limited: NEXTDC raised \$550m through a completed share issue of approximately 32.1m new shares to acquire new data centre development sites in Asia with plans to raise another \$200m amid its stated plans to double the size of the business globally. Additionally, the announcement of Blackstone's majority acquisition of another Australia-based, global data centre group AirTrunk at an enterprise value of \$24b led to a price increase in other data-centre companies, including NEXTDC shares.

TechnologyOne: TechnologyOne announced in Aug-24 a total addressable market of \$13.5b and that it was on track to deliver \$500m ARR by the first half of 2025, more than a year ahead of schedule as well as a new goal of \$1b ARR by 2030.

Super Retail Group: Experienced a share price increase following the positive annual results announcement for FY24 reporting a 2.6% increase in group sales to \$3.9b. Super Retail Group also announced, in addition to a final fully franked dividend of 37 cents per share, another special fully franked dividend of 50 cents per share, up from the 25 cents per share paid in the previous year.

Suncorp Group Limited: Share price increase was mainly driven by the sale of Suncorp Bank to ANZ which completed in Aug-24 after initially being announced in 2022. Suncorp also announced it intends to return majority of the proceeds of \$4.1b to shareholders

by way of a capital return and a fully franked special dividend in Q1 2025. In addition to the sale of its banking business, Suncorp also announced its FY24 full year results reporting a 11.8% increase in net profit after tax to \$1.2b.

Flight Centre: Share price increased following the announcement of FY24 results reporting growth across various metrics, including a 7.7% increase in Total Transaction Value to a record of \$23.7b, 18.8% increase in revenue to \$2.7b in revenue, 130.8% increase in underlying profit before tax at \$320m (\$139m in FY23) and a 193.5% increase in net profit after tax of \$139m (\$47m in FY23). Management attributes this to recovery in travel volume (to nearly 80% of pre-COVID levels).

Felix Gold: Share price increased at the end of Aug-24 from 0.46 to 0.92 driven by discovery of high-grade antimony.

LTR Pharma limited: In Jul-24, the company raised \$10.5m via a share placement to advance their product, Spontan's, regulatory pathways and expand its R&D pipeline and also announced a co-development global markets agreement. The share price increase mainly occurred in Aug-24 with the first group of patients being prescribed Spontan under the Therapeutic Goods Administration authorised prescriber scheme following a successful trial.

Top companies by market capitalisation

| Rank | | Company | Market Capitalisation (\$ m) | | Change since Jun-24 | |
|------------------------|--------|-------------------------------------|------------------------------|-------------|---------------------|---------|
| Sep 24 | Jun 24 | | 30 Sep 2024 | 30 Jun 2024 | \$ million | % |
| 1 | 1 | Suncorp Group Limited | 23,016 | 22,151 | 865 | 3.9% |
| 2 | 2 | Lottery Corporation Ltd | 11,393 | 11,285 | 108 | 1.0% |
| 3 | 3 | NEXTDC Limited | 11,070 | 9,074 | 1,996 | 22.0% |
| 4 | 6 | Technology One Limited | 7,776 | 6,058 | 1,718 | 28.4% |
| 5 | 4 | ALS Limited | 6,986 | 6,782 | 204 | 3.0% |
| 6 | 5 | Aurizon Holdings Limited | 6,415 | 6,719 | (303) | (4.5%) |
| 7 | 7 | Flight Centre Travel Group Limited | 4,929 | 4,439 | 491 | 11.1% |
| 8 | 8 | New Hope Corporation Limited | 4,401 | 4,125 | 276 | 6.7% |
| 9 | 13 | Super Retail Group Limited | 4,103 | 3,150 | 953 | 30.3% |
| 10 | 9 | Bank Of Queensland Limited | 4,069 | 3,825 | 244 | 6.4% |
| 11 | 12 | National Storage REIT | 3,523 | 3,152 | 371 | 11.8% |
| 12 | 10 | Domino's Pizza Enterprises Limited | 3,278 | 3,264 | 14 | 0.4% |
| 13 | 11 | Stanmore Coal Limited | 2,884 | 3,191 | (306) | (9.6%) |
| 14 | 14 | Eagers Automotive Limited | 2,818 | 2,716 | 102 | 3.8% |
| 15 | 15 | Coronado Global Resources Inc. | 2,020 | 1,987 | 34 | 1.7% |
| 16 | 16 | Corporate Travel Management Limited | 1,840 | 1,918 | (78) | (4.1%) |
| 17 | 18 | Dalrymple Bay Infrastructure Ltd | 1,601 | 1,467 | 134 | 9.1% |
| 18 | 24 | Cromwell Property Group | 1,178 | 1,021 | 157 | 15.4% |
| 19 | 20 | Data#3 Limited | 1,174 | 1,295 | (121) | (9.3%) |
| 20 | 17 | MegaPort Limited | 1,172 | 1,793 | (621) | (34.6%) |
| Top 20 | | | 105,650 | 99,412 | 6,238 | 6.3% |
| Others | | | 18,215 | 19,493 | (1,278) | (6.6%) |
| Total QLD Index | | | 123,864 | 118,905 | 4,959 | 4.2% |
| Top 20 as a % of total | | | 85.3% | 83.6% | | |

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Queensland listed company data presented within:

- Is sourced from S&P Capital IQ

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