

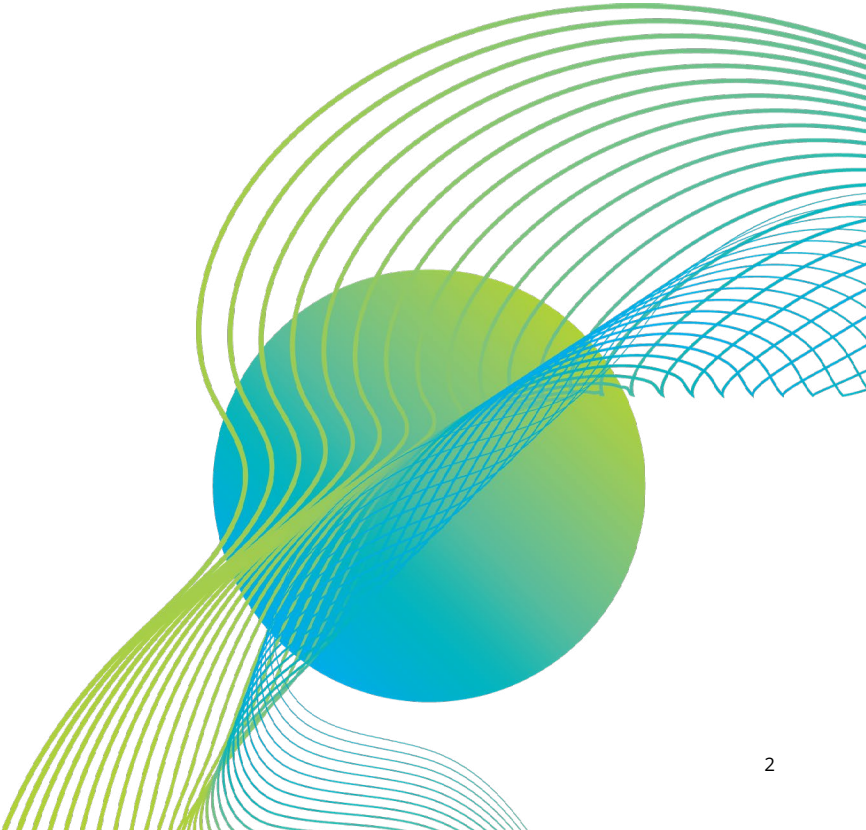
The State of the Deal and  
Deloitte Queensland Index

Q1 2024 – Quarterly Insight



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# Foreword

Australian Bureau of Statistics (ABS) results published in Mar-24 noted the national GDP in the Dec-23 quarter grew 0.2% and 1.5% in annual terms. Domestic demand continued to slow as households cut back on discretionary spending while investment slowed following three quarters of growth. While this was the ninth successive quarter of growth, this was the slowest annual growth rate since the COVID-19 pandemic.

The consumer price index rose 0.6 per cent in the December quarter and was up 4.1 per cent in the past 12 months, marking the lowest quarterly rise since March quarter 2021. Goods price inflation has declined but services price inflation remains high, supported by continued excess demand in the economy and strong domestic cost pressures, both for labour and non-labour inputs.

Specific to Queensland, the FY24 State Mid-Year Budget Update forecast Queensland's economic growth to strengthen to 3% in both full-year FY24 and FY25, after rising 2.3% in FY23. Quarterly ABS data on the State Financial Demand (SFD) published in Feb-24 notes a YoY increase of 2.3% as at Dec-23 compared to 1.5% as at Sep-23. SFD measures aggregate economic production of goods and services by Queensland's domestic economy excluding international and interstate trade. Queensland's annual exports to Feb-24 (\$116b) were 15% lower compared to \$137b for the twelve months from Feb-23 due to lower LNG,

thermal and metallurgical coal exports (mainly driven by lower coal prices) and has resulted in a lower share of E&R companies in the Deloitte Queensland Index.

Despite persistent pressures from high inflation and increased interest rates, Queensland's labour market has remained strong, with year-average employment growth since COVID-19 outperforming the rest of the nation on average. Queensland's growing population has been driven by nation leading interstate migration since COVID-19 and a substantial rebound in net overseas migration after international borders were reopened. After growing by 2.4% in 2022-23, Queensland's population is forecast to grow a further 2% in 2023-24 and average around 1.5% over the remainder of the forward estimates period. Refer to our business outlook for the Queensland economy later in this report.

Against this backdrop, the Deloitte Queensland Index returned 5.1% growth in Q1 2024 and 10.7% in the 12 months leading up to 31 March 2024. Over the same two periods, the S&P/ASX All Ordinaries Index returned 4.1% and 10.6% respectively. While the total marked capitalisation decreased from \$123.6b (as at Dec-23) to \$121.8b (as at Mar-24), this includes the delisting of Allkem in Feb-24 (at \$7.7b). Excluding the impact of Allkem's delisting, the market capitalisation of other continuing companies increased \$5.9b (5.1%) between Dec-23 and Mar-24.

Out of the 156 companies that make up the Deloitte Queensland Index, 65 companies increased in market capitalisation during Q3 2023, 82 reported decreases, one company delisted (Allkem), one new company listed (Litchfield Minerals), and the remainder were steady.

Market capitalisation increased for QLD listed banking and insurance group Suncorp driven by the Australian Competition Tribunal's decisive overturning of the ACCC's prior refusal to authorise the merger between ANZ and Suncorp Bank and strong 1H FY24 results. Additionally, technology companies such as NEXTDC, Megaport and TechnologyOne reported an increase in share prices following strong half-yearly results of positive organic growth driven by increased uptake of AI and shift towards cloud-based services.

Share of the total index for the E&R sector reduced 7.7pp between Dec-23 and Mar-24 due in part to a reduction in share prices from some of QLD coal-based producers, linked to a reduction in average Metallurgical and Thermal coal prices in the first quarter of 2024. The top six performers based on both dollar and percentage increases in market capitalisation can be found on page 8.

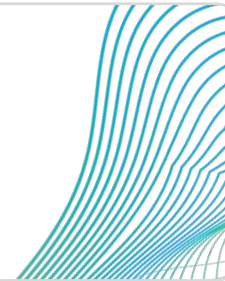
# Executive Summary

Despite subdued GDP growth and persistent inflationary pressures, the Deloitte Queensland Index displayed resilience increasing by 5.1% in Q1 2024 compared to a 4.1% return of the ASX All ordinaries Index.

## Deloitte Queensland Index return in Q1 2024

**5.1%**

*(3.2%) in Q4 2023  
10.7% in LTM Mar-23*



## Companies in the Deloitte QLD Index

**156** at 31 December 2023

*156 at 31 March 2024*

## Since 31 December 2023

**65** companies increased market capitalisation (42%)

**82** companies decreased market capitalisation (53%)

**8** no movement (5%)

**1** company delisting (Allkem) and one new listing (Litchfield Minerals)



## S&P/ASX All Ordinaries return in Q1 2024

**4.1%**

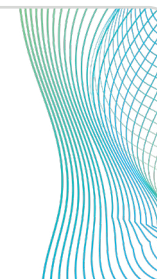
*(8.0%) in Q4 2023  
10.6% in LTM Mar-24*



## Market capitalisation as at Mar-24

**\$121.8b**

*\$123.6b\* as at Dec-23*

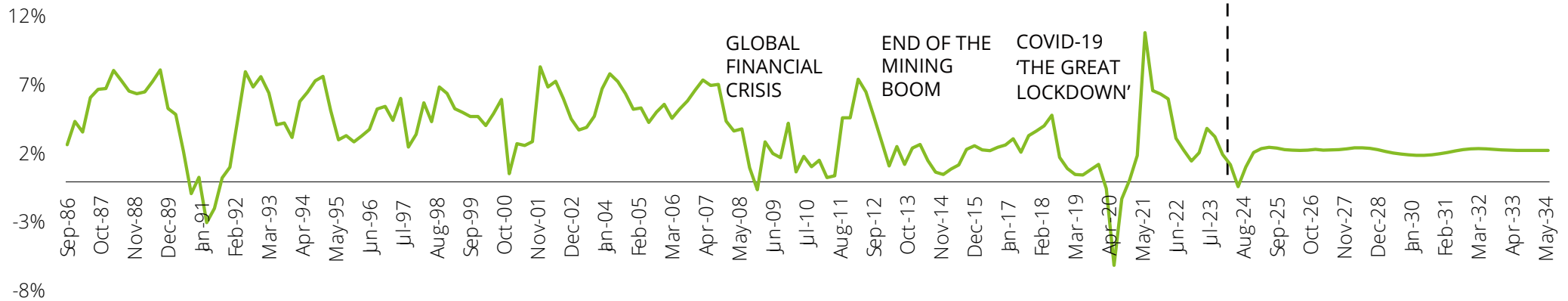


\* Market capitalisation as at Dec-23 includes Allkem, which delisted in Q1 2024.

# Queensland Economic Update

Strong growth in commodity exports and population-driven household spending is set to make Queensland one of the fastest-growing state economies in the next financial year.

## Queensland real gross state product (change on year earlier)



Source: Deloitte Access Economics, March Quarter 2024

Queensland households increased their spending by 0.2% in the December 2023 quarter, outpacing the national increase of 0.1% and suggesting some strength in the Queensland domestic economy. But the detailed spending data reveal that this increase was largely driven by a 9% uptick in spending on utilities, which is associated with the winding down of electricity bill relief funded by the government, and spending shifting back to households as a result. Adjusting for this effect, household consumption growth appears much weaker in Queensland, and is falling in per capita terms.

Queensland's population increased by 2.7% over the year to September 2023. Of that, almost 33,000 were interstate migrants, representing around 0.6 percentage points of total population growth. As cost of living pressures ease over the year to come, strong population growth will reinforce a rebound in household consumption. Household demand is forecast to grow by 2.3% in

the next financial year in Queensland, second only behind WA among the states and territories.

Dwelling commencements fell significantly in Queensland throughout 2023, as higher interest rates and house prices led to fewer purchases and approvals in prior quarters. Consequently, investment in new residential construction has also fallen. Looking forward Deloitte Access Economics estimates that dwelling investment will decline by 2.8% in 2023-24 in Queensland, but may be turning a corner after growth ticked up in the December quarter. As higher commencements flow through to increased building activity, dwelling investment is projected to grow by 4.0% in Queensland in 2024-25, positively contributing to overall economic growth after two years of decline.

Goods exports from Queensland have grown relatively strongly in 2023-24. Despite supply disruptions brought about by adverse

weather conditions and queuing at major ports, coal export volumes have increased through the financial year, especially relative to volumes in 2022-23 that again suffered from weather-related disruptions. Overseas demand for the key steelmaking commodity remains strong, and while the resolution of supply constraints is expected to see coal prices ease in 2024-25, export volumes are forecast to increase. This, alongside increased volumes of other commodities such as bauxite, is expected to drive a further increase in real goods exports from Queensland in the next financial year. To support this growth, a number of expansions in production capacity are planned for the next financial year, driven by the mining and transport industries.

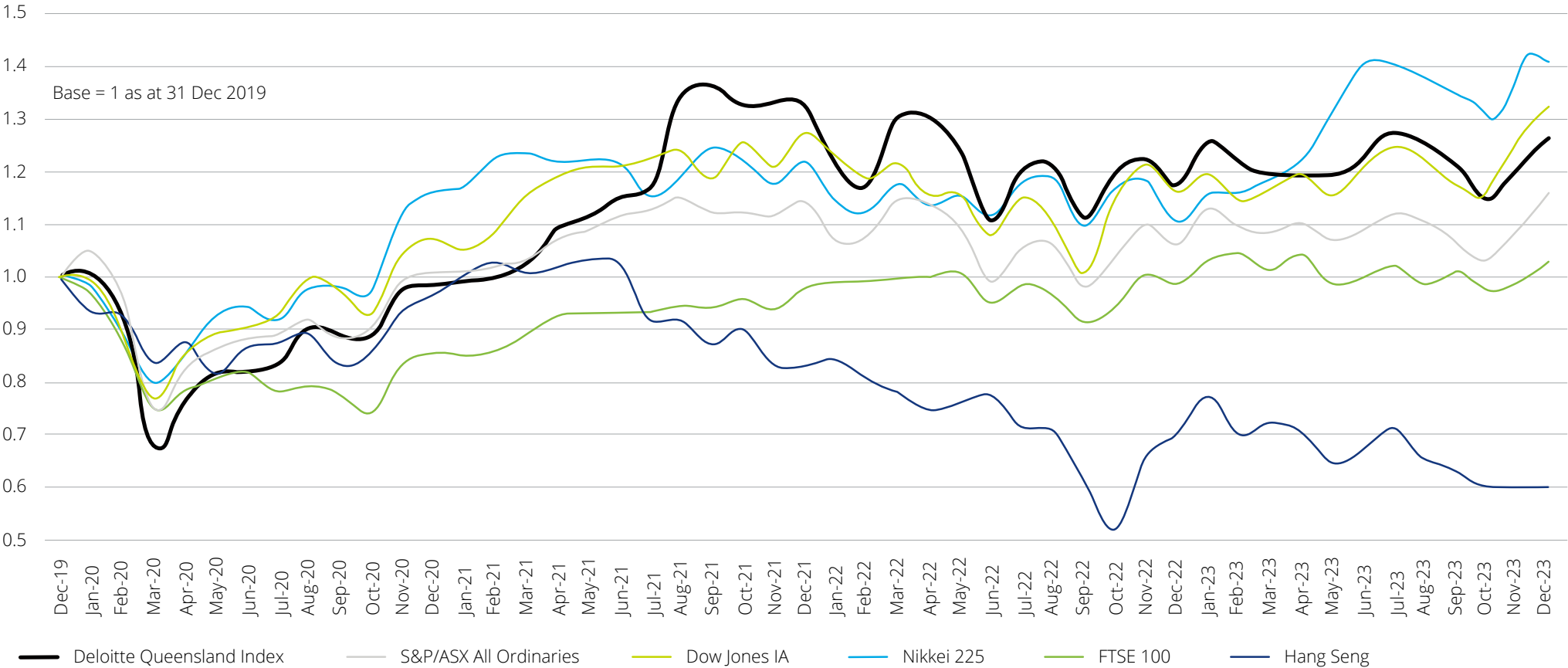
Overall, Deloitte Access Economics forecasts the Queensland economy to grow by 2.0% in 2024-25, with much of that growth attributable to the population-driven recovery in household spending, and higher commodity export volumes.



# The Deloitte Queensland Index Q1 2024

Amid a period of inflationary pressures and concerns about softening domestic demand, the Deloitte Queensland Index returned 5.1% in Q1 2024 compared to 5.6% return of the Dow Jones Industrial Average, 20.6% of the Nikkei 225 and 2.8% of the FTSE 100. The Hang Seng delivered a negative 3.0% return.

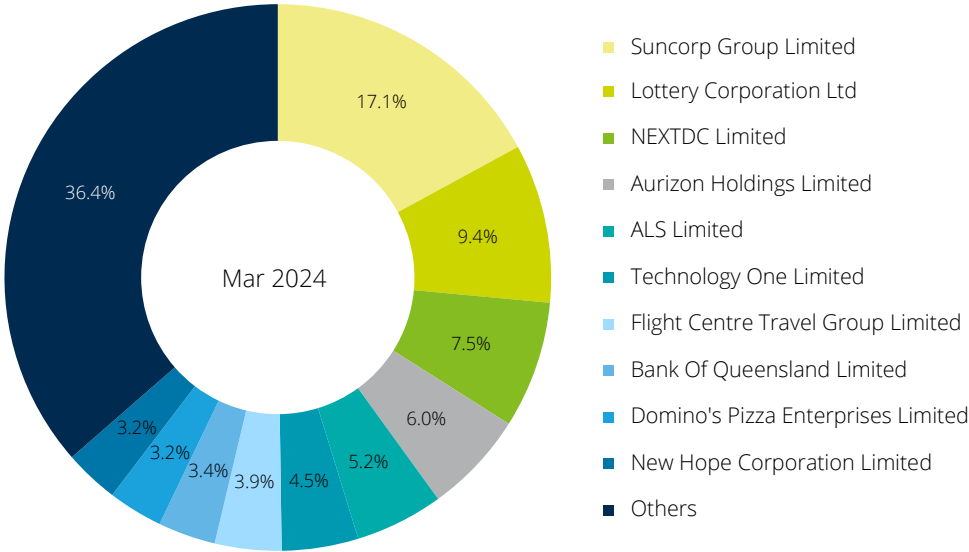
## Deloitte Queensland Index versus Major International Indices



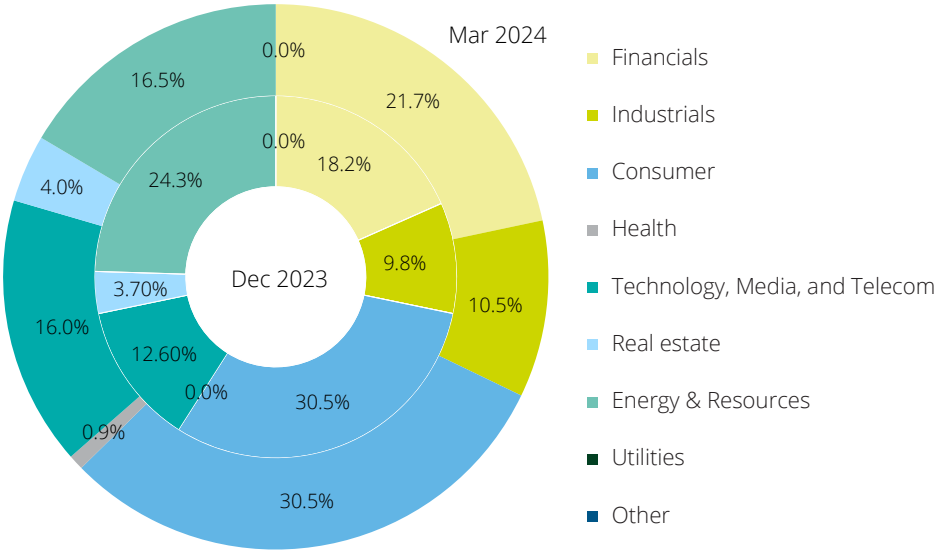
# The Deloitte Queensland Index

The composition of the Index as of 31 March 2024 continues to show a reasonable amount of sector diversification, with a contraction in the Energy & Resources sector since Dec-23 offset by increased share of all other sectors.

Deloitte Queensland Index – Largest Companies (%)



Deloitte Queensland Index Sector Composition (%)



- The Top 10 companies in the Deloitte Queensland Index saw an 8.0% increase in total market capitalisation with the top two maintaining their relative ranking since Dec-23, and reshuffling for ranks 3-10. See page 9 for change in market capitalisation and relative ranking since Dec-23.
- Share of the total index for the E&R sector reduced 7.7pp between Dec-23 and Mar-24 due in part to a reduction in share prices from some of QLD coal-based producers, linked to a reduction in average Metallurgical and Thermal coal prices in the first quarter of 2024.
- Market capitalisation of Queensland Listed companies ranked 11-100 increased by 0.7% from \$43.4b at Dec-23 to \$43.7b at Mar-24.

# Top Performers

## Queensland Index: top performers in Q1 2024

Company Change \$m Rank Dec 23 Rank Mar 24

### Top 6 increases in Top 100 Companies by \$ movement in market capitalisation

Suncorp Group Limited	3,214	1	1
NEXTDC Limited	2,090	4	3
Megaport Limited	931	19	16
Lottery Corporation Ltd	690	2	2
Technology One Limited	522	8	6
Navigator Global Investments Limited	492	39	27

Company Change % Rank Dec 23 Rank Mar 24

### Top movers in Top 100 Companies by % movement in market capitalisation

Navigator Global Investments Limited	158.9%	39	27
Superloop Limited	105.5%	37	29
Metro Mining Limited	88.9%	69	52
Gold Hydrogen Ltd	78.3%	59	42
Mastermyne Group Limited	72.3%	96	78
EMvision Medical Devices Limited	66.1%	60	46

## Movements in the Index were largely driven by:

**Suncorp:** share price increased following the Australian Competition Tribunal's decisive overturning of the ACCC's prior refusal to authorise the merger between ANZ and Suncorp Bank in August 2023. Suncorp also announced positive half-year results (13.8% increase in cash earnings) for 1H FY24 over 1H FY23.

**NEXTDC:** share price increased due to strong financial results driven by a 77% rise in contracted utilisation to 149.0MW, a 5.5% growth in customers to 1,919, and a forward order book of 68.8MW. Higher uptake of AI and increasing shift towards cloud-based services has increased the demand for data centre services.

**Megaport:** share price increased following announcement of positive 1H FY24 results driven by higher revenue and EBITDA from organic growth and hikes in Cloud VXC service prices. The company noted strategic cost reductions and efficient cost control, coupled with a decrease in employee expenses through lower headcount and bonus payment adjustments, played a pivotal role in enhancing operational leverage and profitability.

**Lottery Corporation:** shares price increased following a 25.7% increase in net profit after tax for 1H FY24 to \$217.4m, driven by the Oz Lotto game modification for bigger jackpots and strong retention rates post-Powerball's price escalation.

**Technology One:** share price increased following announcement of 23% increase in its Annual Recurring Revenue (ARR) to \$392.9m, driven by the shift towards cloud-based solutions, particularly in SaaS offerings.

**Navigator Global Investments:** a financial services company that specialises in managing assets for institutional and high-net-worth clients. 1H FY24 results reported a 54% increase in revenue to \$162.3m, driven by enhanced distributions from portfolio partner firms and increased management fee revenue, particularly from hedge fund assets.

**Superloop:** which specialises in fibre optic infrastructure and managed services in the APAC region, saw its share price reach a 52-week high following upgraded EBITDA guidance (to \$51-53m) from its partnership with Origin Energy to transition Origin's broadband customers onto Superloop's networks.



# Top companies by market capitalisation

Rank		Company	Market Capitalisation (\$m)		Change since Dec 23	
Mar 24	Dec 23		31 Mar 24	30 Dec 23	\$million	%
1	1	Suncorp Group Limited	20,807	17,593	3,214	18.3%
2	2	Lottery Corporation Ltd	11,463	10,773	690	6.4%
3	4	NEXTDC Limited	9,157	7,067	2,090	29.6%
4	5	Aurizon Holdings Limited	7,363	6,995	368	5.3%
5	6	ALS Limited	6,356	6,221	136	2.2%
6	8	Technology One Limited	5,525	5,003	522	10.4%
7	9	Flight Centre Travel Group Limited	4,804	4,469	335	7.5%
8	11	Bank Of Queensland Limited	4,149	3,991	158	3.9%
9	7	Domino's Pizza Enterprises Limited	3,945	5,294	1,348	25.5%
10	10	New Hope Corporation Limited	3,931	4,362	431	9.9%
11	12	Eagers Automotive Limited	3,664	3,720	56	1.5%
12	14	Super Retail Group Limited	3,636	3,566	70	2.0%
13	15	National Storage REIT	3,289	3,131	158	5.1%
14	13	Stanmore Coal Limited	2,902	3,615	712	19.7%
15	17	Corporate Travel Management Limited	2,477	2,859	382	13.4%
16	19	Megaport Limited	2,394	1,463	931	63.6%
17	16	Coronado Global Resources Inc.	2,096	2,951	855	29.0%
18	18	The Star Entertainment Group Limited	1,648	1,476	172	11.7%
19	21	Dalrymple Bay Infrastructure Ltd	1,358	1,334	25	1.9%
20	22	Data#3 Limited	1,281	1,306	25	1.9%
<b>Top 20</b>			<b>102,245</b>	<b>97,187</b>	<b>5,058</b>	<b>5.2%</b>
Others			19,644	26,425	6,781	25.7%
<b>Total QLD Index</b>			<b>121,889</b>	<b>123,612</b>	<b>1,723</b>	<b>1.4%</b>
<b>Top 20 as a % of total</b>			<b>83.9%</b>	<b>78.6%</b>		

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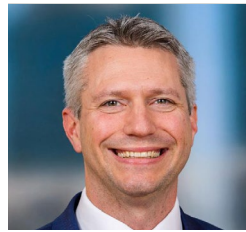
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Queensland listed company data presented within:

- Is sourced from S&P Capital IQ

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