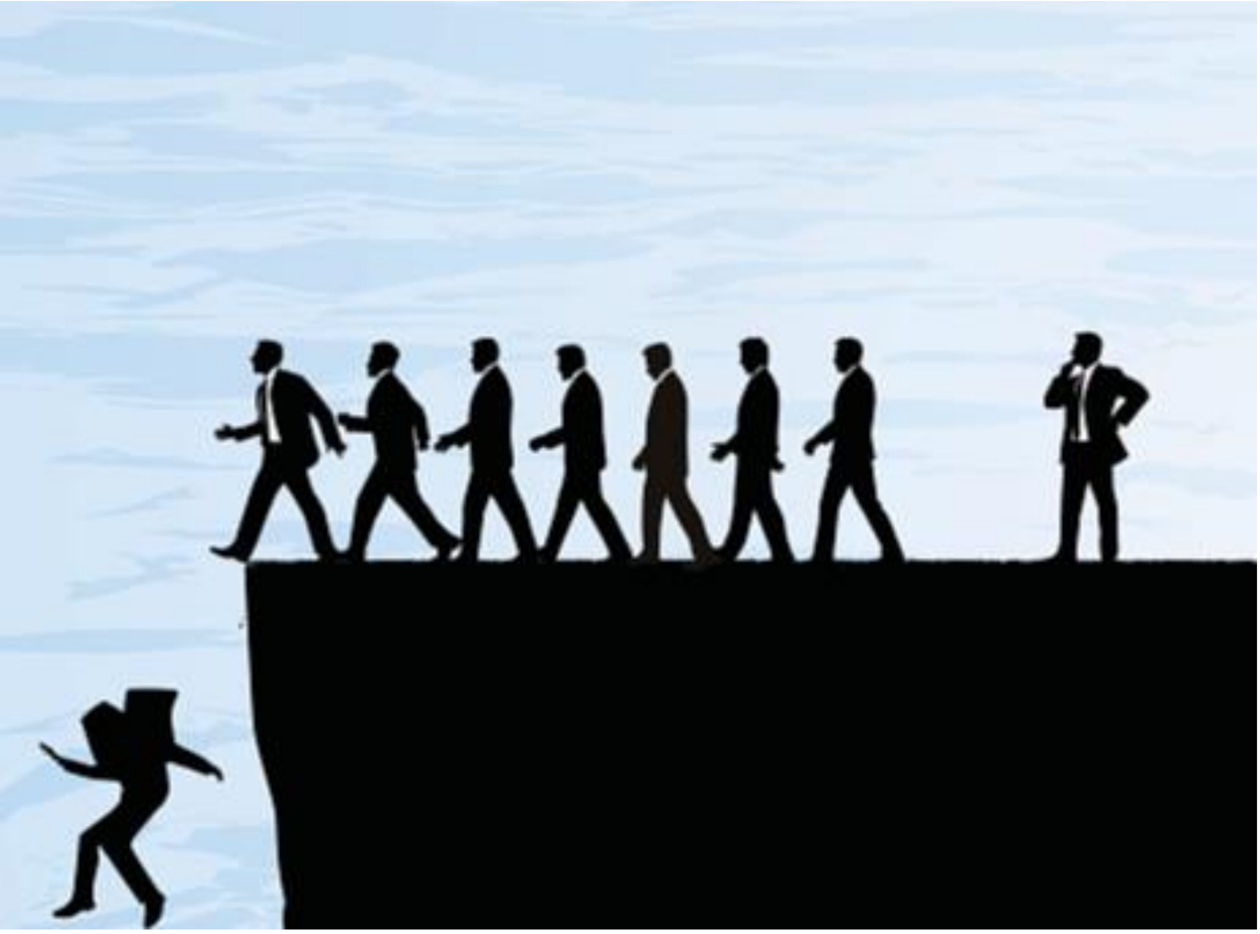
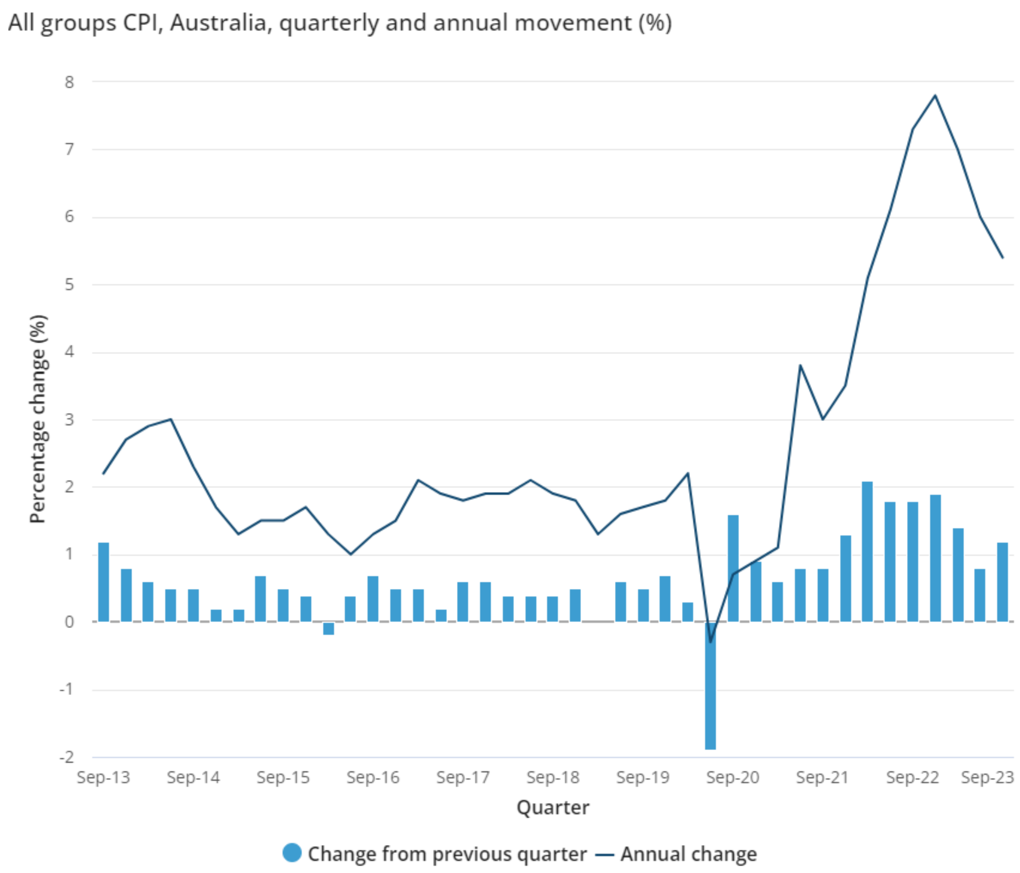


Odds on for a further rate rise on Cup Day

It appears to me, from one man's anecdotal evidence, that people are already pulling their heads in.

The elevated oil price is doing its job effecting demand destruction, the interest rate rises to date seem to be having an impact. Yes the CPI numbers are higher than hoped, but they are still falling.



According to the AFR, 33 out of 35 economists are expecting a 25-basis point rise on Tuesday, pushing the official cash rate to 4.35%.

The bigger issue for mine is still the appalling lack of productivity in Australia and the non-existent likelihood of an improvement anytime soon.

And now Medibank, amongst others, has begun a trial of the four-day work week in an effort to improve ‘employee satisfaction’.

Medibank said it was “challenging long-entrenched traditional ways of working” by offering 250 of their employees a six-month trial of the four-day work week.

The experiment is based on the 100:80:100 model, whereby employees maintain 100 per cent of their pay but reduce their work hours to 80 per cent. The same thing that happened with working from home will happen here. The trial will soon become a base level expectation as unrealistic employee demands continue to reach new heights of delusion.

How the hell can a small business compete for staffing with that rubbish.

I wonder if a farmer can reduce their hours by 20% and still get all their jobs done and receive the same pay, or any small business operator for that matter.

Honestly. We’re sleepwalking into the abyss.

Amcor (AMC)

Q1'24 Update

- EBIT of US$358mn, in line with consensus.
- EPS +7% above consensus, due to lower than-forecast interest expense.
- Group volumes down 8% vs. pcp with soft consumer demand and customer destocking continuing, as expected.
- Flexibles volumes fell 8% vs. pcp, due to weakness in the healthcare, liquid beverage and coffee segments. Rigids volumes were impacted by similar trends
- AMC reiterated its FY'24 reported EPS guidance of 67-71cps with lower volumes, higher interest and the Russian divestment weighing on earnings. Within this, Amcor expects lower consumer demand and customer destocking trends to persist into 1H24, before showing signs of improvement in 2H with volumes expected to stabilise.
- As a result, 1H'24 EPS looks likely to decline by mid-teens before returning to modest growth in 2H'24.
- AMC is trading on an undemanding PE of 13.4x and an unfranked yield of 5.6%

Santos (STO)

Shaw and Partners head of research Andrew Hines wrote a brief note yesterday on the further stalling of the Barossa Gas Export Pipeline (GEP) development.

The Federal Court of Australia has granted an interim injunction to prevent Santos from commencing to lay the Barossa Gas Export Pipeline (GEP) until 13 November 2023. The Court will sit again on that date to determine whether to extend the injunction.

This is yet another setback for the Barossa Project which forms A$1.54 of the UBS Santos valuation of A$9.05ps.

An application has been made by Simon Munkara alleging that the GEP will impact **'submerged Tiwi cultural heritage'…**

We note that an independent expert anthropologist has concluded there were no such underwater cultural heritage places, following interviews with around 170 Tiwi people and extensive archaeological and anthropological literature and studies.

Santos can't say this – but let's call a spade a spade – this is just another example of environmental activism using whatever levers it can to prevent new oil, gas or coal developments. It is why I remain bullish on fossil fuel prices. You can't decarbonise by preventing supply, all that does is push prices up and force users to source their fuel from alternative providers, probably at a higher cost and with higher emissions. The only way to decarbonise is to reduce demand for fossil fuels. Demand is still rising.

Origin Energy (ORG)

Earlier this week Australian Super proudly broadcast their decision to reject the Brookfield led bid for ORG, citing the payment should be closer to $10.00/share. On Thursday, Brookfield announced an increase to $9.53. The independent expert valued ORG between $8.45 and $9.48, so this one should most likely get the nod, after 15 months, but no, Aus Super rejected again.

Sometimes you can play a little too hard to get. We'll see.

Either way, the Canadians sure are hoovering up a hell of a lot of our infrastructure assets.

Carbonxt Group (CG1)

September Q1'23 Quarterly Update Highlights

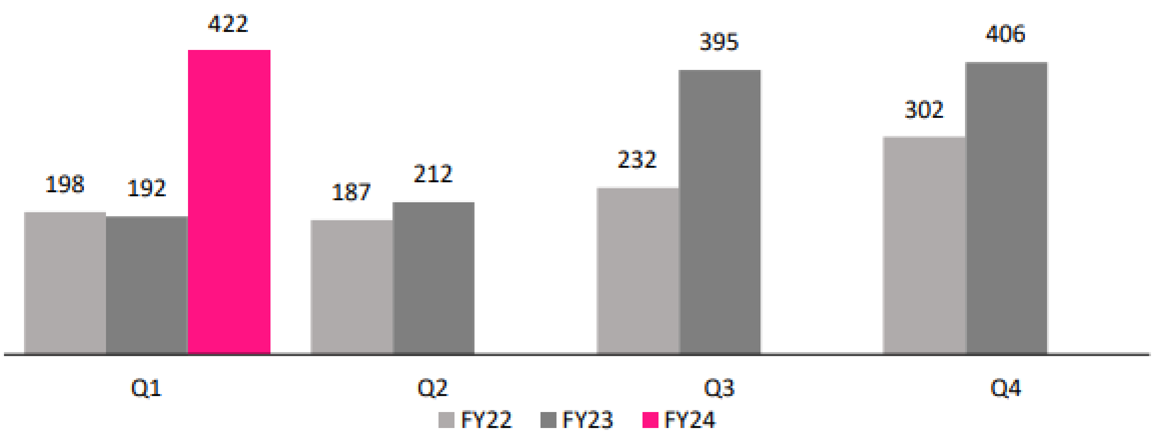
- Achieved positive cashflow of $590k (I think for the first time ever)
- Revenue of $5.3m for the September quarter and customer receipts of A$4.6m – the latter being an increase of 93% compared to prior quarter - primarily reflecting a timing difference in orders from the group's largest pellet customer.
- Sales of Powdered Activated Carbon (PAC) increased 31% from a year ago which reflected higher demand from utility plants. Compared to prior quarter, PAC sales increased by 36% as the summer period continues and demand remained steady.
- Several existing relationships extended their PAC contracts with higher pricing across the power generation, water filtration and industrial applications.
- Sales of Activated Carbon Pellets (AC) increased by 26% from a year ago. The Finished Goods inventory decreased by $0.9m as AC inventory was sold. Revenue of $1.2m was booked in the last two weeks of the quarter and cash received in mid-October 2023.
- Construction of the flagship AC production facility in Kentucky USA (KCP), continues to progress on schedule, with operations expected to commence in 1H of calendar 2024.
- The Q1 results reflected the timing of cash payments, and as such the coming quarter will not be as strong.
- Most importantly from a share price perspective, the completion of a selling line of over 70m shares looks to have occurred. This is what has driven the stock down since early 2022. The price has already moved from $0.05 to $0.073.

Iodm Ltd (IOD)

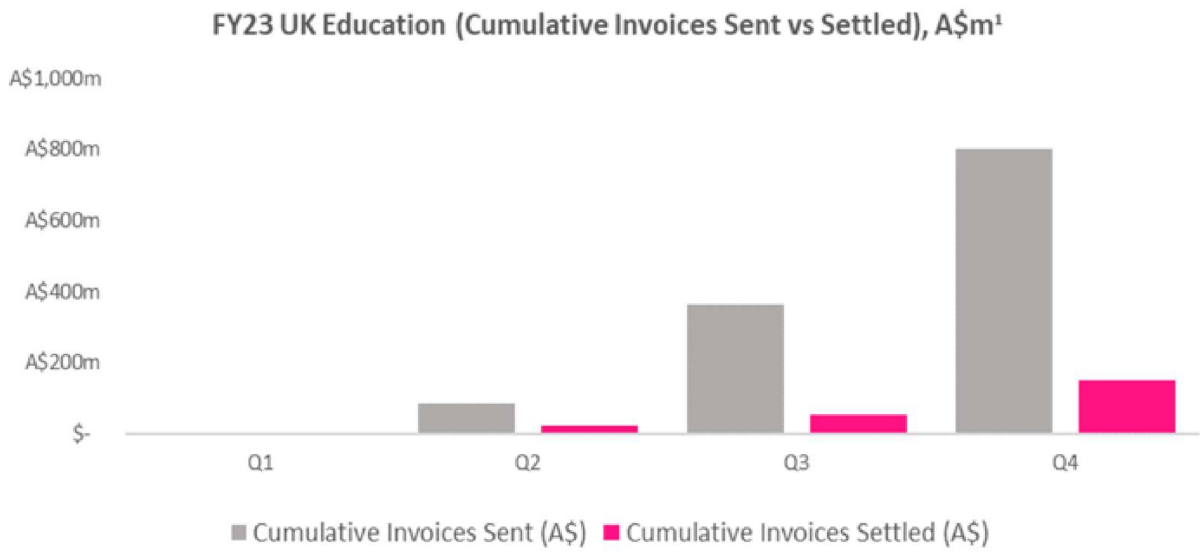
September Q1'23 Quarterly Update Highlights

- Quarterly cash receipts of $422k, +3.9% quarter on quarter (+119% versus previous corresponding period ("pcp")
- UK cash receipts of $154k and domestic cash receipts of $232k, +13.2% quarter on quarter
- Four additional universities going live and another ten in the onboarding stage

Figure 1: IODM Quarterly Cash Receipts (A$'000)



- **UK Education Business;** A modest decline in cash receipts during the quarter as it entered the seasonally slower period for the industry as it transitions academic years and the northern hemisphere summer.
- Outstanding invoices continues to grow, underpinning the 'work-in-progress' revenue. Ten in the onboarding stage.
- Chester University has elected to use the IODM platform to manage its full end-to-end student payment journey and lifecycle, from the first deposit payment they make when enrolling through to their final payment upon graduation. In this instance, students will receive all invoices and options to pay through the IODM/Convera platform only. Once this model is proven and working, the Company expect it to result in incremental opportunities beyond purely management of outstanding or overdue payments.
- Elsewhere, IOD is trialling the software solution with potential clients outside of the education industry within Europe.
- There is a mighty large build up of invoices to be collected in the UK already, ignoring any further contract wins in UK education, other geographies and other industries.



- **Domestic Business;** A continued increase in new client signings resulted in higher revenues during the quarter.
- IOD is leveraging rising demand for the IODM solution and requesting presentations and contract proposals. The Company expects to see the domestic signings continue at a higher rate in the coming quarters.
- IOD looks to be on the cusp of a few things that may materially impact the share price; profitability, new industries, a more expansive use of the technology and continued increases in current industries.

Have a good weekend,

Ben and the team.

This report has been prepared by Ben Morrissey
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