

Brisbane Broncos

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BRISBANE BRONCOS LIMITED CHAIRMAN'S ADDRESS Annual General Meeting 20 April 2011

Ladies & Gentlemen

Today's meeting provides you with an opportunity to meet and discuss appropriate matters with the Directors and management of your company. After some introductory comments, we will complete the formal matters covered by the Notice of Meeting. Once these are finalised our Chief Executive Mr Paul White will make a brief presentation and provide you with more opportunities to ask questions from the floor.

Your Board consists of myself, Mr Dennis Watt, our former Managing Director Mr Bruno Cullen, and our newest member Mr Tony Joseph.

We also have in attendance some of our Senior Executive Team including Company Secretary Ms Louise Lanigan, our General Manager Marketing and Commercial Operations Mr Terry Reader and our General Manager Football Operations Mr Andrew Gee.

Our auditors Ernst & Young are represented by the partner in charge of our audit, Mr Ric Roach.

The Group achieved a net profit after tax of \$980,607 for the 2010 financial year. This is an increase of \$112,721 or 13% on last year's result.

Corporate facility revenues in particular remained severely impacted by the soft local economy. However, strong growth in Sponsorships and Season Memberships allowed the company to achieve a 5.6% increase in total Operating Revenue, to \$26.6 million.

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In an attempt to offset the impact of the difficult business climate, we boosted marketing expenditure and implemented a number of initiatives resulting from an operational review. The increased marketing spend allowed us to increase season memberships by 7.06% to 13,082 and average home crowds by 2.6% to 33,345; a fine result considering we missed the finals for the first time in 19 years. The restructuring costs included a number of player contract payouts and strategic staffing changes designed to refocus our efforts to reflect more closely the current environment. Overall expenses increased by 5.2%.

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Your Directors believe that the Brisbane Broncos must strive to maintain its position as the team of choice for supporters, sponsors, players and support staff. Following the completion of the 2010 National Rugby League (NRL) season your Directors commissioned a review of the football department culminating in a number of staff changes designed to support this objective. A similar review had been completed of the administrative departments. The company continues to vigorously test its performance and is about to undertake a review of its strategic plan.

Let us now turn to some of the more significant personnel changes that have occurred since our last meeting. In the Board Room we have seen the retirement of Mr Donald Jackson, a passionate supporter of the Brisbane Broncos for many years and an invaluable member of the Board since 2001. Mr Darryl Somerville resigned as Chairman in February after leading the Board with distinction since 2005.

At this time it is also appropriate to recognise the contribution of Mr Bruno Cullen to the company. Bruno was appointed Managing Director of the company in January 2003. He retired from his executive role on December 31 but remains a non-executive Director of the company. Bruno has given the Brisbane Broncos a very visible presence in the rugby league community, promoting the company's brand values at every opportunity. Bruno is currently on leave of absence to facilitate an appropriate transition for Paul White.

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The company owes all three men a debt of gratitude for their past contributions.

We have recently welcomed well known Brisbane businessman Mr Tony Joseph to the Board. Tony has a genuine passion for the Brisbane Broncos and his community links are already providing the company with valuable networking opportunities.

Joining the company in December was Mr Paul White. Paul has already established himself as an energetic and skilled Chief Executive and your Board is confident Paul will provide the company with the strategic leadership necessary to prosper in this difficult but exciting industry.

As you will all be aware, the NRMA Insurance Brisbane Broncos appointed Anthony Griffin as head coach recently. Anthony has not only built the team into a formidable unit, he has also impressed with his honesty and integrity during this difficult period. Your Board wishes him a long and successful coaching career with the company.

We look forward to the 2011 year with confidence and enthusiasm in relation to the football team; however the financial outlook is more clouded. The floods we experienced in early 2011 have already impacted our season membership push and corporate facility sales remain subdued. Football department restructuring costs will also impact adversely on half year profits. The second half will bear non-recurring costs to establish our merchandising department. We expect to achieve significant growth in merchandise revenues in coming years, however as we will not generate these incremental revenues until November the 2011 full year result may be adversely affected. We note that the team's excellent performance so far this season is supporting gate revenues and sponsorship revenue is encouraging. Given the difficult economic environment we expect the before tax full year profit to approximate the 2010 result.

Before we move through the formal meeting agenda can I thank you for your attendance here today and for your continued interest and support.