



BRONCOS
BRISBANE

BRISBANE BRONCOS LIMITED
CHAIRMAN'S ADDRESS
Annual General Meeting
24 April 2012

Ladies & Gentlemen

Welcome to the Annual General Meeting of shareholders of Brisbane Broncos Limited.

My name is Lawry Brindle and I would like to introduce my fellow Board members Dennis Watt, Tony Joseph and our newest member Katie Bickford. All Company directors are present today.

Since our last meeting Bruno Cullen retired as a director to concentrate on his duties as Chairman of the Broncos Leagues Club. We look forward to working with Bruno and the Leagues Club on mutually beneficial projects. Mr Cullen's contribution to our Company and rugby league in general is well known and we sincerely appreciate his continued support.

Katie Bickford joined our Board last May. Katie has brought to the Board considerable energy and enthusiasm as well as an impressive resume of general business and sports management experience. Details of her qualifications and experience are included in the annual report.

After some introductory comments I will Chair the formal matters of today's meeting.

These are covered by the Notice of Meeting.

Once these are finalised our Chief Executive, Paul White, will make a presentation and provide you with more opportunities to ask questions from the floor.

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

Our auditors, Ernst & Young, are represented by the independent partner of our audit, Alison DeGroot.

Platinum Sponsors



Highlights of the 2011 Year

The Group achieved a net profit after tax of \$1,360,000 for the 2011 financial year. This is an increase of 39% on last year's result.

On April 16 shareholders were rewarded with a dividend of 1 cent per share. This is double last year's payout rate.

Last year was unique in many ways:

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- January flooding in south east Queensland disrupted our season membership drive and devastated many of our supporters' lives. The impact on our club was comparatively minor and we were proud to participate in the cleanup with so many other volunteers.
- Our football department and administrative operations were restructured.
- We brought our merchandising operations in-house and took the first steps to bring membership management in-house.
- Our playing roster was largely secured for the future within the limits and structure of the salary cap rules.
- We expanded our contribution to the government's indigenous school mentoring program.
- We said farewell to the playing career of our inspirational captain Darren Lockyer and anointed his successor, Sam Thaiday.

Revenues increased by 9% to nearly \$29 million, whilst costs grew by 7.3% to \$27 million.

The abnormal increases in both revenues and expenses resulted mainly from high growth in non-core cost recovery revenue streams such as the indigenous mentoring program.

Sponsorship revenue was up \$.38 million with all major assets sold. Our success in this area reflects the commitment of our staff to developing and maintaining long term partnerships that are mutually beneficial. Whilst this can lead to higher servicing costs, in the long term it has meant that we have been able to grow revenues. We welcomed NRMA Insurance to the position of 2011 principal sponsor and primary jersey sponsor and look forward to continuing this relationship in years to come. The addition of Anglo American and for 2012 Arrow Energy requires us to engage with regional Queensland. Regional communities are the lifeblood of our country and they are deprived of contact with elite sportsman. These sponsorships go some way to redressing this imbalance.

Other core revenue streams were impacted by the weather and the economic environment.

Despite the interruption to sales caused by the January floods, season memberships grew by 6.3%. However, heavy rain in the lead-up to games affected home crowds at the start of the season. The final average home attendance figure of 32,593 was only slightly down on last year thanks to the support the community showed Darren Lockyer in his final home games for the club

As noted earlier expenditure was boosted by restructuring costs of \$.56 million and expenses relating to cost recovery revenues of \$.57 million. Other costs, in total were held to below inflation growth.

Our Chief Executive, Paul White, is building on the good foundations of the past. We look forward to his further contribution to our longer term strategic initiatives.

At this time I would like to recognise the contributions of just a few of our key football department people.

- Our 2011 results both on and off the field were heavily influenced by Darren Lockyer. We have been fortunate to retain Darren as a corporate ambassador.
- The publicity surrounding Darren Lockyer's retirement allowed Anthony Griffin's achievements to slip under the radar. No one inside the club underestimates his ability or commitment to the players. We are truly fortunate to have Anthony as head coach.
- Andrew Gee has safeguarded the traditions of the Brisbane Broncos and ensured that the new generation of players gains the right support and development.
- Special mention needs to be made of the quiet men who work behind the scenes. Our conditioning team of Tony Guilfoyle, Dan Baker and Andrew Croll have ensured that our squad is one of the most physically intimidating in the competition.

The Year Ahead

At this time we are unable to disclose a financial forecast for the 2012 year. We expect both revenues and expenses to continue to grow as the business changes shape.

We look forward to the 2012 year with confidence and enthusiasm in relation to the football team; however the financial outlook is more clouded. Consumer confidence is low and this is affecting some of our revenue streams. Revenues from sponsorships and corporate boxes so far have been encouraging.

Of greater significance to the 2012 result will be our grant revenues. As part of the negotiations leading to the formation of the Australian Rugby League Commission (ARLC) the Commissioners have committed to consider a special funding grant of \$.5 million per club. This additional grant, if received, will come from funds advanced under the next media rights agreement. Until the ARLC has confirmed this and the 2013 season grants and salary cap arrangements we will not be able to forecast the group results for the 2012 financial year.

The Game's Future

The game is not without its challenges but it is true to say it stands on the verge of an exciting new era and the Brisbane Broncos are very much looking forward to being part of that.

For the first time in its 104-year history, rugby league is united. We operate now under a single governing body in the form of the Australian Rugby League Commission. With unity and a concentrated focus will come great opportunities.

With the ARL and News Limited each walking away from their half-ownership of the NRL, the unification has happened six years earlier than was ever intended.

We commend those who have worked selflessly behind the scenes and those who have walked away from positions of influence to ensure the birth of the new body.

We look forward to working with the Commission in the best interests of the game.

Capital Management

We are currently considering a number of options for our cash reserves. The increase in dividend payout rate reflects the Board's commitment to capital management.

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

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