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BRISBANE BRONCOS LIMITED CHAIRMAN'S ADDRESS Annual General Meeting 29 April 2014

In looking back at 2013 - the 25th anniversary of the NRMA Brisbane Broncos – we reflect on a year in which we continued to develop our commercial capability and our people in line with our five-year strategic plan, but we acknowledge and are resolutely determined that winning on the field must always be the key driver of sustained all-round success.

On-field we endured the toughest year in our proud history with just 10 wins and a draw, and a failure to make the finals for only the second time in the modern era. We fell painfully short of the high standards to which we aspire, work and plan for every year.

And while there has been tough and legitimate criticism, I can assure you that the character and DNA of this organisation is such that the internal expectations and demands within the Broncos will always be greater than those voiced elsewhere.

To that end, a review of performance, structure and people was held, resulting in a number of changes, including bringing new professionals into our organisation. The Board and management are confident that the decisions made will help ensure the necessary short-term improved performance while building a solid foundation for the future.

Commercially, we recorded a solid net profit after-tax result of \$2.03 million, which was down 5.5% on last year.

Total revenues increased by 6.4% to \$35 million on the back of growth in sponsorship, merchandise and membership revenue. We were also bolstered by increased NRL grants flowing from the NRL \$1.2 billion media rights agreement.



















One of this Club's great assets is the loyalty and the strength of our sponsorship family with revenues growing 3.3% on the prior year. Sponsorship renewals included our Principal sponsor, NRMA Insurance, and Premier sponsors, Sportingbet, Coca-Cola Amatil and Arrow Energy. We also recognise the on-going support of the Broncos Leagues Club and we welcome Pirtek to the Broncos sponsorship family, who came on board in 2014 as a Premier sponsor. A special thank-you goes to all sponsors for their continuing and unwavering support and commitment to our respective partnerships. Increasingly these partnerships are focused on commercial and community outcomes.

Continuing to build our commercial team and bringing membership and merchandise inhouse have helped ensure that our capacity to convert on-field success into commercial outcomes has never been greater.

Along with on-field success and overall commercial growth, driving membership remains one of the three key pillars of the strategic plan and despite two below-par seasons, numbers increased marginally to 26,366 (2012: 26,216).

Home game attendance was down 6.1% on last year, averaging 30,258 (2012: 32,235) reflecting lower casual gate sales as a result of the scheduling of two Monday night home games and a Thursday night game during the 2013 season. Attendances on each occasion were down by at least 10,000 people, compared with more traditional scheduling.

Our merchandise operation in its second full year as an in-house venture, generated over \$300,000 more in trading revenue than the previous year with our industry-leading social media activities helping drive this growth through active engagement of our fan base.

Expenditure increased by \$2.3 million to \$32.0 million, taking account of higher player salaries in line with the increased salary cap; consolidation of in-house membership and also the end of year football department re-structuring costs.

Costs as always continue to be tightly controlled with the Board and executive maintaining a rigorous approach to all parts of the business.

The Board approved a fully franked dividend payment of half of one cent per share and this was paid on 16 April 2014.

As tough as the year was in an on-field sense, the Club took inspiration from its past at the 25th Anniversary Gala Dinner and Banquet Auction where, in front of 1,200 guests, the 25-year grand final team was named and honoured with Wayne Bennett as Coach and Allan Langer as Captain.

In a good guide to the future, the 2013 NYC team enjoyed success in making the finals with several young players from the 2013 squad and a number of graduates of our 2013 Elite Player Development programme, forming the bulk of the current year's promising group.

The Broncos' commitment to the QRL Intrust Super Cup, junior rugby league and junior development continued in 2013. Supporting and promoting this development path is at the core of our Club philosophy and is vital to the ongoing health of our game.

A major milestone for the Club in 2014 will be the renegotiation of the Suncorp Stadium hiring agreement with the existing 10-year agreement due for review and renewal at the end of the season.

Returning to the re-developed Suncorp Stadium as the anchor tenant in 2003 helped assure the viability of both organisations and we look forward to continuing to work in a mutually beneficial way with stadium operators AEG Ogden and Stadiums Queensland.

Our Chief Executive Officer Paul White is leading those negotiations and I am delighted to confirm that in December he renewed his employment contract for another three years.

A question the Board and management continues to ask is whether our football department under Head Coach Anthony Griffin and staff have everything they need to succeed at the highest level.

Improvements in the way we undertake a number of key activities, including game preparation, list management and recruitment, were addressed in the end of season review, but longer term there is a recognition that the Club needs to provide new training facilities to keep pace with the industry.

In November 2013, the Board approved the development of a high performance facility after having received confirmation in August from Premier Campbell Newman and the State Government of the intended granting of a 99-year lease of the land adjacent to the current facilities in Fulcher Road, Red Hill.

Simultaneously, the then soon-to-be Prime Minister Tony Abbott also announced a commitment of \$5 million towards the project. News of both grants came after joint submissions from ourselves and our landlords, the 50,000-member Broncos Leagues Club.

The proposed \$25 million facility is considered vital for attracting and retaining players, coaches and staff, as our existing football operations building and gym is markedly

behind the standard of facilities and amenities utilised by many of our competitors, especially those winning premierships.

To develop our plans, we have appointed Brisbane-based architects Populous who bring internationally-recognised expertise in designing and building elite sports training facilities to the project, along with DMA Partners as development and project managers.

In addition to meeting our evermore demanding and sophisticated training requirements, the proposed new facility will also allow both football and administration operations to be housed together within the one building. The project is planned for completion for the 2016 NRL season.

To this point, the Board has approved funding up to development approval stage. The completion of the project is contingent on funding for construction and obtaining the relevant regulatory approvals.

We are grateful to the State and Federal Governments for their commitments which, in turn, also go to recognising the positive impact the Broncos have in our work in the wider community.

As a Brisbane and Queensland icon, we have a track record and growing ability to uplift the lives of tens of thousands of young men and women each year through our community projects, whether in game development, in our indigenous education and health programmes such as Learn, Earn Legend and Deadly Choices or through countless other activities to which we commit our time, our energy and our talent.

We are the Broncos. We aim to win. And in a sustainable way. On and off the field. We aim to leverage that success to add value to the lives of our shareholders, sponsors, members, players, staff, families and supporters.

For all of us privileged to be a part of the Broncos today we see our commitment not just as a wonderful opportunity but also as an absolute obligation to all those who invest in us, who support us and who stand by us, especially in those tough times when we sow the seeds of future success.