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## BRISBANE BRONCOS LIMITED CHAIRMAN'S ADDRESS ANNUAL GENERAL MEETING 10 MAY 2016

The year 2015 - the 28<sup>th</sup> season of the NRMA Brisbane Broncos - was a year in which we are confident history will show the Club resumed its march back towards the top of the NRL. While falling a few seconds short of the ultimate prize of premiership victory against our grand final rivals the North Queensland Cowboys, the Broncos Club was nevertheless able to hold its head high after a remarkable season.

The Broncos finished second after 26 premiership rounds and then hosted two spectacular home finals, helping us produce a record profit; record revenues; and record figures for membership, sponsorship and merchandise. The Broncos also produced the National Rugby League's (NRL's) highest average full season crowds, including finals, of more than 36,000, with more than 500,000 people watching the team at Suncorp Stadium.

Profit before tax for the year ended 31 December 2015 was \$3.8 million, up 185 percent on the previous year's result of \$1.3 million, with a net profit after tax up 208 percent at \$2.6 million compared with \$0.8 million in 2014. Revenues were up 7% to \$40.4 million while expenditures were up \$0.2 million to \$36.7 million.

By way of comparison, the 2014 result, after three losing seasons, had been significantly reduced by a number of one-off costs largely related to the football department, including the change of head coach and playing roster re-structuring for 2015.

The Brisbane Broncos Limited (BBL) Board subsequently approved a fully franked dividend payment of three quarters of one cent per share and this was paid on 15 April 2016.



















As part of our five-year strategic plan (2012 to 2016) to enhance shareholder and stakeholder value, the Club aims each year to finish among the top four clubs in the regular season which we did in 2015 for the first time since 2011. Our National Youth Competition (NYC) team again had a successful year although season-ending injuries to key players halted their run in the semi-finals. Six NYC players were chosen to represent the 2015 Junior Kangaroos.

On-field success is the engine which drives the overall business and last year's winning momentum gave the Club an opportunity to capitalise on its investment in earlier years building the front-office capability of the business, including the attraction, retention and development of high quality management and staff; the development of digital assets; the evolution of in-house merchandise and membership initiatives, and expansion of our community footprint.

The result was also assisted by the first year of the organisation's renewed Suncorp Stadium hiring agreement. The Board would like to acknowledge with gratitude the highly professional way in which stadium operators AEG Ogden in particular, the State Government and the NRL are now able to work with the Brisbane Broncos to grow attendances at home games.

As Paul White will tell you in his CEO address, results have continued to cascade into the 2016 season including the Club passing the 35,000 mark for membership, the highest in the NRL.

One of the great strengths of the Broncos business is the loyalty and commitment of our sponsorship stable including Principal sponsor NRMA Insurance and Premier sponsors XXXX Gold, Nike, Firstmac, Arrow Energy, William Hill, Pirtek, Deadly Choices and Coca Cola and we thank all sponsors for their on-going support and rock-solid contribution to this business.

Sponsorship revenue, bolstered by finals' bonuses, was up eight percent, following a nine percent increase the previous year. Renewals included our Premier sponsor Firstmac for a further three-year term. The Institute for Urban Indigenous Health's Deadly Choices programme also grew their partnership with the Broncos to step up to the Premier sponsorship category, strengthening an alliance which is advancing the cause of Indigenous health.

This relationship with Deadly Choices in which we work together to help close the gap in Indigenous health is simply one of the very best things we do as an organisation and it is heartening to see the programme expand across the State with the support of the State Government and Health Minister Cameron Dick in particular.

Equally, we are proud of our entire NRL playing group for the way in which they commit to our Broncos in the Community programme with assistance in game development, charity support and visits to schools, hospitals, homeless shelters and retirement centres. The Broncos mentoring programme 'Beyond the Broncos' continues to assist Indigenous students to complete secondary education and move into higher education or employment.

In recognition of our work in the community, the Broncos won two major awards in 2015. These were Lord Mayor's Business Award in the Corporate Citizenship Category and also the Queensland State Government Reconciliation Award in the Business Category.

In the year ahead, there remains a heavy focus on the construction and cost-effective delivery of our new \$25 million Training, Administration and Community Facility at Red Hill, ensuring that the administration, football and community arms are all under the one roof for the very first time in 2017 - the 30th year of our existence. The Broncos have been fortunate to have the support of all three levels of government and also the NRL. There will be a high community usage of the new facility and we are confident that the environment, the amenity and the safety of the area will be enhanced markedly as a result of the project.

After the Board meeting on March 11 this year, BBL alerted the ASX that the decision had been made to proceed to completion of the project. This decision has been based on a full funding plan and all relevant approvals being in place. Demolition work is all but completed and Hutchinson Builders, the chosen tenderers, will be on site this month to begin the construction phase of the project. At this stage we are expected to take occupancy in mid-2017.

While a commercial loan has been factored into the funding model as a last-resort measure, the Club will continue to work hard to raise all necessary funds, including a planned donor programme. Tax-deductible donations can now be made through the Australian Sports Foundation to support the building project, as well as game development and our award-winning community programmes. Broncos employees have been among the first to donate.

More business upside will also come, and this will be increasingly captured in our refreshed strategic plan (2017 to 2019). This will be done through continued innovation and the development of closer mutually beneficial partnerships with our sponsors while also using our digital assets to help build on early success in merchandise, membership, ticketing, events and corporate sales.

While the investment in the Club's new home is significant, it is made at a time when we have never been in a stronger position commercially. It is also made while taking part in an NRL competition where all franchises will increase markedly in value through the record \$1.8 billion TV rights' deal for 2018 to 2022. Fox Sports, Channel 9 and Telstra have retained the free-to-air, pay TV and digital rights in an unprecedented deal which is already giving viewers and consumers an unrivalled access to the NRL. Following an historic club funding deal struck with the NRL before Christmas, and now the subject of a Memorandum of Understanding, benefits should begin to flow to the clubs from July this year as part of a Channel 9 pre-payment for 2016 to 2017.

The Board would like to acknowledge the great work of our outstanding team of employees; our industry-best executive management team, and our dedicated players and coaches, all of whom continue to perform at a high level in keeping with the Broncos' goal to become the premier sporting business in the country. A special thank-you too goes to our retired captain Justin Hodges for his stellar efforts for this Club, over many seasons, in spite of debilitating injuries. Justin is now doing some great work for the organisation and the community as an ambassador and youth mentor.

In particular, we would like to acknowledge head coach Wayne Bennett who, while directing a committed playing and coaching group, has reminded the Club of the high price of enduring success in one of the toughest competitions in world sport. We are grateful that Wayne has added another two years to his contract and will remain at the Broncos until the end of the 2019 season.

The past 10 months has also been significant for the dedication and resilience of our CEO Paul White who suffered a seizure and was subsequently diagnosed with a brain tumour last July. Even when physically absent because of treatment, Paul continued to remain across the business and was involved in all major decisions. He continued to host high value meetings on the back deck of his home. While his treatment continues, Paul's prognosis remains excellent and he has resumed his normal heavy workload.

As with myself and the Board, Paul has been high in his praise of Broncos' staff who took on an extra load during the early stages of the illness and treatment. In other good news, Paul has also indicated his intention to remain at the Club for a further three years and negotiations are well underway.