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BRISBANE BRONCOS LIMITED CHAIRMAN'S ADDRESS ANNUAL GENERAL MEETING 16 MAY 2017

BRISBANE

The year 2016 – the 29th season of the NRMA Brisbane Broncos – was a year in which we continued to perform strongly on the field; continued to build our commercial strength and capability; and continued to expand our game development, social media footprint and community programs.

While finishing two weeks short of the grand final in another epic extra-time semi-final against our respected rivals the North Queensland Cowboys, we can look back on a year of record profits; record revenues and record figures for membership, sponsorship and merchandise.

In finishing fifth on points for-and-against in the NRL regular competition season, we were able to host one home final, as compared with two the previous year, when a second place ladder finish and a grand final appearance bolstered our commercial results.

Profit before tax for the year ended December 31, 2016, was \$4.113m, up 9 percent on the previous year's \$3.772m. The net profit after tax for the year also increased 9 percent to \$2.804m as compared with \$2.562m the previous year.

Total revenue grew 4.6 percent, increasing from \$40.4m to \$42.3m and was boosted by an increased NRL club grant and strong growth in sponsorship, in-house merchandise and record NRL-leading membership of 36,203.

With strong support from the Federal Government and Indigenous Affairs Minister Senator Nigel Scullion there was significant growth in government funding for our Indigenous and community programs, requiring a corresponding increase in resourcing to enable the delivery of program outcomes.















Expenditure increased 4 percent by \$1.5m to \$38.2m, reflecting business-as-usual and the expanded community activities.

The Brisbane Broncos Limited (BBL) board subsequently approved a fully franked dividend payment of three quarters of a cent, in line with the previous year, and this was paid on April 12, 2017.

The year 2016 also saw us begin construction of our new \$27.2m headquarters directly opposite our existing Red Hill home where we are tenants of our long-term partners and landlords, the Brisbane Broncos Leagues Club.

Now in our 30th year, we will move across the road in November-December, bringing together for the very first time the administration, football and community arms of our business.

This project has been supported by all three levels of government, with the Federal Government providing \$6.75m in funding; the State Government providing the 2.4ha site on a 40-year lease and the Brisbane City Council, all working closely with the club to help ensure the success of the project and maximum community benefit.

While all funding is assured, in line with other sporting organisations across the country, the Broncos are also working with the Australian Sports Foundation to allow tax-deductible donations towards the building, game development and community programs. There have already been some significant pledges as part of a \$3m target we have set ourselves.

We are very grateful for all government support, past and present, with particular thanks to the local Member for Ithaca and State Environment Minister Steven Miles; Member for Ashgrove and State Education Minister Kate Jones and Federal Member for Brisbane Trevor Evans. We also very grateful for the support of our shareholders in helping ensure that through this project the Broncos will continue to attract and retain the best staff, players and coaches.

We also acknowledge the work of our builders Hutchinson Builders, other contractors, our project manager James Basham and our architects Populous.

In a year of highlights, our game development squad of "rugby league missionaries" under manager Paul Dyer was able to expand its reach and effectiveness. While injury forced the early retirement of our English international Jack Reed, he is now working for the club in conjunction with the Mooloolaba Surf Club in schools and junior leagues on the Sunshine Coast.

The seven-person squad now operates throughout Queensland, northern New South Wales and New Zealand, conducting inter-school competitions and delivering coaching to more than 55,000 young players and 1,500 coaches each year. There is a particular focus on upskilling junior coaches as they are the main reason young players are either retained or lost to the game. This work is strongly backed by clubs like Aspley Leagues Club, Carina Leagues Club, Greenbank RSL, Arana Leagues Club, Dalby Leagues Club, Gympie Leagues and Gympie Regional Council.

In addition, the Broncos enjoy strong and supportive partnerships with five affiliate clubs at the QCup or state level with Souths Logan Magpies, Wynnum Seagulls, Redcliffe Dolphins, Ipswich Jets and Norths Devils.

Along with our other community programs, under Community Programs Manager Christine Halliwell, all this work not only helps drive participation and growth of the game generally but also creates a wave of goodwill and an enhanced environment in which the Broncos and the sport itself can operate. This work also helps drive our social media engagement with our members and fans where we lead the NRL and much of Australian sport in all categories.

We are also fortunate that we have such a supportive playing group whose work as part of our Broncos in the Community program involves supporting and visiting charities, schools and hospitals. Last year saw the retirement of our celebrated captain and State of Origin and Australian representative Corey Parker who this year already is bringing the same level of professionalism to his work at corporate and community level.

As an indication of the club's commitment to the game as a whole, the Broncos – with 19 players and six officials – made the single biggest club contribution to national teams in the recent representative round.

Head coach Wayne Bennett was in charge of England while our captain Darius Boyd, Matt Gillett and Sammy Thaiday represented Australia; Jordan Kahu, Adam Blair and Kodi Nikorima turned out for New Zealand; and we also had players in the Junior Kangaroos, Samoa, Tonga, Cook Islands and Queensland Residents' sides.

With the players' collective bargaining agreement (CBA) and the subsequent salary cap yet to be decided for the start of the new football financial year on November 1 this year, all clubs have been at risk of being caught up in an over-heated player market and potentially breaching whatever cap limit is finally set.

This has driven some record contracts including for our champion halfback Ben Hunt who will join the St George Dragons from next season. While saddened to see a good young man and Broncos junior like Ben leave after his years of great service, we were happy last week to secure his playmaking partner Anthony Milford for another four years. We have also secured Cronulla strike player Jack Bird.

There are still some significant signings to be made including our inspirational captain Darius Boyd. The strength of our culture, our brand and our values gives us some real confidence and we will continue to be prudent and careful in our roster management.

While there is uncertainty, a reasonable approach from both sides will ensure players will be handsomely rewarded for their efforts while clubs all have the opportunity to at least break even under the new funding regime financed largely by the record \$1.8b TV rights package for 2018-2022.

Another unresolved issue which has been caught up in the CBA negotiations is that of the game's future pathways. It has already been decided that this will be the last year of a national under 20s

competition which will revert to the states. Greater emphasis and funding will go towards the second tier NSW and QLD Intrust Cups, regarded as a far better preparation for NRL competition while also allowing young men to develop for longer periods in their home communities.

One of the great pillars of the Broncos business has been the loyalty and commitment of our sponsorship stable including Principal sponsor NRMA Insurance, XXXX Gold, Firstmac, Arrow Energy, National Storage, Coca-Cola Amatil and Deadly Choices. Some like Coca Cola, Yellow Cabs and the Broncos Leagues Club have been with us from the very start.

We also acknowledge the strong role played by Nike in helping build this club's reputation for excellence through our 20-year partnership which ended last year. Australian sporting apparel brand ISC have now hit the ground running as the club's official apparel partner and official merchandise supplier. We thank all sponsors for their support and whole-hearted contribution to this business.

Our relationship with the magnificently-motivated Institute for Urban Indigenous Health through their Deadly Choices initiative to help Close the Gap in Aboriginal and Islander health has further strengthened with State Health Minister Cameron Dick this month announcing funding of \$1.65m for the next three years. With the emphasis on a healthy diet; quitting smoking, regular exercise and heath checks, this program is not only about improving health but actually saving lives.

Given the emphasis, growth and expansion of our community work, the club's new refreshed three-year strategic plan of 2017-2019 now includes Community Commitment as a fourth pillar, alongside on-field success as a top four side; growing fan engagement and commercial growth.

This follows the club's success in winning the NRL Community Program of the Year for our Beyond the Broncos program which helps drive attendance and higher education or employment outcomes for Aboriginal and Islander secondary students at 31 schools in Brisbane, the Surat Basin and northern New South Wales.

Former players Justin Hodges, Scott Prince and Jharal Yow Yeh, along with dual national women's rugby and touch representative Bo de la Cruz, backed by a core of outstanding and selfless community workers, play key roles in mentoring and inspiring young students to achieve.

On May 5, 2017 Senator Scullion, Minister for Indigenous Affairs, announced a further \$5m commitment to the Girls Academy component of the program, growing the existing 350-strong cohort by another 1,000 places by the end of 2019. We are also keen to expand, with government and corporate support, our existing program for 250 young Indigenous male students.

Our Indigenous programs will also be under-pinned by extra support from the State Government under Education Minister Kate Jones and will be bolstered by a new Broncos partnership with the Queensland Firebirds netball team. Their players also are acting as ambassadors and mentors.

In posting another NRL-leading home game average attendance of 33,610, up 0.2 percent on the previous year, the Board would like to acknowledge with gratitude the highly professional way

Suncorp Stadium operators AEG Ogden in particular, the State Government and the NRL work hand-in-hand with our dedicated Broncos staff to maximise each and every event.

The Board would like to acknowledge the great work of our outstanding team of employees; our industry-best executive team and our dedicated players and coaches. In particular, our special thanks goes to coach Wayne Bennett who, despite already being the most successful and experienced coach in the game, never ceases striving to be better while developing the young players in his care as both young men and footballers.

The year was also significant for the dedication and enduring resilience of our CEO Paul White who continues to lead our business with passion and commitment, never shirking an opportunity to demonstrate real leadership and to talk up our club, our game, our people, our fans and our partners.

And he is magnificently supported in all that he does by his outstanding staff, his wife Angela and his four daughters. We thank them all.

It was particularly pleasing for the Board during the year to sign Paul – who is widely regarded as one of the finest sporting administrators in the country – for another three years through to the end of 2019.

At 31 December	2015 \$m	2016 \$m	Change
Revenue	40.4	42.3	4.6%
Expenses	36.7	38.2	4.0%
Net Profit before Tax	3.8	4.1	9.0%
Net Profit after Tax	2.6	2.8	9.0%
Net Assets	29.4	31.4	7.0%