



BRONCOS

3 August 2017

To: ASX Company Announcements Platform

BRISBANE BRONCOS LIMITED AND CONTROLLED ENTITIES 2017 HALF YEAR FORECAST ANNOUNCEMENT

In accordance with ASX listing rule 3.1, the Board of Brisbane Broncos Limited announce that the before tax profit for the Group for the half year ended 30 June 2017 is expected to be approximately \$3,430,000 compared to the corresponding 2016 half year before tax profit of \$3,061,302.

The current period reflects normal trading activities but with the impact of an additional home game. In the first half of 2017, eight home games were played compared to seven games in the first half of 2016. Season membership sales revenue and costs are also recorded on a home game basis. Accordingly, one more game's allocation is booked in the current period compared to the comparative period.

Game day profits have been negatively impacted by crowd shortfalls. The average crowd for the first half of 2017 is 32,139 compared with the average crowd for the first half of 2016 of 33,309. Attendance reflects the impact of Thursday night scheduling, an away game held at Suncorp Stadium and the effect of two State of Origin matches on discretionary spending. Full season ticketed membership sales and member attendance percentages have been impacted by Thursday night scheduling in the prior and current seasons.

Sponsorship revenue shows strong growth and, together with merchandise sales growth, helps mitigate the shortfalls in gate takings and corporate hospitality sales. Additional government funding and costs of the Indigenous and community programs have been recognised in the first half of 2017 compared to the corresponding prior period as existing programs introduced in the second half of the prior year are delivered.

Changes by the National Rugby League to the timing of the recognition of advanced grant funding received in the prior and current years has impacted the business in the current reporting period as decisions for budgeted costs had been made with the expectation that increased funding would be realised.

The first half result cannot be taken as an indication of a full year trend. The second half will include the remaining four home games and significant expenses including player salaries which are accounted for on a monthly basis.

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A continuation of the current trends is expected to result in the full year profit before tax decreasing in the range of 20-30% compared to the prior corresponding period. This expectation is however contingent on a number of factors which will, when finalised, have a material impact on the reported results for the 2017 year:

- the outcome of negotiations between the NRL and the 16 NRL clubs to enter into a new club licence agreement and determination of the NRL club grant, 2018 salary cap amount and pathways for the post-National Youth Competition era;
- completion of the 2017 season, crowd attendance and on field performance of the Brisbane Broncos; and
- other factors such as the medical costs which are unable to be quantified in advance.

For further information, please contact Chairman, Mr Dennis Watt on 07 3858 9101.

Yours faithfully

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Brisbane Broncos Limited Louise Lanigan Company Secretary