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BRISBANE BRONCOS LIMITED CHAIRMAN'S ADDRESS Annual General Meeting 30 April 2015

The year of 2014 _ the 27th season of the NRMA Insurance Broncos _ was a year of well documented challenges and tough decisions made in the interests of enduring success and shareholder value.

The 2014 result was significantly reduced by a number of one-off costs largely related to the football department, including a change of head coach and playing roster restructuring for 2015.

Profit before tax for the year ended December 31 was \$1.322m, down 56 percent on the previous year (2013: \$3.005m) with a net profit after tax of \$831,700, down 59 percent on the 2013 result of \$2.032m.

The Board subsequently approved a fully-franked dividend payment of half of one cent per share and this was paid on April 17, 2015.

A self-reported salary cap investigation also impacted the final result.

After receiving information from an outside party, BBL alerted the Australian Securities Exchange on May 28 last year that it had informed the NRL of possible salary cap irregularities for the 2012, 2013 and 2014 seasons.

Following an internal review conducted by Deloittes and the NRL investigation itself, BBL was able to alert ASX on October 17 last year that no breaches had been identified.

The 2014 profit result does not reflect the club's growing commercial strength and rigour in line with its five-year (2012-2016) business strategy.



















As part of the strategy, the Broncos aim to be a top four club, where on-field success, aided by strong memberships, sponsorship, merchandise and home crowds, drives value for all shareholders and stakeholders.

There has been a successful focus on building the front-office capability of the business, including the attraction, retention and development of high quality management and staff, and while our on-field efforts have been brave and determined _ highlighted by a series of close losses _ we have not had the results to drive the overall business as we would wish.

For the past three seasons _ with competition finishes of 8th, 12th and 8th _ our win record has been just under 46 percent with 34 wins from 74 games and that has not been in keeping with where we aspire to be and where our supporters and the game, especially in terms of the lucrative TV rights, need us to be.

Even so, last year through a determined business focus the club recorded record revenues; record merchandise; record sponsorship; record membership and an average gate attendance of 33,355 which, at 10.2 percent up on the previous year, remains the best in the NRL and the best club crowd in either rugby code anywhere in the world.

Nevertheless, it was understood that none of those advancing metrics remain sustainable without continued on-field success and so in July last year the Broncos Board took advantage of a very narrow window of opportunity to bring foundation mentor Wayne Bennett back as head coach to replace Anthony Griffin.

Anthony was honoured at the club's end-of-season presentation function for his dedicated seven-year contribution to the Broncos, including four years in the demanding role of head coach.

His legacy includes a core of talented young players _ now seasoned NRL competitors _ whom he helped identify and develop, not just as footballers but as fine young men of character.

With gratitude, we recognise the whole-hearted commitment and dedication of Anthony and his family to this club and its people, wishing them every success in the future.

We welcome Wayne back into the role after six years coaching St George Illawarra and Newcastle. Wayne is the most successful coach in the history of the game.

The Board and management are confident that the decisions made in 2014, while affecting short-term profit, will lead to on-field success, helping to establish a solid foundation for the future and to drive shareholder value.

Adding to our confidence was the performance of our brave Under 20 National Youth Competition team under coach Craig Hodges who went down narrowly to the New Zealand Warriors in an outstanding grand final.

As an indication of the emerging talent in our ranks, two of that NYC team _ Kodi Nikorima and Joe Ofahengaue _ have graduated to the NRL this season.

Many of the Under 20s squad have remained together for 2015 and have already shown they will again be in the running for the national title.

One of the great strengths of the Broncos business is the loyalty and commitment of our sponsorship stable and we thank them for their on-going support and rock-solid contribution to the resilience of this business.

Sponsorship revenue was up 9 percent on the prior year inclusive of website and Broncos TV Insider sponsorship. Renewals included our principal sponsor NRMA Insurance for a further three-year term as well as Premier and foundation sponsors Coca Cola and William Hill for another three years. New sponsorships included Pirtek who appear on the lower back of the NRL jersey. In the Platinum tier, both News Queensland and the Institute for Urban Indigenous Health's powerful Deadly Choices programme grew their partnerships with the Broncos to step up to this level for the first time.

During the year negotiations were conducted to renew the Suncorp Stadium hiring agreement with the original 10-year agreement expiring at the end of the 2014 season. The renewed agreement is for an eight-year term with a review date at four years. The Board and management thank stadium operators AEG Ogden, the State Government and the NRL for their professionalism and support in working collaboratively to agree on a commercial outcome which incentivises all stakeholders to grow attendances at Broncos home games.

Just as there has been a focus across the business on continually building capability, so too the proposed new Training, Administration and Community Facility _ in line with many of the most successful sporting franchises across Australia and the world _ is very much about advancing the Broncos as a professional sporting business and a community champion.

In November, 2013, the Board approved the plan to develop the facility after having received notification of a \$5m Federal Government grant and confirmation of the then State Government's intention to grant a 99-year lease of land adjacent to the Broncos Leagues Club in Fulcher Road, Red Hill. Negotiations are under way with the new State Government to finalise the lease.

The Brisbane City Council last month approved the development application for the project, based on owner's consent from the previous State Government. The project will bring the football and administration arms of the business together for the first time and ensure that the Broncos remain at their spiritual home of Red Hill, enriching the local community through the provision of further green space and shared facilities.

Full Board approval for the total project is contingent on a full funding proposal with all relevant approvals in place. Good progress is being made and with all the milestones and conditions being met, occupancy should occur before the start of the 2017 season.

The Board expresses its gratitude to all three levels of government for working with the Broncos to help ensure the success of the project and also for recognising the positive impact the Broncos have on the wider community through our work in game development, health, welfare, education and employment programmes.

Equally, the NRL has been supportive and the Australian Rugby League Commission has indicated they will provide the standard grant funding available to all clubs. We continue to work with the NRL to secure further support.

Along with state-wide game development and financial support for and partnerships with six Queensland Intrust Super Cup clubs, we continue to work closely with the game's governing body to help ensure rugby league is seen universally as the nation's premier winter sport.

On behalf of the Board, I should like to acknowledge the hard work and untiring commitment of our outstanding CEO Paul White, his excellent management team, our staff, coaches and players.

We believe that rugby league stands on the verge of great things as those in government and the corporate world, including our broadcasters, rapidly awaken to the power of our game to connect, to unite and to inspire. Ours is a business in which you can truly do well by doing good.

The Broncos are very much at the forefront of that growing movement and we believe that given the strength and capability of our people and our business that we can look forward to the future with great confidence.