

One Wales Cymru'n Un

WELSH RUGBY STRATEGY 2024-29 STRATEGAETH RYGBI CYMRU

ONE WALES, WHERE RUGBY MATTERS MORE

VISION

"Uniting people and inspiring passion in our Welsh Rugby Nation."

MISSION

"Working together to create exceptional experiences and opportunities for everyone through our game"

2029 GOALS

Men's and Women's National Teams consistently ranked in the Top 5

Club teams challenging in the play-offs of URC / Celtic Challenge

Retain and grow the number of active participants

Financial sustainability at all levels of the game

Increase the percentage of the Welsh public positive about Welsh rugby

PILLARS



Develop competitive, inspirational **Clubs and National Teams**



Foster a **thriving and sustainable community** game



Accelerate development of the **women and girls'** rugby ecosystem



Engage and grow our Welsh rugby nation through a **positive brand and narrative**

ENABLERS



Create growth from a **sustainable financial** foundation



Provide inclusive, collaborative and action-oriented **governance and culture**



Become a "smart" **data and insight-driven** rugby nation



Build and nurture **diverse, high-performing and engaged teams and people** across Welsh rugby

ENABLER 1

CREATE GROWTH FROM A SUSTAINABLE FINANCIAL FOUNDATION

SEILIAU CADARN



OUR GOALS

- ➔ A clearly defined and followed debt strategy with a 'One Wales' approach
- ➔ Established long-term financial strategy and budgets
- ➔ To reinvest into Welsh rugby sustainably, in line with its needs
- ➔ Improved margin on key profit lines
- ➔ Increased revenue from new and aligned initiatives

OUR OBJECTIVES

- 1 Restructure debt and consider other funding methods to allow investment into rugby
- 2 Maximise the value of the national teams and Principality Stadium
- 3 Work with partners to grow the value of club and international competitions
- 4 Increase collaboration across the whole game to drive collective value and increase efficiency





SUSTAINABLE FOUNDATION

OR A PLAYING FIELD. IT'S THE LAND OF OUR FATHERS. CROWDS? NO. THIS IS OUR FAMILY. THEY'RE NOT JUST CHEERS, BUT OUR INSPIRATION. AND THESE DAYS IT'S NOT JUST A MAN'S GAME.

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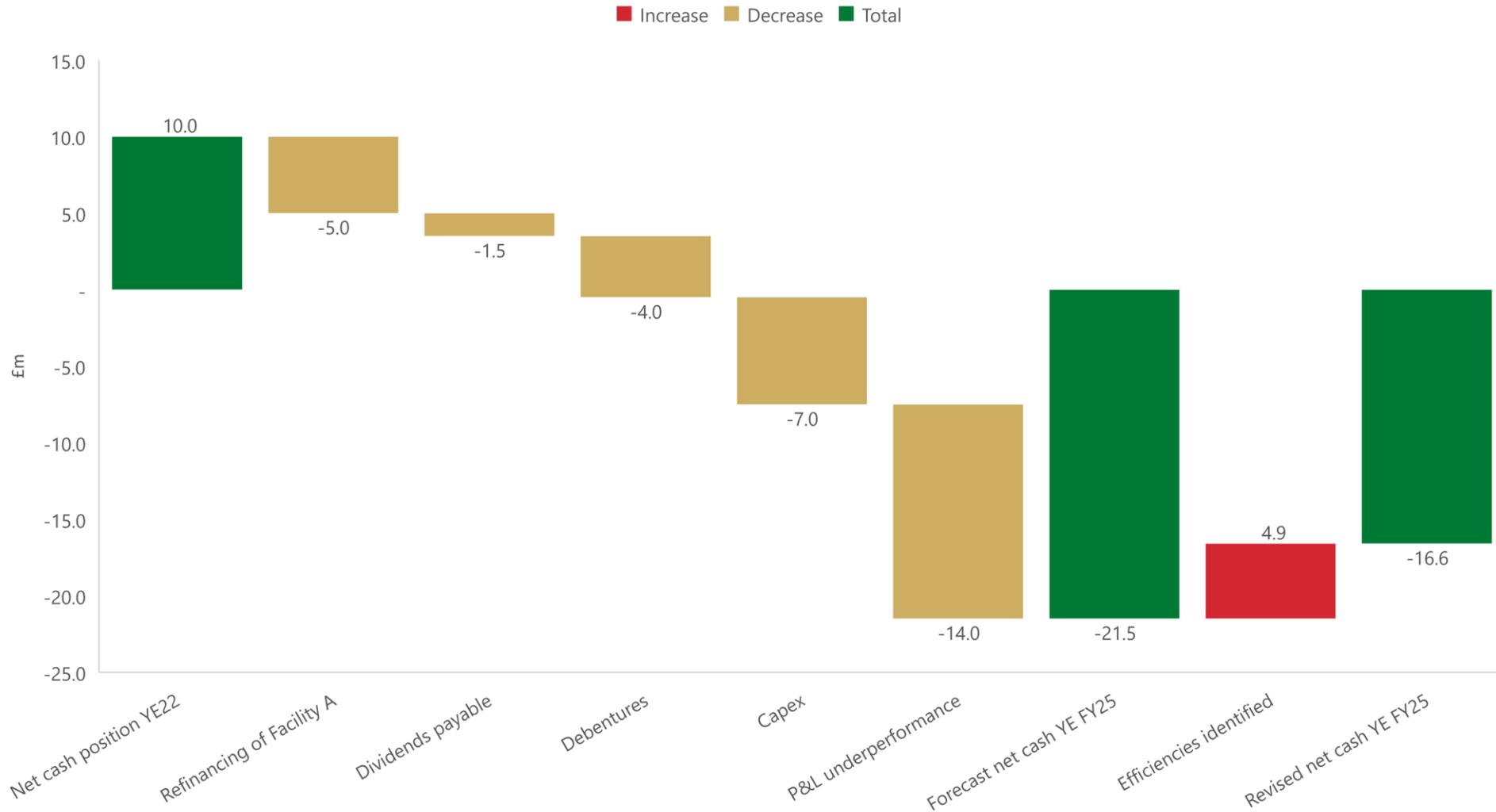


ESTABLISH SUSTAINABLE FINANCIAL FOUNDATION

- Year end FY2023 the business was £5m overdrawn (£25m facility)
- June 2023 the business refinanced its bank facilities. By December 2023 the business had breached its covenants
- July 2024 WRU late filing 2023 Accounts with significant prior year adjustments
- FY2024 the business reported net cash outflow of c.£10m (£15m overdrawn)
- FY2025 overall business efficiency targets of £4.9m built into the budget. Net cash outflow of c.£2m (£17m overdrawn)
- Without urgent corrective action to identify £4.9m efficiency savings the business would be in danger of exceeding its overdraft facility



CREATING STABILITY IN 2025



2025 is the start of our 5 Year Financial plan which sees the business return to a growth phase, increasing profit to invest in Welsh Rugby

WORLD RUGBY CHALLENGES



Seven Premiership clubs are balance sheet insolvent, finance report warns

- James Haskell fears rugby 'heading for precipice'
- Ten clubs collectively lost around £30.5m in 2022-23



Only three of the Premiership teams were deemed viable without the backing of wealthy owners. Photograph: Simon West/Action Plus/Shutterstock
Seven of the 10 English Premiership clubs are balance sheet insolvent, according to an independent financial industry report which has revealed.

The Telegraph

Premiership Rugby make redundancies as senior staff leave

Exclusive: Chief financial officer and chief commercial officer among those to depart organisation



Australian rugby in crisis: can Wallabies recover in time for Lions?



New Zealand Rugby faces financial crunch: Silver Lake cash investment running out



IRFU set to report 'significant deficit' in annual accounts for 2023/24

The Telegraph

RFU to make more than 40 staff redundant weeks after new £100m Twickenham deal



Crisis as RFU hit by £50m bombshell

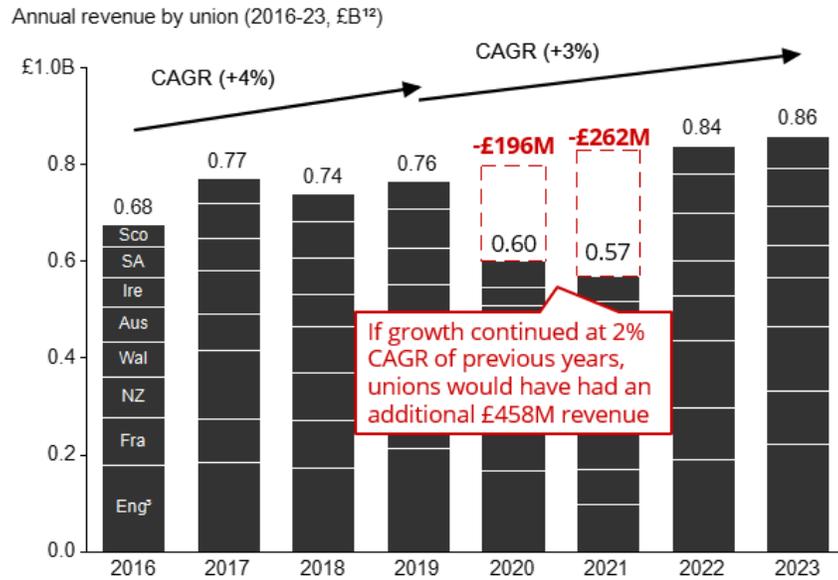


World Rugby 'crisis' summit could open the door for Saudi Arabian investment – Sports Insider

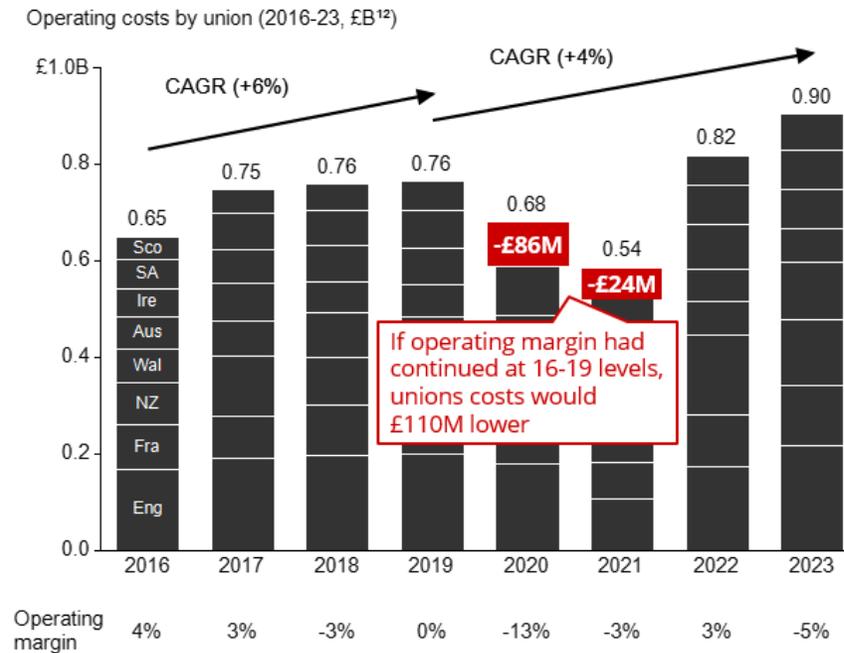
WORLD RUGBY CHALLENGES

COVID had a large impact on unions, reducing revenues without equivalent cost savings

Revenue³ | Unions lost ~£0.5B revenue in 2020-21...



Costs | ...and after cuts still had 'excess' cost



Notes: Note 1. Converted to GBP based on relevant year exchange rate 2. Does not include Italy due to data availability 3. Revenue also includes COVID-related grants and loans, some of which are still being paid off 4. Excludes Rugby World Cup revenues
 Source: World Rugby's 'The Economic Sustainability of Rugby' report, World Rugby & Portas analysis

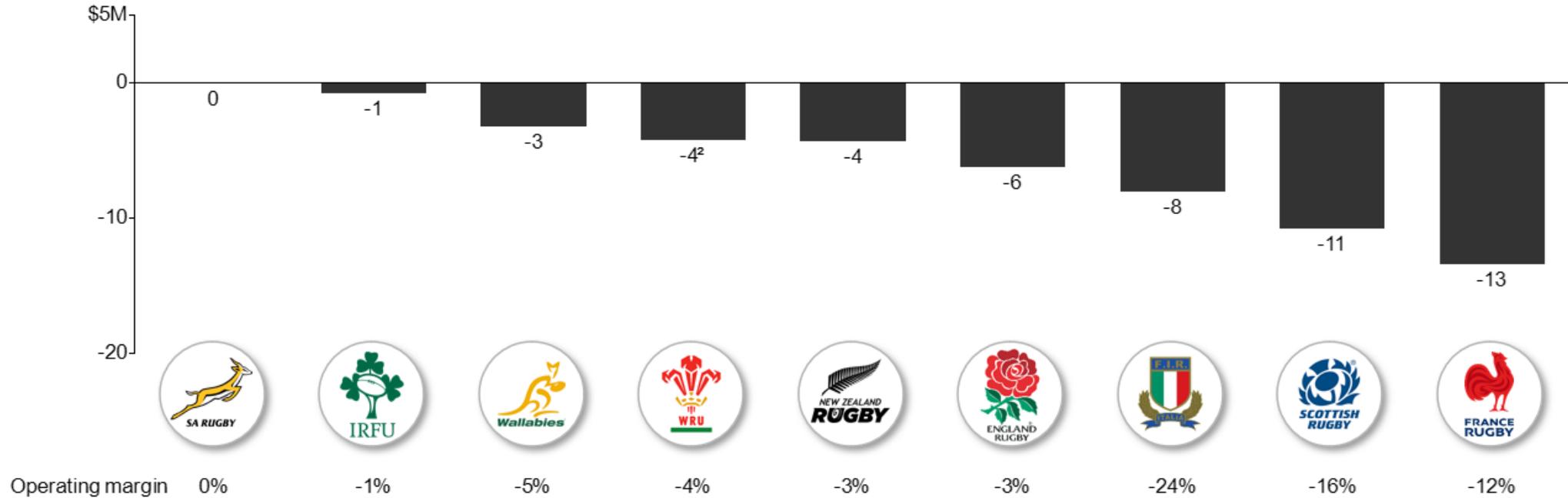
WORLD RUGBY CHALLENGES



Recent financial results show ongoing impacts, with many major Unions making a loss in 2023

Note majority of results are for the financial year prior to the Men's RWC. The same chart would likely be starker for RWC year

Last reported operating profit by union (2023, £M)¹



WORLD RUGBY CHALLENGES



Unions are responding to these financial challenges through targeted actions

Revisiting commercial structure	Seeking external investment	Playing matches abroad	Establish commercial joint ventures	Reducing operating costs
				
<ul style="list-style-type: none">WRU is establishing a shared services centre, hiring a Chief Digital and Data Officer and a Chief Commercial Growth Officer leading to a projected £3m in incremental revenue by FY2026	<ul style="list-style-type: none">In 2022 New Zealand sold 5.71% of NZR Commercial, New Zealand Rugby's commercial arm, for ~£95m (NZ\$200m)	<ul style="list-style-type: none">NZR have played 3 games in USA since 2016, most recently played Fiji in front of 33k fans in San Diego July 2024, taking advantage of West Coast-based diaspora	<ul style="list-style-type: none">SA Rugby and the Lions established a joint venture to pool both entities' commercial rights and prevent dilution of commercial earnings. Rugby Australia will use the same approach for 2025	<ul style="list-style-type: none">Following a £10.5M loss in 2022/23, the SRU cut 35 roles saving £2MRFU centralising and streamlining headcount across tech, customer service and business operations functions

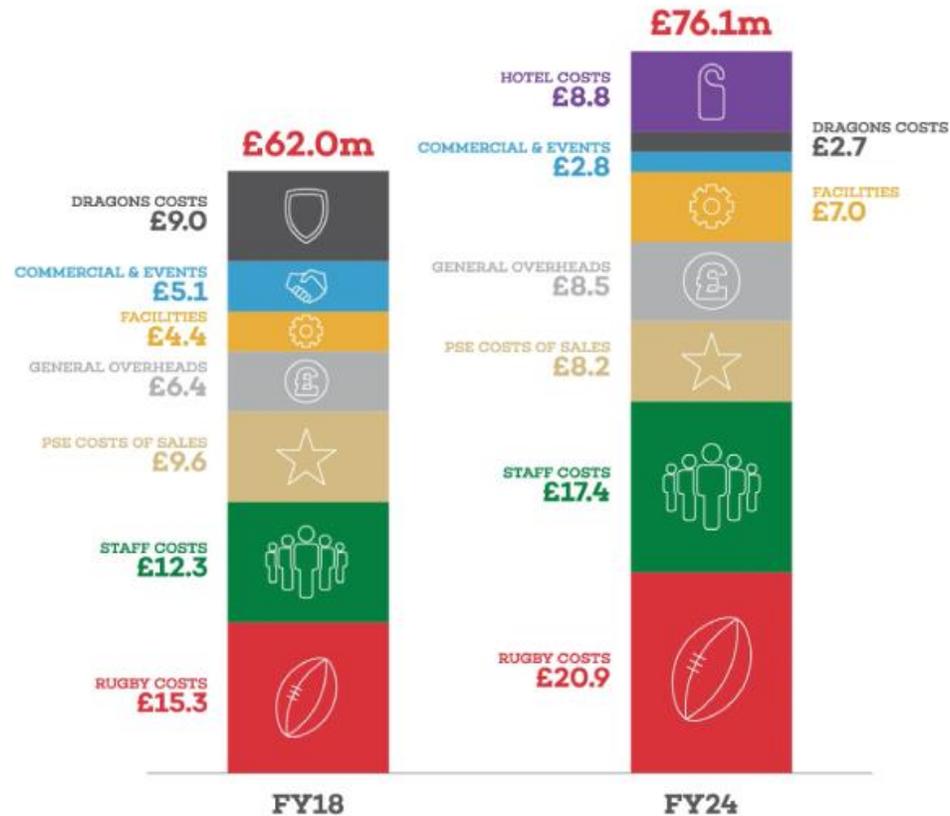


CREATE GROWTH

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COST BASE MOVEMENT



- Headcount has increased from 261 in FY18 to 344 in FY24 (inc Women's NS).
- General overheads and facilities costs have increased through inflationary pressures of energy, stadium maintenance etc
- Rugby costs have increased due to the cost of supporting additional activities such as the women's programme & new pathway teams
- Full year of Dragons costs in FY18, only 3 months in FY24.

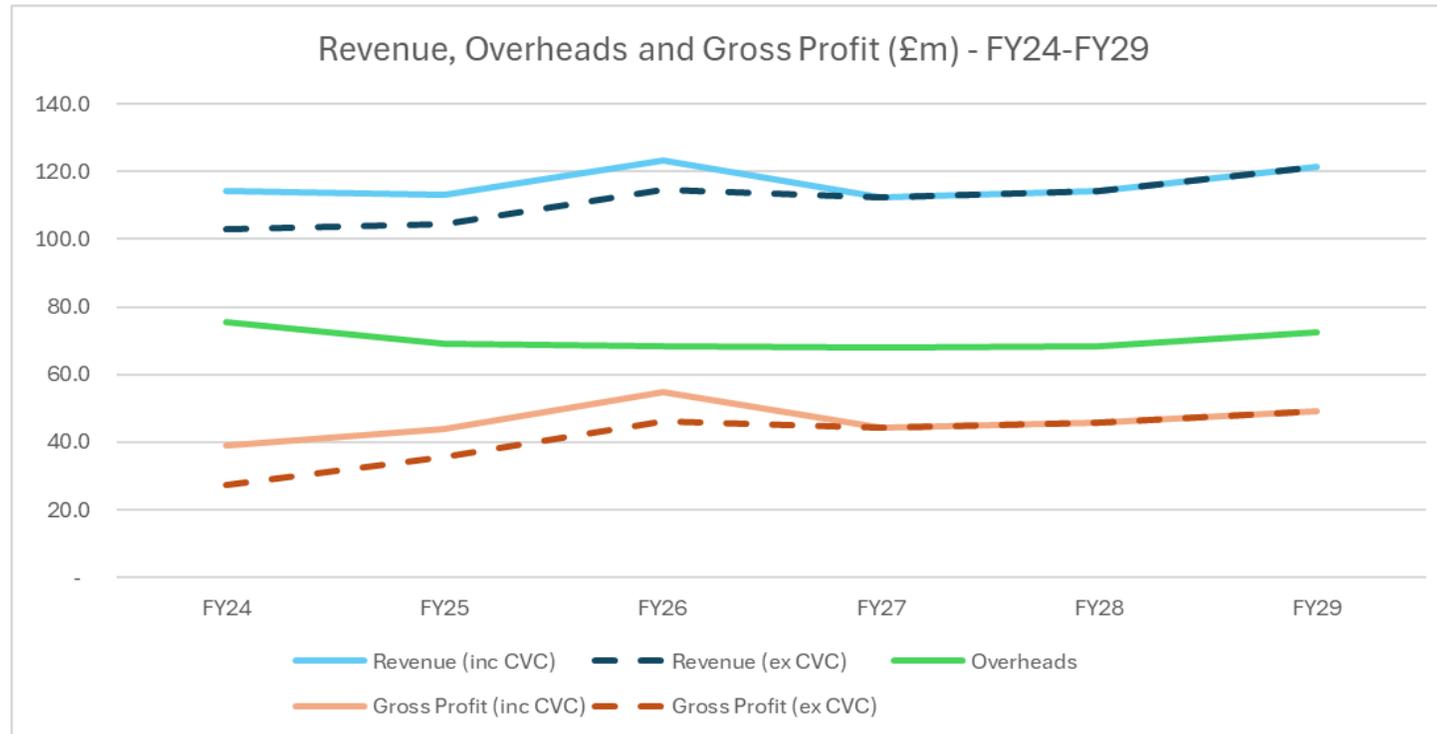


LONG TERM FINANCIAL PLAN

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BUSINESS TREND – 5-YEAR PLAN



- **Revenue** – goal is to increase revenue to cover loss of CVC income from FY27, with additional growth in the future years.
- **Overheads** – stabilising the base in FY25 with a view to a more cost conscious business.
- **Gross profit** – increasing revenues, and greater control over costs to improve margins on key profit lines, enables additional investment in the growth of the game across Wales.
- **Refinance Debt** by June 2025.

STRATEGIC KPI'S



Our 2029 goals (Left side of Pillar / Enabler)

- A clearly defined and followed debt strategy with a One Wales approach
- Established long term financial strategy and budgets
- To reinvest into Welsh rugby sustainably, in line with its needs
- Improved margin on key profit lines
- Increased revenue from new and aligned initiatives

Strategic KPI	Current	Target	Source
Debt to EBITDA leverage ratio.	Debt to EBITDA ratio as at June24 year end is 3.	Less than or equal to 2.0.	WRU Finance
EBITDA pre-distribution	EBITDA pre-distribution as at June 24 - £38m	EBITDA as at FY25 £44m, FY26 £54m, FY27 £44m.	WRU Finance
£ Capital investment	Capital investment in FY24 was £7.0m (of which £4.6m Scale)	CAPEX spend in FY25 - £5.4m, FY26 - £2.5m FY27 - £2.5m	WRU Finance
Gross margin % on National Men's Rugby, Third Party Events and Commercial.	Margins as at FY24 - National Men's rugby (65%), Third party (47%) and Commercial revenue (75%).	National Men's Rugby 65% (£33m) Third Party 55% (£5m), Commercial 81% (£12.3m)	WRU Finance
Base revenue and revenue growth.	Base revenue in FY24 was £104m.	Revenue growth of £2.6m in FY25, £4.0m in FY26 and £4.5m in FY27 (compared to FY24 base, excluding impact of cyclical Rugby calendar).	WRU Finance



COMMUNITY GAME FUND 2025 PLAN

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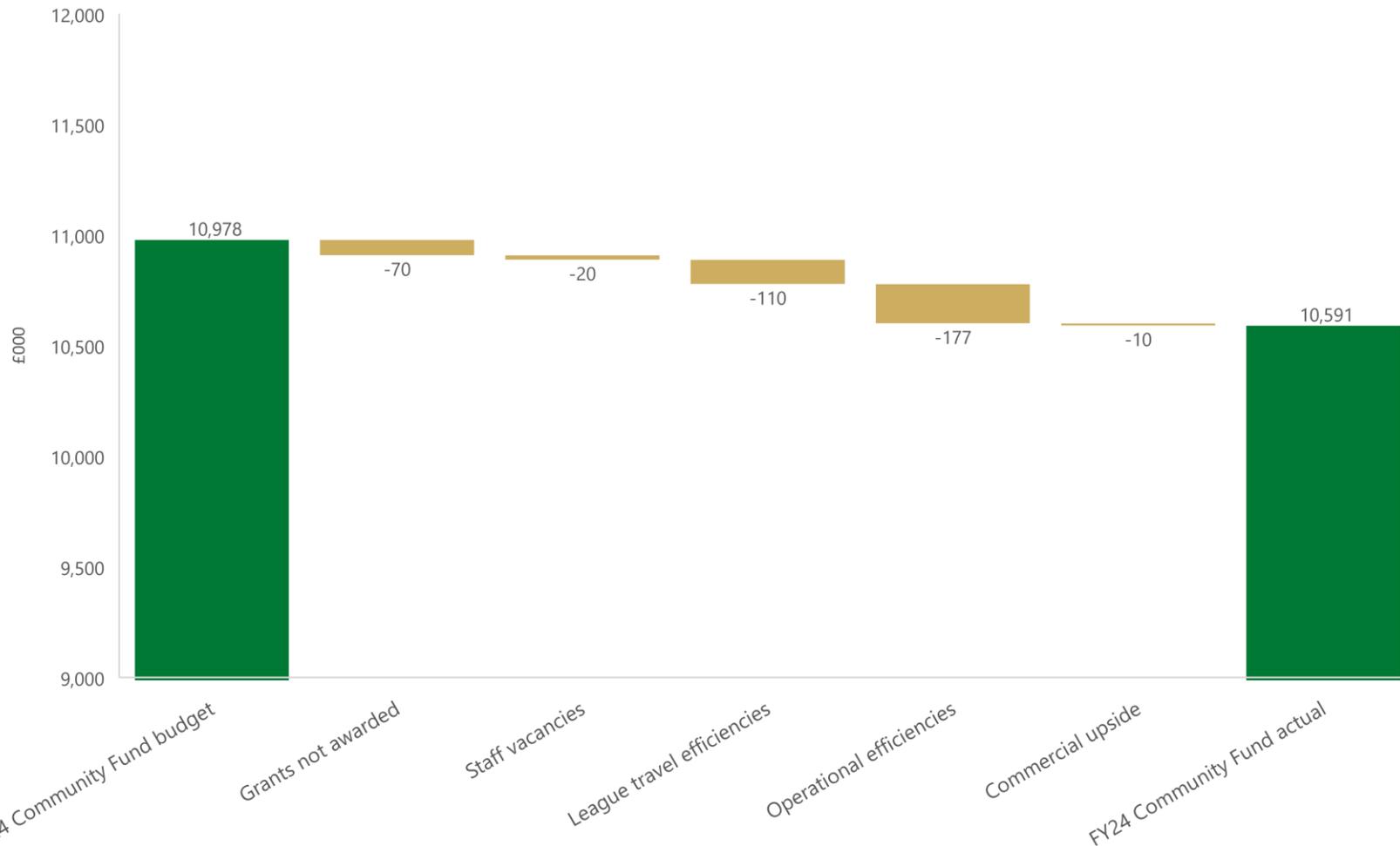
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FY24 PERFORMANCE



FY24 Cost Efficiencies

■ Increase ■ Decrease ■ Total

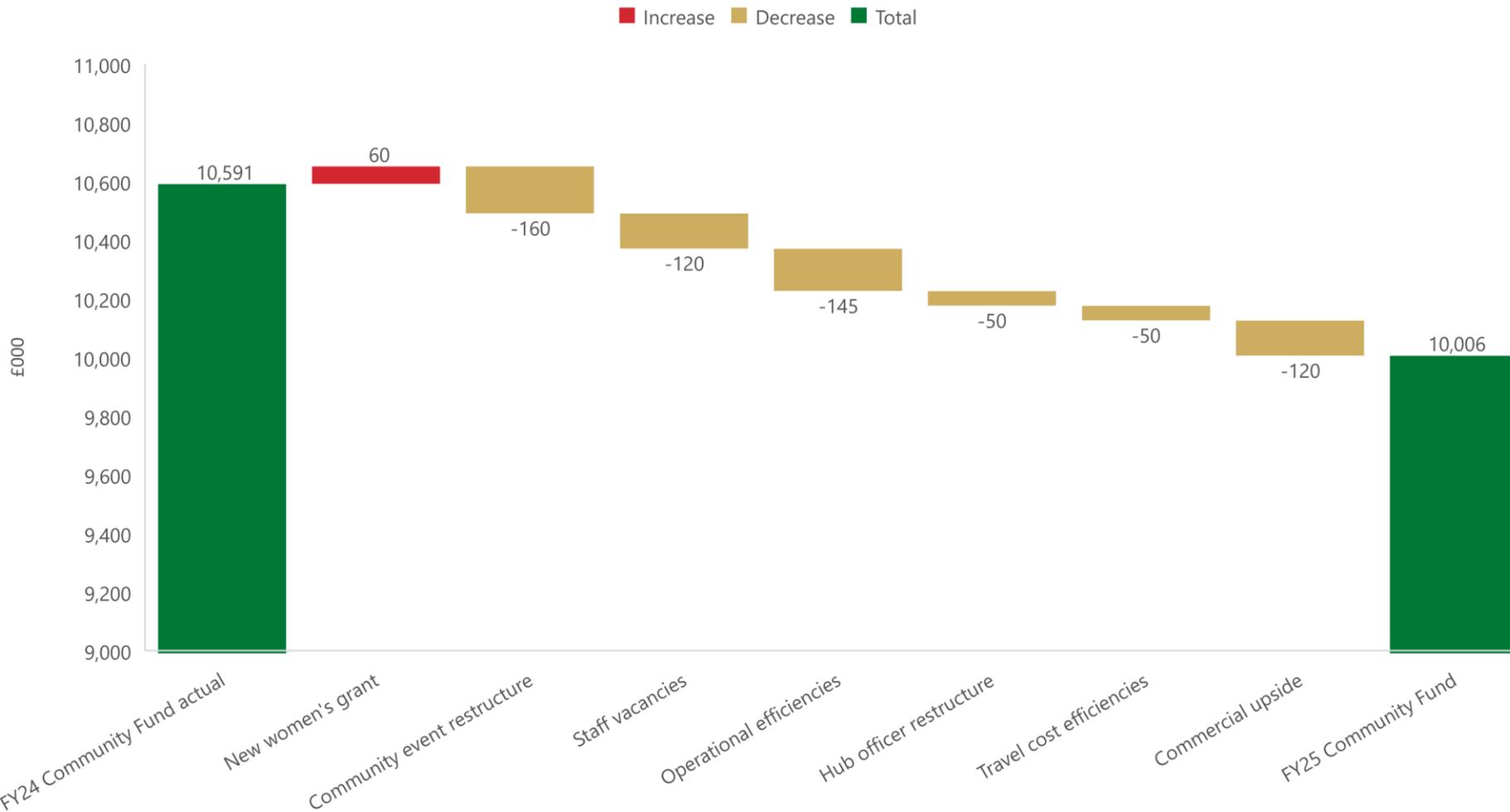


- Full allocation of grants not distributed down to several clubs not signing SoT and vacancies in Hub Officer programme
- League travel overbudgeted in FY24 fund reason for £110k upside
- Several projects and programmes overbudgeted in FY24 reason for operational efficiencies upside
- Small upside in commercial revenue upside. Target to grow this in FY25

FY25 PLAN



FY25 Cost Efficiencies



- Women’s senior team grant introduced for the first time ever
- Aim to grow the commercial aspect of the community game by a further £120k
- RTP schedule impacted by busy stadium schedule
- Cost awareness driving efficiencies in operational costs
- Target commercial growth by partnering with companies on community programmes

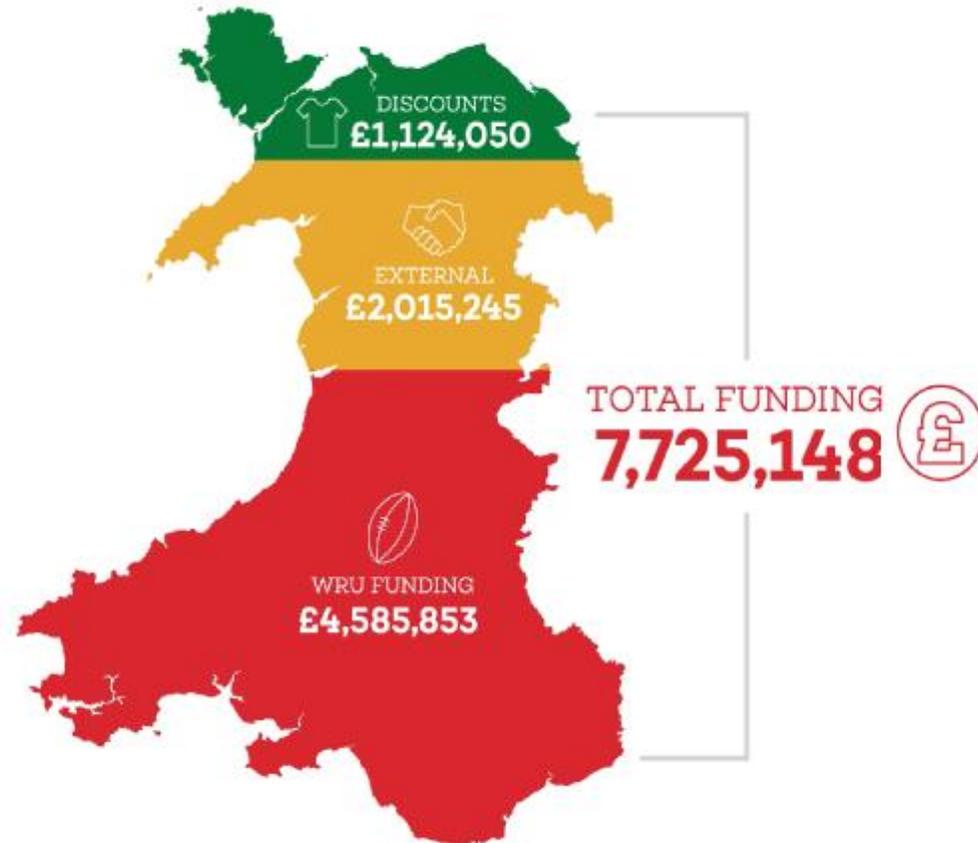


CLUB DEVELOPMENT SUPPORT

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EXTERNAL GRANTS



- WRU unlocked £700k of funding from Sport Wales through the BAWF and £1.3m from other sources
- 60% of BAWF pot distributed to WRU in 23/24
- YTD WRU have unlocked £1.5m of funding from Sport Wales and other sources
- £1m Macron Voucher distributed to clubs across Wales
- £100k of discounts received in the community on the Gilbert discount deal
- £400k insurance premium paid on behalf of clubs



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