



Chairman's Address
Annual General Meeting
Wednesday 25 May 2016

Record Results

As you would be aware, AP Eagers' financial year end is December 31 and as previously reported, 2015 was another record year for AP Eagers.

Our net profit before tax of \$121 million was 18% above the previous record achieved in 2014, and our earnings per share of 47.6 cents also bettered the previous record by 11%.

The year was highlighted by strong trading performances in Queensland and New South Wales, including full year contributions from the Craig Black Group and Ian Boettcher businesses acquired in the second half of 2014.

Record Dividend

To our long-term followers, the following comments might seem very repetitive, but I am sure shareholders will never tire of hearing them, especially when the highlight is another record dividend payment. 2015 saw our 14th record dividend in the past 15 years, and record dividends for each of the last seven years in a row.

At 32 cents per share, our 2015 dividend exceeded our previous best by 19%, and maintains our history of having paid a dividend every year since listing on the stock exchange in 1957.

Our rising profitability and dividends, year after year, reflect a culture of management and staff continually striving for improvement. They have a habit of achieving record results, then backing up the next year looking for ways to reach new heights. This is a credit to Martin Ward and his team.

Diversification Strategy

Management's ability to continually lift the performance of existing businesses over many years is complemented by their proven capacity to grow the company through diversification and acquisition.

At our last two annual general meetings, we have commented on our growth pattern, which has been "grow, consolidate, pause...., grow, consolidate, pause". 2015 was a year of consolidating the growth we experienced in 2014 and also finalising terms for new business acquisitions hopefully to set up this year's growth.

During 2015, we announced the purchase of Birrell Motors Group, our largest-ever business acquisition, representing 12 car and truck brands across Tasmania and the eastern suburbs of Melbourne, with an expected annual revenue of approximately \$410 million. This acquisition was completed in March this year, followed by a small acquisition of the Kia and Chrysler Jeep Dodge franchises in Ipswich to be integrated into our Boettchers cluster.

These acquisitions are now being consolidated into our existing operations and are expected to continue our track record of delivering growth in Earnings Per Share to benefit all shareholders.

Our disciplined approach to identifying opportunities, executing transactions and then integrating the acquisitions, has been crucial to the success of our diversification strategy.

Whilst we expect to see further opportunities for the acquisition of core and associated businesses, growth needs to be at a sustainable pace and we will maintain our disciplined approach in parallel with efforts to enhance existing operations and processes.

In relation to Automotive Holdings Group, we remain pleased with our strategic investment, which continues to provide exposure to the West Australian market and additional exposure to the national market in an industry we know and understand.

Board

To my fellow directors, I again thank you on behalf of our shareholders for your hard work and ability to act quickly and decisively. This allows us to capitalise on growth and other opportunities in our evolving industry for the benefit of all shareholders.

Management and Staff

On behalf of the board and shareholders, I thank our talented and dedicated senior management team and all employees. Led by Chief Executive Officer, Martin Ward, they continue to improve and grow the business and deliver record results while maintaining the balance to satisfy our manufacturers, suppliers, staff and other stakeholders.

Next Year's AGM

This will be our final annual general meeting here at this venue. Our shareholder meetings and corporate office have been located here for many years. However, recent months have been very busy for the company.

Two months ago we completed the sale of this building for a mixed-use high rise development, which helped to pay for our purchase of Birrell Motors.

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We also opened our brand new Volkswagen showroom **[slide]** in Newstead last month and in coming weeks will demolish the previous Volkswagen showroom on Breakfast Creek Road **[slide]**, which will commence the relocation process for other dealerships in Newstead.

In parallel with these changes, we are purchasing a modest new corporate office, also in Newstead, so that next year's AGM can be held near our main business operations **[slide]**.

Even in the midst of 2015's record results, the hard work of Martin and his team to streamline and improve the business continues.

I now ask Martin to present his report on 2015 and comment on the year ahead.

Thank you.

Tim Crommelin
Chairman



Chief Executive Officer's Address
Annual General Meeting
Wednesday 25 May 2016

Record Result

If you look at my previous CEO addresses at these AGM's you'll note there clearly is no professional speech writer or PR firm involved in their production. You'll note this as they are extremely repetitious with little attempt to change the format.

Ladies & Gentlemen, the facts and figures speak for themselves. Five record years in a row with profits up 167% from \$45 million to \$121 million and dividends up 150% from 12.8 cents to 32 cents per share.

It is really important to stop and acknowledge that these results were produced by 3600 extremely dedicated and talented employees who are consistently day in day out delivering outstanding customer service. In an industry that measures everything, AP Eagers has been on a journey over the last decade to match or exceed best in class key performance indicators. Whilst the details on each indicator is "commercial in confidence" I can report that due to the quality of AP Eagers' people, processes and procedures, we are matching or exceeding "best in class" international metrics.

Whilst this journey never ends the next chapter in this growth story could be even more exciting. Why?

We are now moving beyond "best in class" being acceptable. For the last few years we have been challenging the industry norms and looking at everything from the customer perspective. At the end of this address, Keith Thornton, General Manager QLD/NT, will take you through a slide presentation to show you the exciting new automotive retailing concept to be launched under our Carzoos brand in multiple Brisbane locations in the second half of this year.

Before he does this let's return to 2015 and its impact on 2016. Although 2015 was a huge year financially, we didn't add any new acquisitions into the company during the year. It was however the 1st full calendar year of our two acquisitions made in 2014, Blacks and Boettchers. Therefore 2015, as the Chairman mentioned, was a year of consolidation of the previous year's acquisitions combined with a lot of hard work to execute the deals required hopefully to create 2016's growth.

We announced the company's largest acquisition "by value" of the Birrell Motors group on the 6th of November 2015 and we further announced the completion of this acquisition on the 1st of April this year.

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The Birrell Motors Group includes the following businesses:

- Motors Group Tasmania (including state-wide representation for Holden, HSV, Hyundai, Citroen, Isuzu Trucks, Volvo Trucks, Mack Trucks and UD Trucks)
- Silver Star Motors (Mercedes-Benz) in Doncaster and Burwood, Victoria
- Mercedes-Benz Ringwood, Victoria
- Waverley Toyota, Victoria

We are also delighted that the previous owners and operators, Marcus Birrell and Sergio Buccilli, will continue to operate the businesses under AP Eagers ownership, with their expertise to support a platform for further accretive growth in the Victorian and Tasmanian markets.

Negotiations in the second half of 2015 also resulted in the announcement on the 19th of January of the acquisition of the Crompton Automotive Group. The group includes West-Star Motors and Toowoomba Holden operating in Toowoomba, Queensland, and representing the Mercedes-Benz, Hyundai, Peugeot, Citroen, Performax, HSV and Holden brands along with Port City Autos operating in Maryborough and Hervey Bay in Queensland and representing the Holden, Subaru, Chrysler Jeep Dodge, and Isuzu Trucks brands.

I can further confirm the due diligence has been completed and the contract was signed last week with an expected completion date of 1st July 2016.

The annual turnover for these two businesses is \$540 million. However, even with their staggered arrival into the group they will still generate an additional \$365 million in turnover during calendar year 2016. So by December year end, purely from these 2 acquisitions our annual turnover will lift by 11%. Any additional organic turnover upside will be on top of this 11%.

Update and Outlook

Our first four months trading in 2016 is once again in record territory which is really pleasing particularly as this time last year we were benefiting from the increased activity from the December 2014 hail storm in Central Brisbane.

Profit increases in our NSW operations have helped to offset the year on year shortfall in Queensland. Our Queensland businesses are still performing above industry best practice benchmarks but this year don't have the "abnormal activity" seen last year resulting from the hail storm.

With a good but static performance from South Australia and a significant improvement in Trucks, our core existing businesses are once again in record turnover and profit territory.

Small profit uplifts in our investments and property along with one month's trading of the Birrell Motors Group complete the picture.

I am therefore pleased to announce that at the end of April your company is sitting 9.0% up in both revenue and profit year on year.

As May and June represent the two biggest trading months of the year and we are in the middle of a federal election it is still too early to forecast our June 30th half year result. However as long as market conditions remain similar to the first four months of the year we would be hopeful of matching or exceeding the current growth percentage for the half year.

Team Result

As always I would like to thank my management team, the board and our dedicated employees across the country for another year of outstanding results. I would now like to hand over to Keith....

Thank you.

Martin Ward
Chief Executive Officer

A.P. Eagers Limited

Annual General Meeting

25 May 2016



Austral Volkswagen, Newstead – New Building

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Austral Volkswagen, Newstead

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Austral Volkswagen, Newstead – Old Building

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A.P. Eagers Corporate New Head Office, Newstead

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A.P. Eagers Corporate New Head Office, Newstead

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CARZOOS 2.0

An entirely new way to buy and sell used cars.



CARZOOS



The Importance of Used Cars to A.P. Eagers

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NEW CAR
MARKET



USED
CAR
MARKET

	New Car Department	Used Car Department
Product	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Price	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Margin	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Promotion	<input type="checkbox"/>	<input checked="" type="checkbox"/>
People	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Place	<input type="checkbox"/>	<input checked="" type="checkbox"/>



NEW
CARS

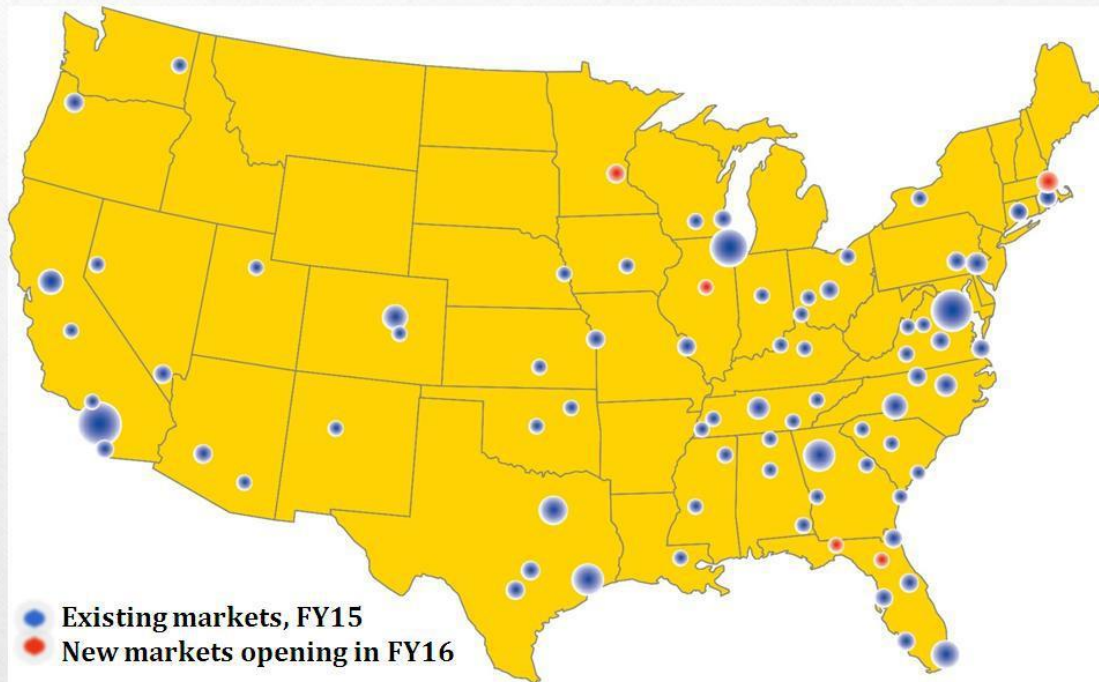


FINANCE &
INSURANCE



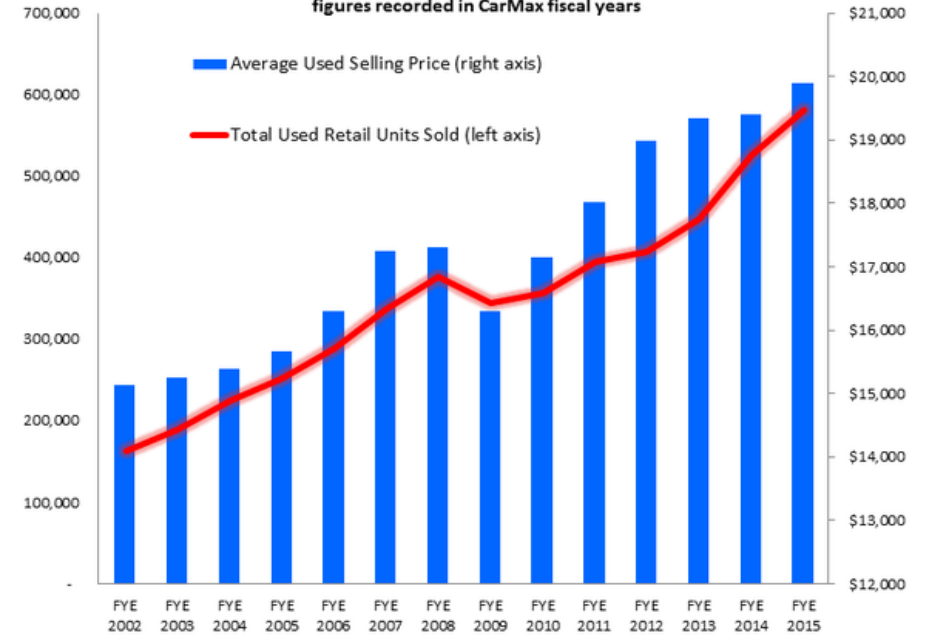
Current CarMax Locations

Today -- 150 used car stores in 75 markets



CarMax Retail Pricing and Sales

figures recorded in CarMax fiscal years



Leading US Automotive Retailers

Market Cap.

Carmax	10.2Bn
Penske	3.2Bn
Autonation	5.0Bn

Source: Carmax Investor Relations Presentation, May 2015

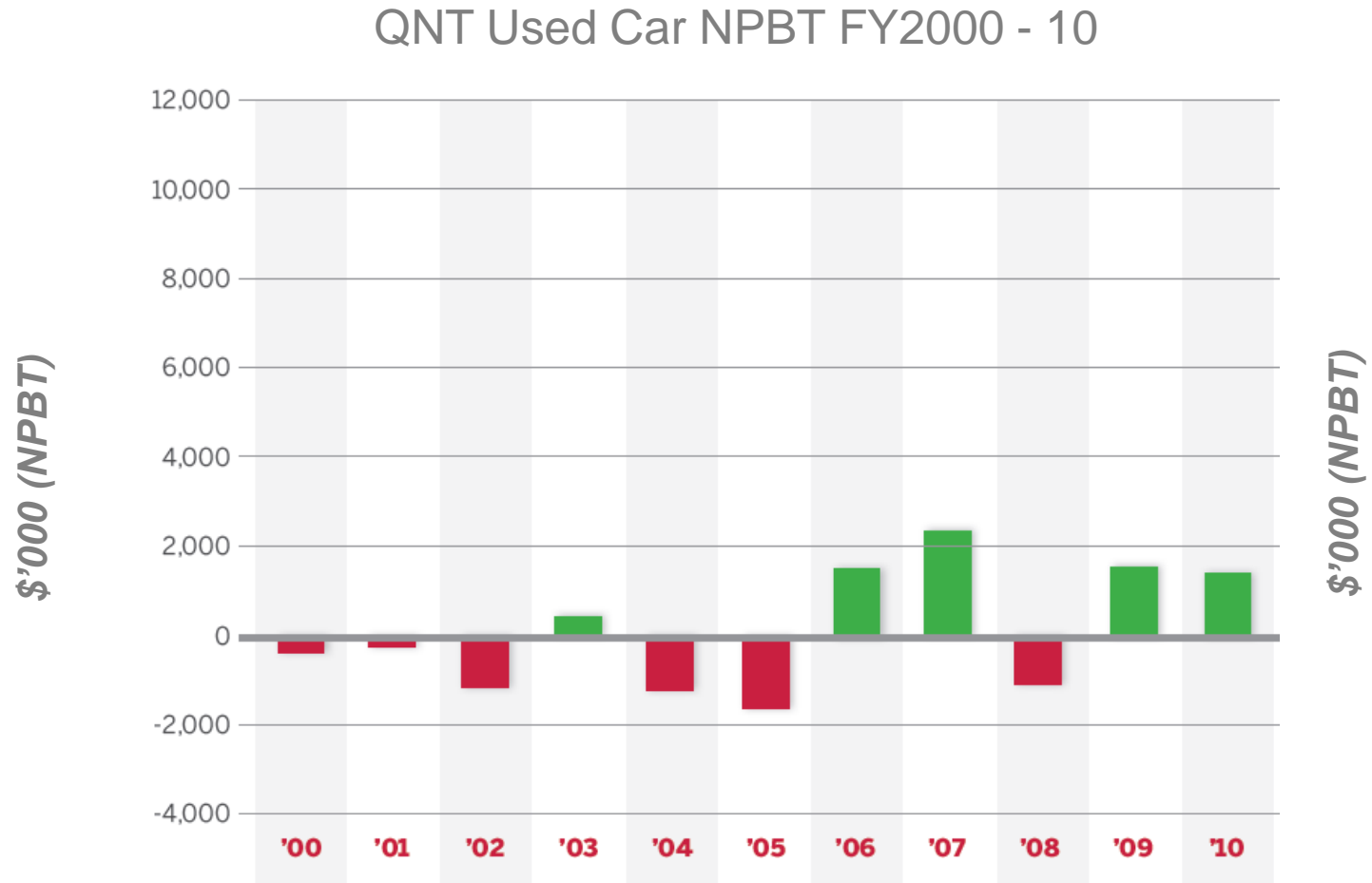


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EAGERS

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Pre-Carzoos – Used Car Performance

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Year 2011 - The underlying 3 strategic pillars of Carzoos

CREATE A KILLER
LONG TERM
BRAND

CARZOOS
.COM.AU

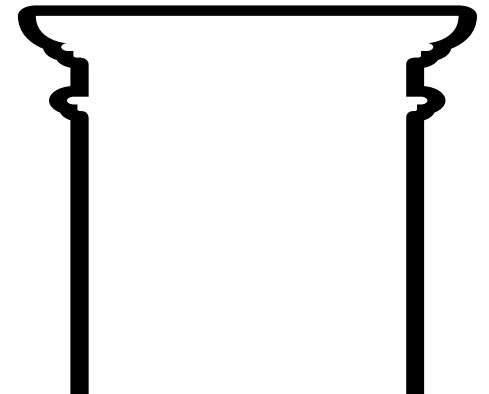
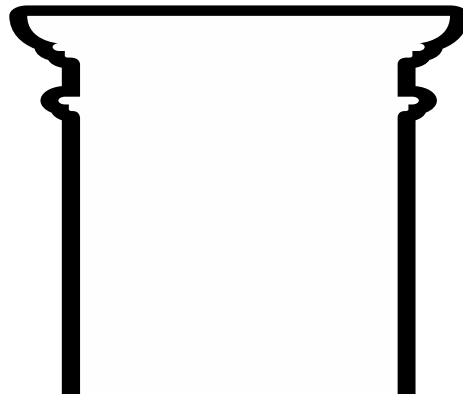
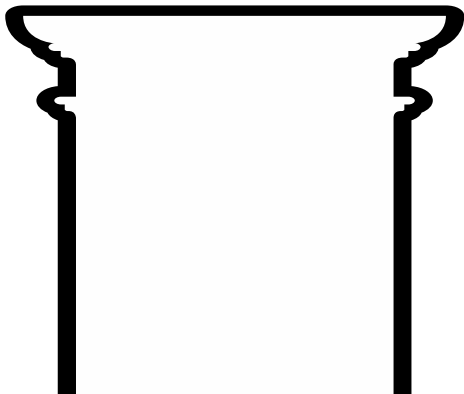
DELIVER KILLER
CONSUMER
BENEFITS



DELIVER A
KILLER CUSTOMER
EXPERIENCE



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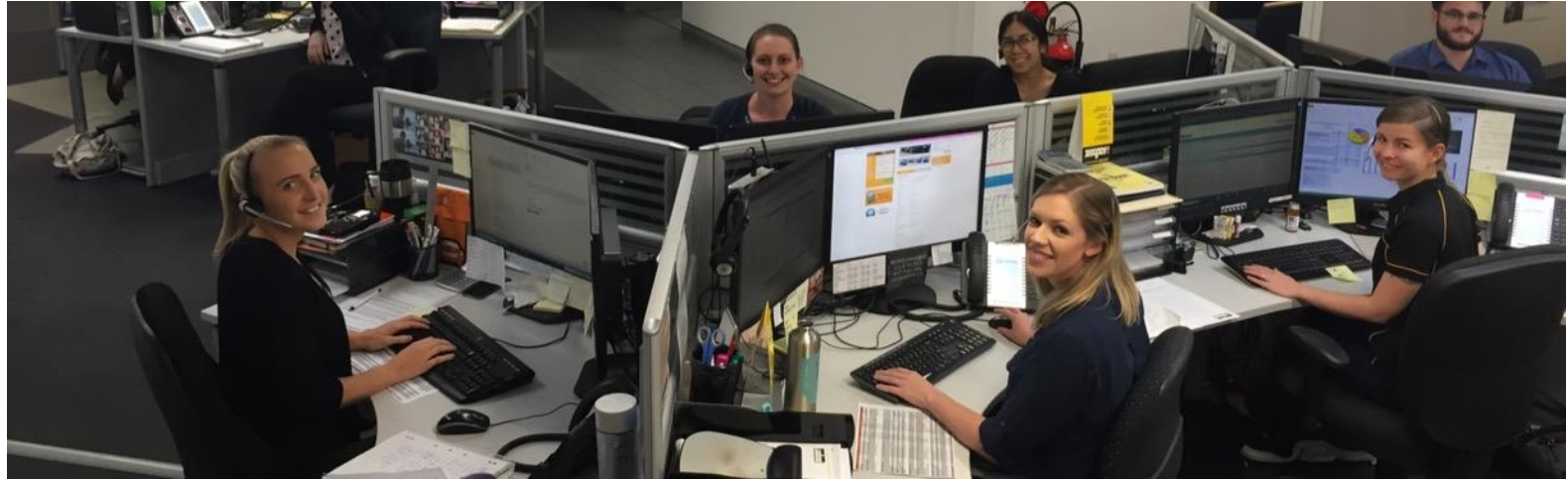
Delivering best practice inside a traditional category model



CARZOOS BRENDALE
 Service
 55 South Pine Road
 T 07 3384 8855
 service.brendale@carzoos.com.au

Used Cars
 55 South Pine Road
 T 07 3384 8866
 facebook.com/carzoos.brendale.com

100 YEARS **GP EAGERS**



Love it or your \$1000 back.

If you don't love your car after 48 hours, you can give it back*. No questions, no grief, no worries. The only thing we'll give you is a \$1000 fuel voucher and your money back. Go to your happy place, 2 Sturt Rd, Cardiff.

Carzoos Cardiff
 Used car buying you can't get wrong.

The Carzoos **120** Point Safety Check
 Warranty **ROADSIDE ASSISTANCE**
 Carzoos And the kicker
Fixed 48hr Price **MONEYBACK**
 Servicing **GUARANTEE**

Love it or your \$1000 back.

Carzoos
 Page Liked · December 11, 2015 ·

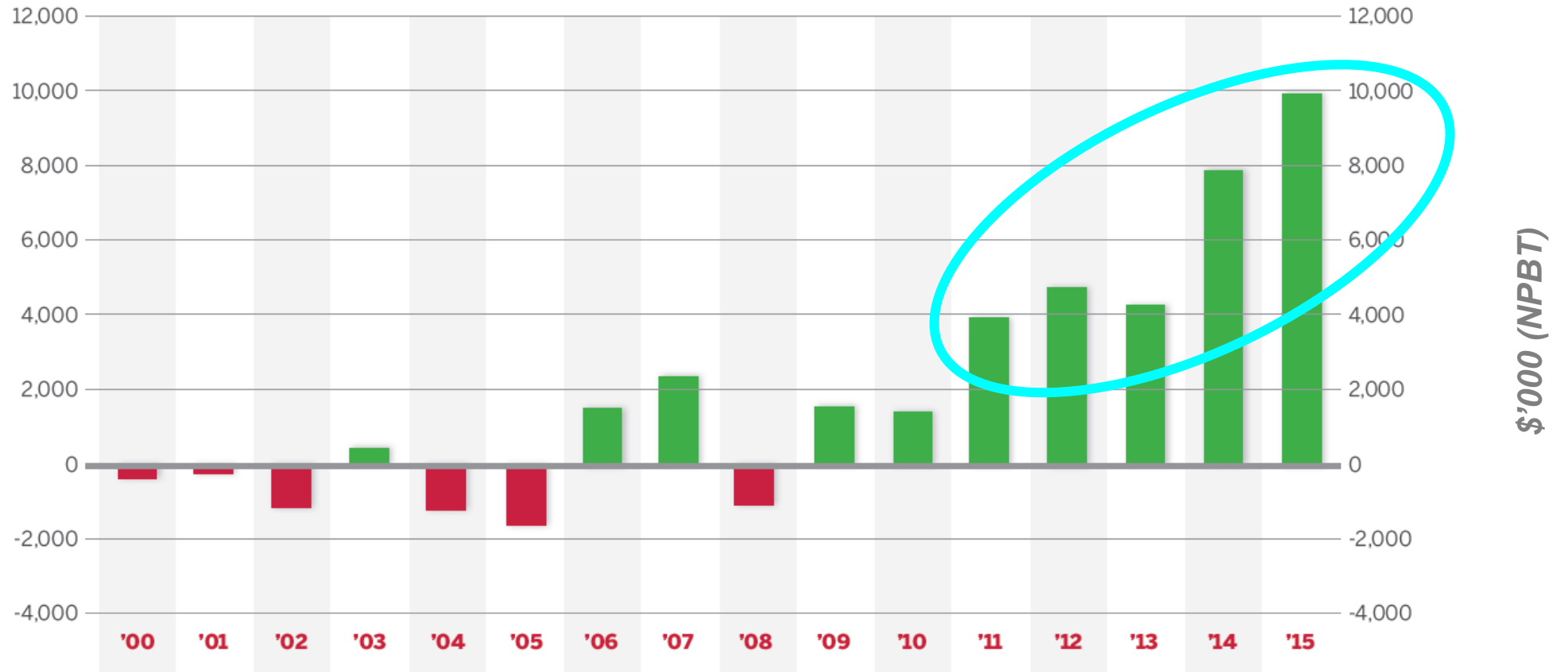
"Incredibly helpful and gave us an amazing deal - total legends!" - Ben & Teagan L

For persons only

What Carzoos has delivered

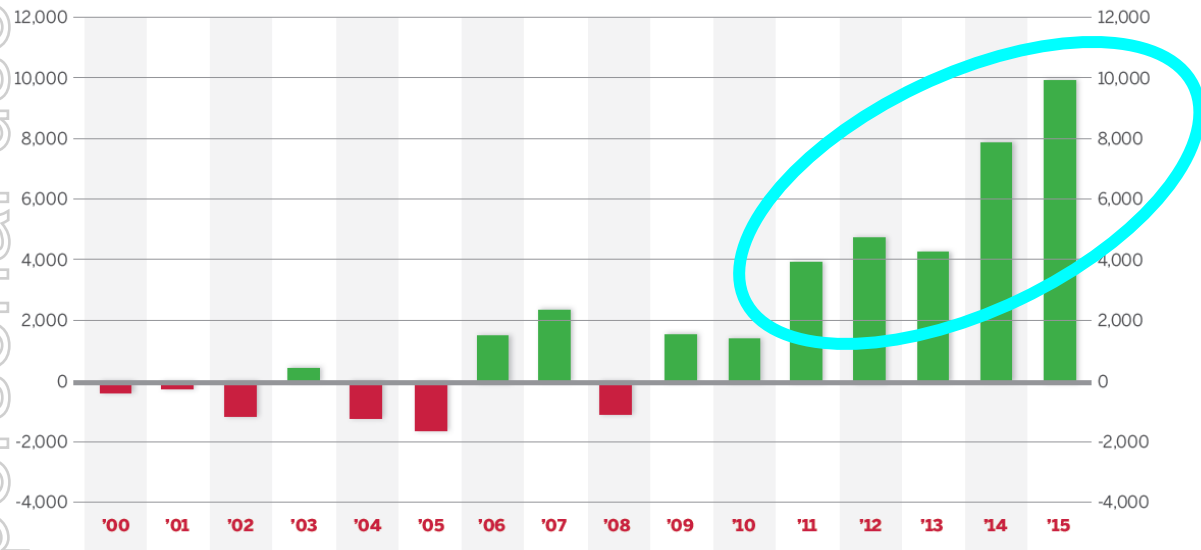
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QNT Used Car NPBT FY2000 - 15

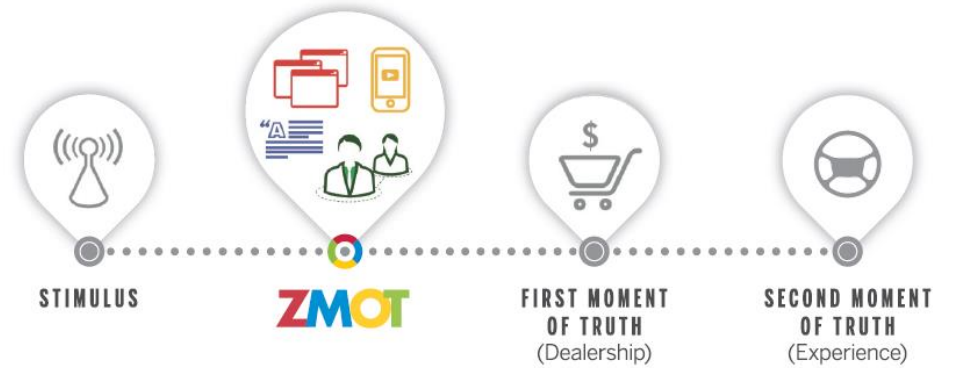


What drove this result

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Consumer path to purchase.



At strategy level it defines the most relevant path to purchase insights.

Technology ... is driving a shift in consumer behaviour. Technology ... is the enabler for business disruption.

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Look familiar?



Google case study on today's car buyer.



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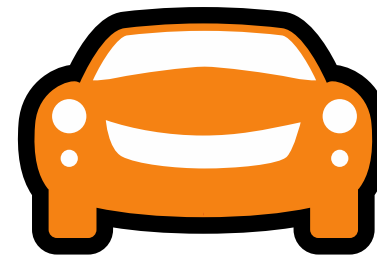
CARZOOS 1.0

Used Car Buying You Can't
Get Wrong



CARZOOS 2.0

An entirely
new way to
buy and sell used
cars.



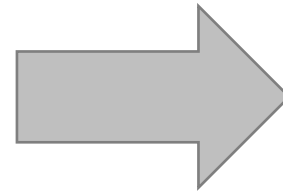
CARZOOS

Reposition Carzoos + Create a new, differentiated brand for A.P. Eagers Used Car Dealerships

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CARZOOS
You can't go wrong.

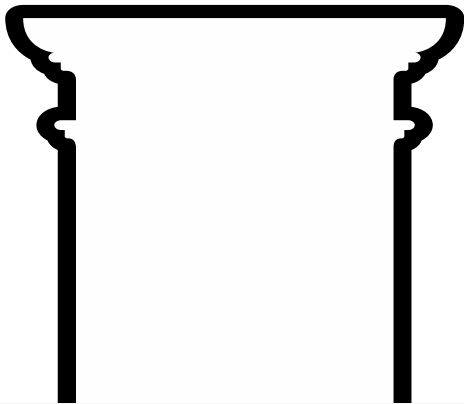


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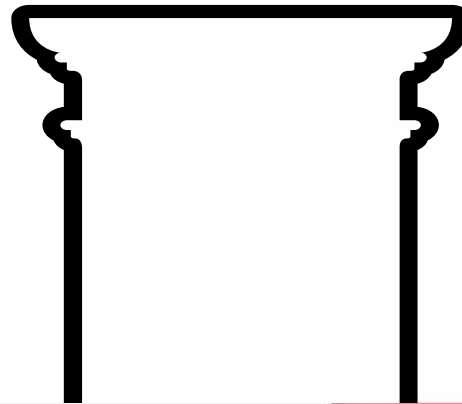
Same strategy, same execution ... different brand.

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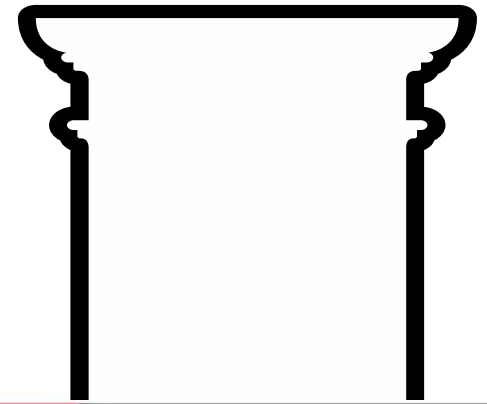
KILLER
BRAND



KILLER
BENEFIT



KILLER
EXPERIENCE



Continuing to deliver best practice inside the traditional category

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ZOOPER DOOPER GUARANTEE

- 7-Day Money-Back Guarantee
- Fixed-Price Servicing
- Zooper Warranty
- 24/7 Roadside Assistance
- 120 Point Safety Check



CARZOOS 2.0

An entirely new way to buy and sell used cars.



CARZOOS



Our Why:



Our Mantra:

“We can help with that”.



But How:

A compelling combination of new and different retail experience, customer service, consumer benefits, marketing and convenience.

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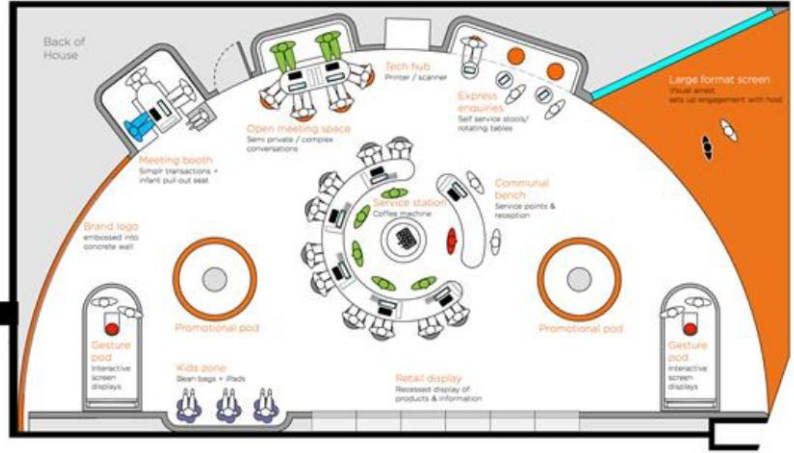


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Disruptive Retail Experience



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Disruptive Customer Service



Hosts

Greeting
(Brand Introduction)



Chief + Buddies

Store Service delivery:
Buy, Sell, Finance, Delivery handover.



Simplr



Mobile Inspectors

Mobile
(Brand + Inspection Unit)

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Disruptive Benefits (USP's)

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7 DAY
MONEY BACK
GUARANTEE
MON TUE WED THU FRI SAT SUN

175K
WARRANTY

CARZOOS PRIVATE
NO HAGGLE
PRICING

**TOTALLY NITPICKY
CERTIFIED INSPECTION**

BUY
IT FROM
YOU

PLUS
A UNIQUE NEW
TO INDUSTRY
KILLER BENEFIT

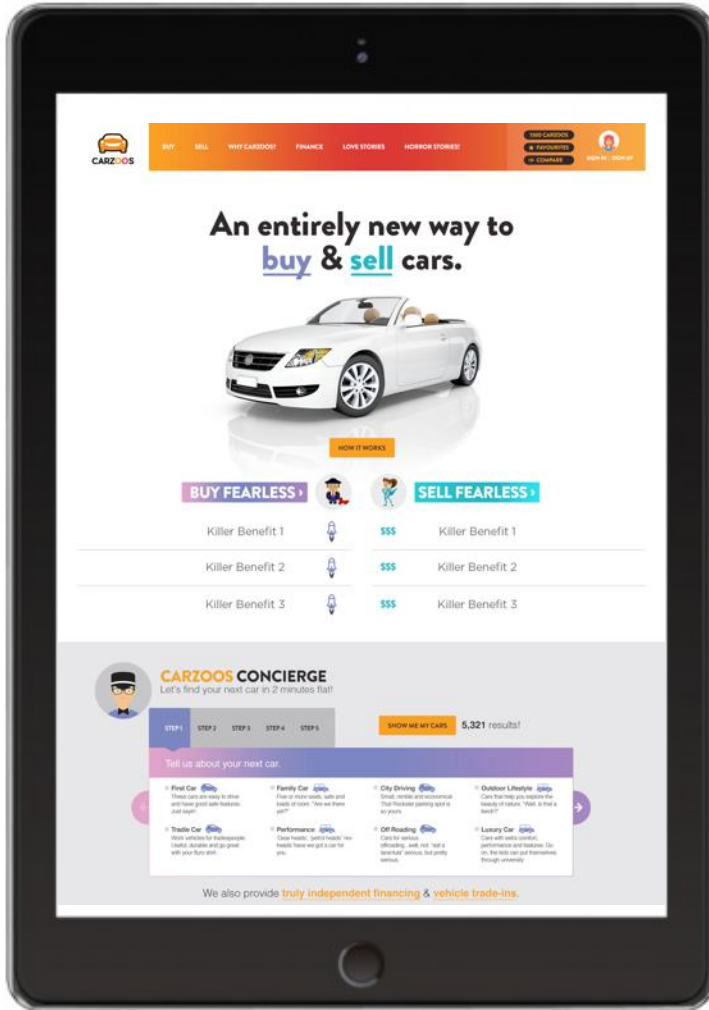
Disruptive Marketing

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Disruptive Convenience

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A.P. Eagers Limited

Annual General Meeting

25 May 2016

