



**Chairman's Address
Annual General Meeting
Wednesday 16 May 2012**

Ladies and gentlemen,

Record Results

I am proud to report that despite 2011 being heavily impacted by natural disasters, low consumer confidence and weak retail markets in general, we were able to achieve our highest financial results on record during 2011.

The year's Net Profit Before Tax of \$58.2 million was 28% above our 2010 result and 11% above our previous record which had been achieved in the government stimulated environment of 2009.

Whilst 2011 saw our basic Earnings Per Share grow to a record 127.7 cents per share from 105.3 cents in 2010, the real story is that our underlying Earnings Per Share grew to 135.7 cents per share up from 108.7 cents in 2010.

Record Dividend

Based on these record results, your board had much pleasure in approving a record full year dividend of 80 cents per share for 2011, 25% above the previous record set in 2010.

This continues our history of having paid a dividend every year since listing as a public company in 1957.

It is also our tenth record dividend in the past 11 years.

Our Chief Executive Officer, Martin Ward, will elaborate on our record 2011 results during his address.

Diversification Strategy

I would like to comment on our geographic diversification strategy.

As I said last year, diversification through acquisition has been a key plank in our growth ambitions.

We have a track record of delivering Earnings Per Share growth from acquisitions for the benefit of our shareholders.

At the beginning of 2005, 100% of our business was in Queensland.

Since then we have acquired numerous businesses, most recently the Adtrans Group, South Australia's premier car retailer and Australia's number one truck and bus retailer by volume, which we acquired in late 2010, and Daimler Truck and Eblens Subaru businesses in Adelaide in 2011 to complement the Adtrans operations.

As a result of these acquisitions, Queensland now represents only 45% of our business, with New South Wales representing 24%, South Australia 18%, Victoria 7% and Northern Territory 6%.

To emphasise the benefits of this growth by acquisition, it is worth pointing out that our record profitability and Earnings Per Share in 2011 were in large part due to a full year's contribution of 16 cents per share in incremental earnings from the Adtrans Group.

Focus for 2012

In 2012 and coming years, we expect that earnings accretive growth opportunities will continue to arise in line with our geographic diversification strategy.

We will also continue our focus on improving our business performance and processes in identified target areas such as used car trading and our parts distribution business.

Improvement in these areas, in conjunction with our growth initiatives, should help to mitigate the natural cycles of our industry and reduce the impact of regional issues experienced from time to time such as flood events.

We look forward to receiving continued shareholder support in these areas as we move towards our centenary year in 2013, and Martin will elaborate on our 2012 first half result which we have forecast will be 20% to 25% higher than for the first half of 2011.

Board

Over the past year we have seen some change at our board table, with the retirement of our long-serving director Tony Love at last year's AGM and the appointment of Tim Crommelin in early 2011.

It is important that any board continues to remain fresh and contemporary. With this in mind, and with my retirement in 12 months' time, we hope to finalise the appointment of a new director, David Cowper, shortly.

For six years David was the chairman of accounting firm Horwath's motor industry specialization unit. He was also the lead audit partner for us for seven years up to 2008.

David has a wealth of industry knowledge and expertise, and we look forward to making a formal announcement welcoming him to our board very soon.

Management and Staff

I would now like to recognize the tremendous contribution of management and staff.

Our Chief Executive Officer, Martin Ward, has built a strong management team and it is a credit to Martin, his team and indeed all staff that the company has been able to achieve record results for shareholders year after year in the challenging economic conditions, global and domestic, that have been in existence for some years.

On behalf of the board, I thank Martin, his management team and all employees across the group for their efforts and achievements for your company.

Hall of Fame

Finally, it would be remiss of me not to mention that A.P. Eagers received a tremendous honour in September 2011.

We were inducted into the Queensland Business Leaders Hall of Fame “in recognition of (our) sustained success and excellence in motor vehicle retailing and service to the community for 100 years”.

The Business Leaders prepared a short documentary video which runs for a few minutes to commemorate our induction, and I ask Martin to play the video before he presents his report on 2011 and comments on the coming year.

Thank you.



**CEO's Address
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Thank you Ben.

Good morning Ladies & Gentlemen,

It is exciting when a 99 year old company can produce its most successful result ever. Ben has covered the key numbers; in particular the 25% uplift in underlying EPS and the corresponding 25% uplift in the dividend payout. The key to these results in 2011 was the successful integration of the Adtrans acquisition along with a constant (almost obsessive) desire across our existing businesses to improve towards world class standards.

Reasons for Record 2011

Our Adtrans integration included both significant cost savings and margin enhancements which led to a doubling of the anticipated EPS growth from 8 cents a share to 16 cents a share.

Credit for this enhanced improvement is wide spread. The Adtrans management and dealership teams along with the small AP Eagers Corporate team all played their part in delivering the best outcome for all stakeholders. A tremendous result for which they all deserve credit.

It is also pleasing when your existing businesses improve. In particular our QLD/NT operations and our Newcastle operations both produced improved results through their relentless drive to improve year over year.

New Initiatives

At A.P. Eagers we take great pride in continually “refreshing” the business and one small example of this is the launch of Carzoos on April 2nd 2012.

The used car business is a unique segment that has no standout scale successful operator within Australia. This is unlike the United States where “Car Max” has created a successful business venture based purely around used cars currently valued at \$6.5 billion.

Over the last 5 years we have been researching this segment within Australia with a goal to create a “segment killer”. We don’t believe the “Car Max” model is ideal for the Australian Market and Carzoos is different to Car Max.

Research shows used car customers want value, but what defines value? Choice, convenience, price, but the overriding issue is “security”. Used car buyers fear buying a “lemon” and are looking to not “get it wrong”.

Our new Carzoos business model is built on 3 pillars: The Brand, The Benefit and The Experience.

Let me show you our website and new TV ad.

www.carzoos.com.au

Ladies and Gentlemen, Carzoos is 45 days old.... We are excited about our new brand and business model, initially limited to South East Queensland but capable of being rolled out nationally if we achieve our internal milestones.

Whilst a number of years in the making and delayed due to the GFC, Carzoos is just one example of some of the initiatives we are working on to add value to our core franchised dealership operations.

Record Start to the Year 2012

We have experienced a record result for the 1st four months of 2012 and repeat the guidance released to the ASX on the 13th April (a copy is on your seats) – A.P. Eagers forecasts a

record first half result up 20-25% on 2011. Pleasingly every division in the group has contributed to this growth in profit.

Outlook

Our focus for the remainder of 2012 is to continue our relentless efforts of continuous improvement in existing businesses which of course now includes Adtrans within this process. The Carzoos launch to date has been a “soft launch” with our focus now on the full launch to be executed between now and Christmas within South East Queensland.

Acquisition opportunities are constantly available. However, we will only expand when these opportunities meet our strategic and investment criteria. Our focus as always will be on Earnings Per Share growth and the corresponding dividend growth.

My thanks go out to the entire A.P. Eagers team – whom through ever improving performance results deserve the recognition of being “the best in the business”

Thank you.