

investor news

Key Statistics

ASX code	GLG
Share price*	97 cents
Market capitalisation*	\$168.2 million
Shares on issue	177,000,000
S&P/ASX Index inclusion	All Ordinaries

* Market statistics at 14 June 2011

The Managing Director reflects on the first year as a listed company

Gerard Lighting delivering on IPO forecast

Gerard Lighting Group's listing on the Australian Securities Exchange in May 2010 followed one of the few completed Initial Public Offerings (IPOs) last year.

The Company successfully raised \$85 million from institutional and retail shareholders, including employees and members of the Gerard Lighting TRIBE. Gerard Lighting has been described by one senior financial journalist as a 'quiet achiever' in the year since listing.

Marking Gerard Lighting's first anniversary as a listed Company, CEO Simon Gerard spoke to *The Australian* newspaper, confirming that the Group remains on track to meet the earnings estimates outlined in the IPO Prospectus.

"We are very confident of delivering the IPO forecast," Mr Gerard said **"and in the current business environment that is a good result."**

Gerard Lighting has forecast full year EBITDA of \$40.23 million for FY2011 and generated revenues of \$209.3 million in the first half of this financial year.

First half earnings per share were 5.6 cents and the Company paid a fully franked dividend of 2.7 cents per share. (The consensus earnings per share estimate for FY2011 is 10.4 cents.)

Mr Gerard flagged more acquisitions for the Company following the purchase of Queensland-based FRENZ Lighting and eneSolve. **"We have a number of files open on acquisitions,"** Mr Gerard said, **"and are very happy to consider bolt-on opportunities up to \$15 million. We have a culture and track record of successfully integrating new businesses."**

Gerard Lighting's progress towards achievement of its Prospectus forecasts has been assisted by the release of a suite of new higher margin products and by the strength of the Australian dollar. Mr Gerard noted in particular the recent successful release of the Group's new energy-saving LED downlight.



BRW magazine recently covered GLG (see above) and, in part, this is what BRW had to say

"...Gerard's ... performance warrants more attention..."

It has good operating cash flow and debt is acceptable. (Its upside is a strong balance sheet, positioning Gerard to grow through acquisitions, build market share and increase profit margins."

BRW investment columnist
Tony Featherstone

iLP Products Melbourne Showcase

The roll-out of the **intelligent Lighting Products (iLP)** division continues apace as the Group reinforces its rationale for bringing together in one place the many concepts in the area of intelligent design, products over which the user, with the help of technology, has more control.

Gerard Lighting has set a goal that by 2016, 20% of the Group's sales revenue will come from iLP products. CEO Simon Gerard says intelligent lighting products will only become more attractive as electricity costs rise substantially.

On March 30, Simon Gerard hosted a gathering of some 200 architects, design experts and electrical installers at the Company's Victorian iLP showcase at Melbourne's Docklands. Members of the Gerard TRIBE attended a showcase preview on March 29.

Guests were briefed by Mr Gerard and by Steven Beletich (Senior Government Adviser on Lighting Efficiency) on the latest developments in energy efficient lighting solutions.

This month it's Queensland's turn with a similar event planned for June 27 and



Mark West Executive General Manager of Sylvania Lighting



Pictured at the Melbourne iLP showcase were **Simon Gerard** with **Steven Beletich**



An attentive audience at the Melbourne iLP showcase

28 in Brisbane. Steve Coyne, a respected consultant on energy efficient lighting, will be guest speaker at the Brisbane iLP showcase.

Acquisition of eneSolve business to broaden Gerard Group service offering

In its 2010 IPO Prospectus, Gerard Lighting Group signalled that, whenever appropriate opportunities arose, it would undertake strategic value-adding acquisitions or joint ventures, such as those executed last year in relation to FREND Lighting and White Lite.

In line with that strategy the Group announced on 30 May that it had acquired the **eneSolve** business for a cash consideration of \$980,000.

eneSolve is a national, integrated consulting and contracting firm whose goal is to help businesses profit by managing their energy consumption and carbon emissions. This includes helping business to:

- understand their energy use and carbon status;
- comply with legislation now and into the future;
- develop practical solutions to eliminate energy waste;

- plan the best mix of business options;
- execute all elements of the plan and report on demonstrated success.

Major outcomes include bottom line operational cost savings, reduced energy consumption and carbon emissions.

eneSolve was established as a start-up entity in 2009 and, having secured a number of important clients, now requires further capital and human resources to expand.

Simon Gerard says the **eneSolve** business is perfectly aligned with the Group's existing strategy of developing innovative technologies to drive efficiencies in energy use within a carbon-constrained world.

"In an environment of rising costs, customer needs are evolving from wanting an efficient light source to requiring broader and sustainable energy efficient outcomes. Our acquisition of **eneSolve** will help GLG to provide that," he said.

Gerard Lighting has acquired the business of **eneSolve**, including the name, IP, processes, ongoing projects and people. There will be no immediate impact on the Group's earnings in FY2011 or FY2012. Mr Gerard noted that the Board is pleased to add another business to the Group that, in conjunction with Gerard Lighting's existing iLP range, has significant growth potential.

"The acquisition of **eneSolve** is a strategically important extension to the Group's current product-focussed offering (and) will facilitate the provision of integrated energy efficiency solutions to our customers," Mr Gerard said.

GLG Around the Globe

United Kingdom

Fiji
Tonga

International roundup

“Outside Australia, Gerard Lighting Group continues to be busy on interesting projects”.

David Blackley, Pierlite’s International Sales and Marketing Manager.



Two views of London’s Docklands Light Railway South Quay Station on the Isle of Dogs between Crossharbour and Heron Quays. This and other stations’ lighting is an ongoing project for Pierlite UK.

United Kingdom

Anybody familiar with the **Docklands Light Railway**, or DLR as it’s known in London, will appreciate the rapid ride from Canary Wharf into Central London. The Group’s UK Operations is currently involved in a long duration project to illuminate the DLR extension’s new stations. This is a highly visible project being undertaken as part of the 2012 Olympics and the Gerard Group is delighted to be playing a significant role.

Fiji

Installation of lighting at the **University of South Pacific** in Suva in two major stages. Stage One – which is complete – involved the provision and installation of lighting for the new ICT (Information and Communications Technology) wing at the University’s Laucala campus while Stage Two – which is continuing – is to light additional ICT buildings which includes a high tech multi-purpose lecture theatre but which, because of its size, will also be employed for major events within the Fiji community. Both projects were funded by the Japanese Government.

Tonga

In a major undertaking, the Group has installed lighting for **Tonga’s Vaiola Hospital**. The project included the provision and installation of general lighting as well as the highly specialised lighting needed within various treatment areas of the hospital. Again, this project was funded by the Japanese government as part of its aid program.



“Research & Development,
a key to GLG’s future”

One view of the R&D facility in Adelaide

“If you don’t lead, you’re obliged to follow and, in the business of lighting, being a follower is not a recipe for long-term success.”

The speaker is Jason Gerard, Group General Manager, Intelligent Lighting Products (iLP) for the Gerard Lighting Group.

According to Jason, the Group has long recognised that a consistent, long-term commitment to R&D not only pays dividends but also contributes to the Group’s reputation as an innovator and a clever manufacturer of high quality, effective and efficient lighting products.

“It’s interesting to look at the generally-held definition of R&D which is ‘creative work undertaken on a systematic basis in order to increase the stock of knowledge, including knowledge of man, culture and society, and the use of this stock of knowledge to devise new applications’. Where lighting is concerned, this is what GLG’s iLP Division does – we work creatively to develop new and better products that can benefit society and, by so doing, make our business more successful.

“Our mantra is ‘form, fit and function’ but achieving it does not occur accidentally. For instance, when we launched a new LED downlight onto the market mid-2010, its release marked the culmination of 18 months of intensive R&D which sought to maximise the impact of constantly improving technology,” Jason said.

Gerard Lighting Group’s R&D commitment today is international in scope. A large part of iLP’s core R&D engineering takes place in Australia but commercialising that is now the responsibility of the company’s first electronic R&D Industrialisation Support Centre in Shenzhen in China’s Guangdong Province north of Hong Kong.

“This new support centre, opened early this year, is what will enable us to transform the R&D undertaken in Australia into finished, commercial products for the wider Gerard Lighting Group’s companies,” said Jason Gerard.

“The new Chinese Centre means the Group has the entire continuum of R&D covered. Our iLP Division is essentially the focal point of product development. We constantly listen to and seek input from customers, feed this information into the R&D pipeline and, in due course, our engineers work their magic. We then utilise the China facility to adapt these ideas and to industrialise them. Their skills mean we speed up considerably the time to market.”

GLG’s R&D in Australia currently has four main elements: mechanical, electronic, systems and software. The new Chinese Centre further supports the Australian expertise in mechanical and electronic engineering and has further important skills in LED technology, sensors, emergency lighting and lighting-based control systems.

Business Division Profile



In each newsletter, we intend to highlight a particular arm or segment of our business. In this issue we focus on Moonlighting.



The lighting for the BMW showroom and display complex in Melbourne was installed by Moonlighting

Moonlighting? Hardly!

"Sometimes our function is rather contradictory. On the one hand, we want to make light fittings so unobtrusive that you don't really notice them, but often, our function is to make lights and lighting so appealing that it's a pleasure to be in a particular place."

Craig Hewitt, Executive General Manager of Moonlighting Pty Ltd easily waxes lyrical about the aesthetic properties of the products marketed by this important division of Gerard Lighting Group, a division which specialises in both functional – i.e. task orientated and in decorative lighting.

"With our partners who include some of the world's biggest names in lighting products – e.g. Troll, Fosnova and Luxo – we have access to literally thousands of products. We can properly illuminate any space or, alternatively, we can offer lighting that simply offers a pleasurable experience.

"We work with engineers, interior designers, architects, builders and developers and Electrical Contractors to design lighting that is not only fit-for-purpose but also deliver an ambience or an experience that people can't quite put their finger on but which was delivered by clever, unobtrusive, decorative lighting."

According to Craig, 'fit-for-purpose' doesn't always adequately describe Moonlighting's capabilities.

"For example, we are leaders in the provision of critical lighting for use in medical environments such as nursing homes, day surgeries, hospitals and so on. It may not be widely known by our investors that Moonlighting offers the only approved LED cyanosis downlight in the Australian market. Cyanosis is the appearance of a blue or purple coloration of the skin or mucous membranes because the tissues near the skin surface are low on oxygen. Specialised downlighting helps medical practitioners with their diagnosis."

Moonlighting manufactures between 50 and 60 per cent of its products in Australia. There are 40 staff generating a turnover of around \$23m p.a. The company was founded in 1991 and became part of the Gerard Lighting Group stable in 2004.

"The association with GLG has opened up new horizons for us and given us direct and quicker access to developing technology."

Given that a significant segment of Moonlighting's business relates to decorative lighting, does Craig feel that a "greener" Australia in which people continually look for ways to consume less electricity will negatively affect the business?

He is adamant. "No, new technology, in particular LEDs, means that some of our decorative lighting products draw mere milliamps. Power consumption

is so minimal that even the 'greenest' consumer accepts there is no need to compromise on pleasant, aesthetic lighting that makes any space a more appealing place to be.

"Even with big projects today, we design the lighting so as to fulfil its purpose on the one hand but to do it in a way that will be seen as environmentally aware. All our design work is done via AGI on computers and, in this way, nothing is left to chance. Moonlighting can supply all lighting for the largest of Commercial projects, right down to single suite offices and industrial complexes. And along with our Control Pro range of lighting controls and soft wiring we are a one stop project lighting shop.

If you've been through Sydney International Airport past immigration recently, be aware that the lighting there was a Moonlighting project.

"Design for this project was a significant challenge. The general areas had to be bright but not so much as to flatten out individual stores and counters; it had to be busy, but warm, bright but without eye-watering glare and still create an effect of a busy, interesting and bustling commercial area. I believe we did that," Craig added.

Moonlighting is a 20-year success story with some distance to run.

SPARC at Sydney's Darling Harbour

The cream of Australia's lighting industry recently attended SPARC at Sydney's Darling Harbour – Australia's first major event for the international lighting community.

SPARC, which featured a world-class seminar program of invited speakers and displays of the latest lighting coincided with Vivid Sydney, a festival for complementary activities that showcase lighting, especially on large public buildings such as the Sydney Opera House and Customs House.



Gerard Lighting was a principal sponsor of **SPARC** and the Group's business divisions were comprehensively represented by high quality displays. CEO Simon Gerard (pictured) addressed the opening ceremony.

Key speakers during the 3-day event included Rogier van der Heide, a



Lighting and Architect Designer from The Netherlands who addressed how to use light to improve health and productivity as well as how to be better at conserving light, rather than wasting it.

The keynote speaker was Mr Chou Lien, a Master of Science in Environmental Design from Pratt Institute in New York.

Mr Chou has been involved in a wide variety of award winning projects, including: Chung-Tai Chan Temple, the American Museum of Natural History Hall of Biodiversity and the Fossil Halls, the Ring of Fire Aquarium in Osaka, and the Country Music Hall of Fame. He has also lectured internationally on a wide variety of lighting related topics.

SPARC looks as if it will become a pre-eminent international event continually facilitating an exchange of views on topics of importance to the lighting industry.



MR16 LED down light

News Flash

MR16 LED down light in 2011 Design Awards Finals

Gerard Lighting's MR 16 LED down light lamp is in the running for a 2011 Australian International Design Award having been nominated as a finalist in the Architectural & Interior Products category.

The Awards are managed by **Good Design Australia** and this year's winners will be announced on 22 July at a ceremony in Melbourne's waterfront event space Peninsula to be attended by Victorian Premier, Ted Baillieu.

The LED down light is competing for an Award in the **'Good Design'** and **'Design Award'** categories. One standout product will be awarded a Design Award/Best in Category accolade.

All Finalist products will be showcased from 21-24 July in a public exhibition at the Royal Exhibition Buildings in Melbourne as part of the Victorian State of Design Festival.

About Gerard Lighting Group

Gerard Lighting Group is the leader in the Australian lighting industry, holding a diverse product and business portfolio across all significant market segments, from high volume commodity lighting products to high value, high margin architectural lighting products.

The Group's brand portfolio incorporates Pierlite, Sylvania, Crompton, Moonlighting, Inlite and Austube, all of which are leading lighting entities in their respective market segments.

Investor Updates

Gerard Lighting website:
www.gerardlighting.com.au

- ASX Announcements
- Annual Reports and financial information
- Share price and dividend details
- Corporate Governance policies

Share Registry:

Telephone: 1300 556 161 or
www.computershare.com.au/investor

- Check shareholding details
- Change of address
- Tax File Number notification
- Dividend – direct debit bank account
- Elect to receive Annual Reports via email

ASX Code: GLG

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