

ASX & MEDIA RELEASE



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GERARD LIGHTING GROUP ANNOUNCES FY12 NPAT OF \$17.6 MILLION, IN LINE WITH GUIDANCE

Gerard Lighting Group (ASX: GLG) today announces its 2012 full year financial results. For the year ending 30 June 2012 the Group achieved revenues of \$389 million and a net profit after tax of \$17.6 million, in line with the Company's recently updated earnings guidance. The result represents a reduction in net profit compared to the prior year of \$1.9 million and full year earnings per share of 10.14 cents (FY11: 11.37 cents).

Key features of the result include:

- Revenues of \$389.3 million, down 3.7%, impacted by the absence of sales related to Government stimulus spending and weaker conditions in residential and commercial construction
- EBITDA of \$40.2 million, reflecting a stable EBITDA margin
- Net profit of \$17.6 million, down 9.7% on prior year
- Earnings per share of 10.14 cents
- Gearing (debt to debt plus equity) increased to 41% (FY11: 35%) as a result of funding acquisitions and working capital increases

GLG Managing Director, Simon Gerard said, "While FY2012 was marked by operational achievement, our financial performance did not match that achieved in FY2011."

"Over the past twelve months, the Australian lighting market has been impacted by a downturn in residential building consents and continued soft levels of approval for commercial and retail construction. Further, our ability to expand margins was impacted by a competitive landscape influenced by the strong Australian dollar, resulting in increased price competition from our competitors who import the majority of their product

"As advised in our half year results announcement, our sales in the current year did not have the benefit of Government stimulus spending, which was a strong contributor to the prior year's sales."

"Despite these headwinds, as a Group we experienced modest growth in the specific categories of roadway, infrastructure, mining and healthcare. We continued to invest in new technology and have recently released a world-leading 1,000 lumen fully dimmable LED downlight and several outdoor LED fixtures which will provide energy-efficient alternatives to the traditional halogen fittings," Mr Gerard said.

Financial Performance

The table below provides a summary of pro forma results for FY2010 and the Group's financial results for FY2011 and FY2012.

Year to 30 June (\$'000's)	Actual FY2012	Actual FY2011	Actual Proforma* FY2010
Revenues	389,295	404,414	362,112
EBITDA	40,204	42,211	35,380
Depreciation and amortisation	(4,768)	(4,030)	(3,792)
EBIT	35,436	38,181	31,588
Financing costs	(8,246)	(8,533)	(13,915)
Loss of equity accounted investee	-	(36)	-
Profit before tax	27,190	29,612	17,673
Income tax (expense)/ benefit	(9,568)	(10,093)	(6,913)
Profit/ (loss) for the period	17,622	19,519	10,760

* FY2010 Proforma information is unaudited, disclosed in the Prospectus dated April 2010.

Revenues of \$389 million for the year were 3.7% down on the prior year and our EBIT margin was 9.1% (9.4% for FY2011). Given that the FY2011 results were supported by an increase in construction activity as a result of one-off Government Stimulus spending (that generated Group sales of approximately \$20.5 million and EBIT of approximately \$3.8 million) the Board believes that the FY2012 results represent a substantial achievement.

Finance costs in H1 FY2012 were impacted by expensing the \$0.6m break cost associated with exiting fixed interest loans as disclosed in our announcement of 9 August 2011. In the second half of the financial year, the finance costs reflected lower average interest rates on the new banking facility but did not fully offset the break cost incurred.

Acquisitions

An important part of the Company's growth strategy is seeking strategic bolt-on acquisitions. In this regard, during the year Gerard Lighting completed acquisitions of the Nimbus Lighting Group and Home Lighting in New Zealand. These acquisitions, funded by available debt facilities, contributed to the H2 FY2012 result, adding \$3.0 million to sales and \$0.7 million to EBIT.

In FY2012 the Group generated operating cash flow after interest and tax of \$6.9 million (FY2011 \$28.2m). The decrease in operating cash flow was attributable to the payment in FY2012 of \$11.4m for income tax on FY2011 profits (deferred due to GLG being incorporated in late 2009), an increase in working capital of \$8m and a reduction in net profit for the year of \$1.9m.

Scheme of Arrangement with CHAMP Private Equity

On 18 July 2012, the Company announced to the ASX that it had entered into a Scheme Implementation Agreement with Lighting Investments Australia Pty Limited (LIA), a company owned by CHAMP Private Equity, under which it is proposed that LIA will acquire all of the outstanding shares in Gerard Lighting for a cash consideration of \$1.05 per share, by way of a scheme of arrangement.

The \$1.05 per share cash consideration represents a 40% premium to Gerard Lighting's closing share price of \$0.75 on 13 July 2012, being the day prior to the trading halt on 16 July 2012, and implies an equity value for Gerard Lighting of approximately \$186 million on an undiluted basis.

The Proposal is conditional on a statement of no objection from the Foreign Investment Review Board, shareholder and Court approvals and a number of other conditions set out in the Scheme Implementation Agreement.

The Board of Gerard Lighting unanimously recommends that Gerard Lighting shareholders vote in favour of the Proposal and each member of the Board intends to vote in favour of the Proposal in relation to Gerard Lighting shares held or controlled by them, subject to no superior proposal emerging and the independent expert concluding that the Proposal is in the best interests of Gerard Lighting shareholders.

Subject to necessary regulatory approvals and satisfaction of other necessary conditions, Gerard Lighting expects that shareholders will be sent a scheme booklet early in September 2012 containing full details of the Proposal and an independent expert's report by Lonergan Edwards. A shareholders' meeting to vote on the Scheme is expected to occur in early October 2012.

Dividend and buy-back

In accordance with its obligations under the Scheme Implementation Agreement, the Directors have not declared a final dividend in respect of the FY2012 financial year. In addition, the on-market share buy-back which commenced on 3 January 2012 has been discontinued.

The Preliminary Report Appendix 4E can be viewed at www.gerardlighting.com.au

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