
Chief Executives Officer's Report

Annual General Meeting

GERARD
L I G H T I N G

Presented by: Simon Gerard
October 26th 2010

Presentation Outline

- Strategic Objectives
- Headlines Post IPO
- Financial Performance
- Cash Flow / Gearing
- Group Integrated Business Model
- Review of Core Strengths
- International Strategic Investments and Franchise Network
- Construction / Business Outlook
- Recap FY11 IPO Forecast

Group Strategic Objectives

- Accelerate Revenue Growth locally and internationally
 - Both Organic Growth and by Further Acquisition.
- Increase Profitability to EBIT / Sales: > 10% by FY16 via fully leveraging Shared Service Support and Integration Business Model
- 20% of total group revenue to be generated from “Intelligent Lighting Products” by FY2016



- Target Return on Capital of at least 15%
- Become the Number 1 Lighting Group throughout the Indian Ocean and one of the Top 10 Lighting Groups Globally

Post IPO Achievements Statutory Results (6 Months)

- Delivered on Prospectus Promise to Investors (Statutory)
 - Actual EBIT \$15.5M vs Prospectus Forecast \$14.8M
 - Actual NPAT \$5.7M vs Prospectus Forecast \$5.5M
 - Net Debt reduced by \$80M, being \$70M from IPO proceeds and \$10M from Free Cash flow
 - Earnings per share of 5.68 cents
 - Dividend of 2cents per share paid early – 22 October 2010

Post IPO Achievements – Continued

- iLP Strategy continues to be a major focus for future growth
- Successful launch of new LED replacement MR16 Downlight.
- Overseas Operations continue to grow in Middle East, India & Indonesia
- Heads of Agreement concluded for the acquisition of FRENDD Lighting
- Establishment of White Lite Joint Venture as an Emergency Lighting Centre of Excellence

Financial Performance (Statutory and Proforma)

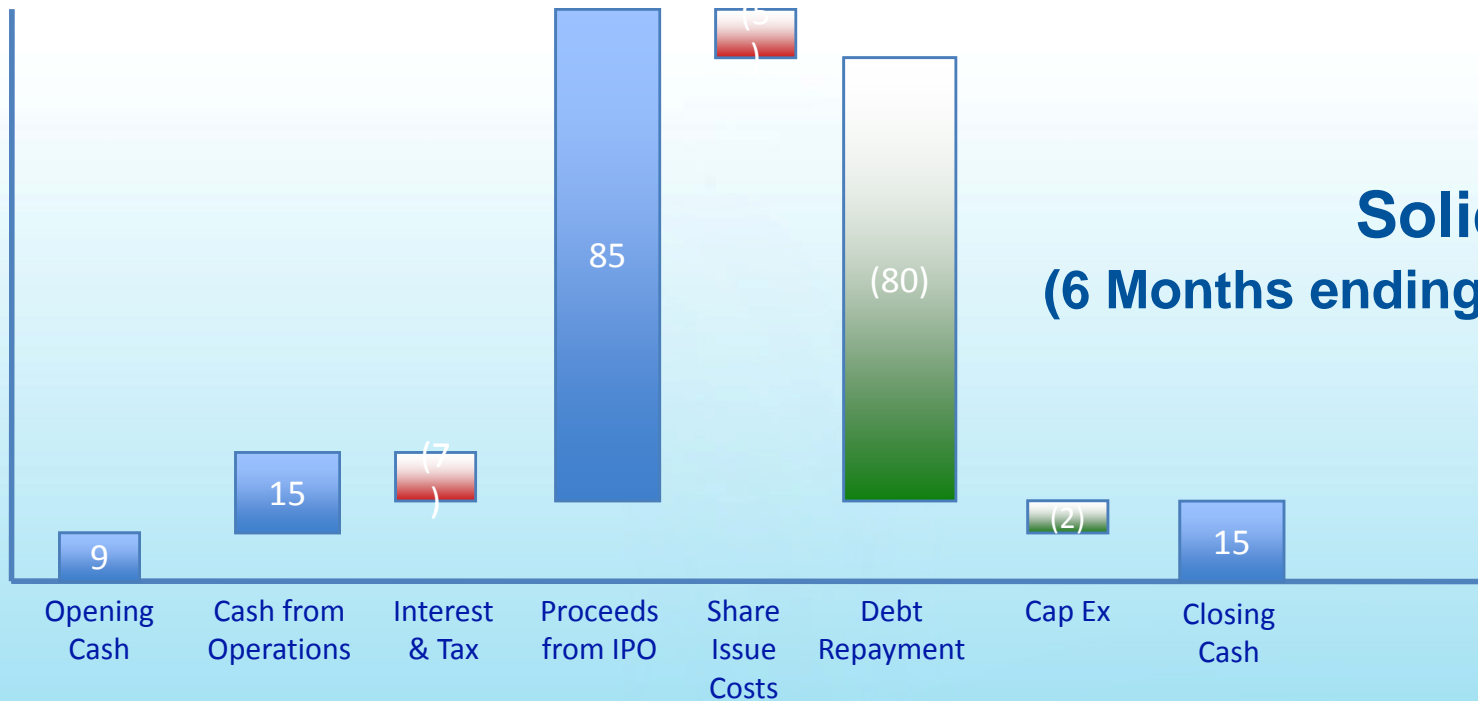
Year to 30 June (\$000's)	Forecast	Actual	Actual Proforma FY2009	Forecast	Actual
	6 mths to 30/06/10	6 mths to 30/06/10		Proforma FY2010	Proforma FY2010
Sales	182,903	180,918	368,997	364,097	362,112
EBITDA	16,863	17,466	30,112	34,777	35,380
Depreciation and amortisation	(2,022)	(2,014)	(3,747)	(3,800)	(3,792)
EBIT	14,841	15,452	26,365	30,977	31,588
Financing costs	(6,685)	(6,231)	(17,710)	(14,369)	(13,915)
Profit before tax	8,156	9,221	8,655	16,608	17,673
Income tax (expense)/ benefit	(2,626)	(3,553)	(1,672)	(5,986)	(6,913)
Profit/ (loss) for the period	5,530	5,668	6,983	10,622	10,760

Financial Position

(Statutory Balance as at 30 June 2010)

Current assets		Current liabilities	
Cash	14,690	Trade & other payable	63,821
Receivables	80,077	Interest bearing liabilities	10,395
Inventory	67,879	Provisions	15,456
Other	3,520		
Total current assets	166,166	Total current liabilities	89,672
Non current assets		Non current liabilities	
Property, plant & equipment	22,528	Interest bearing liabilities	76,240
Intangible assets	80,364	Provisions	1,341
Other	6,693		
Total non current assets	109,585	Total non current liabilities	77,581
Total assets	275,751	Total liabilities	167,253
		Share Capital	86,368
		Retained profits	21,922
		Non controlling interests	208
Net Assets	108,498	Total Equity	108,498

Solid Cash Flow (6 Months ending June 30 2010)



- Gearing 40% (Net Debt / Net Debt + Equity)
- Interest Cover Forecast (EBIT/Interest) for FY11 is 4.3 X
- Net Debt as at 30 June 2010 - \$72M
- Have continued to meet all Bank Covenants
- Bank Facilities secured until March 2013

Group Integrated Business Model



STOCKIST BRANDS

Project / Specialist Group

Architectural Specification Group



Commercial Entities

Independent Front Offices including - Sales Representation, Account Management, Sales Strategies, Marketing, Strategy & Product Road Maps, Full P&L Responsibility, Exe General Management

“ A Member of the Gerard Lighting Group”

NZ + International Business Development



Group Manufacturing Support and Consolidation

- Padstow (NSW)
- Gosford (NSW)
- Seven Hills (NSW)
- International Manufacturing Support

Group Shared Business Services

- Information Technology
- Financial Services (Reporting, AR, AP, Treasury)
- Human Resources
- Group Purchasing (Local Production and Non-Production)
- Global Sourcing (PRC)
- All Corporate Functions

Group Warehousing and Logistic Support

- Group Transport and Freight Negotiations
- Group Shared Warehouse Facilities

Group Electronics “Commercialisation of New Technologies”

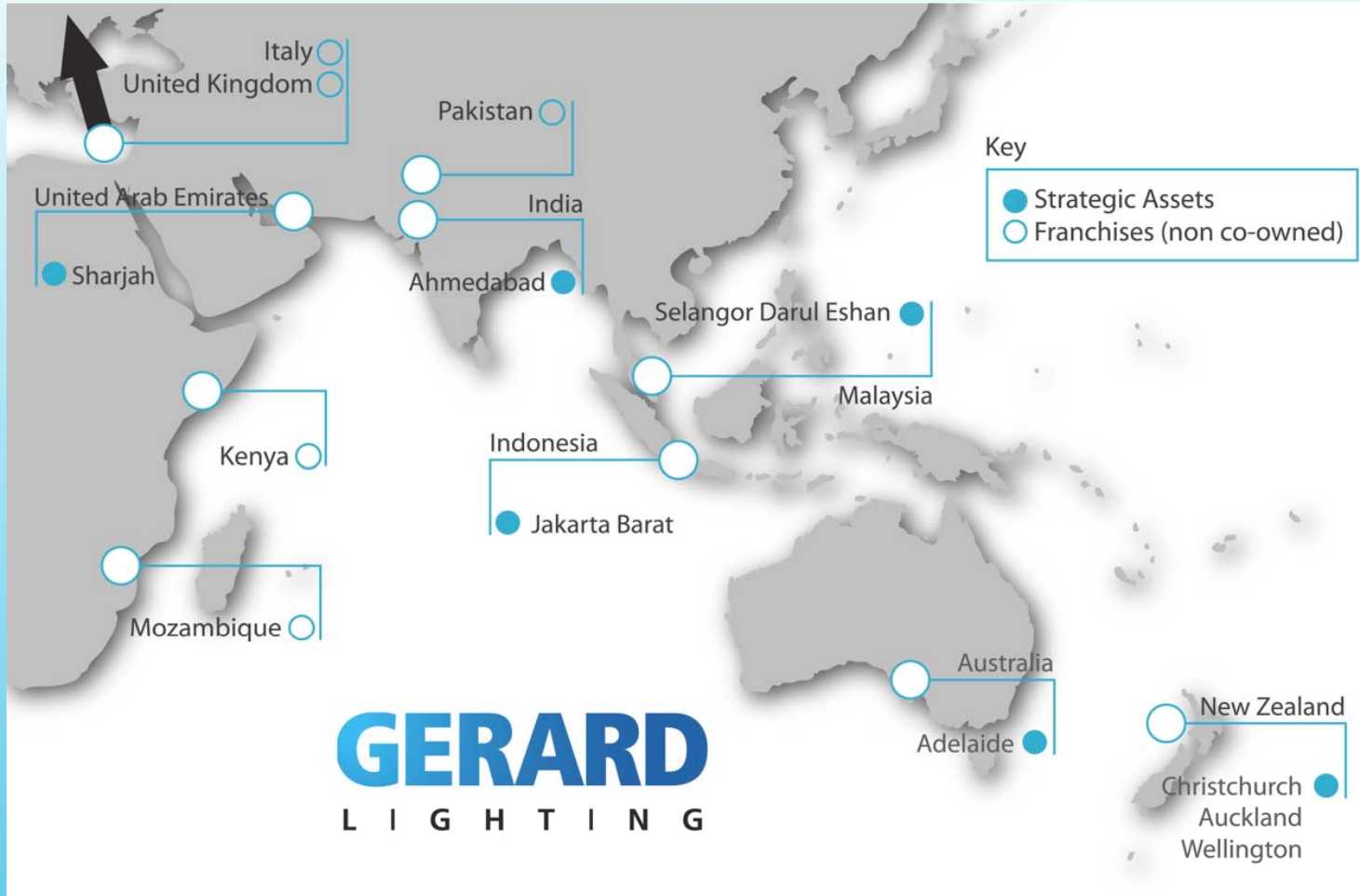
- Common Electronic R&D Platforms and Technology Service Provider and Coordinator for the Group



Support Functions

Core Principles: Support Functions provided Cost Effective Services to each of the Commercial Entities. The Front Office is the “Customer”

International Strategic Investments and Franchise Network



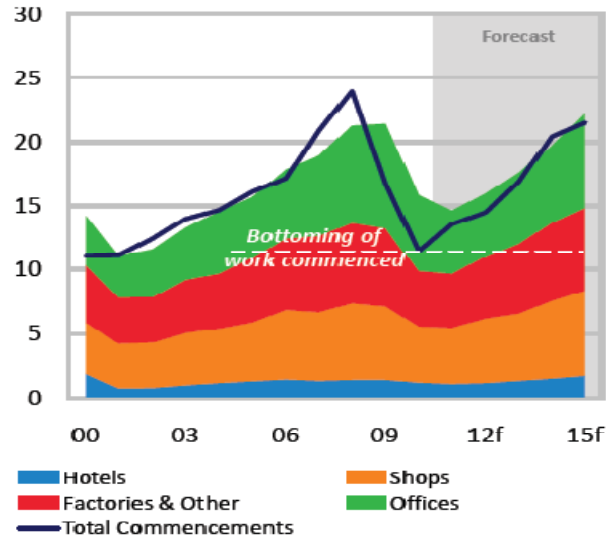
Our Core Strengths

- Our deep understanding of the lighting and electrical industry
- Decades of management experience
- Unique relationships with Electrical Wholesalers and Contractors (including the TRIBE loyalty program)
- A distribution network without peer in Australia
- A track record of product innovation
- Our established global network

Construction Outlook

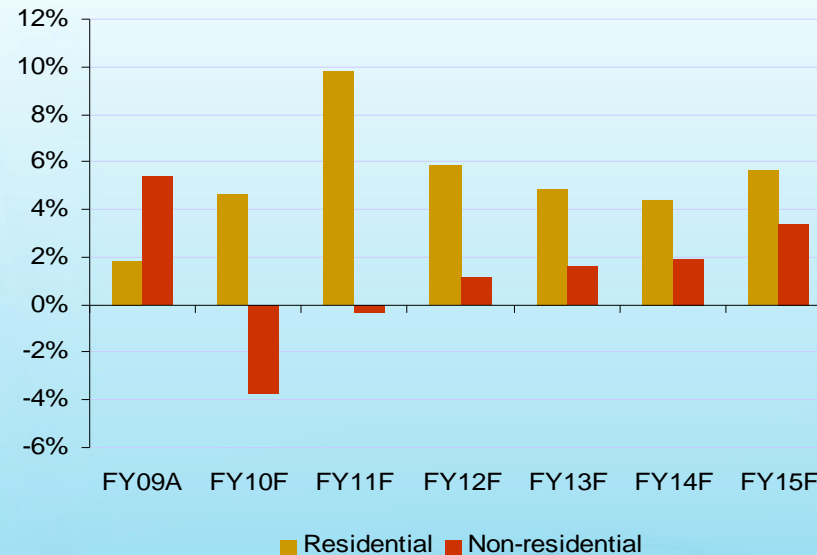
COMMERCIAL AND INDUSTRIAL PROPERTY VALUE OF WORK DONE AND COMMENCED

\$Bn (constant 01/08 prices)



Source: BIS Shrapnel, Value of Work Done forecast May 2010 and Building in Australia June 2010. Year end Jun

Australian Construction Growth (Historal & Forecast)



Source: Construction Forecasting Council

- Commercial and Industrial property construction appear to have “bottomed out” with improvements (at varying degrees) forecast for the next 3-4 years.
- Construction activity will be driven by a steady decline in office vacancies, increase in credit availability, reduced levels of corporate debt and improving employment outlook.

Recap of FY11 IPO Forecast



Year to 30 June (\$000's)	Actual Proforma FY2010	IPO Forecast FY2011
Sales	362,112	399,850
EBIT	31,588	35,543
Financing costs	(13,915)	(8,370)
Profit before tax	17,673	27,173
Income tax (expense)/ benefit	(6,913)	(8,773)
Profit/ (loss) for the period	10,760	18,400

FY2011 – Business Outlook

- Leading indicators are now supporting the potential for some recovery in the broader industrial and commercial building sectors across Australia
- Management is confident FY11 IPO Forecast will be achieved
- New products growth, particularly in the “Energy Saving Category” continues to remain a strong focus of the group
- Sales Results for the first quarter FY11 have exceeded IPO forecast
- Order Books remain at very strong levels

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