

Gerard shines a light on imminent float

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Robert Gerard, the Reserve Bank of Australia board member who resigned in 2005 over a dispute with the Australian Taxation Office, is making a return to public life.

His family's company, Adelaide-based Gerard Lighting Group, is preparing for a float on the Australian Securities Exchange in the first half of this year that could value the company at more than \$180 million.

Mr Gerard will keep his position as chairman of the company after the float. As chairman of a public company, he'll have to declare how much he's paid in cash and shares.

In 2003 he reached a \$150 million settlement with the ATO over a Caribbean tax haven. He resigned from the RBA board after the dispute was revealed by journalist Morgan Mellish in *The Australian Financial Review*.

His son, Simon, will continue to serve as chief executive. Simon Gerard said his family would not seek to sell any shares in the initial offering, to be led by Austock, and will maintain a majority stake in the business.

Gerard Lighting aimed to raise \$80 million to \$90 million and this would be used to repay debt, he told *The Australian Financial Review*.

Simon Gerard said his family's majority stake in the group could reduce over time, possibly as a result of acquisitions.

There are no plans for the family to hold any of its stock in escrow after the listing, but he said the sale of any family shares was not expected in the "forseeable future".

Gerard Lighting's accounts for the year ended June 30, 2009, filed with the corporate regulator, show the company had a \$135 million line of credit and \$6.1 million overdraft facility with Westpac's St George Bank division. The debt includes a fixed and floating charge over the company's assets and is due to expire in five years.

"In terms of funding growth, we are a company that looks to grow," Simon Gerard said. "Banks are a lot more conservative [since the global financial crisis]."

Gerard Lighting, which is the largest lighting manufacturer in Australia as well as a supplier and distributor of lights, has its fortunes linked to the construction and building sector.

In addition to its Australian operations, it also has business interests in New Zealand, India and Indonesia.

Gerard Lighting bulked up its business in 2008 after making a successful takeover bid for then listed Lighting Corp.

Simon Gerard said that sales had been "reasonable" over the past year but it had been a more challenging period than before the global financial crisis.

Before deciding on a float, Gerard Lighting had also considered other ideas, such as bringing in a private equity group as a partner.

A prospectus for the float is due out in the next month or so, with a listing targeted for the first half of this year.

Simon Gerard said there were no obvious comparable companies listed on the Australian Stock Exchange, although there were lighting companies listed overseas.

"We are quite a small business in global lighting terms," he said.

Gerard Lighting's main competitors in the Australian market include Austrian-owned Thorn Lighting and German-owned Osram Australia.



Lit up . . . in the Gerard Lighting float, former RBA board member Robert Gerard will become chairman. **Photo: David Mariuz**

He said the stronger balance sheet after the listing would allow the company to take advantage of more opportunities in the green lighting sector as customers became more conscious of their environmental footprint.

Gerard Lighting has several manufacturing facilities in Australia, most of which are in NSW. It is ranked first or second in several categories, including outdoor floodlighting and industrial lighting and owns brands such as Pierlite, Concord Sylvania, Crompton Lighting, Moonlighting, Inlite and Austube.

The Gerard family had previously owned Clipsal, a manufacturer of electrical fittings, but this was sold in 2003 in part to pay Robert Gerard's hefty tax bill.

The Australian Financial Review

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