

# investor news

## Key Statistics

ASX code	GLG
Share price <sup>1</sup>	69 cents
Market capitalisation <sup>1</sup>	\$121 million
Dividends (prior 12 mths)	5.5 cps <sup>2</sup>
Shares on issue <sup>3</sup>	177,000,000
S&P/ASX Index inclusion	All Ordinaries

<sup>1</sup> Market statistics at 26 June, 2012

<sup>2</sup> 100% franked

<sup>3</sup> Includes shares bought back but not cancelled

## Technology, the carbon tax and the greening of Australia

By **Simon Gerard**,  
Managing Director, Gerard Lighting Group

**Australia has a carbon tax. It came into effect on July 1 and to all intents and purposes, we must assume that it will remain so, notwithstanding that the Coalition has indicated it will repeal the legislation if elected.**

**Irrespective of whether the tax remains or goes, there are some realities which, in my opinion, will not change. Australia, as a nation, is becoming "greener" and will continue down that path.** There are several factors driving this change.

They include:

- Rapidly rising electricity prices, in part both the result of well-intentioned but, ultimately, needlessly expensive support for clean energy development and under-expenditure by both Federal and State Governments on critical electricity infrastructure
- The easy application of technology to reduce power consumption
- A greater environmental awareness generally among Australian citizens

The new carbon tax will add an "edge" to those factors but reduced energy consumption by households and businesses, in my opinion, is a trend that will continue regardless of the introduction of specific 'carbon reduction' policies.

From the **Gerard Lighting Group's** point of view this "greening" of the country is important because it pushes consumers – whether residential,

commercial or industrial – towards products and technology that deliver the required or enhanced output but with reduced energy consumption.

It is these realities that have underpinned the Group's establishment of and belief in the intelligent Lighting Products (**iLP**) Division. **iLP provides 'end-to-end' expertise, products and technical support for every commercial, industrial, infrastructure or residential lighting challenge.** It also equips our customers with the knowledge and practical understanding they need for effective installation of new technology and new products.

Frankly, it hardly matters if you're a committed climate change sceptic. No one really argues the wisdom of using less of a finite resource. Conservation, increasingly, is now to the fore in addressing the waste of electrical energy.

You'll recall in the most recent newsletter, Issue Seven, the feature story on our **eneSolve** division which specialises in assessing, developing and implementing projects that deliver significant energy efficiencies. The graph in that story was telling. It showed that a typical



Simon Gerard

office building could reduce its energy consumption by no less than one-third simply by changing how electricity is used.

Across the Group, the story is the same. Where, not many years ago, a single incandescent bulb badly placed in the middle of a lounge room could be burning 150 watts of power, today, four more strategically placed LED down lights, providing better illumination, will consume just one-third that amount of electricity.

Of course, it isn't just the lights – it's the technology that goes with it. This might include the inclusion of sensors that measure daylight and/or occupancy of a space and intelligent control gear.

I believe that the march of technology in enabling a more environmentally aware Australia will continue relentlessly. Our Group must not just be a part of it.

**Whenever, we can, we should lead and we will do this through our continued commitment to R&D and enabling a pipeline of new, intelligent products that our customers will want.**

**For its part, iLP is committed to just that.**

# Westfield shines with Austube

For personal use only



The kitchen area lit with a **gloss black suspended luminaire** featuring **3W LED downlights** and **fluorescent uplighting**

If you're a visitor to the recently redeveloped Australian head office of the property group **Westfield** in Sydney, and you're impressed with the way it looks, at least part of **your impression will have been formed by clever, attractive and effective lighting.**

This highly appealing office fit-out uses timber and glass extensively and is beautifully set off by a creative lighting design. Striking linear runs of **Austube** luminaires set at interesting angles across rooms are a dramatic feature of the space.

**Austube** Sales Manager, Greg Morris, says the lighting was required to underpin **Westfield's** desire to create attractive meeting and work areas for their staff and visitors.

"To ensure we did just that, **Austube** worked closely with the lighting designers, **Point Of View**, who selected two of our popular lighting profiles – one which lends itself to long runs of continuous light and the other which has direct and indirect capabilities. These luminaires are versatile, offer excellent performance and look great."

Throughout the **Westfield** space, the clever use of timber was enhanced by the lighting without sacrificing the need for functionality.

**Austube** was also mindful of the need to install lighting that was 'fit for purpose' on each level of the redeveloped space. A kitchen area with a counter bar was lit with a custom

manufactured seven-metre, gloss black suspended luminaire featuring 3W LED downlights and fluorescent uplighting. The LED downlights are highly efficient and provide direct light on the counter area while the dedicated fluorescent uplighting throws plentiful indirect light across the ceiling to enhance the feeling of open, functional space.

The **Austube** luminaires in this project operate alongside stunning high-end imported light fittings, creating attractive, light filled spaces.

**All Austube luminaires provided for lighting projects are custom designed and manufactured in Australia to create bespoke solutions.**

Pierlite Australia's facility at Padstow (Sydney) and a Western Australian open pit gold mine are undergoing energy use audits



## Action and attitude drive green change

**What do the Gerard Lighting Group and the NSW Government have in common? At first glance, not a lot but each in their own way has an objective relating to efficient energy consumption and the link between these two is eneSolve, GLG's division which converts desire into reality.**

eneSolve's Executive General Manager, **Victor Goustavsky**, says the introduction of the carbon tax and spiralling electricity and fuel prices have concentrated some of the country's best minds on energy costs like never before.

**"What was nice to do has become 'must do' and many small to large enterprises are surprised, if not shocked, at what can be saved by a thorough audit and an eventual change in corporate culture and mindset,"** says Victor.

"Our own Group, Gerard Lighting, is a case in point. Currently, **eneSolve** is part of the way through a comprehensive audit of Gerard's industrial site at Padstow in NSW. This particular assessment is being undertaken with the help of the NSW Government's **Energy Saver Program**, a part of a \$150m Energy Efficiency Strategy to help government, business, industry and households reduce power costs.

**The NSW Government's \$20m Energy Saver Program subsidises energy audits and helps provide other technical support to help business identify and then implement energy efficiency projects.**

According to Gerard Managing Director, Simon Gerard, **the Group is totally committed to the Energy Saver Program.** "Indeed, the current audit work being undertaken by **eneSolve** at our Padstow site is being treated as a special project in order to demonstrate our support for the **Energy Saver Program**. When complete, **eneSolve** will have a case study that can be applied to other industrial sites in NSW. In this way, I believe we help the Government to add value to what would otherwise be a 'one off', of use only at Padstow."

"The NSW Government's far-sightedness at a time of general fiscal constraint is to be commended and we want to play our part in extending the value of the subsidised audit scheme."

In Gerard Lighting's case, Simon Gerard believes it is important that the company 'walks the talk'. **Gerard has a significant commitment to rolling out new technology that delivers the same or better lighting results at lower energy costs.**

"What we are doing at Padstow is just the start. Over time, the Group will take a look at all of its energy costs and what we learn at Padstow will inform much of what we do elsewhere. We believe our customers will appreciate this commitment.

"At the same time, we are proud to support the NSW Government in its laudable five year objectives which are:

- To undertake 800 audits
- Save 600,000 MWh of electricity
- To achieve savings of 50,000 GJ; and
- Reduce carbon dioxide emissions by 640,000 tonnes

**"The Government is setting a lead here. It's to be hoped at a time of rising prices that those organisations which are eligible will take advantage of the subsidies currently available to contribute to reduced greenhouse gas emissions and the efficient use of energy resources,"** added Simon.

**In the meantime, as an example of something on a larger scale, eneSolve is well advanced on a major assessment of energy use by a large open pit gold mine in Western Australia.**

"Of course, we are looking at the big licks of power that are used to mine and haul ore – in particular electricity and diesel fuel use – but we're looking considerably deeper than that," said Victor.

"We're working closely with the client reviewing their haulage practices, including how ore truck traffic is managed, how trucks are loaded, the distribution of the load on the truck itself, how that truck is driven and, if necessary, at driver training. From there we review the crushing and processing of the ore too. Small changes can accrue over time to deliver very significant savings in fuel, power and gas use.

"And, of course, a large mine has a myriad of pumps, fans, motors, air compressors and lighting – all of which consume considerable amounts of energy."

**eneSolve** also looks at the mine's office lighting even although some observers might remark that lighting costs are tiny when compared to the overall use and costs of energy for a mine in general. However, **eneSolve has shown that small changes have an effect in terms of culture and mindset.** When employees understand what they have control over and are then given the means of doing so, a changed mindset and attitude spreads quickly.

**"We're confident we can help our client use their energy more efficiently, and when we enable that, it offers the mine scope to increase its productivity at lower cost,"** said Victor.

## TRIBE Member Profile



www.gerardtribe.com/au/

TRIBE members are in business all over Australia, in this issue we profile Ken Kernich, a Northern Territory member of the TRIBE. Ken is a shareholder in the Gerard Lighting Group.



Ken and Debbie Kernich

Ken and his wife Debbie founded **KK Electrical** in 1978 after moving to the Territory in the previous year. In their 34 years in business together, Ken and Debbie have tackled every electrical contracting challenge the Top End has thrown at them.

In the 70's they began their business by servicing houses and units and over the years developed their operations to include a number of installation and service contracts for commercial and residential multi-storey buildings. These contracts now make up the majority of KK Electrical's work, which includes new builds and full refits of existing buildings.

Ken has worked all over the Territory, but these days takes on assignments no further south than Katherine. Apart from the Darwin metro area, KK Electrical works throughout the Top End, providing services to Jabiru, the Gove Peninsula, Arnhem Land, Groote Eylandt and many other remote communities.

South Australian by birth, Ken was brought up in the Barossa Valley around Angaston and Tanunda. Debbie hails originally from Victoria.

Ken has been in the electrical contracting business for 40 years and says that he has known and respected the Gerard name for all of that time.

**"Our connection with Gerard began through Clipsal,"** he says, "and continued after Debbie and I (together with our young family) moved to the Territory to live and work in 1977. **I was a long-term member of Club Clipsal and as soon as I heard about the Gerard Lighting TRIBE I signed up immediately.**

KK Electrical purchases a wide range of Gerard Lighting products, mostly from the Pierlite stable. **"It is great to be able to source our lighting product needs from a single supplier such as Gerard,"** Ken says. **"They have every type of light fitting and application.**

"We have enjoyed a great relationship with the Gerard Lighting representatives in the Territory during our career here. The reps are always available and always positive. There are no negatives there."

In common with most electrical contractors, Ken and Debbie find that KK Electrical's customers now demand lighting systems that offer better power ratings as well as conformity with new environmental standards and regulations.

**"Demand for iLP/LED products continues to rise,"** says Ken, **"and while the long-term benefits in terms of cost savings are generally understood, some customer education is still necessary so that people appreciate that a higher capital cost of installation is more than recouped over time in lower power bills."**

KK Electrical, like many electrical contractors, is a family affair. Debbie and Ken have two sons and two daughters and their son Nathaniel and daughter Melanie both work in the business.

"The Gerard TRIBE (and its predecessor Club Clipsal) are also based on the concept of family – a 'family of professionals' sharing experiences and ideas," says Ken, "We are enjoying our participation in the social aspects of the Gerard TRIBE as much as we enjoyed the Club Clipsal events and journeys we were privileged to participate in over the years, including cruises to Phuket and to Mexico.

**"When the opportunity to invest in the Gerard Lighting Group came up in 2010 Debbie and I chose to sell some other investments to buy Gerard Lighting shares. While the current share price may not be where anyone wants it, we are confident in the long-term value of our investment because of the Gerard name and strength of their business,"** Ken noted.

When the demands of their business permit, Ken and Debbie travel extensively, particularly to Indonesia. Ken also enjoys ocean fishing, gardening and cooking.

Ken and Debbie value their commercial relationship with Gerard Lighting for a number of reasons that go well beyond the supply of lighting products and systems.

"Gerard Lighting brings professional expertise to the design of lighting systems," says Ken, "helping us work out the appropriate lighting system for a particular assignment.

"In fact, via the medium of **Investor News**, perhaps I can alert the Gerard R&D folk that we will be approaching them any day now to work with us on a design specification for a large project. We're sure we will get the usual excellent service!"

## GLG Around the Globe

# Pierlite UK lights the way for Olympic visitors

It is probably stretching things a bit to suggest that Gerard Lighting Group is a part of the 2012 London Olympic Games but, in a very real way, the Group has a major, visible presence in the Olympic city.

**Pierlites UK's Senior Design Manager, David Breheny summarises the Project's achievements:**

### The lighting specs were set high.

The luminaires needed to:

- Achieve a minimum 90 lux across platforms with 25% of that illumination available in the first hour after power loss.
- Contain CCTV, data cables, allow for LLPA, linear fluorescent lamps, all cabling & public address speaker components.

Working with **Austube**, Pierlite UK developed luminaires that met all needs.

### Additionally:

- There had to be a seamless fitting that met the lighting needs beneath both existing and new canopies.
- High illumination and emergency lighting were required along lengthened platforms where there were no extended canopies. This was overcome with the use of Halogen Twin Spot ('Frog Eye') emergency fittings which enable instant lighting when power fails.
- To allow maintenance work to be done, more safely, at platform level. 'Frog Eye' fittings were incorporated within specially-designed, hinged columns that can be lowered via a hydraulic winch system.
- All staircases, concourses and ticket vending machine areas had to be well lit. Achieved by using surface linear, fluorescent flat base and angle-based fittings as well as recessed balustrade linear compact fluorescent lights.

The **Docklands Light Railway** (or the **DLR**, as it's widely known) in London has been extended and undergone a major transformation at a cost of **£238 million in preparation for the Games**. The **DLR** provides rapid and frequent transport from east London districts, including Canary Wharf, into central London via driverless trains.

Part of the **DLR's** transformation has seen **Pierlite UK** involved from the outset in designing, planning and testing a range of lighting products and control systems for the new stations created as part of the railway's extension. We referred to it briefly in the fourth edition of the Newsletter published in June 2011.

The **Pierlite** involvement in the **DLR** extension is a matter of considerable pride for the Group as a whole because, although the bulk of the work was undertaken by **Pierlite UK**, it was group capability that helped deliver the overall project. The work required the design and installation of both bespoke and standard luminaires from the Group's product range on station platforms, concourses and stairwells.

And, it would be a mistake to simply interpret this involvement as simply installing a set of lights. The installation is an extruded aluminium continuous system which incorporates light, data, voice & power. More than a set of lights, it's a



complete system designed and produced specifically for the **DLR** extension project, right down to the brackets & fixings.

In addition to the bespoke fittings, **Pierlite** also supplied weatherproof fluorescents and its very popular Quantum column mount area luminaires.

The technically-minded can take a look at examples of the range by downloading the 'Tubular Catalogue' in the download area of the **pierlite.com** site.

**Pierlite UK's** IT and Marketing Manager, Craig Dunning, says **the company is proud to be a small, but important contributor to the success of the 2012 games.**

Continued on page 6

**Pierlite UK lights the way** for Olympic visitors (continued)

**“The DLR’s extension** was funded partly by Transport for London’s investment program. A further contribution was made by the Olympic Delivery Authority. **The overall project – in addition to playing a key role in the transport plans for the games – is designed to act as a catalyst for the regeneration of East London.**

**“Thus, our involvement is, I believe, a small but important component of the DLR’s Olympic and post-Olympic operations,”** Craig added.

**Pierlite UK’s** successful involvement in the project has now been rewarded as the company has been engaged

as the **DLR’s** main lighting supply chain partner. As a result, **Pierlite** is now working on the lighting aspects of refurbishing **DLR** stations at **Tower Gateway, Limehouse, Westferry, Bow Church** and **Crossharbour**.

**“The DLR is a great piece of London infrastructure, users and commuters appreciate the rapid ride into and from central London,”** said Craig. **“Our involvement in providing effective, controlled and efficient lighting for the system is a source of great pride for the wider Group.”**



**Perth iLP showcase**

Burswood Convention Centre

Our regular **iLP showcase** brings together in one place the many concepts in the area of intelligent lighting products and is a great opportunity for GLG management and industry to interact.



London’s Docklands Light Railway, Canary Wharf



London’s Docklands Light Railway

**Australian patent applications:**

13 June 2012, Australian Government News

**Gerard Lighting** has filed an application on May 23, for:

**Downlight including a ball joint housing**

**Inventor(s):** Bryan Negrone and Richard Patterson

15 June 2012, Australian Government News

**Gerard Lighting** has filed an application on May 24, for:

**PIR sensor with retractable controls**

**Inventor(s):** Bryan Negrone, Jason Gerard and Mark Ziegler

**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](http://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](http://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

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