

DECISION RELEASED IN COMMERCE COMMISSION CASE

Steel & Tube Holdings Limited (NZX: STU) advises that the Auckland District Court has released its decision on the Commerce Commission prosecution of Steel & Tube regarding SE62 500E grade steel mesh.

This relates to historical issues regarding the application of testing methodologies under a Standard and the inadvertent use of a testing laboratory's logo on the bottom of Steel & Tube test certificates. It does not relate to the performance characteristics of the steel mesh.

The Court has decided on a fine of \$1.885m. The fine will not impact Steel & Tube's financial results in the 2019 financial year.

Mark Malpass, Chief Executive Officer of Steel & Tube, said: "We wish to take this opportunity to apologise to our customers and shareholders for these historical breaches of the Fair Trading Act and want to stress that the breaches were unintentional.

"We have co-operated fully with the Commerce Commission from the outset of its enquiry and pleaded guilty to the charges at the earliest opportunity. Steel & Tube took significant remedial steps after it became aware of concerns. Those remedial steps were recognised by the Judge."

He added: "We stand by the integrity of our products. In our view even if our testing methods at the time did not meet the testing requirements in full, the differences in testing would not have a material impact on the performance of the steel mesh."

The Ministry of Business, Innovation and Employment (MBIE) has indicated homeowners should not be concerned about the safety of the steel mesh. The Structural Engineering Society of New Zealand has also stated homeowners should not be unnecessarily concerned about the ductility of steel mesh in their houses.

The Standard specifies elongation (a performance aspect for seismic mesh) as 10%. Information Steel & Tube presented to the Commerce Commission and the Auckland District Court indicates that, even if elongation of the mesh was as low as 5%, the impact would be negligible. It is Steel & Tube's view that any impact of Steel & Tube's testing methods not strictly adhering to the Standard would be negligible, and would not have over-stated elongation by anywhere near 5%, if at all.

The statement from MBIE can be seen [here](#).

The statement from the Structural Engineering Society of New Zealand can be seen [here](#).

ENDS

For further information please contact:

Greg Smith

Steel & Tube CFO

Tel: +64 21 755 803

Email: greg.smith@steelandtube.co.nz

Jackie Ellis

Media and communications

Tel: +64 27 246 2505

Email: jackie@ellisandco.co.nz