

HIGH COURT DECISION RELEASED IN COMMERCE COMMISSION CASE

Steel & Tube Holdings Limited (NZX: STU) advises it has received the High Court's decision relating to the appeal of an earlier District Court decision under the Fair Trading Act concerning SE62 500E grade steel mesh. Steel & Tube and the Commerce Commission appealed the District Court decision. The High Court increased the fine by \$124,000 from \$1.885m to \$2.009m. The change in the judgement will have no impact on Steel & Tube's current or future financial results.

Steel & Tube stresses that the Court case did not relate to the performance characteristics of the steel mesh. Instead it related to historical issues prior to April 2016 regarding the inadvertent use of a testing laboratory's logo on the bottom of Steel & Tube test certificates and application of testing methodologies under a Standard.

Steel & Tube is disappointed by the decision and continues to stand by its products. As stated consistently, the company's view is that even if 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 breaches of the Fair Trading Act were unintentional and Steel & Tube immediately rectified testing procedures and documentation when advised of the issue. Since the date of these historic breaches, the Board has been refreshed and significant Management change has occurred. New Management has invested in and focussed on strengthening the company's quality and testing systems, including recently achieving ISO 9001:2015 quality certification and commencement of independent audits across its international steel mill suppliers by Lloyd's Register.

The Ministry of Business, Innovation and Employment 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.

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