



Commerce Commission Advises Outcome of Winstone Wallboards' Investigation

Auckland, 23 August 2024: Fletcher Building Limited (FBU) advises that it has received notification from the Commerce Commission of the outcome of its investigation in relation to the historical use of volume rebates by Winstone Wallboards. The Commission has advised that it considers that Winstone Wallboards' use of the volume rebates (which were discontinued by the company in 2022) breached the Commerce Act. The Commission intends to file legal proceedings against Winstone Wallboards, seeking declarations that Winstone Wallboards contravened the Commerce Act and civil pecuniary penalties.

We disagree with the Commission's conclusion, given that, during the recent Building Products Market Study, merchants told the Commission that the rebate structures were not a factor that inhibited competition. As we submitted during that process, these rebates are common within the building products industry and are simply one aspect of competing. The Commission itself acknowledged that volume rebates were widespread.

In addition, the Commission comprehensively investigated Winstone Wallboards on this topic in 2014, concluding that Winstone Wallboards' market share was driven by its attractive overall product and service offering, not the rebates, and that the evidence did not support a conclusion the rebates breached the Commerce Act.

As the Commission concluded in 2014, we are confident, regardless of the presence of rebates, that our customers choose Winstone Wallboards' products because of their quality and range, along with the service we provide.

The Commission has indicated that it anticipates filing formal proceedings by the end of October 2024. Winstone Wallboards intends to defend the proceedings vigorously, noting that legal action could take some time.

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